ECONOMICS OF AGEING IN MALAYSIA: A STUDY OF OLDER ADULTS' PERCEPTION TOWARDS RETIREMENT VILLAGES

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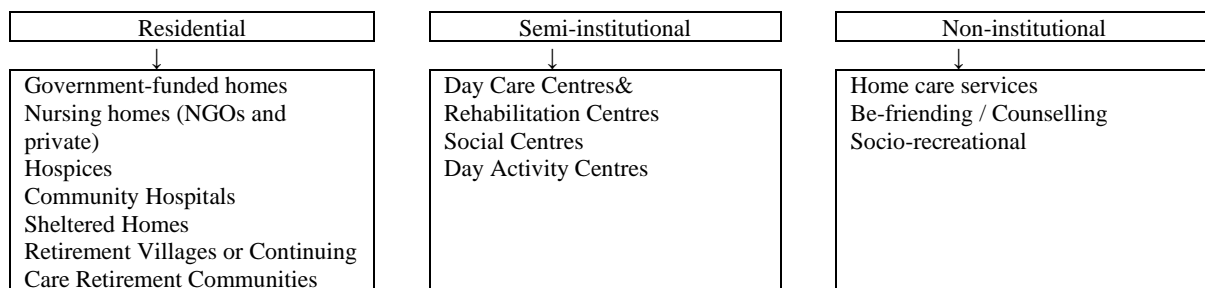Chia Yien Lim

ABSTRACT

Ageing is a process when a person is becoming older. The ageing issue has been identified as one of the four key megatrends that will shape the world in 2030 and it is one of the five significant global risks in the coming decade. The United Nations Programme on Ageing estimates that by 2050, about one in every six (6) persons or around 16% of the world's population, will be senior citizens. Malaysia is at an early stage of having an aged population growth with an estimated 7% of the population being senior citizens in 2020. A retirement village is a housing model that provides residents with a continuum of care from independent living to assisted living. There are retirement villages in Malaysia. But so far, retirement villages in Malaysia are privately funded and are considered expensive residential alternatives. It is vital to examine factors that affect purchasers' intention when buying retirement villages in such a scenario. Likewise, would strong brands instil consumers in the purchasing process? In addition, the regulatory framework for retirement villages in Malaysia is unclear, and the quality management system for retirement villages is unknown. Therefore, a proposed research framework has been developed to examine the perception and acceptance of older adults towards retirement villages in Malaysia, particularly in branding and quality management systems. The study is expected to evaluate whether attitude, subjective norm and perceived behavioural control will affect consumers' perception, acceptance and buying intention of retirement villages. It will also explore if branding and the implementation of a quality management system would improve consumers' perception, acceptance and buying intention of retirement villages.

Keywords: Ageing, retirement villages, branding and quality management, perception and acceptance

INTRODUCTION

Ageing has been defined as the 'lifelong process of growing older at a cellular, organ or whole-body level throughout the life span' (World Health Organisation, 2004). Whereas Kirkwood and Austad (2000) defined ageing as 'the progressive loss of function accompanied by decreasing fertility and increasing mortality with advancing age'. Based on the definition made by the World Assembly on Ageing in 1982 in Vienna, the elderly is defined as the group of people of age 60 and above (Othman & Fadzil, 2015). Ageing has been identified as one of the four key megatrends that will shape the world in 2030 (National Intelligence Council, 2012) and one of the five significant global risks in the coming decade (Howell, 2013). An ageing nation is where the proportion of the older population exceeds the 15% mark of the total country population (Chen et al., 1989). The ageing population is a global phenomenon due to declining fertility rates and increasing life expectancy. Malaysia is no exception. Malaysia is at an early stage of having an aged population. The percentage of the population aged 65 and over increased from 7.0 to 7.4% from 2020 to 2021 (Department of Statistics Malaysia, 2022). The growth of Malaysia's older population suggests that the development of aged care services will become increasingly vital to the country. There is no official classification of continual care services and programmes for aged care in Malaysia. It can be classified under informal and formal care on an unofficial basis. Informal care refers to care provided by family, friends and neighbours, and those who receive such care (Abu Bakar et. al, 2014). This type of service is rooted in attachment based on emotional involvement and it is provided without monetary compensation by the members of one's social network who have no special training (Abu Bakar et al., 2014). Figure 1 below illustrates a possible structure of formal care in Malaysia including residential, semi-institutional and non-institutional. The sub-components are also included.

Figure 1 – Possible structure of formal care in Malaysia

Residential	Semi-institutional	Non-institutional
↓	↓	↓
Government-funded homes Nursing homes (NGOs and private) Hospices Community Hospitals Sheltered Homes Retirement Villages or Continuing Care Retirement Communities	Day Care Centres & Rehabilitation Centres Social Centres Day Activity Centres	Home care services Be-friending / Counselling Socio-recreational

Source: (Mehta & Vasoo, 2000)

Retirement village is a housing model that provides residents with a continuum of care from independent living to assisted and skilled nursing. Residents can age in place within the community and receive increasing levels of care as they are needed (Smith, 2015). The industry for retirement villages (also known as retirement villages in New Zealand and Australia, retirement

communities in the United Kingdom and the United States of America) is much more established in countries like New Zealand, Australia, the United Kingdom and the United States of America. There are retirement villages in every Australian state and territory. As of 2014, there were approximately 2,270 retirement villages accommodating about 200,000 residents (The Retirement Living Council, Australia, 2022). The industry projection is that around 7.5% of people 65 and above will be residents by 2025 (Xia et. al, 2021). The investment in the retirement villages industry in New Zealand is approaching NZ$106 billion and has an estimated 32,000 residents (Retirement Villages Association of New Zealand, 2022). In the United Kingdom, there are currently 75,000 people living in retirement communities. The number is projected to increase to 250,000 by 2030 and the industry's turnover is expected to be £70 billion by 2030 (Associated Retirement Community Operators, UK, 2022). In the United States of America, the market size, measured by revenue of the retirement communities industry is US$75.9 billion in 2022. The market size of the retirement communities industry in the USA has grown 0.4% per year on average between 2017 and 2022 (Industry Report, www.ibisworld.com). For many senior citizens, investing in retirement villages means parting with retirement funds. For retirement villages that have not been built or are in construction, the senior citizens are 'buying hope'. Even if a retirement village has been constructed, there is still a risk to the financial stability of a project. It was noted that in the past, the financial stability of the Continuing Care Retirement Community (CCRC) industry (in the United States) was a serious concern, resulting from a number of bankruptcies among various CCRCs. Today, fears are alleviated somewhat as the industry has gained more experience in management and as regulation has taken hold in many states of the United States of America (Sanders, 1997).

At the point of preparation of this study, the regulatory framework for retirement villages in Malaysia is unclear. There are no specific acts, regulations or guidelines on retirement villages. There are also financing issues for senior citizens and taxation issues for developers and operators and multiple approvals required across various ministries, government departments and municipal councils (Chan, 2019). There is also no known requirement(s) for specific quality management, public quality assurance and oversight and rating system for retirement villages in Malaysia. With the industry still in its infancy in Malaysia, there is little regulatory oversight – a weak regulatory framework and a lack of enforcement capacity. Would the implementation of a quality management system improve consumer confidence? So far, retirement villages in Malaysia are privately funded and are considered expensive residential alternatives available only to a select few. At the point of writing, only two (2) retirement villages in Malaysia are operational, namely: Green Acres Retirement Village in Bandar Baru Meru Raya, Perak and Eden-on-the-Park in Sarawak. Other niche developers/entrepreneurs have also planned projects including The Green Leaf Retirement Resort, Rei Seraya Residence, Eden-on-the-Park in Penang / Eden at Botanica CT, DreamHomes Cyberjaya and the Aurelian Sanctuary in Bukit Tinggi. The status of the development of these projects is unclear at the point of writing. Despite the aging population, the awareness, consumer perception and acceptance seem low. Would strong brands instil consumer confidence in such projects?

The main objective of this study is to examine Malaysian consumers' perception, acceptance and buying intention towards retirement villages. The specific objectives are (1) to evaluate the influence of attitude, subjective norm and perceived behavioural control on consumers' perception, acceptance and buying intention of retirement villages; (2) to explore if branding would improve consumers' perception, acceptance and buying intention of retirement villages; and (3) to explore if the implementation of quality management system would improve consumers' perception, acceptance and buying intention of retirement villages.

LITERATURE REVIEW

Existing literature has provided some insights into understanding how consumers view retirement villages and the factors they would consider when selecting retirement villages. Lim (2018) evaluated the perception and intention of Malaysians towards the concept of a retirement village in Malaysia. The study by Ng, et al. (2019) assessed the factors that inhibit or motivate the buying intention of retirement villages in Malaysia. In another study, Tan and Lee (2018) examined the effect of neighbour quality, locational and structural attributes on retirement homeownership among Malaysians. In the above studies, the factors such as branding, and the implementation of quality management systems were not considered. There is currently very limited literature that examines the effect of 'branding' on the demand for retirement villages. Branding is endowing products and services with the power of a brand (Kotler et al., 2009). Cheng & Cheok (2008) examined the importance of branding in property (retirement villages were not mentioned) purchase decisions in Malaysia. The study by Yap, et al. (2019) determined the significance of branding management by property developers in Malaysia. In specific, the study surveyed purchasers in the Klang Valley, Malaysia on brand awareness and the personality traits of property developers. The study found that property purchasers are brand conscious in relation to property developers. In the empirical study by Tsai, et al. (2019) on 101 random residents of a retirement village in Taiwan, the results showed that self-congruence and partner quality did not have a significant impact on the elders' brand trust. The residents attached more importance to the health care brand. This was a study done based on a single retirement community in Taiwan and the results may not be universally applicable.

Moving to the quality management system (QMS), quality management can be defined as coordinated activities to direct and control an organisation concerning quality. A quality management system ('QMS') is a management system to direct and control an organisation regarding quality. Essentially, quality management includes quality planning, quality control, quality assurance and quality improvement (MS ISO 9000:2005 Quality Management System – Fundamentals and Vocabulary). A paper by Mills & Rorty (2002) examined the effect of the imposition of Total Quality Management (TQM) on various components of the health care system in the United States of America. The study found that the introduction of TQM did not bring about or deliver the results as expected. Another study by Hilliard (2005) discussed the Nursing Home Quality Initiative (NHQI) programme that was introduced in the United States of America. The programme was designed to bring together regulation, enforcement, and enhanced consumer information, inter alia, to improve the overall quality of nursing home care. A paper by Harris-Kojetin & Stone (2007) discussed the role of consumer satisfaction in ensuring the quality of long-term care. The research paper by Chang, et al. (2020) examined if there was a relationship between the senior customers' satisfaction with the eleven dimensions of the Senior Care Organisations in Taiwan namely access, communication, competence, courtesy, credibility, reliability, responsiveness, security,

tangibles, understanding the customers and food service. The results supported the hypothesis that 11 dimensions are significantly correlated with senior customer satisfaction in the Senior Care Organisations.

Figure 2 - Theory of Planned Behaviour
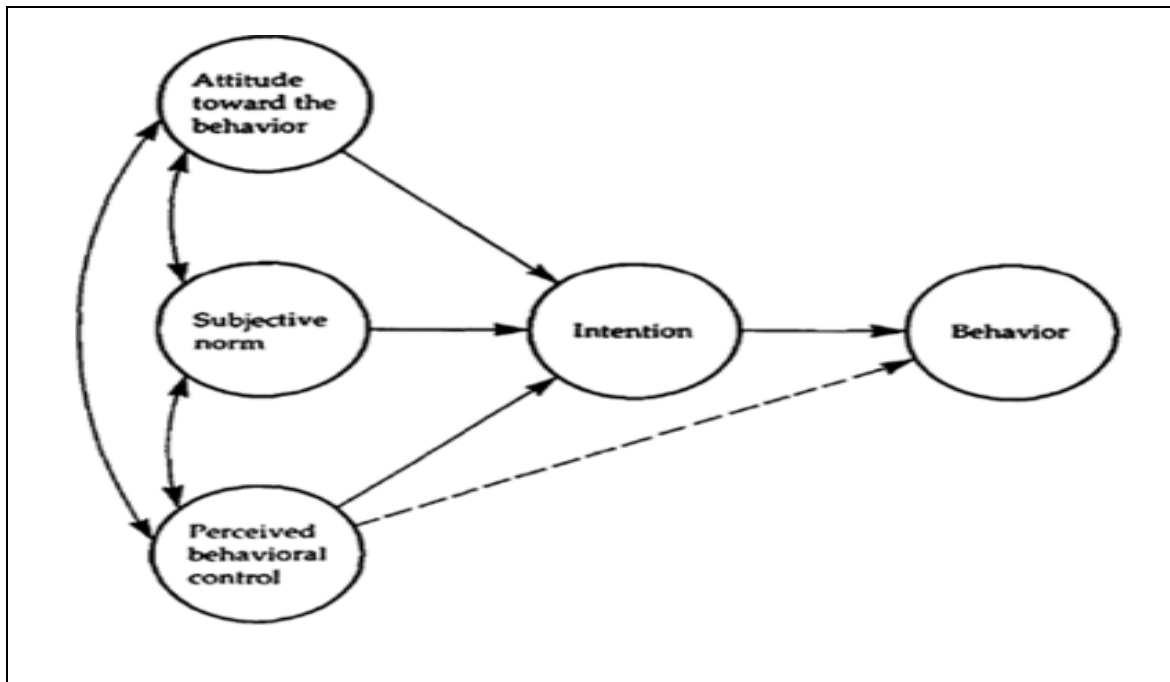
Source: (Ajzen, 1991)

From the works of literature above, it can be seen that various related issues or matters were examined. However, there has been no specific study in the implementation of QMS on retirement villages, especially in Malaysia. In order to understand the factors that affect a person's decision to purchase a unit in a retirement village, the study will develop a conceptual framework, drawing the knowledge from the theory of planned behaviour ('TPB'), as depicted in Figure 2. The theory of planned behaviour is a theory that relates beliefs to behaviour. The theory of planned behaviour extends from Ajzen & Fishbein's 1980 theory of reasoned action ('TRA') (Ajzen, 1991). The theory provides that three (3) core components: attitude, subject norms and perceived behavioural control, will determine an individual's behavioural intentions.

The proposed conceptual framework has been developed based on the theory of planned behaviour, as shown in Figure 3 below. Applying the theory of planned behaviour to this study to describe a person's intention to purchase a unit in a retirement village is a function of attitude, subjective norm and perceived behavioural control. In addition, two variables - branding and quality management are also included in the framework.

Figure 3 – Conceptual Framework
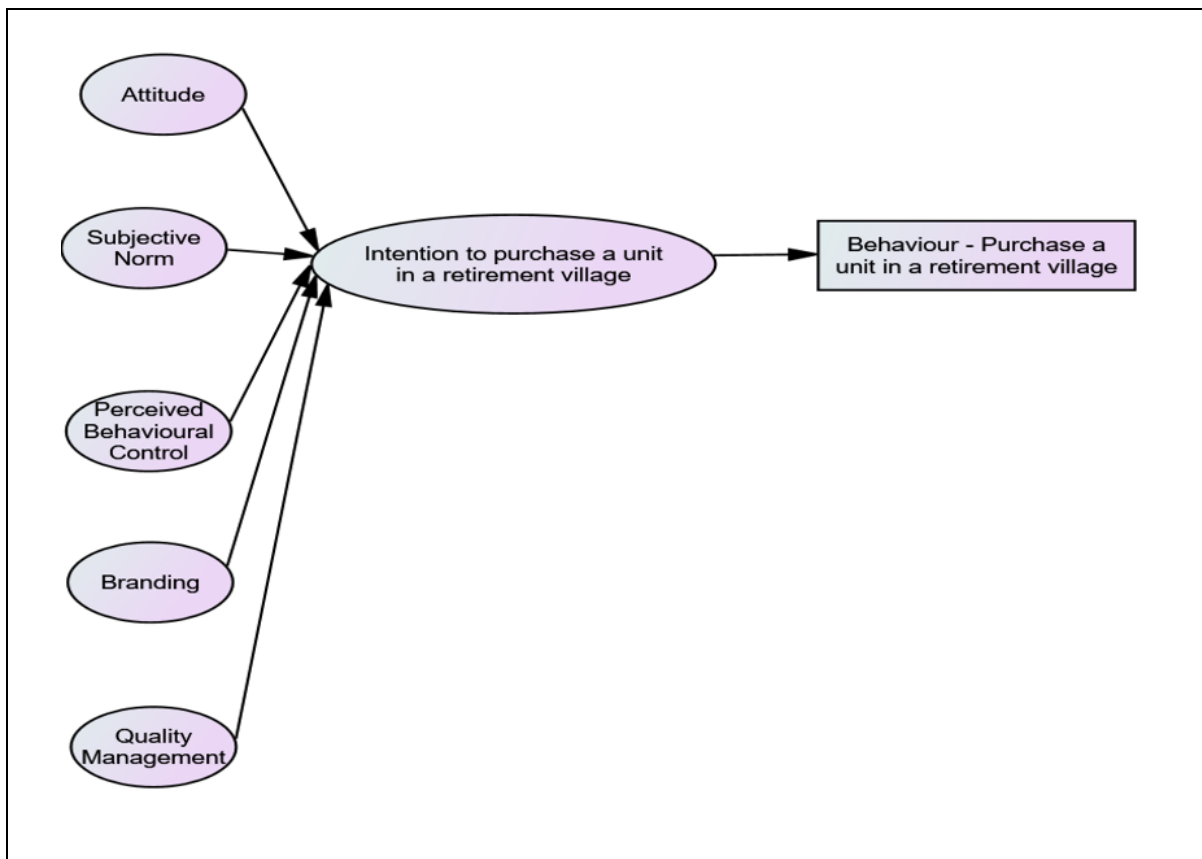
Attitude helps an individual to decide whether he/she would take a particular action after considering its positive and negative consequences. If a person has a more positive attitude, their behavioural inclination will be stronger. On the contrary, an individual's behavioural inclination will be weaker if they have a more negative attitude (Raut, et al., 2018). The study by Maichum, et al. (2016) examined the purchase intention for green products in Thailand. The study by Tan, et al. (2021) focused on the intention of the elderly to relocate to retirement villages that have smart home technology. The paper by Tommasetti, et al. (2018) studied the variables that are able to guide consumers towards choosing sustainable restaurants. Huang's (2016) paper investigated older adults' intention to move to senior housing in Taiwan. The paper by Pratap Singh, et al. (2018) explored the small firms' readiness towards the circular economy in India.

Attitude was found to affect behavioural intention positively in the studies by Maichum, et al. (2016); Tan, et al. (2021) and Tommasetti, et al. (2018). Another two studies also found that attitudes predict behavioural intention (Huang, 2011; Pratap Singh, et al., 2018).

> H1 : There is a significant relationship between attitude and intention / decision to purchase a retirement village

Subjective norm refers to the perceived social pressure to perform or not to perform the behaviour (Ajzen, 1991). Several studies found that subjective norms positively affect behavioural intention [Maichum, et al, (2016); Tan, et al., (2021); Tommasetti, et al., (2018)]. Likewise, Huang (2011) found that the opinions of spouses, children, relatives, friends/neighbours and health care professionals significantly affected subjective norms.

> H2 : There is a significant relationship between subjective norm and intention / decision to purchase a retirement village

Perceived behavioural control (PBC) is the individual's perception of his / her control over the performance of the behaviour (Zolait, 2014). The individual will consider whether he or she has the necessary resources and opportunities to engage in a particular behaviour. The study by Pratap Singh, et al. (2018) showed that perceived behavioural control positively influenced one's behavioural intention in the study. Perceived behavioural control was also found to have a positively affect behavioural intention [Maichum, et al, (2016); Tan, et al., (2021); Tommasetti, et al., (2018)]. In Huang's (2011) study, the senior's financial and health status and the financial status of their children measured perceived behavioural control, and it was confirmed that perceived behavioural control was important in predicting behaviour.

> H3 : There is a significant relationship between perceived behavioural control and intention / decision to purchase a retirement village

It was noted in a study by Ng, et al. (2020), the results indicated that attitude, subjective norms and perceived behavioural control were significant predictors that explained the elderly's buying intention in retirement villages. Whereas in another study, Gontusan, et al. (2021) found that attitude and perceived behavioural control significantly influenced the actual behaviour of unit trust investors. However, the subjective norm was found to be an insignificant predictor of actual behaviour among unit trust fund investors.

In relation to 'branding', a study by Tsai, et al. (2020) investigated whether the living intention of the elderly when choosing a retirement community in Taiwan is affected by brand attachment, higher partner quality, brand trust and commitment and brand self-congruence. The study adopted the socioemotional selectivity theory and not the theory of planned behaviour. The planned study will examine the effect of branding by adopting the theory of planned behaviour.

> H4 : There is a significant relationship between 'branding' and intention / decision to purchase a retirement village

The research paper by Chang, et al. (2020) examined the relationship between service quality or senior care quality and customer satisfaction in rural Taiwan. To the best of the researcher's knowledge, there is no specific study on the effect of the implementation of a quality management system on the making of a decision by elders to purchase a retirement village, especially in Malaysia.

> H5 : There is a significant relationship between quality management and intention / decision to purchase a retirement village

Behaviour is an individual's observable action in a given situation with respect to a given target. The intention is whether an individual is ready to perform a given behaviour. This assumes the attitude, subjective norm and perceived behavioural control will affect the intention and after that result in the behaviour. In short, the theory of planned behaviour will be applied to investigate the factors that affect the intention of elderly adults to purchase retirement villages in Malaysia.

METHODOLOGY

The conceptual framework and hypotheses will be validated through quantitative research to find the relationships between the independent variables and the dependent variable. Under the quantitative research method, there are two types of quantitative research designs: experimental research design and non-experimental research design. The non-experimental research design approach will be selected. Under this, the study will adopt the survey design. Primary data will be the prime source of information for this study. This will be sourced from face-to-face interviews. Information on secondary data will provide a supporting role and will be sourced from journals, newspapers, magazines, government publications and population census. Regarding the sourcing of samples for primary data, the researcher will be adopting a non-probability sampling approach. Under this approach, quota sampling will be selected and the projected sample size of between 200 to 250. A top-down or deductive approach will be adopted for the data analysis. The researcher will specify the purpose, research questions and hypotheses (e.g., identifies variables and expected relationships). Data will then be collected for each variable. The researcher then prepares the data for analysis (e.g., enters the data into analysis software). The data will then be analysed to answer the descriptive research questions (descriptive statistics to describe central tendency, descriptive statistics to describe variability and descriptive statistics to describe relative standing). Lastly, the researcher will analyse the data to answer comparison and relationship research questions and report the results.

EXPECTED IMPLICATIONS

Ageing is an irreversible phenomenon. Malaysia will be at the early stage of an aged population. Retirement village provides an option of accommodation for the elderly. This study is expected to evaluate whether attitude, subjective norm and perceived behavioural control will affect consumers' perception, acceptance and buying intention of retirement villages. It will also explore if branding and the implementation of a quality management system would improve consumers' perception, acceptance and buying intention of retirement villages. This study will add to the theoretical knowledge of the retirement village literature. First, this study will enhance the body of knowledge domestically as this study will be conducted in Malaysia. Second, this study will add two variables to the theory of planned behaviour. In specific, the study will examine the effect of branding and quality management when a buyer decides to purchase a retirement village unit. From a practical perspective, the study results are expected to be useful for retirement village providers and/or the professionals who are managing such organisations; potentially encouraging such organisations to focus on quality management and branding to enable them to be competitive.

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