

# THE DETERMINANTS OF HAPPINESS AMONG URBAN POOR HOUSEHOLDS

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## ABSTRACT

*The main purpose of this paper is to identify the factors that have contributed to the incidence of urban poverty in Kedah. The study is based on the primary data. The survey was conducted in six districts involving 204 poor households. The unit of analysis is the poor households with income below the level of the poverty line income. For urban poor households the poverty line income is RM 840. There are seven dimensions and 26 indicators used to determine the happiness among poor households by using logit regression analysis. The results of logit regression analysis showed that there were nine indicators that affect the poor households; there are gender, income, expenditure, saving, healthy life, rest, safety, community and government. As a result, this study focuses more comprehensively, including happiness aspect that are more subjective to identify the factors that have contributed to the incidence of urban poverty in Kedah. To achieve the eradication of poverty effectively, a comprehensive approach that is appropriate and should be done, so that the solution to the issue of poverty can be made as needed. Indirectly, this study also is to realize the aspirations of the government through its strategy to improve the people's happiness.*

**Keywords:** *poverty, Kedah, Malaysia, happiness, GNH, logit, urban*

## 1.0 INTRODUCTION

Happiness is a condition that enables a person to feel pleasant and happy, and be aware that life is meaningful (Renwick, 2006). 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 poor, middle income or high income. The World Happiness Report 2013 release by the United Nations through UN Sustainable Development Solution Network reports that Denmark is the happiest country in the world while Malaysia occupies the 56th position among a total of 156 countries included in the report. 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. Through various development programs have yielded results, groups of poor people, groups of low-income people, people and groups of people with moderate income facing a lots of problems especially the problem of living cost continue to increase in magnitude. Indirectly this leads to the existence of socioeconomic imbalance among the people. Hence, 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).

Statically, Malaysia has successfully reduced the poverty rate to 0.6% in 2014 and hardcore poverty nearly eradicated. However, there still exists a small community of poor households are still far from the development and modernization, especially in the less developed states such as Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak. Kedah, one of the states in Malaysia that based of agriculture, industry and tourism activities should provide more opportunity to people. Indirectly, it's will help poor household to exit from poverty. Based from the statistic provide by Kedah Economic Planning Unit (EPU), poverty rate in Kedah still increase from 18,395 to 23,223 (2011 until 2013). This study emphasized more on happiness, especially poor household because there still lack of happiness study in Malaysia. Most of previous study only emphasized more to material aspect and neglect non-material aspect such as happiness. Hence, this study emphasized more comprehensively includes happiness aspect which is more subjective to identify the factors that still affect the poverty in Kedah.

## **2.0 LITERATURE REVIEW**

Happiness of people is an important aspect of quality of life and increasing importance is being given to it in developed as well as developing countries (Rohany & Fatimah, 2006). Beside that happiness or quality of life is not only measured by material values like ownership of house and vehicle, and higher education but also by non-material aspects such as love and affection, intimacy and compassion among individuals (Siti Fatimah, 2005). Social

happiness includes all important aspects of human life such as diet, protection, health, education, safety, social stability, recreation, physical environment and surplus income. Therefore, the important subject matter in studying happiness is determining the factors that influence happiness or the indicators of happiness (Asmah, 2000).

Countries with high levels of poverty and backwardness are those that are underdeveloped. Besides, problems of poverty and backwardness are still exist in states that are not so well developed such as Perlis, Kelantan, Terengganu, Kedah, Sabah and Sarawak. However, the rate of poverty and backwardness particularly in Sabah and Sarawak is of great concern compared to the states in the peninsular (Chamhuri, Surtahman & Norshamliza, 2005). Therefore, income gap and imbalance need to be, ensured accurately to enable the government to monitor the result of programs that had been completed and projects in progress and ensure that the government is 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 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 clarifies that every evaluation of progress is not only confined to economic aspects but pays attention to growth of the individuals (Haryati & Nurasyikin, 2011).

Health is an important determinant of poverty and human growth (Badr, 2007). In line with this, health is the condition of the individual who not only does not have any illness but is also well physically, mentally and socially (Malaysia Ministry of Health, 2005). Besides that, health is a basic human right and the highest attainment of health is an important social objective immaterial of the socioeconomic status of the individual- whether one is from the low income group or middle income group (Tobgay et.al., 2011). Besides health, education also plays a vital role in efforts to eradicate poverty. Education will yield returns to the individual and society while health is important for one's happiness (Gounder and Xing, 2012). Education is an investment that will solve problems of poverty and economic imbalance. Indirectly education will reduce the rate of poverty among children (Smith, 2010). Education is a precondition for economic development and the rate of literacy is an important element for an individual (Mazumdar, 2005).

Education also has the potential to influence one's capacity to manage one's quality of life as to manage one's quality of life as economic and social factors depend on education that has been received. Quality education is highly effective in fighting poverty, building a democracy and constructing a happy society (Affizal, 2008). Contrary, poor education causes an individual to lead a life of poverty compared to an individual who has a high level of literacy. A student from a family with low or moderate income tended to fail or face problems in school compared to students from families with good or high income. These students tended to be involved in deviant behavior and exhibit a quality life that was low. Therefore, it is clear that education is capable at influencing the quality of life. Education as high quality is extremely effective in fighting poverty, building a democracy and designing a happy society (Preston & Elo, 1996).

Time is an important resource for every individual and it is vital for every individual to utilise this limited resource because it affects the economic situation and happiness of every one (Galay, 2008). As a result of a study about the quality of life of the population in Europe in 2003, clarifies that there is a positive correlation between the use of time and the happiness of the population of Europe. Individuals who spent their time working and did not achieve a balance between work and leisure were individuals with low level or happiness (Bohnke, 2005). Besides that, imbalance between time spent on work and other activities (being together with colleagues and family, resting, exercising, engaging in sports, and other recreational activities) is caused by various factors that led the total number of hours spent on other activities. The primary factor behind the imbalance is finance which leads to stress (Kruger, Schkade, Schwartz & Stone, 2006).

In addition to time, a psychological approach is necessary to determine an individual's happiness. This is because poverty has led to a negative impact on psychological perspective includes the absence of power, dependence, shame and humiliation. To measure the happiness of urban residents must embrace physical aspects such as water pollution, garbage in the environment, level of noise and quality of air (Hayati, Jamaludin & Abd Latif, 2003). As for index, economic condition comfort health and education are vital. Happiness includes seven dimensions namely psychological, social, intellectual, physical, spiritual, work and environment (Stuart & Stephen, 2000). The

social happiness of a community is determined by three aspects namely the management of social problems, the fulfilling of basic human needs and the opportunity for social mobility. The presence of these three elements of social happiness will provide society with a safe environment complete fulfillment of basic needs and maximize the opportunities for social mobility. Given these conditions, members of a community will be free to develop their potential engage vigorously in activities that are implemented and contribute to the community in general (Midgley, 1995).

The development of a nation is the job of a government. Therefore, the government needs to play a key role in providing efficient services and an infrastructure that is adequate to ensure that the result of development are enjoyed by every layer society, immaterial of socioeconomic level (Hamzah & Habibah, 2009). In general, the measurement of poverty in Malaysia uses a uni-dimensional approach, namely income or expenditure. This method appears to yield an inexact indication of poverty (Siti Hadijah, Roslan & Siti Norliza, 2012). The approach used to measure poverty and does not reflect concept of poverty line income has certain weaknesses because the concept of poverty and does not reflect the actual standard of living of the household (Faridah et.al., 2005). In connection with this, multidimensional method of measurement that is holistic is expected to be more effective because it is an alternative to those responsible for measuring poverty more accurately (Mohamed Saladin et.al., 2011).

### **3.0 METHODOLOGY**

#### **3.1 Data Collection and Sample Size**

The main data that has been used is from primary data, information gathered from the heads of poor households of six districts in Kedah. The units of analysis are the poor households with income below the level of the poverty line income. For urban poor households the poverty line income is RM 840. A total of 204 heads of poor households were chosen on the basis of stratified sampling and the determination of size was based on the table by Krejcie and Morgan (Sekaran, 2003).

### **3.2 Specification of the Logit Model for Poor Households**

To identify household is happy or unhappy involves the observation of dichotomous variables, namely “yes” or “no”. Logit regression analysis is used to observe the correlation between the dependant variable, which is happiness of the household and factors, is happiness of the household and factors which may probably influence happiness.

Specification of Latent Variables

$$Y_i^* = \beta X_i + u_i$$

where

$Y_i^* = 0$  (happy households)

$Y_i^* = 1$  (unhappy households)

$u_i$  = random error

$\beta$  = estimated parameter

$X_i$  = independent variable

## **4.0 FINDING**

The logistic estimates of happiness determinants are reported in Table 1. The empirical results show that, except for gender and government, all the coefficients in the regression are significantly at 1% and 5% level of significance. Saving, healthy life, community and government have an odds ratio of more than 1 which confirms their positive relation with the probability of being happy. On the contrary, the variables gender, income, expenditure, rest and safety all have odds ratios lower than 1, which means that these variables are negatively correlated with the probability of being happy.

The coefficient of saving is statistically significant and has a positive sign. This implies that, with a increase in poor household which have saving, the probability of being happy will increase. Lack of income will encourage poor household to have no saving. In addition, most of their expenditure is exceeding income. The coefficient on the healthy life has a positive significant effect on happiness. Poor household has easy access to have information about healthy life. The coefficient on community implies that with an increase

in community relationship, the probability of being happy will increase. Although they have unhappy from time aspect, poor household still make a priority in social activity especially in local community. The coefficient of government also has a positive significant effect on happiness. This implies that increase in government efficiency, the probability of being happy will increase. It shows that poor household acquire or enjoy the facilities that provided by government.

The coefficient on gender has a negative significant effect on happiness. This implies that women are happier than man. This because women has used their skill to generate extra income such as sewing and cooking. Indirectly, their income is sufficiency for family expenditure. Because they (women among poor household) working from home, they should have a good time with family. As a result, these can influence women to be happier. The coefficient of income has a negative significant effect on happiness. This implies that decrease in poor household which has income below RM400, the probability of being happy will increase. Poor household has no skill to generate extra income. Although they have skill, they don't use their skill to generate extra income. This because of age, lack of time and some of poor household doesn't sure why they don't use their skill to generate more income. Besides that, with low education, most of poor household work in industry activities (factory) that pay them low wage. On the other hand, it's also effect to poor household expenditure. Thus, the coefficient shows a negative significant effect on happiness. Its mean decrease in poor household that has expenditure more than income, the probability of being happy will increase. The coefficient on rest has a negative significant effect on happiness. This implies that decrease in poor household that has less eight hour for rest time, the probability of being happy will increase. It shows that poor household can't balance their time between work, rest and sleep. For safety, the coefficient shows a negative significant effect on happiness. Its mean increase in criminal at residential area, the probability of being happy will fall. This result shows that there are some criminal activity such as burglary and theft. These criminal cause poor household being unhappy.

**Table 1:** Logit Regression Analysis

| Dependent Variable (HAPPINESS)    |                  | (Binary) 0 = unhappy, 1 = happy |            |
|-----------------------------------|------------------|---------------------------------|------------|
| Independent Variables             | Parameter        | Standard Error                  | Odds Ratio |
| CONSTANT                          | -5.214           | 2.248                           |            |
| Gender                            | <b>-1.345***</b> | 0.662                           | 0.260      |
| Age                               | -1.602           | 1.060                           | 0.202      |
| Education                         | 18.402           | 1.160E4                         | 9.818E7    |
| Dependent                         | 17.742           | 4.019E4                         | 5.075E7    |
| Income                            | <b>-3.701*</b>   | 0.723                           | 0.025      |
| Expenditure                       | <b>-4.329*</b>   | 0.996                           | 0.013      |
| Housing                           | 17.731           | 1.641E4                         | 5.017E7    |
| Saving                            | <b>1.868**</b>   | 0.647                           | 6.477      |
| Financial Security                | 17.958           | 5.064E3                         | 6.294E7    |
| Food Security                     | -18.710          | 5.189E3                         | .000       |
| Disease                           | 0.773            | 1.144                           | 2.167      |
| Access                            | -19.817          | 1.005E4                         | 0.000      |
| Healthy Life                      | <b>2.475**</b>   | .798                            | 11.887     |
| Smoking                           | -0.687           | 1.067                           | 0.503      |
| Drug                              | -0.529           | 1.069                           | 0.589      |
| School                            | 18.528           | 7.313E3                         | 1.113E8    |
| Literate                          | 1.260            | 0.628                           | 3.527      |
| Skill                             | -0.820           | 0.643                           | 0.440      |
| Technology                        | -0.101           | 1.081                           | 0.904      |
| Work                              | 24.163           | 4.019E4                         | 3.118E10   |
| Rest                              | <b>-1.844*</b>   | 0.679                           | 0.158      |
| Sleep                             | 0.814            | 0.624                           | 2.257      |
| Stress                            | -18.349          | 2.842E4                         | 0.000      |
| Positive Emotion                  | -18.354          | 2.321E4                         | 0.000      |
| Negative Emotion                  | -0.335           | 0.647                           | 0.715      |
| Safety                            | <b>-2.865*</b>   | 0.310                           | 0.057      |
| Community                         | <b>2.291*</b>    | 0.663                           | 9.889      |
| Family                            | -17.756          | 1.117E4                         | 0.000      |
| Government                        | <b>1.607***</b>  | 0.585                           | 4.987      |
| Rights                            | 0.612            | 1.103                           | 1.844      |
| Log Likelihood = 60.609           |                  |                                 |            |
| No of Obs = 204                   |                  |                                 |            |
| LR Chi <sup>2</sup> = (30) 61.153 |                  |                                 |            |
| Prob > chi <sup>2</sup> = 0.000   |                  |                                 |            |
| Pseudo R <sup>2</sup> = 0.576     |                  |                                 |            |



## 5.0 CONCLUSION

As a conclusion, the main factor that affected poor household is income. Next, low incomes also indirectly influence other factors such as living standard, health, education, time, psychology, community and government. Because of that, this study will focus more comprehensive in poverty for urban and rural areas. Indirectly, this study can provide a true picture of poverty that prevailing in Kedah. It is because this study not only focuses on the aspect of material, but also emphasis more subjectively in happiness. The important role to eradicate poverty is from government. Local authorities such as the district council should prepare some programs or facilities to people especially to poor households. So, they will not lag behind in development and modernization. Besides that, it is important for the relevant authorities to focus on poverty alleviation of poor households to improve their income.

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