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## CONTENTS

- 1 Financial Strain, Financial Management Practices, Marital Satisfaction and Marital Stability among Newlyweds  
*Joki Perdani Sawai, Rumaya Juhari, Rojanah Kahar, Zanariah Ismail and Rezki Perdani Sawai*
- 17 Internal Audit Effectiveness in Zakat Institutions from the Perspective of the Auditee  
*Noraini, Shamsuddin, Ju Anizai Zaini, Nazifah Mustaffha and Norhanizah, Joharia*
- 37 Source Waste Separation Behavior among Shah Alam Households  
*Carol Boon Chui Teo, Azra Syakira Binti Abdul Karim, Nur Afieqah Binti Mamud and Wan Norhanis Hanini Wan Abdul Hamid*
- 53 Welfare Incentives and Socio-Demographic Determinants of Self-Rated Well-Being in Malaysia  
*Ahmad Izzam Mohd Fimi, Rohana Kamaruddin*
- 67 Openness to Experience - A Moderator between Social Commerce Success Factors and Customer Satisfaction Relationship: Facebook Brand Page Platform  
*Ariff Md. Ab. Malik, Hanitahaiza Hairuddin and Nurfaznim Shuib*
- 81 Firm's Readiness for Internationalization  
*Herwina Rosnan, Nuraisyah Chua Abdullah, Norzayana Yusof and Muhammad Syukri Abdullah*
- 95 Entertainment Gratification, Informative Gratification, Web Irritation and Self-Efficacy as Motivational Factors to Online Shopping Intention  
*Norol Hamiza Zamzuri, Erne Suzila Kassim, Melissa Shahrom, Norshima Humaidi and Nurzahidah Zakaria*
- 109 Characteristics and Strategies of a Consistently Profitable Proprietary Day Trader at Bursa Malaysia  
*Saw Imm Song, Ei Yet Chu and Tian So Lai*
- 131 Effects of Organisational Structure on Social Value: Mediating Role of Financial Performance  
*Nur Aima Shafie, Zuraidah Mohd Sanusi, Razana Juhaida Johari, Wiwik Utami<sup>c</sup> and Aziatul Waznah Ghazali*

# Welfare Incentives and Socio-Demographic Determinants of Self-Rated Well-Being in Malaysia

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## ABSTRACT

*Malaysia, among other countries around the world is investing an immense sum of money to improve social welfare systems by offering a social safety net for the deserving ones that are exposed to global uncertainties due to an economic slowdown. As part of the government initiative to boost well-being, this study focusses on BRIM (1Malaysia Peoples' Aid), KRIM (1Malaysia People's Grocery Store), BBIM (1Malaysia Book Voucher) and KIM (1Malaysia Clinics) under the Government Transformation Programme (GTP). Specifically, the motivation of this study is to identify the most effective and preferred welfare incentives as well as the most significant incentive together with socio-demographic determinants using self-rated well-being by employing logistic regression analysis. Findings show that KIM has the highest mean (4.94) while the most preferred welfare incentive is BRIM (42%). As for the logistic regression analysis, the finding shows that BRIM, KRIM and KIM were significant in influencing the well-being of people. As a comparison, the most significant welfare incentive is BRIM as it has the most significant value at a p-value of .004 and the highest odds ratio at 4.689. Overall, these results suggest that people perceived BRIM as an instant relief towards the high cost of living and can affect their well-being without considering their socio-demographic backgrounds.*

**Keywords:** *welfare, self-rated, well-being, government programme, quality of life*

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## INTRODUCTION

Drawn by the prospect of a better life, Malaysia thrived into the new dimension beyond Vision 2020 by inaugurating the 2050 National Transformation (TN50) Plan to ensure a bright future for Malaysians (News Straits Times [NST], 2016). Concurrently, four major welfare incentives under the GTP comprising BR1M, KR1M, BB1M and K1M were introduced to provide direct relief for the people under immediate-term measures as part of the government's agenda to boost the level of well-being (Performance Management and Delivery Unit [PEMANDU], 2015). As for now, since the global trend evinces increasing in welfare spending by most nations all over the world due to economic slump, government intervention for social welfare by the respective agencies agree that welfare incentives can act as a tool to support and provide a social safety net for the needy who are exposed to shocks, crises and at the same time securing the quality of life (Conway, 2014). Likewise, Malaysia attempts to place the greatest concern on people to assist the needy by creating a barrier against uncertainties and at the same time helping them to build a greater economic capacity (Economic Planning Unit, 2015). This proves that the government tries to offer better supplementary support to boost the well-being of its people in recent years.

However, the rising cost of living can be stressful for certain people particularly lower income earners in urban areas since it can lead to a domino effect especially in economic, financial, and social problems which directly affects people's well-being due to the difficulty to maintain a certain standard of living with a certain income. Although the allocation for the social sector which comprises welfare, health, education, and community development for the past few years has reflected an upsurge trend, the level of well-being is still in a state of concern as people still struggle to survive with the rising cost of living. This condition leads to more evidence being required to discover the effectiveness of the welfare incentives at the same time considering socio-demographic determinants towards the level of well-being in Malaysia. As of now, research on the subject has been mostly restricted to limited comparisons of consumption, perception, satisfaction and most of the subjects tend to focus on great scales such as the impact of poverty alleviation, social protection, social policy and social welfare without completely considering the socio-demographic determinants (Kamaruddin, Othman, & Denan, 2013; Nixon, Asada, & Koen, 2017; Siwar, Ahmed, Bashawir & Mia, 2016; Zainudin & Kamarudin, 2015).

This study therefore set out to analyse; 1. The most effective welfare incentive, 2. The most preferred welfare incentive and 3. The most significant welfare incentive and socio-demo-graphic determinants after receiving the incentives. The findings should make an important contribution to the area of research by advancing our knowledge on the combination of four welfare incentives and social-demographic determinants on influencing well-being. Taken together, the study provides significant insights into the performance of existing welfare incen-tives as these findings could incentivize the government to spur the economy and policies by considering the priority and concerns regarding the people’s welfare and nation’s well-being.

## LITERATURE REVIEW

A broader perspective has been adopted by numerous studies to describe the concepts of welfare incentives and well-being in recent years. Welfare incentives can be associated with the concept of well-being which is supported by a social welfare policy to fulfil necessities of the underprivileged to attain national objectives ranging from improving the standard of living to poverty reduction (Dupere, 2015; Ferrer & Roca, 2016; Lower-Basch, 2015). Subsequently, as the government attempts to provide incentives to satisfy individual needs to promote equality, the positive outcomes can be in terms of welfare and well-being (Alcock, 2016).

A considerable amount of recent literature suggest that welfare incentives such as cash as-sistances, in-kind assistances (food assistance), vouchers, and healthcare services indicate positive effects towards the level of well-being (Afkar, 2016; Agbaam & Dinbabo, 2014; Donkoh, Alhassan & Nkegbe, 2014; Dupere, 2015; Ferrarini, Nelson & Palme, 2015; Ferrer & Roca, 2016; Fujin, Wuyi & Yingheng, 2016; Lower-Basch, 2015; Nelson & Johan, 2016; United Nations Children’s Fund [UNICEF], 2015). On the contrary, previous research findings into socio-demographics by Peiro (2006), Roynn Coimirce Soisialai (2015), Taimo, Fidalgo & Selvester (2012), and Thakur, Catherine & Tina (2009) tend to be inconsistent and contradictory from one to another. Most of the findings tend to reveal insignificant relationships. Prior researchers suggest that BR1M, KR1M and K1M had unveiled significant impacts in Malaysia. Recent studies by Hafifi (2016), Kamaruddin, et al. (2013), Sagan, et al. (2014), and Zamzuri Noor,

Ali & Baharuddin (2014) had all found that welfare incentives positively influence well-being since people are happy with the welfare incentive as it improves the well-being of the people against the rising cost of living. Collectively, there seems to be some evidence to indicate that when people receive welfare incentives such as BR1M, their consumption of goods and services will also increase leading to a high level of well-being (Kamaruddin, et al., 2013). The well-being of the people can also be influenced by socio-demographics as these will determine their potential standard of living since welfare incentives can also influence the households saving and at the same time improve the over-all welfare programmes (Gustafson, 2013). As well-being improves due to the welfare incentive, it will result in more secure livelihoods which indirectly increases the quality of life (White & Jha, 2014).

## METHODOLOGY

**Data source.** A self-administered questionnaire comprising five sections with a seven-point scale was used to assemble the data from respondents in the Klang Valley covering both urban and rural areas. The structure of the questionnaire was designed based on the objectives of welfare incentives from the GTP Annual Report 2014. Convenience sampling was utilized to capture the public who were available and willing to provide information during the survey period. Out of 150 respondents, a total of useable response of 100 (67%) questionnaires were returned after a two-month period from October 2016 to November 2016. The present study also made use of quantitative and qualitative methods to gain the desired results.

**Definition of variables.** The binary choice model of logistic regression was employed to scrutinise the dichotomous dependent variable on self-rated well-being based on the effectiveness of welfare incentives among the people. The definition of the eight independent variables included in the statistical model to influence the level of well-being is shown in Table 1.

**Table 1: Definition of Variables**

Variable	Definition	
Dependent variable: Self-rated well-being	0	= No 1 = Yes
Independent variables: I. Welfare incentives		
BR1M		
KR1M	Mean of 7	Likert
BB1M	Scale for 5	items
K1M		
II. Socio-demographic		
Gender	0	= Female 1 = Male*
Household income	0	= Below RM3800
	1	= Above RM3800*
Location	0	= Rural 1 = Urban*
Occupation	0	= Private & Public
	1	= Self-employed & Student

Note: \* refers to reference group

## RESULTS AND DISCUSSION

Descriptive analysis. Out of 100 respondents, 43 were males while 57 were females. There were 51 Malay respondents with Chinese (27%) and Indians (22%). The majority are around 21-25 years old (41%) and followed by 26-30 (32%), 31-35 (12%), 36-40 (7%), 41-45 (6%) and 45-50 (2%). The major sector for the respondents' profession was the private sector (47%), public sector (13%), own business (8%), students (30%) and another 2% are housewives. The majority of these respondents stayed in urban areas (87%) compared to rural areas (13%). 88% of the respondents are from the B40 group with 43% earning less than RM1500 whereas 45% earned less than RM3800. In the M40 group, only 5% earned less than RM5000 and another 7% earned less than RM8000.

## The Most Effective and Most Preferred Welfare Incentive

The most effective welfare incentives. Based on descriptive analysis, a mean comparison was performed to determine the effectiveness of the welfare incentives. Table 2 indicates that K1M is the most effective as it has the highest mean value (4.94) as compared to other incentives such as BB1M (4.86), KR1M (4.43) as well as BR1M (3.72).

**Table 2: Mean Finding of the Overall Objectives**

Construct	Mean	Std. Deviation
BR1M	3.72	0.165
KR1M	4.43	0.137
BB1M	4.86	0.147
K1M	4.94	0.141

Note: Mean score for 100 respondents

This finding was unexpected and suggests that the welfare incentive being offered in terms of health protection allowed equal access towards quality healthcare would exhibit positively significant impacts on an individual and public well-being, economic development, and growth (International Labour Organization [ILO], 2016). This led to the direct relief among people as lower payments for healthcare services lessen the cost of living by reducing the cost of healthcare.

The Most Preferred Welfare Incentive. The preferred types of welfare incentives were based on an individual's value judgement on the incentives that the respondents perceived as contributed to well-being. Respondents were asked to indicate which welfare incentives were the most effective through the questionnaire ranging from number 1 as the least preferred to number 4 as the most preferred. Based on the results as in Table 3, BR1M (42%) emerges as the most preferred welfare incentive instead of K1M (34%), BB1M (14%) and KR1M (10%).

Interestingly, a comparison of the two results discovered that even though the most effective welfare incentive was K1M, this result reflected that as people received BR1M, it can result in an additional income which provided an immediate relief towards the cost of living and can influence their well-being. Incentives such as cash assistance are normally preferred

by people as this preference might be due to the high freedom perceived by most people about cash assistance, and at the same time the possibility for cash assistance to affect household assets (Gustafson, 2013).

**Table 3: Preferred Welfare Incentives by Ranking**

Welfare Incentive	Ranking (in percent-age %)			
	1	2	3	4
BR1M	16	21	21	42
KR1M	21	39	30	10
BB1M	50	23	13	14
K1M	13	17	36	34

### The Most Significant Welfare Incentive

**Logistic regression analysis.** The effects of welfare incentives and socio-demographics on the likelihood of respondent's well-being was predicted by employing logistic regression. The whole model of the logistic regression involved all predictors which consisted of BR1M, KR1M, BB1M, K1M, gender, household income, occupation and location was statistically significant, at  $p < .001$ , which reflects that the model was appropriated to differentiate among respondents who indicate increased and no change in self-rated well-being. The result obtained from the analysis are summarised in Table 4.

The equation for all predictors are presented as below based on Table 4:

$$WB = \beta_0 + \beta_1BR1M + \beta_2KR1M + \beta_3BB1M + \beta_4K1M + \beta_5GEN + \beta_6HI + \beta_7OC + \beta_8LOC \quad (1)$$

$$WB = -17.138 + 1.545BR1M + 1.124KR1M - 0.100BB1M + 1.267K1M - 0.537GEN + 0.350HI + 1.225OC - 0.983LOC \quad (2)$$

Where,

- WB = Self-rated well-being
- BR1M = 1Malaysia Peoples' Aid
- KR1M = 1Malaysia People's Grocery Store
- BB1M = 1Malaysia Book Voucher

- K1M = 1Malaysia Clinics
- GEN = Gender
- HI = Household income
- OC = Occupation
- LOC = Location

**Table 4: Likelihood of Self-Rated Well-Being**

Variable	B	S.E	Wald	Df	Sig.	Exp(B)	95% C.I.for EXP(B)	
							Lower	Upper
BR1M	1.545	.538	8.239	1	.004***	4.689	1.633	13.470
KR1M	1.124	.552	4.149	1	.042***	3.077	1.043	9.073
BB1M	1.267	.542	5.465	1	.019***	3.550	1.227	10.270
K1M	-.100	.381	.068	1	.794	.905	.429	1.910
Gender (1)	-.537	.713	.566	1	.452	.585	.144	2.367
Household income (1)	.350	1.545	.051	1	.821	1.419	.069	29.306
Occupation (1)	1.225	.744	2.716	1	.099	3.405	.793	14.621
Location (1)	-.983	1.049	.880	1	.348	.374	.048	2.921
Constant	-17.138	3.961	18.716	1	.000	.000		

\*\*\*significant at 5%

The current study found that BR1M, KR1M and K1M were statistically significant to influence self-rated of well-being. As a comparison, the most significant welfare incentive was BR1M as it has the most significant value at a p-value 0.004 and the highest odds ratio at 4.689, followed by K1M at 3.550 and KR1M at 3.077. This is in line with a study by Agbaam & Dinbabo (2014), where the researchers found that welfare incentive was significantly benefits people mostly in consumption of goods and services. Meaning that, the positive outcomes can lead to an increase in welfare and well-being, as the government secures and protects the people.

**Interpretation of the odds ratio.** These results suggest that; the respondents were over 4 times likely to report an increase in well-being as they received BR1M compared to 3.550 times likely for K1M and 3.077 times likely for KR1M. The highest odds ratio for BR1M reflects the strongest predictor to affect self-rated well-being which dominated the entire predictors in the model. Besides, the increase in well-being is 1.419 times higher for the respondents who earned above RM3800 compared to the ones who earned below RM3800 after receiving welfare incentives. The

respondents who worked in the private and public sectors would likely report an increase in well-being 3.405 times higher as compared to respondents who are students and self-employed.

In contrast, the value of the odds ratio that is less than 1 resulted in a decline of odds about an increase in the independent variables by one unit. As such, BB1M, gender and location indicate 0.794, 0.585, and 0.348 times less likely to report an improvement in well-being respectively, especially for the recipients of BB1M at the same time being male and staying in urban areas. The results also discovered that females were better off as opposed to males. Meanwhile, as for household income, it can be considered that the respondents who earned less than RM3800 monthly, reported a lower level of well-being as compared to the respondents who earned above RM3800 monthly. At the same time, the respondents who worked in the private and public sector reported a lower self-rated well-being as opposed to ones that owned a business and was a student. The well-being of respondents is also less likely to increase for those who stayed in urban areas as compared to people who lived in rural areas.

## CONCLUSION

Taken together, this study provides insights into the performance of welfare incentives together with socio-demographic determinants towards the well-being of people. As a conclusion, the well-being of the people basically is most influenced by BR1M as it provided better satisfaction upon the consumption of goods and services. This is because BR1M can be considered as an appropriate emergency relief to fulfil the needs for goods and services as well as to support livelihoods' recovery. People are now living in a cash economy where they sell goods or services, earn wages, and fulfil their desires with the cash. Nevertheless, this study cannot reflect every incentive scheme in Malaysia since there are many incentives offered by the government depending on various objectives.

As these incentives could not be sustained in the future, some solid alternatives need to be planned for the long-term care of the well-being as well as to reduce the burden of the government. Most of the respondents suggested that the government should do more to improve the existing

welfare incentives instead of trying to introduce ‘food stamp’ or ‘coupon’ as alternatives. As for recommendations, further research should include multiple income households in broader areas as well as include various welfare incentives that were not covered in this study to capture the overall results of the implementation of welfare incentives. Next, a larger sample size should also be considered in future research since more respondents can be reflected as more representative and at the same time can also attempt to improve the model fit.

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