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TIMBALAN PENGARAH
PCD

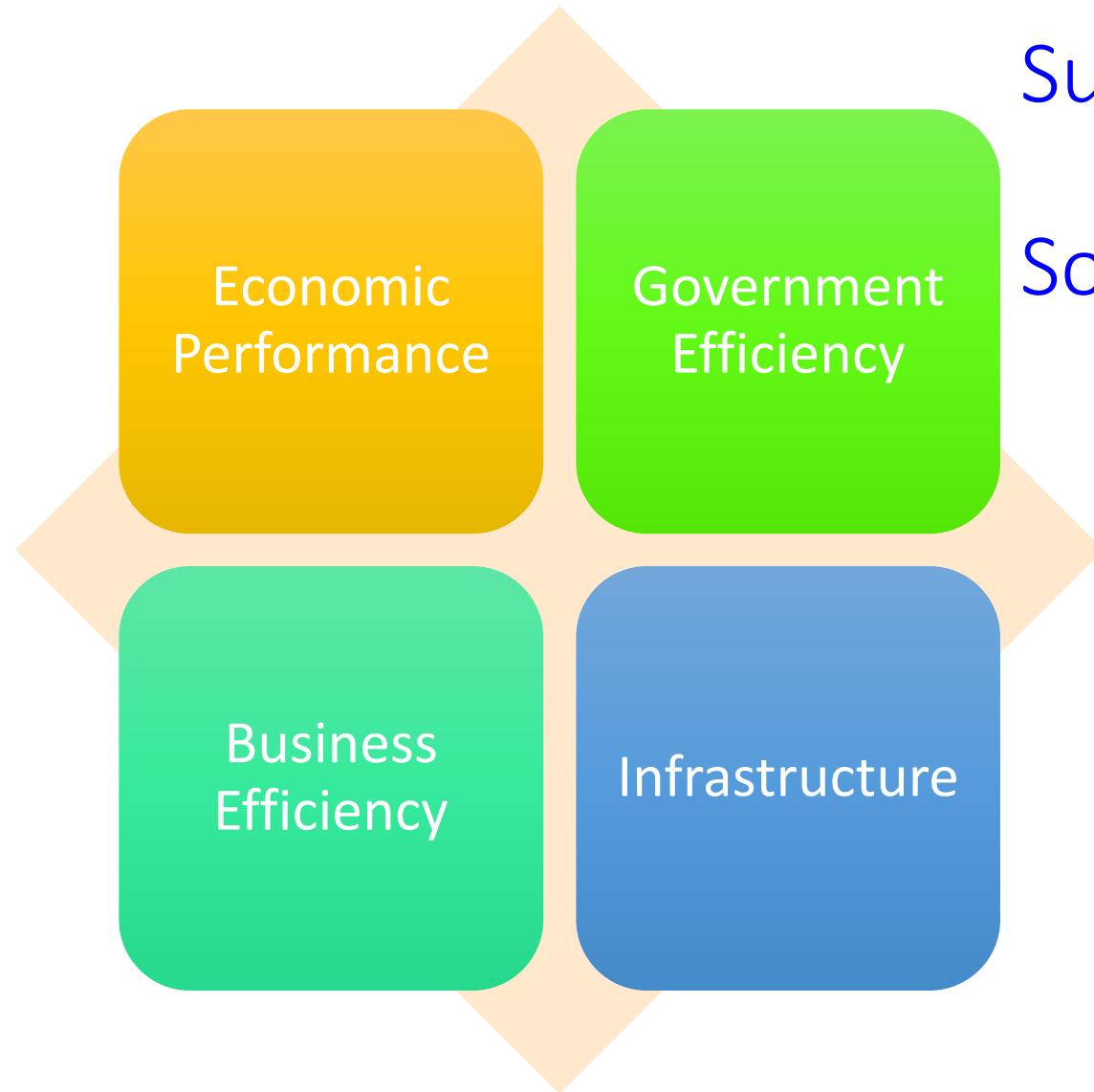
Social cohesion

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Purpose

To present and discuss current state of Malaysia's social cohesion within the context of IMD World Competitiveness Yearbook 2020.



Sub-factor: Societal framework

Social cohesion

Cohesive society

“It works towards the well-being of all its members, fights exclusion and marginalization, creates a sense of belonging, promotes trust, and offers its members the opportunity of upward social mobility (OECD).

3 Social Cohesion Pillars

Social inclusion

Social capital

Social mobility

Mission of Department of National Unity

Strengthening National Unity and Harmony Based on **Federal Constitution** and **Rukun Negara**

“the Constitution must seek to **weld people together** into one common nationality, to **build bridges** where walls existed.

“Constitution walked the middle path of compromise, moderation and accommodation between the special needs of Malays, the natives of Sabah & Sarawak and the legitimate interests of the minorities who made Malaya their abode”.

Prof Emeritus Datuk Dr Shad Saleem Faruqi

“Islam is the religion of the Federation; but other religions may be practised in peace and harmony in any part of the Federation.” *Article 3(1)*

Islam a religion of peace, harmony & promote tolerance regardless of ethnicity or colour.

Rahmah – compassion, mercy & grace.

Universal values of religions and cultures.

Six strategic thrusts



Enhancing inclusiveness towards an equitable society



Improving wellbeing for all



Accelerating human capital development for an advanced nation

MTR of RMK-11 highlighted several issues:

- Social polarization & presence of various education systems affecting national unity.
- Corporate sector involvement in fostering national unity is still not encouraging.
- Deterioration in Societal Stress Index (11.5 cases per million population in 2017 compared with 9.6 cases in 2015).

Shared Prosperity Vision 2030

OBJECTIVE SHARED PROSPERITY VISION 2030

1 Development for All

Restructuring the economy to be more progressive, knowledge-based and high-valued with full community participation at all levels.

RESTRUCTURING ECONOMY

2 Addressing Wealth and Income Disparities

Addressing economic disparities across income groups, ethnicities, regions and supply chains to protect and empower the rakyat in ensuring that no one is left behind.

ADDRESSING INEQUALITIES

STRATEGIC THRUST

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SOCIAL WELLBEING

Example of Targets:

- Equality in merit-based median salary ratio
- Measure poverty level by using relative poverty index
- Build day care centres in every locality
- Affordable housing cost to be determined using the Housing Cost Burden (HCB) approach, which is less than 30% of monthly median household income in Malaysia

STRATEGIC THRUST

6

REGIONAL INCLUSION

Example of Targets:

- Integrated urban-rural public transportation system
- 10 listed companies in each developing state, half of which are Bumiputera
- Reduce income disparity between regions by half
- Reassess quantity and quality of Malay reserve land
- Introduce new regional economic hotspots particularly outside Klang Valley areas
- Ensure the nation's Critical Infrastructure Development Plan is realised (e.g. hospitals, schools, bridges)

STRATEGIC THRUST

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SOCIAL CAPITAL

Example of Targets:

Achieve positive increase for the following indices:

- Unity Index
- Integrity and Anti-Corruption Indicator
- Religious Harmony Index
- Environmental and Climate Change Index
- Anti-Drug Index
- Crime Prevention Index
- Neighbourhood Harmony Index
- Rakyat Health Index

IMD World Competitiveness Yearbook 2020

- Executive Opinion Survey in early 2020 (Feb – March) among top and middle management in private sectors.
- “Social cohesion is low/high” (score from a scale of 1 to 6, converted to a 0 – 10 scale).
- Significant drop from 24th (2019) to 37th (2020) position.

WCY Criteria	2.5.05 : Social cohesion		2020 Value	5.34	2019 Value	6.10
Factor/Sub-factor	SOCIETAL FRAMEWORK		2020 Rank	37	2019 Rank	24
Economy Ranked #1	Denmark	2020 Value	8.81			

IMD World Competitiveness Yearbook 2020

Over 10-years period (2011 – 2020), dramatic deterioration, from a commendable 3rd position (2012) to the worst performance in 2020.



Key authorities

Ministry of National Unity

*Jabatan Perpaduan Negara dan Integrasi
Nasional (JPNIN)*

- **Dasar Perpaduan Negara** (National Unity Policy)
- **Shared Prosperity Vision 2030**, Strategic Thrust 7 - Social Capital.
- **Mid-Term Review of the 11th Malaysia Plan**. Pillar II: Enhancing

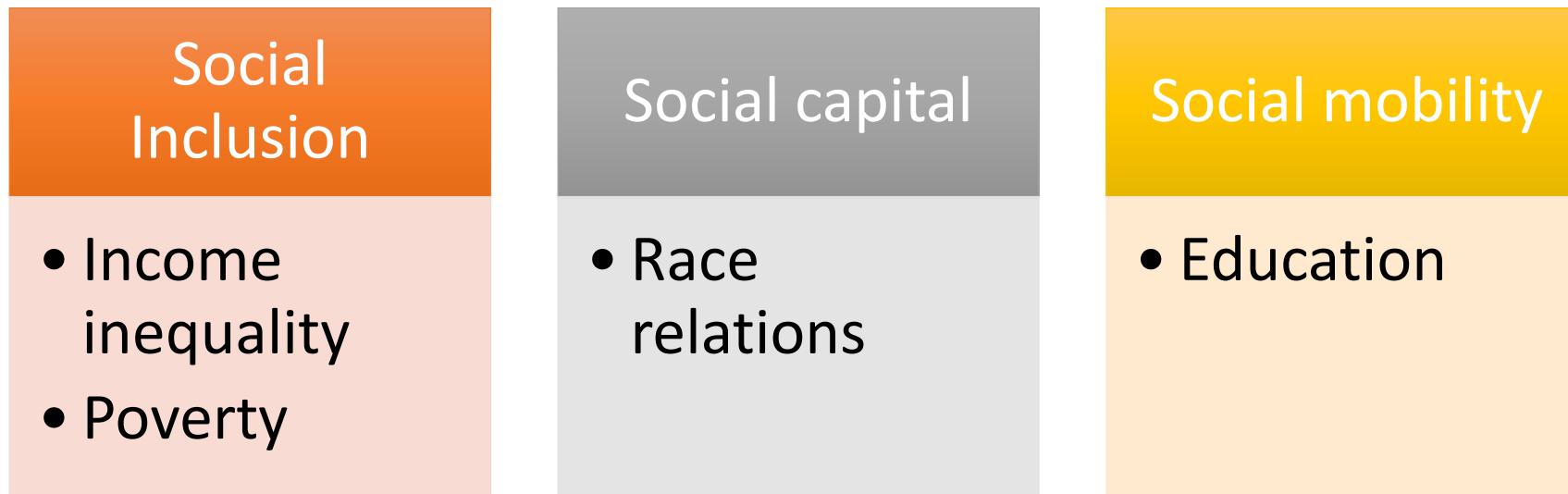
Inclusive Development and Wellbeing

Economic Planning Unit (EPU)

- Shared Prosperity Vision 2030.
- 12th Malaysia Plan (RMK-12)

Drivers to current ranking

Perceptions based on media coverage (4Q 2019 – January 2020)



**ISSUES/EVENTS FROM Q4 2019 →
WIDE MEDIA COVERAGE**

Income inequality

1. Widening median income disparity between T20 and B40

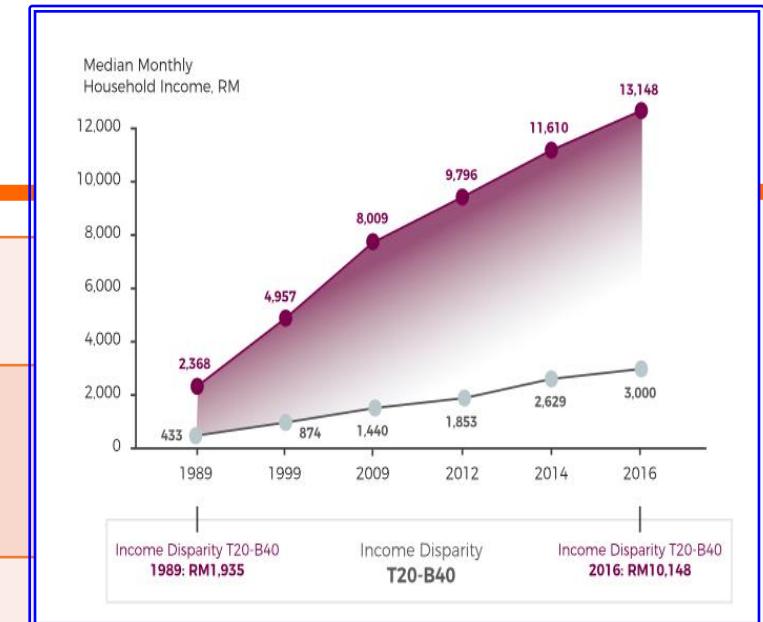
Widening median income disparity between T20 and B40, rising from RM1,935 in 1989 to RM10,148 in 2016.

2. Widening income disparities between ethnicities

Median household income disparity between Bumiputera and Chinese ethnic groups increased from RM497 in 1989 to RM1,736 in 2016. Between Indian and Chinese, income disparity increased from RM286 in 1989 to RM1,154 in 2016.

3. Widening income disparities between rural and urban regions

Between rural and urban regions, median income disparity increased from RM419 in 1989 to RM2,389 in 2016.



Source: SPV

Drivers to current ranking

Prior issues (2018 – 2019)

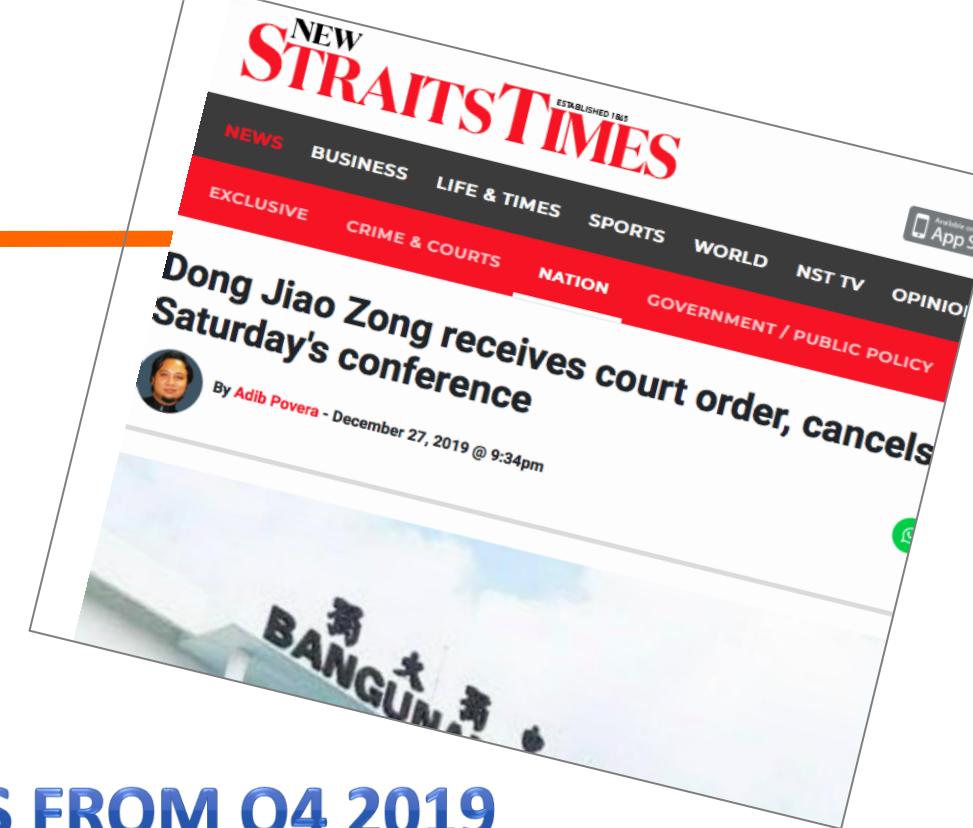
1. Seafield Temple riots and the death of Muhammad Adib Mohd Kassim
2. ICERD issue
3. Recognition of Unified Examination Certificate (UEC)



ISSUES/EVENTS FROM Q4 2019

Issues contributing to ranking (Oct '19 onwards)

1. Malay Dignity Congress (Oct '19)
2. Vernacular school constitutional? (Nov '19)
3. Introduction of khat/jawi at vernacular schools (Dec '19)
4. Controversy over CNY decoration at a school in Puchong (Jan '20)



Recommendations

1) Implement social cohesion policies and initiatives

2) Manage perceptions

Recommendations

- **Conduct public engagement**
- **Conduct education and awareness programmes**
- **Improve government transparency**
- **Address poverty and income inequalities**

Implement social cohesion policies and initiatives



- **Depoliticise sensitive issues**
- **Effective communication strategy**

Manage perceptions



*National identity and unity (Malaysian Education Blueprint).
Reduce income inequalities, social mobility for low income groups.

Conclusion

- Social cohesion in the IMD World Competitiveness Yearbook 2020 declined considerably to the 37th position from the 24th (2019).
- Over 10-years period (2011 – 2020), dramatic deterioration, from a commendable 3rd position (2012) to the worst performance in 2020.
- Even though drivers to current ranking can be attributed to recent issues, a long-term solution must be formulated, considering the steady decline of Malaysia's performance over the past decade.
- Recommended to implement policies and initiatives to promote social cohesion & manage perceptions.