

# **Poverty Line Income and Implementation of Minimum Wage Policy** in Malaysia

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#### **ABSTRACT**

Poverty Line Income (PLI) is an important element to measure poverty and to determine minimum wage rate in Malaysia. The purpose to measure poverty and implement minimum wage policy is to ensure that the basic salary is sufficient to fulfil the basic needs of the low-income workers. The research defined the poverty line income internationally and in Malaysia and its calculation. The research shows the method to relate PLI with minimum wage policy to determine whether the minimum wage rates in Malaysia is reasonable. The method of study implemented in the research is systematic literature review to determine the key scientific contributions of a particular area. Malaysians in Peninsular Malaysia who earns current average salary lower than RM 900 previously will gain from this minimum wage policy, because their current average salary has increased to RM 900 per month. Same to Malaysians in Sabah and Sarawak who can earn higher wages now, RM 800 per month as compared to previously. Therefore, the minimum wage rates determined by the government are reasonable and practical for Malaysians. The implementation of minimum wage policy in Malaysia is still at the early stage. Malaysia government has to proceed with its execution in order to generate a precise conclusion over its practicability. Therefore, the practicability of minimum wage policy in Malaysia will be researched.

Keywords: Poverty, Poverty Line Income (PLI), poverty measurement, minimum wage, minimum wage policy in Malaysia, low income issue in Malaysia.

#### 1. INTRODUCTION

Poverty Line Income is an important element to measure poverty and to determine minimum wage rate in Malaysia. The purpose to measure poverty and implement minimum wage policy is to ensure that the basic salary is sufficient to fulfil the basic needs of the low-income workers. In addition, the purpose to introduce minimum wage policy is to protect the weaker groups of workers such as women, young workers and immigrants from exploitation by the immoral

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employers. The basic needs of an individual refer to the eight components to measure Poverty Line Income. It comprises of food, clothing, rent and utilities, furniture, medical and health, transport and communication, education and recreation (Source: 10<sup>th</sup> Malaysia Plan, New Economics Model). In other words, minimum wage enables a worker to pay for the eight essentials components to order to lead a decent life.

Before the introduction of minimum wage policy, many were discussing about the pros and cons of the policy. Some were doubtful on whether the minimum wage level determined by the government is applicable to the situation of real life. This issue was discussed in corresponding with the Malaysia Poverty Line Income in 2009. With reference to the Poverty Line Income (PLI) of Peninsular Malaysia in 2009 (RM 763 per month or RM 5.80 per day), Jayanath, Saya Anak Bangsa Malaysia (SABM) representative is doubtful on whether a Malaysian in Peninsular Malaysia can afford to daily expenses on RM 5.80 per day. Comparing Poverty Line Income (PLI) of Peninsular Malaysia (RM 763) to PLI of Sabah (RM 1048) and Sarawak (RM 912), Jayanath is doubtful whether is it reasonable when the government justify setting the minimum wage for Peninsular Malaysia at RM 900, and for Sabah, Sarawak and the Federal Territory of Labuan at RM 800.

The research aims to study how poverty line income is related to the minimum wage policy. Therefore, the research discussed about the Malaysia Poverty Line Income (PLI) in 2009 and 2011 and shows how to relate PLI with minimum wage policy to determine whether the minimum wage rates set by the government is reasonable and practical for Malaysians.

#### 2. LITERATURE REVIEW

### 2.1 Definition of Poverty and Poverty Line Income (PLI)

Rowntree (1901) stresses the poverty line as the minimum income level necessary to sustain physical existence. This refers to minimum income needed to support a person at the subsistence level of food, shelter, clothing, and other necessities. The poverty line is defined as the minimum income level required buying the socially determined essentials for living for a given set of living standards.

In 1965, an excellent economist named Mollie Orshanksy invented a basic method to define poverty; which refers poverty as three times the dollar amount required to purchase a nutritious but low-cost diet because she knew that people spent about one-third of their income for food. This concept of defining the poverty is preserved by a few experts today to calculate subsidies for health insurance or to determine a floor for minimum wages (Bell, 1994).

An US Census survey of income and spending generated the one-third ratio between food expenditures and the total. The income at the upper limit of poverty is derived by multiplying the cost of the economy meal plan by three. This is what people should spend for food, or rental or clothing. An economy food plan should amount to one third of an economy income if food costs amounted to one-third of average income. That is so called minimum income. People with income level less than this could be considered as poor (Bell, 1994). The most widely used poverty line is defined by the total consumption expenditure needed to ensure a daily supply of 2250 calories per person (Ahluwalia, Carter, & Chenery, 1979).

Since 1970 there are many definitions of poor/poverty defined by the many researchers. Ojha (1970) and Reutlinger and Selowsky (1976) defined poor as that portion of the population that is unable to meet basic nutritional needs. Singer (1975) views poverty as a function of education or health: life expectancy, child mortality and so on. Musgrove and Ferber (1976) identified the poor as the levels of expenditures and consumption. Streeten (1979) defined poverty as being unable to meet basic needs which refer to physical needs such as food, accommodation, healthcare and education and nonphysical needs such as participation, identity and so on. Sen (1983) related the poverty to entitlements which refer to the various bundles of goods and services over which one has command, taking into consideration the means by which such goods are acquired (e.g., money, coupons, etc.) and the availability of the needed goods.

Dirk (2006) conducted study to examine poverty in transition countries in Central and Eastern Europe, the Balkan and former Soviet Union. There are five dimensions of poverty can be identified on the basis of findings from qualitative studies. These five dimensions of poverty refer to insufficient food and clothing, bad housing quality and limited access to utilities, poor health and healthcare services and negative social and psychological effects (Bezemer, 2006).

The most common definition for poverty in rich countries is insufficient income as compared to some socially acceptable minimal level of income need. A family is considered in poverty if the family's total money income before taxes is less than a threshold in the U.S. It is different according to family size and it is updated annually due to inflation (DeNavas-Walt, Proctor, & Smith, 2008).

There are two general approaches to define Poverty Line Income (PLI), which are using absolute approach or relative approach. The first, absolute approach defined Poverty Line Income as the level of income which is just adequate to afford the minimum or basic necessities of life, including both food and non-food items. The workers are considered poor if their income falls below that line (Zin, 2010).

On the other hand, the relative approach defines PLI in relation to the average standard of living of a particular society at a particular time. This method is based on the concept of "relative deprivation", which refers to the deprivation suffered by the poor people in the society in relation to the rich people (Zin, 2010). In addition, the poor are those who gain benefits when income becomes more evenly distributed and the rich are those who do not gain benefits. The PLI under this method changes with the average earnings of the wage and salary earners. However, Kakwani (2001) argued that this approach is not appropriate to measure poverty, especially in the developing countries. This is because we are more concern about the absolute standard of living in the developing countries, to make sure that everyone in the society would not have standard of living that is below the poverty line.

Absolute poverty measures stress the importance of the condition of the poor and his/her deprivation rather than the overall society because these measures consider entirely the well-being of those who are defined as poor (Simler and Arndt, 2007). On the other hand, relative poverty measures define the segment of the population that is poor in comparison with the consumption (or income) of the general population. The poverty threshold is specified as a cut-off value in the distribution of income or expenditure by the relative method. In addition, the poverty threshold can be updated automatically for changes in living standards (Foster, 1998; Muller, 2006).

## 2.2 International Poverty Line Income (PLI)

The International poverty standards adopted by the United Nation's Millennium Development Goals (MDGs)<sup>4</sup> is US\$ 1 per day (short-hand expression for US\$ 1.08 per day) and UD\$ 2 per day (short-hand expression for US\$ 2.15 per day). Thus, these standards have been implemented by the World Bank while monitoring the global trends (UNDP, 2007). After converting the PLI in US dollars into Malaysian Ringgit in the year of 1993, the international PLI per person for Malaysia would have been RM 84 and RM 168 per month, corresponding to US\$ 1 per day and US\$ 2 per day (foreign exchange rate in the market was US\$ 1= RM 2.57 in 1993). However, this approach generated very

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<sup>&</sup>lt;sup>4</sup> The eight Millennium Development Goals (MDGs) – which range from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015 – form a blueprint agreed to by all the world's countries and the entire world's leading development institutions (Nations, 2013).

distorted results due to the floating price of currencies which caused by numerous factors such as international trade of goods and services and movements of capital between countries. These factors did not reflect the relative costs of living. For instance, a Malaysian earning RM 2.57 per day in 1993 would gain higher standard of living as compared to an American earning US\$ 1 per day in 1993. Therefore, the official exchange rate is not an accurate measure of cost of living differences between Malaysia and United States. In conjunction to this, the World Bank's consumption purchasing power parity (PPP)<sup>5</sup> is used to take into consideration the comparison for cost of living between the countries.

## 2.3 Malaysia's Poverty Line Income

The implementation of target-specific approaches reduced poverty in both the rural and urban areas during the Eighth Malaysia Plan. The poverty eradication was focus on the bottom 30 per cent of household. The poverty line income (PLI) was first formulated in Malaysia since 1977. The concept and measurement of poverty were reviewed during the Eighth Malaysia Plan to develop poverty measurements which reflect the difference in the cost of living between states, between urban and rural areas and in the demographic pattern of each household (9<sup>th</sup> Malaysia Plan, Chapter 16, pg. 326).

The Poverty Line Income (PLI) was subsequently revised in 2005. The food PLI and non-food PLI are the two components of PLI in Malaysia. According to the ninth Malaysia Plan, The PLI is defined separately for each household in the household income survey (HIS) based on its size, demographic composition and its location (state and stratum). If the income of a household is less than its own PLI, it is considered as poor. It does not have sufficient resources to fulfil the essential needs of its individual members. On the other hand, if the monthly income of a household is less than the food PLI, the household is considered as extreme poverty.

Food requirement is based on a nutritionally ample diet. Nutritionists, dieticians and medical professionals provide advises on the food components of the revised PLI. A balanced diet is necessary to meet the individual daily kilocalorie needs. A balance diet comprises of cereals and cereal products (uncooked rice, wheat flour); chicken, eggs and fish; milk; oil and fats; sugar; vegetables and fruits; and pulses (dhal, green peas) (9<sup>th</sup> Malaysia Plan, Chapter 16, pg. 327). The actual expenditure of the bottom 20 per cent expenditure group derived from the household expenditure survey (HES) determined the expenditure pattern of nonfood components of the PLI. The non-food components include clothing, housing, transportation and other items (9<sup>th</sup> Malaysia Plan, Chapter 16, pg. 327).

<sup>&</sup>lt;sup>5</sup> According to Organisation for Economic Cooperation And Development (OECD), a purchasing power parity (PPP) is a price relative which measures the number of units of country B's currency that are needed in country B to purchase the same quantity of an individual good or service as 1 unit of country A's currency will purchase in country A (OECD, 2008).

## 2.4 Calculation of Poverty Line Income (PLI)

One of the method used to generate the PLI is to calculate two third of a country's median income. Dividing the country's total income into half will generate the median income. This method had been used by countries such as Australia and Britain and also been applied by Performance Management and Delivery Unit (PEMANDU) (source: Lab Highlights: Low Income Households report, PEMANDU).

According to the standard of World Bank, the Poverty Income Level of medium-income countries should be calculated based on US\$ 2 for food and non-food necessities per individual per day. Total number of households divided by total population = 4.4. Therefore, according to the America government, a household comprises an average of 4.4 members.

US\$ 2 x 4.4 people x 31 days = US\$ 272.80. Due to the fluctuation of currency, US\$ 272.80 would change in between RM 831 to RM 900 (source: Lab Highlights: Low Income Households report, PEMANDU).

## 2.5 Minimum Wages and Poverty Line Income

Card and Krueger (1995) pointed that there is no relationship between state minimum wage increases and declines in state poverty rates. Neumark et al. (2004, 2005) reported that low-wage workers in families just above the poverty line or near the poverty line (150 percentage of the poverty line) are falling into poverty or near poverty due to a reduction in employment and hours worked. Burkhauser and Sabia (2007) discovered the state minimum wage increases between 1998 and 2003 had no significant effect on state poverty rates among the working poor and single mothers.

Earning a low wage had no significant relationship with living in poverty (Stigler, 1946; Burkhauser, Couch and Glenn, 1996, Burkhauser and Sabia, 2007). A raise in minimum wage might increase household income among low-skilled workers who remain employed and among those who do not have significant reduction in their hours worked. However, some workers might lose their jobs or have significant reduction in their hours worked, forcing them into poverty (Neumark and Wascher, 2002; Neumark et al., 2004, 2005; Sabia, 2008). In addition, there are a number of empirical evidences showing that a raise in minimum wage has no significant impact on poverty reduction (Sabia, 2008; Burkhauser and Sabia, 2007; Neumark and Wascher, 2002; Card and Krueger, 1995).

Sabia and Burkhauser (2008) conducted a research to study the effectiveness of minimum wage increases in alleviating poverty. Their results show that state and Federal minimum wage increases between 2003 and 2007 had no impact on state poverty rates. Their results show that a raise in the Federal minimum wage is not an effective anti-poverty strategy. This is supported by the following results. The previous increase in Federal minimum wage had influenced 15.1 percentages of the workers who are poor. However, the newly proposed Federal minimum wage increase only affected 11.0 percentages of the workers who are poor.

Fields & Kanbur (2006) conducted a research to analyse the effects of a higher minimum wage in terms of poverty. The results of the research show that poverty will be further raised if the minimum wage is above the poverty line. Thus, the effect on poverty when increasing the minimum wage depends on two observable parameters and one value judgment parameter when the minimum wage is below the poverty line. The observable parameters are the labor demand elasticity and the ratio of the minimum wage to the poverty line, while the value judgment is captured in the poverty aversion parameter. The analysis based on these three parameters shows that an increase in the minimum wage will or will not reduce poverty.

Poverty rates among household and income inequality among working families can be reduced by minimum wages. Nevertheless, this reduction is limited, which is due to many poor families are not working and many minimum-wage workers live in households with above-average incomes (OECD, 1998).

Addison and Blackburn (1999) noted that minimum wage increases reduce poverty among junior high school dropouts. Lustig and Mcleod (1997) analyses the impact of change in statutory minimum wages on poverty. The researchers found that minimum wages and poverty are negative related; which refers to an increase in real minimum wages will cause a fall in poverty. In addition, a series of poverty measures also generate the similar results. These poverty measures are headcount ratio and poverty gap, poverty lines (low and high), and population groups (urban and rural).

#### 3. METHOD OF STUDY

The method of study implemented in this research is systematic literature review. To improve the shortcomings of traditional literature review, Transfield et al. (2003) introduced the systematic literature review which is usually used in the medical science field. The traditional narrative review uses a rigorous, replicable, scientific and transparent process with the purposes to identify, select, appraise, analyse and synthesize, in a systematic and comprehensive way, research evidence on a specific research topic (Cook et al. 1997; Transfield et al., 2003; Moynihan, 2004). However, the systematic review does not uses statistical and

econometric procedures for synthesizing findings and analysing data (Transfield et al., 2003). The major purpose of using systematic review in a research is to determine the key scientific contributions of a particular area. The results are discussed and presented in descriptive way. There are a number of advantages in applying systematic review. For instance, it helps to control bias such as systematic errors, reduce chance effects, enhances the legitimacy and authority in ensuing evidence. Thus, it provides more reliable results on making the decisions and conclusions.

The basic steps for a systematic review include:

- 1) Formulate an explicit research question
- 2) Set inclusion and exclusion criteria
- 3) Find relevant studies
- 4) Select the studies according to the inclusion and exclusion criteria
- 5) Assess the quality of retained studies
- 6) Summarise and synthesising study results
- 7) Interpret the review results

(Alderson et al., 2004; Moynihan, 2004; Transfield et al., 2003)

## 1) Formulate Explicit Research Questions

How is poverty line income related to the minimum wage policy? Is it reasonable when the government justify setting the minimum wage for Peninsular Malaysia at RM 900, and for Sabah, Sarawak and the Federal Territory of Labuan at RM 800?

## 2) Set inclusion and Exclusion Criteria

### The inclusion criteria

Any publication forms of articles (Journal articles, books, Encyclopedia articles, Newspaper Articles, Report, Thesis, Web page and Working paper) which are relevant to the definition and issues of poverty line income and calculation of poverty line income in Malaysia are included in literature review.

#### The exclusion criteria

Any publication forms of articles as stated above which are not relevant to the purpose and title of the research are excluded from the literature review.

## 3) Find Relevant Studies

The researcher applied a three stages strategy to search and identify the articles included in the systematic review. First, the researcher performed a computerized search by using multiple keywords (see Appendix) in three databases, namely Business Source Complete of EBSCOHOST, Economics field of Ebrary and

Emerald Management Extra Plus. These three databases provide access to scientific journals in Business and Management, Economics, Human resources (Minimum Wage) and etc. The researcher narrows the computerized search by using keywords such as definition and issues of poverty line income and calculation of poverty line income in Malaysia. Using the approaches mentioned above, the researcher successfully identifies 160 potential articles for the systematic review.

## 4) Select the Studies According to the Inclusion and Exclusion Criteria

There is a double screening performed on the identified articles. A first sorting of the articles based on the purpose and title of the research enabled the researchers to exclude 3 papers which did not meet the inclusion criteria. Therefore, there are 157 potential articles for second sorting and analysis. The second screening excludes 2 which did not meet the inclusion criteria. Finally, there are a total of 155 articles which matches the inclusion criteria. In addition, software named Mendeley is used to manage and organise the articles searched to facilitate the work of referencing for the articles.

## 5) Assess the Quality of Retained Studies

The 155 articles selected in the final stage are studied and analysed again to determine the quality of the articles. However, no article is filtered out because it is relevant to purpose and title of the research.

## 6) Summarise and Synthesising Study Results

Some important parts of the finalised 155 articles are rewritten using Ms Word. Subsequently, the notes are summarised to identify key points of Poverty Line Income (PLI), which comprises of the definition of PLI and details of PLI. Subsequently, the researcher proceeds to identify the key points about the issues and calculations of poverty line income in Malaysia.

### 7) Interpret the Review Results

The researcher writes the following parts based on the notes in the summary: International Poverty Line Income (PLI), PLI in Malaysia and Calculation of PLI and further discussion on the relation of minimum wage policy and poverty line income in the section of Finding and Analysis.

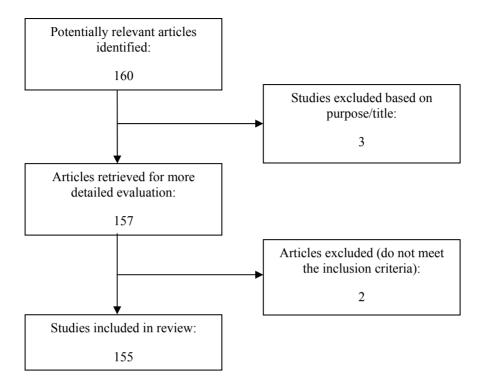


Figure 1: Systematic Literature Review Flow Diagram (Becheikh, Landry, & Amara, 2006)

### 4. FINDING AND ANALYSIS

Table 1: Poverty Line Income (2009)

Region	RM (a month)
Peninsular Malaysia	763
Sabah	1048
Sarawak	912
Malaysia	800

Source: Statistics and Data from 10<sup>th</sup> Malaysia Plan, New Economics Model and Jayanath Appudurai from TMI Graphic (Irwan) Table 1 displays the Poverty Line Income (PLI) calculated in RM per month at Peninsular Malaysia, Sabah, Sarawak and average in Malaysia in the year of 2009.

According to the calculation method applied by PEMANDU, a household comprises an average of 4.4 members (Total number of households divided by total population = 4.4). As stated in the table 1, the PLI for Peninsular Malaysia is RM 763 in 2009. If it is translated into a daily income, the PLI is RM 25.45 per day for a household at Peninsular Malaysia in 2009. When a household comprises an average of 4.4 members, therefore, a member of a household earns RM 5.80 a day. This RM 5.80 per day is supposed to meet the daily eight component needs of living such as food, rent, clothing and fuel. According to Jayanath, Saya Anak Bangsa Malaysia (SABM) representative, RM 5.80 is supposed to pay for three meals, transport costs, rent, recreation and the other components for one person in one day. He is doubtful on whether a Malaysian in Peninsular Malaysia can afford to daily expenses on RM 5.80 per day. The Poverty Line Income for 2009 obviously shows that PLI is the highest for Malaysians in Sabah (1048), followed by Malaysians in Sarawak (912) and Malaysians in Peninsular Malaysia (763). Therefore, Jayanath questioned that is it reasonable when the government justify setting the minimum wage for Peninsular Malaysia at RM 900, and for Sabah, Sarawak and the Federal Territory of Labuan at RM 800? According to the justification of Javanath, the minimum wages level of workers in the East Malaysia should be higher in corresponding to their higher poverty line income. The reasoning of Jayanath is based on government data in its 10th Malaysia Plan (10MP) report released in June 2010, and the New Economic Model (NEM) that was out in April 2010.

Table 2: Poverty Line Income of Malaysia in 2011

% Year Over Year	Peninsular	Sabah	Sarawak
Extreme Poor	RM 460 and below	RM 630 and below	RM 590 and below
Poor (PLI)	RM 760 and below	RM 1050 and below	RM 910 and below
Low-Income Households	RM 2000 and below	RM 2000 and below	RM 2000 and below

Source: Government Transformation Programme (GTP)<sup>6</sup> Annual Report 2011, Performance Management & Delivery Unit (PEMANDU)

<sup>&</sup>lt;sup>6</sup> The GTP's structure is intuitive: identify the areas that need the most attention, and focus said attention on those areas. Through extensive consultation with key stakeholders, from the Ministries to the citizens, the Government has come up with seven pressure points that it has designated National Key Results Areas (NKRAs). Moreover, the GTP also contains a Ministerial Key Results Area (MKRA) component, which addresses developmental goals not covered by the NKRAs (PEMANDU, 2011).

Table 2 shows poverty line income of Malaysia in 2011. The income level which is considered poor and extreme poor obviously is varied across the East of Malaysia and Peninsular Malaysia. The Poverty Line Income for 2011 obviously shows that PLI is the highest for Malaysians in Sabah (RM 1050), followed by Malaysians in Sarawak (RM 910) and Malaysians in Peninsular Malaysia (RM 760). It indicates that the cost of living is much higher in the East of Malaysia as compared to Peninsular Malaysia. This could be caused by the isolated geographical factor which could increase the transportation cost of delivering the daily essential products to the people living in the East of Malaysia especially in the Sabah.

Table 3: Wages for Peninsular Malaysia, Sabah and Sarawak

State	Current Average Salary (RM)	Minimum Wage (RM)
Peninsular	1131.00	900.00
Sabah	577.00	800.00
Sarawak	758.00	800.00

Source: Ministry of Human Resource (MOHR) and 10<sup>th</sup> Malaysia Plan

The current average salary is the lowest at Sabah (RM 577), followed by Sarawak (RM 758) and Peninsular Malaysia (RM 1131). Nevertheless, National Wage Consultative Council (NWCC) recommended government to set the minimum wage at RM 800 per month for Sabah, Sarawak and Labuan and RM 900 per month for Peninsular Malaysia in 2012. This will generate the greatest effects on Malaysians at Sabah because their current average salary is only RM 577. After the implementation of National Minimum Wage Policy, the current average salary for Malaysians in Sabah can be increased to RM 800. Apart from that, Malaysians in Sarawak also enjoy the benefit for incensement of salary from the current average salary (RM 758) to minimum wage (RM 800). Local workers in Peninsular Malaysia who earn current average salary lower than RM 900 previously will gain from this minimum wage policy, because their current average salary has increased to RM 900 per month. However, local workers in Peninsular Malaysia who earn current average salary higher than RM 900 previously will not gain or lose from this minimum wage policy, because their salary level is maintained as usual.

#### 5. CONCLUSION

After the implementation of National Minimum Wage Policy, the current average salary for Malaysians in Sabah can be increased to RM 800 as compared to the previous average salary (RM 577). Apart from that, Malaysians in Sarawak also enjoy the benefit for incensement of salary from the current average salary (RM 758) to minimum wage (RM 800). Local workers in Peninsular Malaysia who earn current average salary lower than RM 900 previously will gain from this minimum wage policy, because their current average salary has increased to RM 900 per month. Therefore, the minimum wage rates determined by the government are reasonable and practical for Malaysians.

Since the introduction of New Economic Policy (NEP) at 1970, a variety of government programmes been formulated to eradicate poverty in Malaysia. Government introduced National Development Policy (NDP) at the end of the NEP period. Government established a special development programme for the extreme poor under the NDP programme. The special development programme for the extreme poor comprises a package of economic, social, housing and provision of basic amenities. Ministry of Housing and Local Government (KPKT) launched the City Poverty Elimination Programme (PPKB) in June 2006. The primary objective of the City Poverty Elimination Programme is to eliminate extreme poor and to reduce by half the overall poverty to 2.8 percent by 2010 as outlined by the Ninth Malaysian Plan (RMK-9). The target group of the programme is the poor families with household income below the Poverty Line Income (Council, 2013).

United Nation Development Programme (UNDP)<sup>7</sup> completed a report on "Malaysia: Achieving the Millennium Development Goals: Success and Challenges". It proved that poverty mitigation strategies and programmes implemented in Malaysia have achieved a success. Despite of the reduction in poverty incidence, there are still challenges that need to be solved by Malaysia Government. Single mother, elderly in the rural, low-skilled workers and foreign workers creates new forms of poverty in Malaysia because these groups of people normally do not lead a proper life and live in poor conditions. Nevertheless, looking at the success of poverty eradication programmes in Malaysia, it should be used as a mean to mitigate poverty in Malaysia.

<sup>&</sup>lt;sup>7</sup> UNDP is the United Nations' global development network, an organization advocating for change and connecting countries to knowledge, experience and resources to help people build a better life (UNDP, 2013).

#### LIMITATION OF STUDY

The data and resources are solely based on secondary data. There is no primary data collected to generate finding in the research. However, the finding obtained in this research is valid as it follows the systematic literature review which is further described in detail in the following section 3, Method of Study.

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