

COMPLETION REPORT

Universiti Teknologi MARA Cawangan Melaka, Malaysia
Nur Hayati Abd Rahman

Subject of Research Project: Understanding How Japan with Super-Aged Society Sustain the Wellbeing of Its Ageing Population: Lessons for Malaysia and Future Outlook for Endowment

This study, funded by the Sumitomo Foundation, addressed two key objectives namely; (1) to investigate the issues and challenges of the old-age care centres in Malaysia, and (2) to identify the best practices in financing and sustaining the elderly care centres in Japan. To address the sustainability issue, this study focuses on endowment-based financing as a possible model. This research employed a qualitative method by conducting interviews and focus group discussion with selected management of the eight different institutions across Malaysia and Japan.

For the first objective, findings indicate significant financial issues facing by the old-age care centres in Malaysia. Apart from that, other issues include deterioration of physical and mental health, limitations in recreational activities, unavailability of professional support, and unsuitable infrastructure. The high turnover rates of the staff due to low wages and lack of training skills further hinder the effectiveness of the care centres. Meanwhile, in Japan, the elderly care centres have benefited from the LTCI system introduced in 2020, which shifted the financial burden for elderly care from families onto a government-supported insurance mechanism. LTCI covers about 90% of the operational costs, which is funded into the system through mandatory contributions at different rates depending on income and age. However, problems persist, especially in increased medical and operational costs, as well as a lack of skilled caregivers, mitigated by hiring foreign workers.

The second focus of the study is the feasibility of endowment, as a supplementary funding source for elderly care centre. Findings from Pusat Pendidikan Al-Baraqah, Malaysia indicated that the endowment funds or properties can be used to address the financial issues faced by the old-age care centres, through the creation of the asset-based profits. For instance, public can donate their properties or funds in the forms of endowment to the care centres. The centres, need to use the endowed assets to generate profits by investing them in productive investment, be it in stock or physical investment, as well as creating new business venture. However, the principals of the endowed assets need to be preserved and maintained by the centres. With this model, the profits generated from the endowed assets can be used to support operational costs and expand their operations, thus ensure long-term financial sustainability of the centres.

From this study as well, Malaysia is thus duty-bound to embark on reforming its inadequate structural organization, resource shortages, and workforce problems in elderly care to face the challenges as the nation turns ageing in 2030. Any model performance similar to LTCI of Japan, along with alternative financing through endowment, may provide Malaysia's sustainable solution. This study has shown that there are various gaps in Malaysia's readiness to adopt integrated insurance-based and endowment-funded care systems, and therefore governance, operational efficiency, and cultural adaptation require further research.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

Titles of the presentation:

1. Issues and challenges in handling elderly in old-age care center in Malaysia context.
2. Long-run financial sustainability of the registered old-age care centres in Malaysia: The roles of endowment and waqf.

Both papers are presented in the 12th Padang International Conference on Education, Economics, Business and Accounting (PICEEBA) 2023, organized by Universitas Negeri Padang, Indonesia.

Date of Conference: 27 May 2023

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)