

The Impact of Housing Assistance Program: Realizing on Poverty Reduction in Malaysia

Hairudin Ruzaili Hambali¹
Noor Al-Huda Abdul Karim²
Marinah Awang³

Abstract

The purpose of this study is to explore how housing assistance program can help reduce poverty in Malaysia. Since the role of human resources is important in socio-economic and business activities, the Government of Malaysia has established various human resource development strategies in its series of national plans from 1970s. In addition to national reports, some theoretical studies were reviewed to support the significance of poverty reduction so that socio-economic purposes of a country can be achieved. The small findings of this study were obtained from an early survey of six respondents comprising the rural poor who have received the program in the state of Perak. Based on interviews, their quality of life has improved after receiving the housing assistance. The implementation of this program is beneficial to improve the welfare and well-being of poor people in Malaysia.

Keywords: Housing assistance program, poverty reduction, human resource development

Introduction

Malaysia began to focus on poverty reduction in the First Outline Perspective Plan (OPP1). It covers a period from 1971 to 1990 in which the New Economic Policy (NEP) was formulated with two goals. The first goal is to eradicate poverty, and the second is to restructure society with economic function. In particular, the NEP is implemented to reduce the economic and social disparities of the indigenous Malay or Bumiputera racial group. (Malaysia, 1971). With a dramatic governmental intervention through this policy, economic growth increased remarkably. The country's annual average growth in Gross Domestic Product was 5.5 per cent in the period from 1961 to 1970. Later, it increased to 7.8 per cent in the period from 1971 to 1980 (Young, Bussink & Hasan, 1980, p. 322). Incidence of poverty was reduced when the Malays were able to make notable progress in the economic and business sectors.

1 zailyy4@yahoo.com

Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, Malaysia

2 nooralhuda@fpe.upsi.edu.my

Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, Malaysia

3 marinah@fpe.upsi.edu.my

Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, Malaysia

The OPP1 was continued with the Second Outline Perspective Plan (OPPII) from the period of 1991 to 2000 in which the National Development Policy (NDP) was formulated. The NDP emphasized on hardcore poverty, rapid development of Bumiputera Commercial and Industrial Community (BCIC), greater reliance on the private sector and strengthening of human resource development (Malaysia, 1991). The Third Outline Perspective Plan (OPPIII) from 2001 to 2010 is with the Vision 2020.

It is in line with the United Nations Development Program (UNDP) which has emphasized the achievement of the country's status based on the Human Development Index (HDI) and Human Poverty Index (HPI) as a tool for measuring the achievement of people's capability development in relation to poverty. This is because according to UNDP, the use of existing income measures is far too limited and the use of other social indicators is needed to provide a more comprehensive and complete picture of the poverty that occurs in a country. According to the HDI 2015 report, Malaysia is ranked 59th (HDI), which is in high category with a score of 0.789 out of 188 countries.

It calls for a united Malaysian nation with a competitive, dynamic, robust and resilient economy (Malaysia, 2001). Later, emphasis on poverty reduction is continued in the Government Transformation Programme (GTP 2010 to 2020) (Malaysia, 2013). It looks at all aspects of what Malaysian society needs and wants. Improving rural development and raising the living standards of people in low-income households are among the important strategies to develop human resources in the country.

Housing Assistance Program in Malaysia

The Housing Assistance Programme (PBR) is a sub program of Rural Basic Infrastructure (RBI) that has been implemented by the Government under the Rural Development National Key Result Area (RD NKRA) in the Government Transformation Programme (GTP 2010 to 2020). Administered and monitored by the Ministry of Rural and Regional Development (*Kementerian Kemajuan Luar Bandar dan Wilayah*) (KKLW) in Peninsular Malaysia and the Ministry of Rural Development (KPLB) in Sabah and Sarawak. This program provides financial and management assistance to enable the target groups to inhabit safer and more comfortable (Malaysia, 2013),

The goal of the program is to improve the target groups' quality of life. The target groups are the hardcore poor registered with the e-Kasih system or People's Welfare Development Scheme System (SSPKR). Their household income is less than RM580 per month or RM130 per capita for poor people outside the band. While RM870 per month or RM200 per capita for categories and their current houses are in a dilapidated condition. Priority will be given to senior citizens, infirm and disabled, and single mothers with many dependants. The applicants of this assistance must have their own lands or possess a written consent from the landowner if the lands belong to their family members or other people. If the target groups are renting or

residing on land owned by the Government, they must have a written consent from the relevant authorities. The written consent or approval is to ensure that they can receive the financial assistance to rebuild on the property (Ministry of Rural Development; A New Malaysia (accessed on 3 September, 2018)

There are two categories in the project component under the PBR: re-build and build new. Assistance rates will be approved if their applications are within the two scopes of assistance: assistance for new construction and assistance for repairs (see Table 1 and Table 2).

Table 1: The Scope of Assistance for New Construction

No	Area	Type of House	Rate of House (RM)	Extreme Maximum Cost* (RM)
1	Peninsular Malaysia	1 Rooms	21,000	9,000
		2 Rooms	37,000	
		3 Rooms / Terrace / Twin	40,000	
2	Sabah / Sarawak / Federal Territory of Labuan	1 Rooms	26,500	12,000
		2 Rooms	46,500	
		3 Rooms / Terrace / Semi-detached / Long	50,000	

Source : Ministry of Rural Development (KKLW)

Note : *Additional costs for projects in extreme or problematic locations

Table 2: The Scope of Assistance for Repairs

No	Territory	Peninsular Malaysia	Sabah / Sarawak / Federal Territory of Labuan
1	Maximum Cost of Repairs (RM)	11,000	12,000
2	Maximum Extreme Costs (RM)	1,000	2,000

Source : Same as Table 1

For the period 2006-2015 a total of RM2,228,330,551 has been allocated for the purpose. Kelantan Peninsular has received the highest allocation of RM168,725,277 followed by the Perak State of RM138,244,215. Meanwhile Sabah has received the highest allocation of RM660,933,053 for the same period as table 3 below:

Table 3: Distribution Allocation For Housing Projects by State, 2006-2015

State	Allocation
Johor	68,951,122
Kedah	130,612,000
Kelantan	168,725,277
Melaka	22,429,531
Negeri Sembilan	43,465,075
Pahang	105,586,838
Perak	138,244,215
Perlis	29,368,870
Pulau Pinang	23,038,240
Terengganu	91,489,610
Selangor	71,600,880
Sabah	660,933,053
Sarawak	644,333,940
Federal Territories	2,582,400
Variety	0
Jakoa*	26,969,500
Total	2,228,330,551

Source : KKLW (2016)

Note : *Department of Orang Asli (Aboriginal People) Development

The achievement of PBR in Malaysia is exhibited in Table 4. During the period from 2006 to 2015, 37.45 per cent of the total housing projects were for the recipients to build new houses and the large remaining 62.55 percent were for those to do house repairs. While Kelantan was the state that received the largest number of housing projects with 14, 527 units in Peninsular Malaysia, Sarawak was the largest recipient of housing assistance program in the whole country. Housing repairs had a highest demand for the recipients.

Table 4: Distribution of Housing Projects by State, 2006-2015

State/Program	Housing Assistance Program (Number of Projects)	
	Build New	Repairs
Johor	1,804	1,818
Kedah	2,771	3,141
Kelantan	2,774	11,753
Melaka	473	949
Negeri Sembilan	930	1,333
Pahang	1,942	2,510
Perak	2,834	3,127
Perlis	736	1,373
Pulau Pinang	297	1,262
Terengganu	1,300	3,571
Selangor	1,258	2,103
Sabah	12,992	8,512
Sarawak	9,025	23,303
Federal Territories	53	70
Variety	39	160
Jako*	377	1,165
Total	39,605	66,150

Source : KKLW (2016)

Note : *Department of Orang Asli (Aboriginal People) Development

In Table 5, the overall poverty incidence has been reduced gradually from the year 2002 to 2016. The poverty rate in Malaysia has decreased from 6.0 per cent in 2002 to 0.4 per cent in 2016. Poverty rate in rural areas was 1.0 per cent in 2016, a decline from 13.5 per cent in the last 14 years. This achievement from the efforts of Government through the Rural Development National Key Result Area (RD NKRA) is important to develop economic activities of the poor people in rural villages.

Table 5: Poverty Incidence, 2002-2016

Year	2002	2004	2007	2009	2012	2014	2016
Malaysia	6.0	5.7	3.6	3.8	1.7	0.6	0.4
Urban	2.3	2.5	2.0	1.7	1.0	0.3	0.2
Rural	13.5	11.9	7.1	8.4	3.4	1.6	1.0

Source: Department of Statistics Malaysia (various issues)

Theories of Poverty

This section briefly reviews some theories that explain the causes of poverty so that the needs of human resource development can be identified. In the cultural theory of poverty, people are poor because of their distinctive predetermined ways of life (Shulman, 1990, p.1). The aspects of a limited time horizon, impulsive need for gratification, low aspirations, and psychological self-doubt in this defective culture bring them to pervasive hopelessness, despair and state of poverty. While in the family institution this is seen as giving less attention to children, having a strong sex instinct, getting married late, waiver of wife and children need to compete for love (Lewis, 1996, p. 187, Shulman, 1990, p.1). They socialize their young with these values and norms, and consequently obstruct their successful participation in mainstream institutions Manjoro (2017, p.9).

In the situational theory of poverty, the poor people tend to portray fatalism and immediate gratification because of their deprived circumstances of opportunity structure facing them rather than from distinctive cultural values (Jones, 1984, p. 248). They do not work because of hopelessness resulting from lack of hope and lack of commensurate result between their expanded efforts and the resulting benefits. The poor people find themselves in a situation that does not allow them to gain much from their hard work in today's society, the position or status of an individual in a society depends on the role played by the community to determine the form of wealth, salaries and souls (Walter, 1983, p.91). Manjoro (2017, p.9) considers a child who has lack of supportive factors such as school fees, career counseling, text books and the like. This situation will lead the child to give up and engage in immediate gratification such as street vending, theft and other illegal activities.

In the structural theory of poverty, circumstances and structures in the social or economic systems such as racism, sexism and segregation limits cause poverty to exist (Gordon, Edwards & Reich, 1982, p.1). As a result, there is a deprivation of training and job opportunities for the people to maintain acceptable quality of life (Cobb, 1992, p. 1, Duncan, 1992, p.104). In Albrecht & Albrecht (2001: p.67), massive restructuring of the economy also contributes to increased economic and social marginalization of people. Poverty is also blamed on bad governance, wretched state of infrastructural development, poor development policies and geographical placement Manjoro (2017, p.9).

Having reviewed the above three main theories of poverty namely, cultural, situational and structural theories of poverty, it is necessary to find solutions that can be called anti poverty efforts. In Miller, Mastuera, Chao & Sadowski (2004), six interdependent elements of self-sufficiency are identified: income and economic assets; education and skills, housing and surroundings (safe, attractive); access to healthcare and other social services; close personal ties and networks to others; and personal resourcefulness and leadership abilities. According to Bradshaw (2005: p.17), the effectiveness of anti-poverty programs requires those who design and implement the programs to develop adequate theories of poverty to guide programs. At the same time, they must make sure that the community development approaches are as comprehensive as possible.

In the context of this paper, human resource development efforts done by the government of Malaysia are relevant with the theories that identify the causes of poverty and later, take into various aspects of life to be improved.

Method, Analysis and Findings

This study is aimed at exploring how housing assistance program can help reduce poverty in Malaysia. Method of qualitative research interview is used to get the story behind a respondent's experiences. This method enables interviewer to understand the meaning of what the respondents say (Kvale, 1996). In-depth information around the topic can be obtained by this method (McNamara, 1999). The same open ended questions were asked to all respondents so that all information can be easily analyzed and compared.

This early survey only covers six respondents who stay in rural areas in the state of Perak. The rural areas covered in the survey are Gopeng, Tapah, Chemor and Kampung Kepayang. After the interviews, all information about the respondents' life situation after receiving the housing assistance program was gathered. Later, they were asked with open ended questions to get their views on human resource development issues that exist within the groups of poor people and their knowledge of housing assistance program (PBR) implemented by the Government.

Table 5 shows the early findings on life situation of the six respondents after they receive the housing assistance program.

Table 5: Findings on Respondents' Life Situation After Receiving the PBR

Respondent	Brief Notes
Respondent 1 (Female)	<ol style="list-style-type: none"> 1. Single mother. 2. Her category of housing project is house repair. 3. Her sources of income are from her work as a housemaid, Baitulmal*, and from her first child. 4. Her first child is now working as a technician with RM1,500 salary. 5. Her second child is able to further study in a public university.
Respondent 2 (Male)	<ol style="list-style-type: none"> 1. Single father. 2. His category of housing project is build new. 3. Self-employed in his village. 4. His main source of income is from Baitulmal*. 5. His level of health has substantially improved. 6. His children are able to continue their studies in schools.

Respondent	Brief Notes
Respondent 3 (Female)	<ol style="list-style-type: none"> 1. She is a senior citizen. 2. Her category of housing project is build new. 3. Her main source of income is from Baitulmal*. 4. Her level of health has substantially improved. 5. Her first child's mental health has substantially improved 6. Her second and third children have permanent jobs and have their own families.
Respondent 4 (Female)	<ol style="list-style-type: none"> 1. Single mother 2. His category of housing project is house repair 3. His main source of income is from Baitulmal*, her work as a baby sitter, and from her first child who works. 4. Her level of health has substantially improved. 5. Her other children are able to continue their studies in schools.
Respondent 5 (Male)	<ol style="list-style-type: none"> 1. Married. 2. His category of housing project is build new. 3. House carpenter. 4. His main source of income is from Baitulmal*, his work as a carpenter and from his fish farming. 5. Having sufficient household items. 6. His level of health has substantially improved. 7. His two children are able to get job and studying in nursing program in a private university, respectively. 8. Able to receive other aid for buying fish seeds (RM10,000).
Respondent 6 (Female)	<ol style="list-style-type: none"> 1. Married. 2. Her category of housing project is build new. 3. Her sources of income are from Baitulmal*, , salary from her husband who works in JPAM**, her work as a baby sitter, selling fried bananas, and from her first child who works as a part time car wash worker. 4. Her children are able to continue their studies in a private university (first child) and in schools (second and third child). 5. Having sufficient household items. 6. Able to receive other aid for buying motorcycle (RM10,000).

Note:

*Baitulmal is an institution that provides assistance, charitable contributions and donations to people.

**JPAM is Malaysia Civil Defence Department.

Table 6 shows the open ended questions that are asked in the interview.

Table 6: The Open Ended Interview Questions

Question 1	Is it true that human resources development problem exists within the groups of poor and hardcore poor people in rural areas?
Question 2	What are the sources of the human resources development problem within the groups of poor and hardcore poor people in rural areas?
Question 3	In your opinion, do the groups of poor and hardcore poor people receive proper assistance from the District and Land Office or other relevant agencies?
Question 4	Do you know about the Housing Assistance Programme (PBR)?
Question 5	Is the information about the PBR given to the groups of poor and hardcore poor people sufficient?
Question 6	Is the PBR successful in reducing poverty and providing competitive human resources in the rural society? Why?
Question 7	In your opinion, should the PBR be continued as catalyst to the national human resource development? Why?
Question 8	What is your suggestion to strengthen human resources development within the PBR recipients in your area?

Findings from the conducted interviews indicate that the quality of life of the selected PBR recipients has improved. Positively, all the answers from the open ended questions highlight the significance of this program as a catalyst to improve the welfare and well-being of poor people in this country. Human resource development issues can be tackled effectively with a well managed PBR with expanded agendas that encourage those family members of the recipients who have potentials in the field of entrepreneurship in their villages. In short, the PBR is expected to continue developing competitive human resources in socio-economic and business activities so that poverty incidence can be reduced in rural areas.

Conclusion

Poor and hardcore poor people are incapable to access potential housing options. Therefore it is the role of government in any country to establish the strategies that enable them own houses. In Malaysia, the RD NKRA under the GTP implements the Housing Assistance Programme (PBR) as one of the initiatives from the Government to reduce poverty in rural areas. If the poverty problem is not tackled, it is hard to develop human resources for the achievement of the national goal of economic

growth and income in the country. Since the period of 1970s, poverty reduction policies have been formulated and reviewed from time to time in the series of national plans to ensure that the implementation of strategies can increase human capital. Affordable houses are a very necessary thing for the hardcore poor people to benefit their daily life in the aspects of health improvement and better education for their family members. When their life is stable, they can find jobs with proper working conditions to get better income. In turn, their income can be used to develop economic and business activities in their villages to further improve their quality of life.

References

- A New Malaysia. (2018, September 3). <https://www.anewmalaysia.com/government-pbr-housing-assistance>
- Albrecht, C. M. Albrecht, D. E. (2001). Sex ratio and family structure in the nonmetropolitan United States." *Sociological Inquiry*, 71(1), 67-84.
- Bradshaw, T. K. (2006). Theories of poverty and anti-poverty programs in community development. *RPRC Working Paper*, No. 06-05 Feb 2006, University of Missouri, Columbia: RUPRI Rural Poverty Research Center.
- Cobb, J. C. (1992). *The most southern place on earth: The Mississippi Delta and the roots of regional identity*. New York: Oxford University Press.
- Department of Statistics Malaysia (various issues). *Report of household income and basic amenities survey*. Putrajaya: Department of Statistics Malaysia.
- Duncan, C. M. (1992). *Rural poverty in America*. New York: Auburn House.
- Gordon, D., Edwards, R. & Reich M. (1982). *Segmented work, divided workers: The historical transformation of labor in the United States*. New York: Cambridge University Press.
- Jones, B. J. (1984). Towards a constructive theory for anti-poverty policy. *The American Journal of Economics and Sociology*, 43(2), 247-256.
- KKLW (Kementerian Kemajuan Luar Bandar dan Wilayah) (2016). *Laporan tahunan Kementerian Kemajuan Luar Bandar dan Wilayah 2016*. Putrajaya: Government Printer.
- Kvale, S. (1996). *Interviews an introduction to qualitative research interviewing*. Sage Publications.
- Lewis, O. (1996). The culture of poverty. *Scientific American*, 215(4), 19-25.
- Manjoro, A. (2017). Theories of poverty reduction as they apply to the Gorongosa - Case study in alleviating poverty through local resources and initiatives. *Conference*. Retrieved from <https://www.researchgate.net/publication/318129108>
- Malaysia, Government (1971). *The first outline perspective plan 1971-1990*. Kuala Lumpur: Government Printer.
- Malaysia, Government (1991). *The second outline perspective plan 1991-2000*. Kuala Lumpur: Government Printer.
- Malaysia, Government (2001). *The third outline perspective plan 2001-2010*. Kuala Lumpur: Government Printer.
- Malaysia, Government (2013). *Government transformation programme annual report 2013*. Putrajaya: Government Printer.

- McNamara, C. (1999). *General guidelines for conducting interviews*. Minnesota.
- Miller, M. L., Mastuera, M., Chao, M., & Sadowski, K. (2004). *Pathways out of poverty: Early lessons of the family independence initiative*. Oakland: Family Independence Initiative.
- Ministry of Rural Development. (2018, September 3). <http://www.rurallink.gov.my/en/citizen/peoples-welfare/housing-assistance-programme-pbr/>
- Shulman, S. (1990). The causes of black poverty: Evidence and interpretation. *Journal of Economic Issues*, 24, 995-1016.
- UNDP, Human Development Report (2015). Work for Human Development. New York.
- Walter (1983). Mergers - Motives, Modes, Methods. *Organization Studies*, Vol. 6, 1: Pp. 91. , First Published Jan 1, 1985.
- Young, K., Bussink, W. C. F., & Hasan, P. (1980). *Malaysia: Growth and equity in a multiracial society*. Baltimore: Johns Hopkins University Press.