

## THE WELLBEING OF THE POOR IN THE STATE OF KEDAH, MALAYSIA

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This article aims to identify the wellbeing of poor households in rural and urban areas using a Multi-Dimensional Poverty Index (MPI). To achieve the objectives of the study, the main data used were primary data that were collected from a survey of 300 heads of household in 12 poor districts in the state. The study sample used as the unit of analysis is the poor households, whose income is below the Poverty Line Income (PLI) of RM840 for urban areas and RM790 for rural areas. Overall, the findings show that the district of Kulim recorded the highest MPI for urban areas. Meanwhile, Padang Terap and Pokok Sena registered the highest MPI for rural areas. This study provides a more comprehensive focus on poverty in urban and rural areas. Indirectly, this study has succeeded in providing a true picture of poverty prevailing in the state because in addition to the material aspect of poverty, the study also puts a significant emphasis on a more subjective aspect, which is the wellbeing of the poor.

**Keywords:** poverty, rural, multidimensional poverty Index (MPI)

### I. INTRODUCTION

The World Happiness Report 2013 (Table 1) released by the United Nations through UN Sustainable Development Solution Network reports that Denmark is the happiest nation in the world while Malaysia occupies the 56th position among a total of 156 nations included in the report. Happiness is a condition that enables a person to feel pleasant and happy, and be aware that life is meaningful (Renwick, 2006).

TABLE I: 10 HAPPIEST COUNTRY IN WORLD

No	Country	Scale	No	Country	Scale
1.	Denmark	7.693	6.	Kanada	7.477
2.	Norway	7.655	7.	Finland	7.389
3.	Switzerland	7.650	8.	Austria	7.369
4.	Netherland	7.512	9.	Iceland	7.355
5.	Sweden	7.480	10.	Australia	7.350

Source: World Happiness Report 2013

Happiness is an effort to overcome a problematic situation and improve individual quality of life to the extent life is physically and psychologically safe, healthy and comfortable (Muhammad Fadhli, 2003). Therefore, happiness is necessary for every individual, immaterial of socioeconomic level whether one is

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poor, middle income or high income. Generally in Malaysia, a number of attempts have been made by the government and related bodies to wipe out poverty and eliminate the income gap. Though various development programmes have yielded results, groups of poor people, groups of low-income people, people and groups of people with moderate income facing lots of problems especially the problem of cost of living continue to increase in magnitude. Indirectly, this leads to the existence of socioeconomic imbalance among the people. Hence, there exists the phenomena of backwardness or the lack of growth and development especially in the rural areas. Studies about non-material poverty such as poverty of happiness began as early as 1923 with the efforts of Zainal Abidin Ahmad (Za'ba) who distinguished between material poverty and non-material poverty. This is due to the fact that poverty does not only constitute material aspects such as income and housing but also embraces non-material facts such as involvement in social activities and social interaction (Hossain, 2005).

Statistically, Malaysia has successfully reduced the poverty rate to 0.6% in 2014 and hardcore poverty has been nearly eradicated. However, there still exists a small community of poor households that are still far off from the development and modernization, particularly in the less developed states such as Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak. Kedah, one of the states in Malaysia whose economy is mainly based on agriculture, industry and tourism activities should provide more economic opportunity to her people. In Kedah, the incidence of poverty rate is reduced from year to year. In 2004 the poverty rate in Kedah is 7.0% but it reduce to 5.3% in year 2009 and continue to decrease until 0.3% in year 2014. In term of number and figure, yes it shows the household in the state of Kedah are getting better from year to year. This is because the calculation of the poverty rate based on household income or wages that they received. But from the point of welfare or wellbeing or happiness, with the reduction of the poverty rate do this reflects their level of prosperity or wellbeing are also getting better? Indirectly, this will help the poor households to exit from poverty. This study emphasizes more on happiness, particularly among the poor households because there are still lack of happiness studies in Malaysia. Most of the previous studies on poverty only emphasize more on the material aspect and neglect the non-material aspect such as happiness. Hence, this study attempts to provide a more comprehensive picture of poverty by including happiness, a more subjective in an effort to identify the factors that still affect poverty in Kedah.

## **II. LITERATURE REVIEW**

Beliefs that human happiness is an important aspect of quality of life has gained greater recognition in developed countries as well as in developing countries (Rohany & Fatimah, 2006). Therefore, happiness of living or quality of life is not simply measured by material values such as ownership of a home and vehicle or

achieving high levels of education, but also includes non-material aspects such as love, intimacy and compassion among individuals (Siti Fatimah, 2005). In evaluating happiness, it is important to determine the factors that affect happiness. After Malaysia gained its independence in 1957, various efforts have been carried out by the government to improve the quality of life or happiness among the people, such as providing them with the opportunities to increase income as well as providing better health, housing and other basic facilities and a better working environment. Nevertheless, there has been an imbalance in the improvement in the quality of life or happiness among different segments of society (Mohd Shaladdin, Wan Abdul Aziz & Nik Wan Omar, 2006).

Countries with high levels of poverty and backwardness are those that are underdeveloped. Similarly, problems of poverty and backwardness still exist in states that are underdeveloped in Malaysia such as Perlis, Kelantan, Terengganu, Kedah, Sabah and Sarawak. The rate of poverty and backwardness, particularly in Sabah and Sarawak is of great concern compared to the states in peninsular Malaysia (Chamhuri, Surtahman & Norshamliza, 2005). Therefore, income gaps and imbalances need to be measured accurately to enable the government to evaluate the result of completed programmes and to monitor projects still in progress so that the government will be able to create incentives that are more in line with the needs of the society (Muhammed Saladin et al., 2011). Hence, from the beginning of the Eighth Malaysia Plan (2001-2005) attention has been paid to quality of life in Malaysia where every economic development needs to be accompanied by improvements in the quality of life of every citizen. This approach specifies that every evaluation of progress is not only confined to economic aspects but also pays attention to growth of the individuals (Haryati & Nurasyikin, 2011).

In general, the measurements of poverty in Malaysia have mostly adopted a uni-dimensional approach, that is based on income or expenditure alone. However, this approach appears to yield an inexact indication of poverty (Siti Hadijah, Roslan & Siti Norliza, 2012). The approach used to measure poverty by using the poverty line income only has a certain weaknesses, because it is can not show the actual standard of living of the household (Faridah, 2005). In connection with this, a multidimensional method of measurement that is holistic is expected to be more effective and accurately hamed Saladin et.al., 2011).

### **III. METHODOLOGY**

The population of this study is the poor head of household in the state of Kedah and the sample for this paper consists of the head of poor households who are registered with e-Sinar. To achieve the objectives of the study, the main data were primary data that were collected from a survey of 300 heads of poor household in 12 districts in the state of Kedah. The poor households were chosen based on their income, where households whose income fall below the Poverty Line Income (PLI)

of RM840 for urban areas and RM790 for rural areas were included in the sample. The method used in this paper followed the 12 steps as proposed by Alkire and Foster (2009) in measuring multidimensional poverty (MPI).

#### IV. FINDINGS

Table 2 shows the background of the heads of poor household where 83 percent of the respondents were men and the rest were women. In terms of age, the majority (35.5%) of the respondents were between 40 and 49 years (35.5%). Most respondents were Malays (87.0%), followed by the Chinese and Indians, both at 3.75% respectively, and the remaining were Siamese.

Meanwhile, in terms of the level of education, a majority of heads of household or 36 percent have lower secondary school education (Form 1-3), followed by upper secondary school (Form 4 -5 / GCE Level / SPM) (35.0%). There are also those that do not have formal schooling, but the numbers were very small, at only four per cent. Similarly, a very small number or one percent have certificate from polytechnics, colleges and universities.

In terms of employment, the study found a fairly balanced numbers between respondents who worked in agriculture, forestry and fisheries with those in the services sector at 46 percent and 43.5 percent, respectively. This is followed by respondents who were involved in the construction sector (5.25%) and manufacturing (3.5%). The study also found that there were a small number of respondents who were not working (1.75%) due to age and health factors.

TABLE II: RESPONDENTS' PROFILE

<i>Background of Head of Household</i>	<i>Percentage (%)</i>	<i>Frequency</i>
Gender		
Male	83.0	249
Female	17.0	51
Age		
70 years and above	3.0	9
60 -69 years	7.25	22
50 -59 years	31.0	93
40 -49 years	35.5	106
30 -39 years	16.0	48
20 -29 years	6.75	20
20 years and below	0.5	2
Race		
Malay	87.0	261
Chinese	3.75	11
Indian	3.75	11
Siamese	5.5	17
Level of Education		
No formal education	4.0	12

*contd. table II*

<i>Background of Head of Household</i>	<i>Percentage (%)</i>	<i>Frequency</i>
Primary School (Primary 1 - 6)	13	39
Lower Secondary School (Form 1 – 3)	36	108
Upper Secondary School (Form 4 -5 / GCE Level / SPM)	35	105
Upper Secondary School (STPM / STAM)	1.0	3
Vocational / Technic (Form 4 – 5)	7.0	21
Skills / Technical Institute	3.0	9
Polytechnic / College / IPTA	1.0	3
Occupation		
Agriculture, Forestry and Fishery	46	139
Manufacturing	3.5	11
Construction	5.25	16
Services	43.5	129
Unemployed	1.75	5

To compare the wellbeing of poor households in rural and urban areas 12 out of the 15 indicators were used as a cut-off point . Table 3 and Table 4 show the results of the multi-dimensional poverty index method (MPI) for poor households in rural and urban areas, respectively. Based on Table 3 (urban), 12 dimensions were taken as the wellbeing cut off point ( $k = 12$ ). There are three important information that can be obtained from the MPI method namely the non-wellbeing rate (H), the non-wellbeing gap (A) and the multidimensional non-wellbeing index (MPI).

Column H shows the poverty rate or the non-wellbeing rate for each district. At  $k = 12$ , the non-wellbeing rate for households in the district of Kubang Pasu and Kulim are found to be 100 percent. This means that all households in the district of Kubang Pasu and Kulim are in a state of non-wellbeing. The result is almost the same in Kuala Muda, Langkawi and Yan at 83 percent, 80 percent and 93 percent, respectively. Meanwhile, Kota Setar recorded a non-wellbeing rate of 50 percent. In other words, only 50 percent of the respondents were in a non-wellbeing state.

However, it is not fair if we only measure the non-wellbeing rate because the elements of non-wellbeing of a family vary from one household to another. Therefore, to analyze the wellbeing elements of a household more accurately, we use the value of A which illustrates the depth /gap of poverty or non-wellbeing faced by a household. The value of A is used to identify the number of indicators needed by poor households to enable them to get out of poverty or to achieve wellbeing.

The study found that the values of A shown among districts are almost similar, namely 46 percent (Kota Setar), 45 percent (Kuala Muda), 54 percent (Kubang Pasu), 57 percent (Kulim), 47 per cent (West) and 50 percent (Yan). For example, for Kota Setar district, the value of A (46%) means that amongst households that were in the state of non-wellbeing, they lacked on average 46 percent of the overall indicators.

Meanwhile, the value of MPI is used to identify the depth of poverty prevailing amongst the heads of poor households. For urban households, the findings show that the highest MPI is recorded by Kulim at 57 per cent while the lowest MPI is recorded by Kota Setar (23%). Other areas recorded MPI of 37 percent (Kuala Muda), 54 percent (Kubang Pasu), 38 percent (Langkawi) and 47 percent (Yan).

TABLE 3: URBAN MULTIDIMENSIONAL POVERTY INDEX

<i>District</i>	<i>K</i>	<i>H</i>	<i>A</i>	<i>MPI</i>
Kota Setar	12	0.5	0.46	0.23
Kuala Muda		0.83	0.45	0.37
Kubang Pasu		1	0.54	0.54
Kulim		1	0.57	0.57
Langkawi		0.80	0.47	0.38
Yan		0.93	0.50	0.47

TABLE 4: RURAL MULTIDIMENSIONAL POVERTY INDEX

<i>District</i>	<i>K</i>	<i>H</i>	<i>A</i>	<i>MPI</i>
Baling	12	0.80	0.59	0.47
Bandar Baharu		0.60	0.51	0.31
Padang Terap		0.92	0.60	0.55
Pendang		0.81	0.65	0.53
Pokok Sena		0.94	0.61	0.57
Sik		0.68	0.53	0.36

Table 4 shows the MPI for rural areas. Similar to the previous description,  $k = 12$  was used as the second aggregate cut-off point to separate the households that have achieved a wellbeing status with those that have not achieved that status. The findings show the value of  $H$ , namely non-wellbeing rates faced by those households in Pokok Sena and Padang Terap districts were very high, namely at 94 percent and 92 percent, respectively. On the other hand, 60 percent of heads of household in Bandar Baharu were in the poor category when  $k = 12$  was used.

Meanwhile, the depth of poverty is shown by the value of  $A$  which refers to the average poverty prevailing amongst the heads of poor household. The values of  $A$  recorded by the districts were almost similar at between 50 to 70 percent namely 59 percent (Baling), 51 percent (Bandar Baharu), 60 percent (Padang Terap), 65 percent (Pendang), 61 percent (Pokok Sena) and 53 percent (Sik). For example, the value of  $A$  at 59 percent recorded by Baling shows that amongst the heads of poor household, on average they lacked as much as 59 per cent of the overall indicators.

Next, with regard to the value of MPI, it was found that households in Pokok Sena district recorded the highest MPI at 57 percent while the lowest MPI was in Bandar Baharu at 31 percent. Other districts MPI of 47 percent (Baling), 55 percent (Padang Terap), 53 percent (Pendang), and 36 percent (Sik). The MPI value is used to identify the depth of poverty prevailing amongst the heads of poor household.

The main factor found to affect the wellbeing of poor household was income. Limited income was found to be capable of affecting other indicators and thus affect the wellbeing of the poor households. With limited income, a poor household was incapable of supporting the living expenses of its members, unable to provide a comfortable home, had no ownership of assets, was forced to make loans and

had to limit the food intake of members of the household. Limited income also affected the health and education of the head and members of poor households. Limited income was found to be caused by the job of the poor households. For poor households in urban areas, most of them worked as salaried workers such as factory workers, cleaners and construction workers. Meanwhile, for poor households in the rural areas, most of them worked in agriculture such as rubber, paddy and palm oil. For example, the districts of Kuala Muda, Langkawi, and Yan are located near the sea and this resulted in the average poor household choosing fishing as their main occupation. As traditional fishermen, they were also found to spend a lot of time at sea.

Low income affects the wellbeing of rural poor households. The agricultural sector is said to be synonym with poverty. Because they lack ownership of agricultural land, poor households had to work as salaried workers. However, there were poor households in Bandar Baharu who worked in factories because of the proximity of Bandar Baharu with Kulim. Having low education level, it was impossible for the poor households to obtain jobs that provide higher income. Coupled with long working periods, this prevented the poor households to work in additional job to supplement their income. As a result, the poor households had no other option to earn extra income but were forced to work for a long period of time.

## V. SUMMARY AND CONCLUSION

Most of the studies on poverty in Malaysia have focused on the objective or material aspect of poverty. This results in these studies being incapable of providing a true and complete picture of poverty. Therefore, this study has given a more comprehensive focus on poverty in the urban and rural areas. Indirectly, this study has succeeded in providing a true picture of poverty prevailing in the state of Kedah because in addition to the material aspect of poverty, the study also puts significant emphasis on a more subjective aspect of poverty, which is wellbeing.

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