

CHALLENGES TO THE HOUSEHOLD INCOME CLASS B40 INCREASE IN DEVELOPED COUNTRY TOWARDS 2020 CASE STUDY: PENANG

Siti Nor Ain Mayan^{1*}, Dr. Radieah Binti Mohd Nor², Prof. Dr. Narimah Samat³.

^{1,2} Centre for Global Sustainability Studies (CGSS), Universiti Sains Malaysia, Penang, Malaysia

³School of Humanities, Universiti Sains Malaysia, Penang, Malaysia

Abstract: In the 11th Malaysia Plan (MP11), the government has drawn a strategy to develop the economy by increasing the income of household Below 40 (B40) to achieve a developed nation by 2020. There are three sections of income class, namely 20 percent of the highest class (T20), 40 percent of middle class (M40) and 40 percent of the lowest class (B40). Thus, this study attempts to examine the challenges faced by the households especially in urban areas of B40 to increase their revenue up to the M40 class through the case study in Penang. Telephone interview was selected as the research methodology for this study as its primary data. Meanwhile, the secondary data were obtained from the online journals by the official website of the government as well as the official website of internationally relevant research. These data were then analysed using textual analysis. From the analysis, the challenges were defined considering internal factors such as attitudes, education and skills as well as external factors including the inability to have an asset, economic and market conditions and poor management inefficiencies on the implementation and monitoring. To overcome the problems mentioned, a number of strategies have been developed such as strengthening the human capital, physical capital and financial capital as well as the economy by increasing the purchasing power of consumer welfare and poverty in better management through GIS monitoring system.

Keywords: B40 Households, Poverty, Developed Country in 2020, Urban, Penang

INTRODUCTION

The plan for Malaysia as a developed nation by 2020 has been made since the year 1991. The period is just around the corner as there are only four years remained (Ministry of Information Malaysia, 2008). According to Asmahanim Amir (2015), poverty rate should be reduced to achieve the status of a high income developed nation with the rate of per capita income increased from US \$ 10 796 to US \$ 15, 000. Therefore, the MP11, which is the economic development strategy for the next five years from 2016 to 2020, is designed to focus on increasing the earning of B40 class from RM 3855 and below to at least RM5270. Additionally, B40 group is referred to as the 'households' aspirations' of very poor and poor people (Wold Bank, 2014).

This article examines the challenges faced by the B40 group in Malaysia. The study location is at the downtown area of Penang. Discussions of this article are divided into two parts. The first part analyses the challenges faced by the B40 in the Penang city based on a survey. Meanwhile, the second part addresses proposals and solutions based on the analysis at the end of this paper.

* E-mail: ainibnumayan@gmail.com

PROBLEM STATEMENT

The rate of poverty in Malaysia has been reported to decline from 1.7% in 2012 to 0.6% in 2014 (Department of Statistics Malaysia, n.d.). However, the question remained is whether or not it is true that Malaysians are free from poverty. In the B40, 79 thousand people were registered in the e-Kasih programme (Implementation and Coordination Unit, 2016) including those who live in the rural and urban areas. Nonetheless, according to the Economic Planning Unit (2015), the actual figure is alarming where only B40 people registered with e-Kasih programme residing in the city were counted, while those unregistered have reached a total of 2.7 million with an average monthly income of RM 2, 537.

The B40, which are in great numbers in the city, are settled in the rural areas. In 2014, statistics showed that there are 134,600 people of B40 in the city compared to in rural areas with 13, 800 people (the Economic Planning Unit, n.d.). Furthermore, the rate for household poverty in Penang was shown higher in urban areas than in rural areas (Department of Statistics Malaysia, n.d.). However, the high number of B40 in the city may have represented a large number of households residing in the city.

One of the factors of poverty prevailing among the people in the city is the high cost of living with the static revenue. Malaysia has now rapidly affected by the increased cost of living in the city that is not in line with earnings (Siti Syamila Amir Hamzah, 2015). Studies from the Institute of Economic Research (MIER) of consumer sentiment have found a large number of users reported as pessimistic in terms of spending. Apparently, these users are very careful in purchasing goods and services. Although it is not directly connected to the rising cost of living, it is a sign of decline in demand for goods and services (Zulkipli Omar, n.d.). This was also felt by the residents of Penang as the reports from the local newspaper namely Utusan Malaysia (2011) and Ray (2015) mentioned the highest state of Penang in comparing the cost of living in Malaysia. Even if the case does not contain any groups from the poor household, it is yet to be risky for them.

RESEARCH METHODOLOGY

Qualitative method was used for the present study. Primary data were collected through telephone interviews with 10 respondents based on purposive sampling (Chua, 2006). The respondents of B40 group residing in urban areas of Penang were randomly selected based on the list data obtained from the Implementation Coordination Unit, Prime Minister's Department. The unit was assigned by the government to manage the B40 registered with e-Kasih, a National Poverty Data Bank of Malaysia that contains individual profiles, programmes or grants received by the Head of Household (HOH) and Member of Household (AIR) from aid agencies involved. E-Kasih was developed to help in monitoring the effectiveness of aid received. Data and information were obtained from e-Kasih census to census Poor Households (IRM) conducted by the Department of Statistics, Malaysia and then handed over to the ICU as a major input to the e-Kasih (Implementation and Coordination Unit, 2016).

Next, secondary data were obtained from library materials online journals namely the government's official website and international official website on related studies. Once the data were collected, it

was analysed through textual analysis. Textual analysis refers to the analysis of texts involving research methods to describe and interpret the message contained within a text; messages are recorded by sound or visual recordings (Gibson, 2002). It is also characterised to describe the content, structure, and functions contained in the text message. The analysis results are discussed in the second part of this article.

DISCUSSION

This section addresses the challenges faced by the B40 in improving household income to middle-class households of M40. A total of 10 respondents were interviewed by telephone in the study area in Penang. Challenges faced by the households of B40 are influenced by two factors, namely internal and external factors.

Internal factors from the perspective of education, skills and attitude

Internal factors are referred in this article from the point of education, skills and attitudes. The 10 respondents selected for obtaining the results from interviews have an average educational level from primary and secondary schools. Moreover, the lack of skills has caused them difficulties in finding additional income, leading them to focus only on the income from their main job. Although respondents were aware about the reality of poverty and the rising cost of living, they still feel comfortable with such a life. Interviews with the respondents have displayed a lack of effort among them to improve their knowledge and skills and just focus on the aid and assistance from the government. All respondents were identified to receive BR1M from the government. Only two of them have no job and strongly rely on the assistances provided. In addition, the dynamism of the economy has changed the need to buy expensive goods. Furthermore, the attitude of trend in household spending resulted in the increase of daily expenses. Cars and cell phones that were once considered as the luxury goods and have now become necessities for households. This can be proven by the respondents where six of them were found to have a car with all of them owned a mobile phone.

External factors such as the inability to own an asset, economic and market conditions and poor management incompetence

All respondent agreed that cost of living in the city is too high, causing the monthly income to be insufficient to cover daily expenses. Meanwhile from the point of ownership, all respondents were found to be unable to afford any assets. In fact, they were even unable to afford any basic needs for their house. They settled in a heritage house, renting or staying with family nearby. This might be due to the lack of revenue to own a house. Luckily, the Penang state government's has made an initiative to provide a home to the less fortunate by providing low-cost and medium cost housing projects and affordable houses. For example, for the people with income of RM 3 095 per month, they need a home priced at RM111,420 and below to be considered affordable (Zulkipli Omar n.d.). However, the state government has set up a price that is much cheaper for the people with income below RM3500 as they can afford homes priced up to £ 72, 500 (Lim, 2013). Although this initiative is still

going on, the population still cannot afford to buy their own home, which even includes other basic needs such as food and their children's school needs.

According to the Annual Report in 2015 regarding inflation and cost of living, the B40 group has a high commitment and payment of a small deposit throughout the year. This situation makes them vulnerable to the rising of goods and services prices. This group has also faced higher inflation in 2015 due to higher provisions for food, as well as the increase of food inflation that occurred in 2015, which is from 3.6% in 2014 to 3.3% in 2015. Therefore, households with lower incomes living in states with a high level of urbanisation tends to increase the most in the cost of living. Besides, according to Shafie Rohami (2011), the increase in price of goods especially food had caused the dizziness greed that monopolises business deal until the government is unable to control the price of goods on the market.

The third external factor is the inefficient management and implementation of poverty from the point of observation. Various initiatives were planned every five years in Malaysia Plan to reduce poverty at a minimum. The level of poverty in Malaysia has dropped to 0.6% in 2014. However, from the point of implementation and management, this should be improved with more strategic. For example, in the system of e-Kasih, the recording of data on the poor is not systematic with discrepancies in the information phone number, occupation and salary. Some of the people on the list were recorded as not working, but claimed to have a job and a steady income when contacted. Therefore, the government should improve the management of data on households registered under e-Kasih so that the latest information is always available. Moreover, system monitoring should be established so that the relief of poverty can be used to the maximum.

SUGGESTION

There are several proposals made to improve the standard of living and household income of B40 by empowering human capital, physical capital and financial capital, strengthening the economy by increasing the purchasing power of consumer welfare and poverty in better management through GIS monitoring system.

Strengthening human capital, physical capital and financial capital

Promote awareness to empower people on the spiritual and temporal requires determination to change their life by changing themselves. Knowledge and skills can be improved by the use of modern technology through access to education and better training (Annual Report 2015, n.d.). Government and the private sectors offer a variety of skills with most of them are free. These accesses must be wisely utilised to increase their knowledge and skills that can be used for self-development. As been discussed earlier, most of the interviewed respondents do not have any additional skills and studied only until the secondary school level. With no knowledge and skills and provide only physical capital goods such as business and financial capitals, it would be difficult for the households to go out of poverty. In addition, the courses provided should coincide with the households' interests. There are several families that are not interested in doing business, which eventually left their business goods unused. This would further lead them to sell their business to other party (Baharom Mahusin and Noorzahizan Ismail, 2001). One aspect that is important to emphasize the relationship between the

stock of knowledge and entrepreneurship for example through the development of computer technology model “old English” which can lead to well-known computer brands such as Apple computers until the software in Microsoft and Java. All this formed as a result of the development of human capital, technology and entrepreneurship (Goergi, n.d.). Therefore, strengthening the human capital at once will give the opportunity to those households to increase productivity through the provision of physical capital and financial capital. This will in turn increase the economic growth and welfare of the society (Zulkiply Omar, n.d.).

Strengthening the economy by increasing the purchasing power of consumer welfare

The cost of living issue needs to be addressed with short-term actions and long-term neatness. The government's efforts to reduce and control the price of goods and services as well as raising households' income is a productive step to ensure that everybody can meet their daily needs with more comfortable (Zechariah Abdul Rashid, n.d.). This step is more important to break the monopolisation of basic goods of one party. In addition, too many middlemen results in higher prices when it comes to the end user. These layers need to be broken so that the plan will be directly goes to the end user (Rohami Shafie, 2011), since it will help the government to control the price of goods with more efficient. In addition, ownership of assets such as houses among B40 especially in Penang should be taken seriously whether the affordable housing is provided by the state government or the federal government. It is challenging to build affordable homes with low cost in a city with a high cost of living. Despite various initiatives provided, the population still cannot afford to buy a home. Thus, the role of government in addressing these issues is critical.

Poverty in better management through GIS monitoring system

This is the trend of developing countries to manage poverty through a more regular and comprehensive poverty mapping of Geographic Information System (GIS). GIS is a system that produces images together with operations in the form of mapping by combining the power of technology to analyse and produce the desired outcomes through data collected (Nasir Nayan, 2010). Household poverty data are collected and presented in the form of mapping. The analysis results of the mapping are able to display patterns of poverty classification in one area, other than helping to look at geographical factors such as topography and the limited facilities that cause difficulty in finding jobs and increase the household's income. This poverty mapping will also help the government to manage and design policies to implement poverty programmes according to the needs and realities of the unfortunate. For example, a study conducted by Sandeep Tambe (n.d.) in Sikkim a rural area in India. GIS helps reveal the causes of poverty based on the geographical source. Among the issues examined as a factor of poverty is based on the distance from the trade center. The farther the distance, the more difficult to get a job or marketing of goods. In addition, the lack of focus of the government and the development of crops that are not used in the vicinity of the poverty population is also a factor. Additionally, this system has been widely used in foreign countries to map out areas with poverty such as in the Akwa Ibom State, Nigeria (Ekpenyong and Etim, 2007), China, Philippines, Indonesia, Pakistan (Nabeela Arshad, 2005) India (Isa Baud, N. Sridharan and Pfeffer, K., 2008) and Ghana (ESRI, 2009).

CONCLUSION

In conclusion, the role in addressing the rising cost of living and poverty should be played by the B40 itself to change their lives for the better. On the other hand, the government's role is to help the business not only in the planning stage, but also implementation and monitoring. The government must immediately act to come up with short-term solution. Without it, the dream of becoming a developed and high-income nation to give welfare to the people in 2020 will not become a reality.

ACKNOWLEDGEMENT

This paper is a part of a research funded by Short Term Grant (304/PCGSS/6313184) and Research University Grant (1001/PCGSS/816308) awarded by Universiti Sains Malaysia. The writers wish to express their heartiest gratitude to all other parties who have been involved either directly or indirectly in this research.

REFERENCES

- Asmahanim Amir. (2015). *RMK-11 sebagai persediaan negara maju menjelang 2020*. Retrieved September 15, 2016, from <http://www.ukm.my/news/Latest_News/rmk-11-sebagai-persediaan-negara-maju-menjelang2020/documents/10124/f4e160c3-1d2a-4b21-8474beb06333750a>.
- Baharom Mahusin & Noorzahizan Ismail, (2001, 28 October). Tukar cara basmi kemiskinan- bantuan percuma PPRT untuk rakyat miskin perlu dikaji semula. *Utusan Malaysia*, Retrieved October 13, 2016, from <http://ww1.utusan.com.my/utusan/info.asp?y=2001&dt=1028&pub=Utusan_Malaysia&sec=Rencana&pg=re_03.htm#ixzz44vCIswIN> .
- Chua, Y.P. (2006). *Kaedah penyelidikan. Malaysia*: McGraw-Hill(Malaysia) Sdn Bhd.
- Ekpenyong & Etim, R. (2007). *A geographic information system based approach for high resolution poverty map production*. In: *10th AGILE International Conference on Geographic Information Science*. Nigeria: University Of Uyo.
- Environmental Systems Research Institute. (2009). *Leveraging GIS to alleviate poverty in Ghana*. Retrieved September 20, 2016, from <<https://www.esri.com/library/bestpractices/alleviate-poverty-ghana.pdf>>.
- Gibson. (2002). *What is textual analysis?* Retrieved September 20, 2016, from <file:///C:/Users/Thunder%20Match/Downloads/Documents/McKee_Ch1.pdf> .
- Georgi, P.B. (n.d.). *The Role of Human and Social Capital: Extending our Understanding*. Retrieved June 12, 2017, from file:///C:/Users/Thunder%20Match/Downloads/Documents/pp11_interest.pdf.
- Isa Baud, N. Sridharan & Pfeffer, K. (2008). Urban poverty mapping for local government in India mega-cities: case Delhi. 45 (7), 1385-1412.
- Jabatan Perangkaan Malaysia. (n.d.) *Data asas Malaysia*. Retrieved September 20, 2016, from <<file:///C:/Users/Thunder%20Match/Downloads/Documents/1-DATA-ASAS-MALAYSIA1.pdf>>.
- Kementerian Penerangan Malaysia. (2008). *Perspektif Wawasan 2020*. Retrieved September 20, 2016, from <<http://pmr.penerangan.gov.my/index.php/component/content/article/88-dasar-dasar-negara/255-perspektif-wawasan-2020.html>>.
- Lim, G. E. (2013, December 15). *Perumahan mampu milik*. (online). Retrieved September 30, 2016, from <<https://www.penang.gov.my/kenyataan-akhbar/2775-perumahan-mampu-milik>> .
- Laporan Tahunan. (2015). *Inflasi kos sara hidup*. Retrieved September 30, 2016, from <file:///C:/Users/Thunder%20Match/Downloads/Documents/cp01_003_rencana.pdf>
- Malaysia (2015). *Rancangan Malaysia Ke-11 2016-2020 :Pertumbuhan berpaksikan rakyat*. Putrajaya: Unit Perancangan Ekonomi, Jabatan Perdana Menteri.
- Nabeela Arshad. (2005). *GIS of poverty mapping analysis for Pakistan*. Pakistan Institute of Development Economics Islamabad Pakistan: Pakistan.
- Rohami Shafie. (2011, August 4). Merungkai kos hidup tinggi. *Utusan Malaysia*. Retrieved 11 October 2016, from <http://ww1.utusan.com.my/utusan/info.asp?y=2011&dt=0804&sec=Rencana&pg=re_01.htm#ixzz4MYZzuQKb> (Accessed 30 September 2016).

- Sandeep Tambe. (n.d.). *Poverty Mapping Using Geographic Information Systems (GIS) to Target the Poorest Gram Panchayat Wards (GPW) in the State of Sikkim*. Retrieved November 12, 2016, from [file:///C:/Users/Thunder%20Match/Downloads/GIS/Rural %20poverty%20mapping.pdf](file:///C:/Users/Thunder%20Match/Downloads/GIS/Rural%20poverty%20mapping.pdf) .
- Siti Syamila Amir Hamzah. (2015). *Pengaruh kemiskinan dalam ekonomi Malaysia*. Retrieved September 30, 2016, from https://www.mier.org.my/newsarticles/archives/pdf/siti20_5_2015.pdf>.
- Unit Perancangan Ekonomi. (2014). *Agihan pendapatan bagi kumpulan isi rumah 20% tertinggi, 40% pertengahan dan 40% terendah mengikut kumpulan etnik dan strata, Malaysia, 1970-2014*. Retrieved September 30, 2016, from <http://www.epu.gov.my/doc>>.
- Unit Perancangan Ekonomi (n.d). *Data asas Malaysia*. Retrieved September 30, 2016, from <file:///C:/Users/Thunder%20Match/Downloads/Documents/1-DATA-ASASMALAY SIA1.pdf>>.
- Unit Penyelarasan dan Pelaksanaan. (2008). *Info eKasih*. Retrieved September 30, 2016, from <https://ekasih.icu.gov.my/Pages/InfoeKasih.aspx>>.
- World Bank, 2014. *Laporan ekonomi Malaysia – Ke arah masyarakat menengah Disember 2014*. Retrieved September 30, 2016, from <http://www.worldbank.org/en/country/malaysia/publication/malaysia-economic-monitordecember-2014-towards-a-middle-class-society>>.
- Zulkipli Omar. (n.d.). *Menangani peningkatan kos sara hidup*. Retrieved September 30, 2016, from https://www.mier.org.my/newsarticles/archives/pdf/DrZul21_12_2015.pdf> .
- Zakariah Abdul Rashid. (2016). *Kos sara hidup beban ekonomi utama sepanjang 2015*. Retrieved September 30, 2016, from <file:///C:/Users/Thunder%20Match/Downloads/Documents/DrZakariah29022016.pdf>>.
- Anon. (2015, March 25). Kos hidup di Pulau Pinang makin tinggi. *Sinar Harian*. Retrieved October 10 2016, from <http://www.sinarharian.com.my/mobile/edisi/utara/kos-hidup-di-pulau-pinang-makin-tinggi-1.372619>> (Accessed 25 October 2016)

Interview

- Md Azhan Samat@Umat.(2016, April 20). *Golongan B40 , Bahagian Penyelarasan dan Pelaksanaan, Jabatan Perdana Menteri, Putrajaya, Malaysia*. (Interview) .
- 10 respondents from the registration list e-Kasih. (2016, November 20). (Interview).