



Universiti Malaysia
KELANTAN

ANALYSIS ON SITUATIONAL POVERTY IN MALAYSIA AS A RESULT OF THE MCO 1.0

17 JUNE 2021 (THURSDAY)

AZWAN ABDULLAH

INSTITUTE FOR POVERTY RESEARCH AND MANAGEMENT (INSPEK)



Entrepreneurship
is Our Thrust

#WeAreUMKFamily

Kita
#BinaLegasiUMK
Bersama

#OneUMKOneDream



THE CORONAVIRUS

- COVID-19 emerged in Wuhan, China at the end of 2019
- The first case of COVID-19 in Malaysia was detected on 25th January 2020.
- The Malaysian Prime Minister enforced a movement control order (MCO) on 18th March 2020
- the MCO restricted most non-essential activity outside the home.
- The impact of the COVID-19 pandemic which eventually forced the government to declare a movement control order (PKP) apparently created a type of poverty that we rarely discuss in the Malaysian context, namely situational poverty.



WHAT IS SITUATIONAL POVERTY?

According to the World Bank it is expected that as many as 40 million to 60 million more individuals become poor worldwide as a result of the COVID-19 pandemic. That amount contributes 0.3 percent to 0.7 percent to the global poverty percentage, making 9 percent of global poverty.

What is a situational poverty?

Poor due to certain unforeseen circumstances!
it usually only happens temporarily!

Who is affected?

- Low income group (income RM980 to RM2,614 per month),
- Low Middle income group(RM2,614 to RM4360 per month)
- upper middle income group or M40.

CURRENT ECONOMIC SCENARIO COVID-19

- The Malaysian Institute of Economic Research (MIER) expects 951,000 people to lose their jobs of which 647,000 are unskilled workers and 303,000 skilled workers.
- Small and Medium Enterprise (SME) sector affected.
- SMEs will potentially go bankrupt and around 8 million people will lose their jobs data shared by the Department of Statistics Malaysia (DOSM) which found that 53.4 percent of business firms can only survive for 1 to 2 months.
- 67.8 percent of business firms have no source of income during the PKP period.
- DOSM data showed that 46.6 percent of respondents had lost their jobs during the first phase of the PKP.

THE REALITY AND IMPACT OF SITUATIONAL POVERTY AS RESULT FROM MCO 1.0

Study by the institute of poverty research and management (InsPeK) at Universiti Malaysia Kelantan (UMK) found:

- Almost all self-employed respondents lost their source of income.
- **The decline in savings (65%),**
- **The increase in utility costs (37.3%)**
- **Increase in debt (27.2%).**
- **The savings that they also have are not able to last long**
- **28% can only last 2 weeks or less**
- **29.8% can last 2 to 4 weeks.**





RESEARCH METHODOLOGY



Conducted to evaluate the impact of the implementation of the Movement Control Order 1.0 (PKP1.0) in Malaysia using a survey method (questionnaires) developed by experts at InsPeK UMK.

The questionnaire had three (3) main sections:

- 1) the respondent's spending pattern;
- 2) the impact of PKP and;
- 3) the recovery strategies used by the respondents.

Data is collected by online platform (Google Form)

TABLE 1.0

		Setiap hari		3 hari sekali		5 hari sekali		1 minggu sekali		2 minggu sekali		1 bulan sekali		Lain-lain	
		Sebelum	Semasa	Sebelum	Semasa	Sebelum	Semasa	Sebelum	Semasa	Sebelum	Semasa	Sebelum	Semasa	Sebelum	Semasa
Status pekerjaan	Bekerja sebelum dan semasa PKP (tidak hilang pekerjaan dan gaji penuh)	19.2	3.8	23.8	29.8	8.4	15.4	33.0	32.3	11.2	12.9	3.9	4.4	0.5	1.4
	Bekerja sebelum PKP dan hilang pekerjaan semasa PKP	21.0	5.0	33.1	34.3	8.8	16.0	19.9	29.8	12.2	9.4	3.3	3.3	1.7	2.2
	Hilang pekerjaan semasa dan selepas PKP	29.4	2.9	29.4	29.4	5.9	17.6	20.6	26.5	5.9	8.8	5.9	11.8	2.9	2.9
Sektor pekerjaan	Sendiri	29.5	5.1	31.4	35.3	5.8	16.7	18.6	29.5	9.0	6.4	3.8	3.2	1.9	3.8
	Swasta	18.2	4.5	20.4	28.7	9.2	15.6	31.5	31.8	14.6	12.4	5.4	6.1	0.6	1.0
	Kerajaan	18.1	3.4	26.8	30.3	8.6	15.3	32.9	32.3	10.0	13.6	3.1	3.9	0.5	1.4
Mode memperoleh pendapatan	Gaji berasaskan tugas	17.3	4.5	26.4	30	9.1	14.5	31.8	31.8	6.4	11.8	5.5	4.5	3.6	2.7
	Gaji berasaskan jam	18.5	7.4	29.6	40.7	7.4	22.2	29.6	11.1	7.4	14.8	7.4	3.7	0	0
	Gaji berasaskan mingguan	31.3	12.5	43.8	56.3	18.8	0	0	25	6.3	0	0	0	0	6.3
	Gaji berasaskan bulanan	19.1	3.8	24	29.1	8.4	15.4	32.5	32.9	12	12.9	3.8	4.8	0.3	1.3
	Gaji berasaskan permintaan	26.2	2.8	32.7	35.5	6.5	18.7	16.8	29	13.1	8.4	2.8	2.8	1.9	2.8
Pendapatan sebulan	RM580 ke bawah	18.6	7.0	39.5	30.2	11.6	18.6	11.6	27.9	11.6	9.3	4.7	4.7	2.3	2.3
	RM580 hingga RM980	21.2	7.6	33.3	35.4	9.1	15.2	21.2	25.8	7.6	6.1	7.6	4.5	0	4.5
	RM981 hingga RM2614	19.0	2.9	25.1	27	9.8	17.5	30.2	31.7	12.1	15.6	2.9	4.4	1.0	1.0
	RM2615 hingga RM4360	19.4	4.1	26.1	30.6	6.0	16	30.6	31.3	13.1	10.4	4.5	6.7	0.4	0.7
	RM4361 hingga RM9619	19.0	2.9	25.2	34.2	9.4	13.5	33.5	33.9	10	11.6	1.9	2.3	1.0	1.6
	RM9620 dan ke atas	29.3	8.6	8.6	24.1	3.4	12.1	37.9	31	8.6	13.8	12.1	5.2	0	5.2
Jantina	Lelaki	22.4	5.6	27.8	40.2	9.8	15.3	27.1	26.7	9.6	8.0	2.7	2.9	.7	1.3
	Wanita	17.9	2.8	23.9	23.4	7.4	15.7	32.8	35.4	2.5	15.2	4.8	5.6	0.8	1.8
Umur	18-25	21.2	4.5	25.8	30.3	6.1	12.1	33.3	37.9	9.1	13.6	4.5	0	0	1.5
	26-30	13.8	5.2	24.1	22.4	9.8	16.7	25.3	31.0	17.8	14.4	8.0	9.2	1.1	1.1
	31-40	20.1	3.2	25.2	27.9	9.4	18.5	31.6	30.9	10.5	13.7	3.2	5.0	0	0.7
	41-60	22.3	4.2	27.1	37.7	7.2	12.5	30.5	31.8	9.3	9.3	2.4	1.9	1.3	2.7
	61 dan ke atas	0	0	0	16.7	0	0	50.0	33.3	16.7	0	16.7	33.3	16.7	16.7

IMPACT OF MOVEMENT CONTROL ORDER 1.0 (PKP1.0)

The impact of PKP1.0 is observed based on four (4) angles, namely

- ✓ The matter of concern of the respondents;
- ✓ Impact on sources of income or savings;
- ✓ Adequacy of sources of income or savings; and
- ✓ The ability of the food supply to survive.

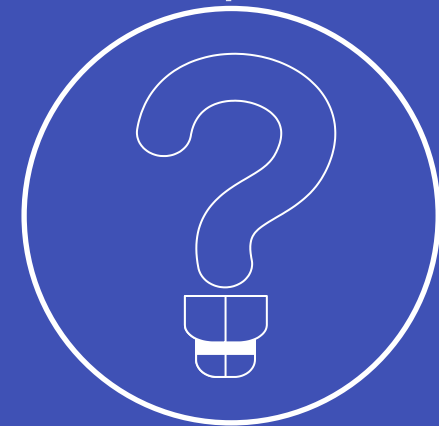
Matters of concern by respondent

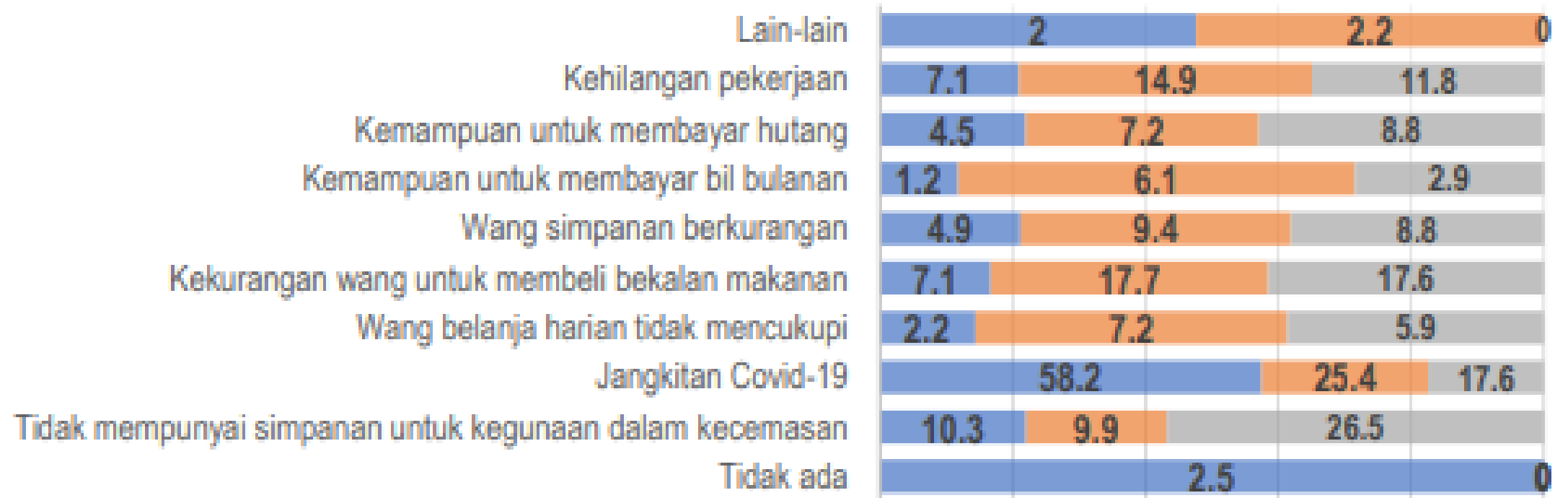
The first thing examined in this study related to the impact of PKP on respondents is related to the things they are concerned about once PKP is implemented (refer to Table 7.1).

8

Eight (8) items were examined from this study, namely:

1. Has no storage for emergency use;
2. Covid-19 infection;
3. Insufficient daily spending money;
4. Lack of money to buy food supplies;
5. Decreased savings;
6. Ability to pay monthly bills;
7. Ability to pay debts; and
8. Job loss.





- Bekerja sebelum dan semasa PKP (tidak hilang pekerjaan dan gaji penuh)
- Bekerja sebelum PKP dan hilang pekerjaan semasa PKP
- Hilang pekerjaan semasa dan selepas PKP

TRANSITION PERIOD OF SITUATIONAL POVERTY



- How long will they be stuck in a situational poverty?
- The duration is subjective
- Situational poor individuals have a faster ability to recover than the generational poverty.
- Malaysian government initiatives in Economic Stimulus Package (PRIHATIN) is the right decision.

SITUATIONAL POVERTY REDUCTION STRATEGIES



The main strategy to overcome the situational poverty :

- To have a source of income, either by returning to work, running a business as usual, getting a full salary as before.
- involved in the gig or digital economy for SMEs, capital to return to operation financial institutions need to be faster in providing credit facilities
- At the government level, to create and revive jobs for Malaysians only.
- Further developing the digital economy and the halal food industry.

CONCLUSION



- Situational poverty may only befall a person for a temporary period of time, but its impact is quite large on the economic, social and psychological.
- Its recovery also depends on the current economic situation and requires a strong strategy from the government.
- Slogan “kita mesti menang” is still relevant.



Universiti Malaysia
KELANTAN

THANK YOU

Kita #BinaLegasiUMK Bersama

#OneUMKOneDream

#NothingIsImpossible



UMK City Campus

Pengkalan Chepa,
16100 Kota Bharu, Kelantan



UMK Bachok

16300 Bachok, Kelantan



UMK Jeli Campus

17600 Jeli, Kelantan



www.umk.edu.my



webmaster@umk.edu.my

OfficialUMK