



Malaysian Well-being Report 2013



EPU
ECONOMIC PLANNING UNIT
PRIME MINISTER'S DEPARTMENT, MALAYSIA

**ECONOMIC PLANNING UNIT
PRIME MINISTER'S DEPARTMENT
PUTRAJAYA**

ISSN 2289-5469



For further information please refer to:

Director General
Economic Planning Unit
Prime Minister's Department
Block B5 & B6
Federal Government Administrative Centre
62502 Putrajaya
MALAYSIA

<http://www.epu.gov.my>
Email: mwi@epu.gov.my

Tel.: 603-8872 3333
Fax: 603-8888 3755

Released on November 2013

Sale copies can be obtained from:

Macroeconomics Section
Economic Planning Unit
Prime Minister's Department

Tel.: 603-8872 3250 / 3252 / 3255 / 3246
Fax: 603-8888 3798

Price: RM30.00

Publisher's Copyright ©

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any other means either electronic, mechanical, photocopying, recording and/or otherwise without the prior permission of the Economic Planning Unit, Prime Minister's Department, Malaysia.



MESSAGE FROM THE MINISTER

Well-being is a broad concept that encompasses various dimensions of human life, most importantly economic, psychological and social. Malaysia continues to give importance to a holistic approach to development and places the well-being of the *rakyat* foremost in the planning and delivery process, in line with “People First, Performance Now” philosophy. Therefore, measuring well-being is important in evaluating our progress.

In this inaugural Malaysian Well-being Report 2013, the Economic Planning Unit of the Prime Minister’s Department (EPU) has developed the Malaysian Well-being Index (MWI) to measure the well-being of the *rakyat*, which also includes elements inclusiveness and sustainable development. The MWI 2012, which covers the period from 2000 to 2012, builds upon the Malaysian Quality of Life Index with an expanded scope to include other pertinent aspects of well-being.

Over the past 13 years, real Gross Domestic Product expanded at an average rate of 4.8 per cent per annum. This growth has had a profound effect on the well-being of the *rakyat*, as evident from the 1.9 per cent per annum growth of the MWI during the same period.

Leveraging on this achievement, we must introduce innovative measures particularly to address areas of weakness. We must also ensure that there is a greater contribution to enhancement of the well-being of the *rakyat* for Ringgit that is spent.

I would like to congratulate the EPU and all the Ministries and Agencies that were involved for developing the Malaysian Well-being Index and producing the Malaysian Well-being Report 2013.

SENATOR DATO' SRI ABDUL WAHID OMAR

Minister in the Prime Minister’s Department
Putrajaya



FOREWORD

The Malaysian Well-being Report (MWR) 2013 is the first publication to assess the well-being of the *rakyat* based on a comprehensive set of indicators. This report presents the well-being of Malaysians in terms of both the economic and social perspectives, encompassing the following aspects - communications, culture, education, environment, family, governance, health, housing, income and distribution, leisure, public safety, social participation, transport and working life. The well-being of the *rakyat* has improved consistently throughout the period 2000 - 2012. This report also highlights key government policies and programmes that have enhanced the well-being of the *rakyat*.

Indeed, it is heartening to note that economic growth has positively impacted the well-being of the *rakyat* in general. The assessment shows that Malaysia has done well in many areas of well-being of the *rakyat*, but there are areas that require greater attention. Moving forward, we will give more emphasis to aspects of well-being where there are real room for improvement. Towards achieving a higher level of well-being of the *rakyat*, the development programme of the Government will continue to be people-centric and ensure maximum benefit to the *rakyat*.

It is hoped that this report will serve as a useful document, not only as a source of information and knowledge, but also in developing and delivering targeted policies and programmes for the well-being of the *rakyat*.

DATUK DR. RAHAMAT BIVI YUSOFF

Director General
Economic Planning Unit
Prime Minister's Department
Putrajaya

EXECUTIVE SUMMARY

The Malaysian Well-being Index (MWI) is developed to reflect the well-being of the *rakyat* using 14 components covering both economic and social progress. It builds upon the Malaysian Quality of Life Index (MQLI) that was first developed in 1999 to quantitatively measure the nation's progress in improving the quality of life of the *rakyat*. The MWI will serve as an important benchmark for formulating policies and programmes towards achieving a high income, inclusive and sustainable nation.

The MWI attempts to assess the impact of policy measures in enhancing the well-being of the *rakyat* and will serve as a guide to policy makers to formulate appropriate policies in moving forward. The components and indicators of the MWI were selected based on international best practices while taking into account the current national issues and challenges. The impact of economic growth on the well-being of the *rakyat* is also examined in the report.

The MWI is a composite index which covers the period from 2000 to 2012. It comprises 2 sub-composite indices, namely the economic well-being and social well-being sub-composite indices. The economic well-being sub-composite index has five components, namely, communications, education, income and distribution, transport and working life. The social well-being sub-composite index has nine components, namely, culture, environment, family, governance, health, housing, leisure, public safety and social participation.

During the period of 2000 to 2012, the MWI recorded an increase of 25.4 points, indicating an improvement in the well-being of the *rakyat*. The improvement can be attributed to the wide range of policies and programmes that have been implemented by the Government to enhance the quality and standard of living of the *rakyat*. During the period, the economic well-being sub-composite index improved by 33.3 points with a growth rate of 2.4 per cent per annum. The social well-being composite index recorded an increase of 21.0 points, growing at an average annual rate of 1.6 per cent. The transport and housing components recorded the highest increase, of 36.9 points each. The least improvement was recorded by the family component at 4.6 points.

The performance of the various indicators in the MWI showed that the *rakyat* were able to enjoy better services in terms of access to communications, education, health, housing and transportation. Living conditions were also enhanced through improved accommodation and basic amenities, greater conservation of the environment and increased public safety. In addition, the *rakyat* were able to increasingly enjoy culture and leisure as well as participate in community and social activities. However, the family institution and the level of health indicators could have performed better if not for the increase in divorce rates, juvenile crimes and non-communicable diseases.

There is a strong correlation between economic growth during the period and MWI. The elasticity showed that the MWI increased by 0.21 per cent for every one per cent increase in the GDP in current terms. This reflects that economic growth in the last 13 years has significantly improved the well-being of the *rakyat*. The significant relationship between economic growth and well-being again underscores the successful implementation of the wide range of people-centred policies and programmes.

Malaysia is generally on track to achieve its goal of being a nation that is developed not only in economic sense but also in areas of social, environment and quality of life. The MWI is an important indicator to gauge Malaysia's progress thus far. Moving forward, improvements in several components under the social well-being categories are imperative for Malaysia to achieve its goal of becoming a high income advanced nation by 2020.

TABLE OF CONTENTS

MESSAGE FROM THE MINISTER	i
FOREWORD	ii
EXECUTIVE SUMMARY	iii
TABLE OF CONTENTS	v
LIST OF FIGURES	vii
LIST OF TABLES	ix
LIST OF BOX ARTICLES	x
LIST OF FIGURES / TABLES BOX	xi
<hr/>	
1. INTRODUCTION	1
Preamble	2
The Structure of the Malaysian Well-being Report 2013	2
Overall Performance of MWI, 2000 - 2012	7
<hr/>	
2. ECONOMIC WELL-BEING	11
Preamble	12
Transport Component Index	12
Communications Component Index	15
Education Component Index	18
Income and Distribution Component Index	24
Working Life Component Index	27
<hr/>	
3. SOCIAL WELL-BEING	31
Preamble	32
Housing Component Index	32
Leisure Component Index	36
Governance Component Index	38
Public Safety Component Index	40
Social Participation Component Index	42
Culture Component Index	45
Health Component Index	47
Environment Component Index	50
Family Component Index	54

4. TRANSLATING ECONOMIC GROWTH INTO WELL-BEING

Preamble

Methodology

Correlation between GDP and Indices

Elasticity between Income and Well-being

61

62

63

63

66

REFERENCES

70

APPENDICES

73

TECHNICAL NOTES

74

Methodology for the Malaysian Well-being Index

74

Explanation of Components and Indicators

74

Selection of Indicators

84

Index Calculation

85

STATISTICAL TABLES

92

GLOSSARY OF ACRONYMS

100

LIST OF FIGURES

Figure 1.1	The Malaysian Well-being Framework	3
Figure 1.2	Components of Malaysian Well-being Index 2012	5
Figure 1.3	Malaysian Well-being Index, 2000 – 2012	7
Figure 2.1	Transport Component Index	12
Figure 2.2	Transport Indicators	13
Figure 2.3	Length of Paved and Unpaved Roads	14
Figure 2.4	Communications Component Index	15
Figure 2.5	Communications Indicators	16
Figure 2.6	Education Component Index	19
Figure 2.7	Education Equality Indicators	20
Figure 2.8	Education Quality Indicators	21
Figure 2.9	Income and Distribution Component Index	25
Figure 2.10	Income and Distribution Indicators	25
Figure 2.11	Working Life Component Index	27
Figure 2.12	Working Life Indicators	28
Figure 3.1	Housing Component Index	33
Figure 3.2	Housing Indicators	33
Figure 3.3	Leisure Component Index	36
Figure 3.4	Leisure Indicators	37
Figure 3.5	Governance Component Index	38
Figure 3.6	Governance Indicators	39
Figure 3.7	Public Safety Component Index	41
Figure 3.8	Public Safety Indicators	41
Figure 3.9	Social Participation Component Index	43
Figure 3.10	Social Participation Indicators	43

Figure 3.11	Culture Component Index	45
Figure 3.12	Culture Indicators	46
Figure 3.13	Health Component Index	47
Figure 3.14	Health Indicators	48
Figure 3.15	Environment Component Index	51
Figure 3.16	Environment Indicators	52
Figure 3.17	Family Component Index	54
Figure 3.18	Family Indicators	55
Figure 3.19	Population Distribution by Age Group	57
Figure 4.1	Average Annual Growth Rate of GDP, MWI and the Sub-composite Indices	64
Figure 4.2	Trends in Family Institution Indices and GDP	66
Figure 4.3	Growth Rates of GDP and Well-being Indices	67

LIST OF TABLES

Table 1.1	Malaysian Well-being Index, 2012	8
Table 4.1	Correlation between the MWI and Sub-composite Indices with GDP	63
Table 4.2	Correlation between the Component Indices with GDP	65
Table 4.3	Elasticity of the MWI and Sub-composite Indices to GDP	67
Table 4.4	Elasticity of the Component and Sub-component Indices to GDP	68

LIST OF BOX ARTICLES

BOX 1.1	MEASUREMENTS OF WELL-BEING	6
BOX 2.1	DROP CALLS IN MALAYSIA	18
BOX 2.2	INTERNATIONAL STUDENT ASSESSMENT	22
BOX 2.3	GRADUATE EMPLOYABILITY	23
BOX 2.4	MALAYSIA'S SUCCESS IN ERADICATING POVERTY	26
BOX 2.5	IMPROVING WORKING CONDITIONS THROUGH HARMONISING LABOUR LAWS AND REGULATIONS	29
BOX 3.1	PUBLIC HOUSING IN MALAYSIA	35
BOX 3.2	ELECTRONIC GOVERNMENT	39
BOX 3.3	THE FEAR OF BECOMING A VICTIM OF CRIME INDEX	42
BOX 3.4	SOCIAL RELATIONSHIP IN THE MALAYSIAN YOUTH INDEX	44
BOX 3.5	LIFESTYLE-LINKED DISEASES	50
BOX 3.6	IMPLEMENTING SUSTAINABLE CONSUMPTION AND PRODUCTION (SCP) IN MALAYSIA	53
BOX 3.7	THE NATIONAL FAMILY WELL-BEING INDEX 2011	58

LIST OF FIGURES / TABLE BOX

Figure B 1.1	Interfaces of Well-being Measurement	6
Table B 3.1	Social Relationship Domain	44
Table B 3.2	Family Well-being Index 2011 : Scores by Domain and Indicator	59