The resilience of income among urban poor communities in Kuala Lumpur

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ABSTRACT

The urban poor in Kuala Lumpur, especially those in the informal settlements, are increasingly at risk of decreasing standards of living, health, and livelihood. One of the strategies to overcome poverty is to build resilience for the poor, in line with the Sustainable Development Goals (SDGs) target to alleviate poverty through the resilience model. Therefore, the objective of this study is to develop a resilience model of income among urban poor communities in Kuala Lumpur. This study collected 481 respondents through the distribution of questionnaires. The data were analyzed using Descriptive Analysis and index development by Statistical Package for Social Science (SPSS). The findings of the study showed that a total of 383 respondents, or 96% of respondents, have incomes below RM4,000. The study also found that 33.5% of the total respondents are employed by government and private companies. The income resilience index showed that almost 90% of urban poor communities are at a moderate level, and 9% are at a low level. This indicates that the resilience of income in urban poor communities is still suppressed. This study is among a few that have been conducted to investigate the resilience of income among urban poor communities, particularly the People's Housing Project (PPR) in Kuala Lumpur, Malaysia. To overcome poverty and promote resilience among these urban poor communities, the government should come out with relevant policies and strategies for upgrading the urban poor's income to build resilience among urban poor communities in Kuala Lumpur.

Contribution/ Originality: This research differs from previous research by focusing on developing a resilience model of income among urban poor communities in Kuala Lumpur. This income resilience index is more critical in terms of redefining the impact of the aid program and the urban poor's community resilience.

1. INTRODUCTION

Individuals residing in the informal settlements of Kuala Lumpur face heightened vulnerability with regards to the deterioration of their living conditions, health status, and economic sustenance. Their inability to afford basic essentials like food, clothing, shelter, and other items of necessity shows how poor they are, as does the fact that many households do not make enough money to meet those expenses. Building the resilience of the poor is one

strategy for overcoming poverty, and this is in line with the Sustainable Development Goals (SDGs), which aim to alleviate poverty through building resilience. The goal of this study is to create an income resilience model for urban poor communities in Kuala Lumpur.

In the developing world, poverty continues to be a persistent issue. According to the World Bank's (2020) report, 6.76 million people, or 8.45% of the world's population, live in extreme poverty and make less than $1.9 per day. The United Nations General Assembly established the Sustainable Development Goals (SDGs) in 2015 with the intention of addressing a variety of poverty-related issues. These goals encompass various areas such as eradicating poverty, eliminating hunger, promoting gender equality, and ensuring good health and well-being, among others. Violent cycles of socioeconomic disasters have had a negative impact on millions of homes around the world. The COVID-19 pandemic's decreased income, job losses, and labor stoppages made extreme poverty worse. The COVID-19 virus primarily affects poor households headed by women, young people, and informal workers who live in urban areas. Malaysia has undergone a swift socioeconomic shift over a long period of time. Malaysia has likewise experienced unprecedented economic growth and social transformation in recent decades. In essence, this growth and development led to significant improvements in the struggle against poverty. However, one of Malaysia's core socioeconomic issues continues to be poverty (Department of Statistics Malaysia, 2021). Urban poor people, particularly those living in informal settlements, are increasingly at risk of having their standard of living and ability to sustain their livelihood decline (World Bank, 2015). According to statistics, Selangor and Kuala Lumpur are home to 25.5% of Malaysia's population (Department of Statistics Malaysia, 2019). Selangor and Kuala Lumpur are the two states with the highest cost of living, which exacerbates the financial plight of urban poor households, according to Jayasooria (2016). The B40 (lowest 40; monthly income level of less than RM4850) includes around 2.7 million households, of which 44% are in rural areas and 56% are in urban areas. Governments, relevant organizations, and other stakeholders are urged to work together to increase the income and general well-being of B40 households, especially the poorer households, so that they can break the cycle of vulnerability and poverty. Building the resilience of the poor is one strategy for overcoming poverty, and this is in line with the Sustainable Development Goals (SDGs), which aim to reduce poverty by promoting resilience. The goal of this study is to create a resilience index of income among urban poor populations in Kuala Lumpur based on the above arguments and data. This paper is organized in the following order. The second section provides a detailed discussion of methodology, whereas the third section presents findings. In the subsequent sections, the paper presents a discussion of the findings and conclusions.

2. LITERATURE REVIEW

In Siwar, Ahmed, Bashawir, and Mia (2016) conducted research on Malaysia's urbanization and urban poverty. Even though household income has increased in both strata, the study found that income disparity is still relatively high in both rural and urban areas. Urbanization also contributes to an increase in urban diseconomies such as pollution, congestion, diseases, squatters, unemployment, and poverty rates. According to a 2015 study by Nurul-Hidayah, Hamdan, Ahmah, and Ismail (2015), urban poor people's quality of life can be improved with the aid of the public. In order to ensure the welfare of the urban poor, they also highlighted the significance of economic elements like job possibilities, effective transportation networks, and sound urban financing.

For the purpose of determining the resilience level of the urban community in Putrajaya, Mohamad, Jusoh, and Kassim (2019) localized the indicators for urban community resilience. According to the study, economic capital is one of the crucial variables in determining how resilient an urban population is, particularly from an economic standpoint. In the meantime, Mohamad Azhar and Mohd (2020) looked at the impoverished households in Malaysia's Northern States. When poverty is assessed using assets rather than just money, people are perceived to be "poorer." The study also discovered that while homes with a single, highly educated head of family have a low poverty incidence, Malay households, urban households, and households with middle-aged heads have a high

poverty incidence. Poverty in Malaysia is an increasingly serious economic issue due to the increase in inflation due to factors such as the high cost of living. Wahab, Shahiri, Mansur, and Zaidi (2018) examined the causes of the increase in the cost of living by examining two main factors: low-income factors and increasing living standards. The results of this study found that income has increased faster than the inflation rate from year to year. The elasticity of high-income expenditure for particular types of goods also showed that the household living standard increased more quickly than income received. This suggests that spending and lifestyle patterns are the dominant causes of cost-of living problems.

3. METHODOLOGY

In this study, primary data were gathered utilizing a cross-sectional survey questionnaire as part of a quantitative research methodology. The targeted population is an urban poor community in Kuala Lumpur, and the total size of the target population is approximately 6,000 households. This study employed purposive sampling based on the urban poor community in Kuala Lumpur that lives in the People's Housing Program (Projek Perumahan Rakyat, PPR). The head of household position and residency in PPR are the two key factors used to identify the respondent. The data collection process started in December 2021 and ended in June 2022 via a guided face-to-face survey and an online survey. For the face-to-face survey, the participants were contacted through their representatives, which is the PPR resident's association, before conducting the survey. After getting consent and a meeting date and time, the surveys were then held at the PPR residents' hall to ensure easy access and richness in the data. For the online survey, the survey was sent through online platforms (WhatsApp and Facebook). Through both face-to-face and online mediums, the respondents were briefed and informed about the objective and purpose, the scope of the survey, and that participation in the survey is optional. 481 respondents were surveyed, and a complete set of 400 responses from PPR community respondents was maintained for further analysis.

The questionnaire has been divided into several sections. Section A will obtain demographic information about the respondents. Section B, Section C, Section D, and Section E consist of questions related to the community resilience model based on the Adjusted Mayberry Model based on Idris et al. (2016). The resilience model consists of economic sources, community risk, social assets, and service agencies. The last part, Section F, assesses the information about perceptions and feedback from the urban poor community on government aid and support programs. In this study, the resilience index is developed to answer the objective of the study, which is to develop a resilience index of income among urban poor communities in Kuala Lumpur. The formation of the index was done using a formula adapted from a study by Ismail and Abidin (2010) and Rashid et al. (2021). The index formation consists of many steps, as mentioned in Equation 1.

$$I_{ij} = \frac{1}{l_k} \sum \tilde{X}_{ik} \tag{1}$$

Following a division by the average number of items l_k found in each of the j indicators, the index of the j indicator for the person I is obtained (I_{ij}). The $\tilde{X}_{ik}$ is normalization of the individual score's total value for each item's k is then computed using Equation 2:

$$\text{With } \tilde{X}_i = \frac{Actual\ value_k - Minimum\ value_k}{Maximum\ value_k - Minimum\ value_k} \tag{2}$$

$\tilde{X}_{ik}$ = Normalization of the number of individual score values i for each construct in the indicator k.

I_{ij} = The j-th component index of the individual i obtained on average after.

divided by the number of indicators.

l_k = The number of indicators contained in each j-th component.

The index will range from 0 to 1, with a number close to 1 suggesting a very high level of resilience and a value close to 0 indicating the reverse. Table 1 provides a summary of the index scale.

Table 1. Resilience index scale.

Index value	Scale
Less than 0.2001	Very low
0.2001 to 0.4000	Low
0.4001 to 0.6000	Moderate
0.6001 to 0.8000	High
More than 0.8001	Very high

Source: Ismail and Abidin (2010).

4. RESULTS AND DISCUSSIONS

Table 2 shows the demographic profile of the respondents. Of the 400 respondents, the majority are female, with 52.3 percent Malays, 28 percent Chinese, and 19.5 percent Indians. Marital status showed that more than 70 percent of them were married, and 18 percent were either divorced or separated. In terms of education level, 54.8 percent had completed secondary school, followed by 35.3 percent in primary education, and 1.5 percent claimed they had completed a Degree. As 62.8 percent of respondents were 51 years of age or older, this explains the large number of non-working respondents (157 people). Next, 81.5 percent of them only earn less than Ringgit Malaysia (RM) 2500, equivalent to USD 540 each month, with a household size of 3 to 6 people. Almost 45 percent of them claimed they had been living at the PPR for more than 15 years, yet only 11.5 percent could afford to buy a PPR unit.

Table 2. Demographic profile.

Items	Frequency	Percentage(%)
Gender		
Male	173	43.3
Female	227	56.8
Age (years)		
10 > 20	6	1.5
21 > 30	25	6.3
31 > 40	41	10.3
41 > 50	77	19.3
51 and above	251	62.8
Ethnic		
Malay	209	52.3
Chinese	112	28.0
Indians	78	19.5
Others	1	0.3
Marital status		
Single	43	10.8
Married	285	71.3
Others	72	18.0
Education level		
Primary school	141	35.3
Secondary school	219	54.8
Diploma	24	6.0
Degree	6	1.5
Masters and above	0	0.0
Others	10	2.5
Occupations		

| Items	Frequency	Percentage(%)
Government servant	36	9.0
Private sectors	98	24.5
Self-employed	64	16.0
Not working	157	39.3
Others	45	11.3
Household income		
< RM500	36	9.0
RM501 – RM1,000	86	21.5
RM1,001- RM2,500	204	51.0
RM2,501 - RM4,000	57	14.3
RM4,001 - RM5,500	12	3.0
RM5,501 - RM7,000	5	1.3
Household size		
1-2	93	23.3
3-6	268	67.0
7-10	38	9.5
11 and above	1	0.3
Residency period		
Less than 1 year	0	0.0
1-5 years	17	4.3
6 -10 years	53	13.3
11-15 years	157	39.3
16-20 years	68	17.0
21 years and above	105	26.3
Ownership status		
Living with others (No rent)	1	0.3
Own property	46	11.5
Renting (Public housing)	350	87.5
Renting (From individuals)	3	0.8
NGO (ie; Baitul Jannati)	0	0.0
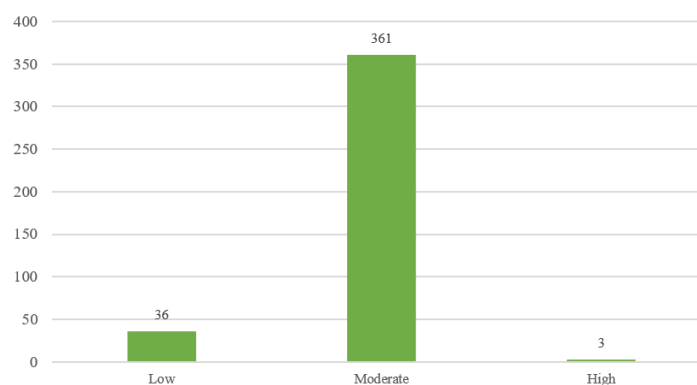
Figure 1. Resilience index.

Figure 1 illustrates that 361 out of 400 respondents, equivalent to 90% of the respondents, have a moderate level of resilience index. Meanwhile, 36 of the respondents have a low resilience index, and only 3 of the respondents have a high resilience index. The income resilience index showed that almost 90% of urban poor communities are at a moderate level, and 9% are at a low level. This indicates that the resilience of income in urban poor communities is still suppressed.

According to the findings, education significantly affects poverty in Kuala Lumpur's urban poor community. These findings demonstrated that education has a significant impact on poverty and that education affects poverty. Because they have limited access to education, the urban poor who live in poverty have worse human capital quality,

which leads to lower productivity and lower income. Poverty will rise as a result of low income's negative effects on wellbeing. Otherwise, a high degree of education will translate into higher self-development skills and more career opportunities that can be pursued. As a result of this circumstance, human capital will be of higher quality, which will raise productivity and have a positive impact on income growth. Income growth will improve well-being and promote efforts to end poverty. The findings of this study are consistent with earlier studies that found a substantial relationship between the education variable and poverty (Coley & Baker, 2013; Tilak, 2018). According to their research, there is a strong correlation between education and poverty; hence, increasing education will also lower poverty.

This study has found that, for the age and type of occupation, the results showed that the households agreed that low levels of education also affect the economic poverty of urban communities. Among the factors are that urban parents are less concerned about the education aspect of their children; they also choose not to continue their studies to higher levels such as college or universities, and most of them only study up to the Sijil Pelajaran Malaysia (SPM) (Malaysian Certificate of Education) level. Besides, the parents do not support their children's studies at a higher education level because of economic poverty. The children tend to start working or earning their own money to support their families.

The findings of this study are also consistent with the human capital theory, which states that education will prevent poverty (Becker, 1964; Mincer, 1974; Schultz, 1961). High levels of education will raise income and reduce poverty, while low levels of education will lower income and increase the likelihood that a community will become impoverished.

The findings also demonstrated that income has a significant impact on poverty in Kuala Lumpur's urban poor community. The fact that there is a significant relationship between income and poverty suggests that income has an impact on poverty. In order to ensure their well-being, individuals and communities with stable incomes will be very productive. As a result, increased production will generate income for both individuals and the community as a whole. A rise in income will undoubtedly have an effect on improving community well-being and, in the long run, contribute to a decrease in poverty.

In other words, a rise in poverty is a sign that people's incomes are falling. The decrease in capacity to produce goods and services will be a result of the drop in demand that the income decline will cause. On the other side, a decline in poverty suggests that people's incomes are rising. This income growth will raise purchasing power and demand, which will have an impact on raising the level of goods and services that can be produced. The usage of production elements, including labor, will rise as production capacity rises. Previous studies by Ahmad, Mansor, and Paim (2016); Mohamad et al. (2019); Alexander et al. (2017); and Bala, Ibrahim, and Hadith (2020) provide support for these findings.

5. CONCLUSION

Household economic poverty is still a serious issue in emerging nations all over the world. To combat poverty and provide households with more power, the government and relevant organizations have been creating numerous policies and actions. Regarding their contribution to raising the income and educational levels of urban poor households, there is, however, still insufficient research. According to the literature, raising human capital through high-quality education may be essential to improving the socioeconomic performance of disadvantaged households.

Based on the findings of this study, there are a few strategies to increase the income of the urban poor communities as well as improve the education level in Kuala Lumpur. Among them are encouraging households to participate in entrepreneurship or business programming, generate income through online platforms, and change the perception of the urban poor towards academic education. The urban poor can participate in entrepreneurial programs to increase their household income. For example, opening an online shop on an online platform such as LAZADA and SHOPEE which are international e-commerce companies, to sell products and services.

Furthermore, the government also needs to provide awareness to the urban and poor communities, especially those who are parents. The government can send certain agencies to provide awareness campaigns to parents living in PPR areas so that they know about the importance of putting emphasis on education for their children. It is with this education that they can change their standard of living for the better by getting a decent salary through higher educational levels for their children.

This study has a number of policy implications that might be drawn. First, the government and other relevant stakeholders should help poor households build strong human capacities through effective income and appropriate educational practices. The study also suggests that the government should develop additional programmes to assist low-income urban households in increasing their income. Third, this study contends that more formal schooling can boost the human capital of urban poor households. However, this result is only applicable to the urban poor of Kuala Lumpur. A future study can therefore be expanded to address the challenges of poverty in Malaysia's urban, rural, and poorer states.

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