SOCIOECONOMIC STATUS IN MALAYSIA

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Abstract

Financial planning and management are interrelated topics. They act as emergency kits to prepare for monetary value in economic policy. By earning income, cash inflows, and outflows for future savings and expenditures. The cycle continues until there is a twist in the financial story. However, money did not grow on these trees. They have to make one. It can be life-saving for the best investment and insurance in life. Monetary value changes depending on the financial statements and policies, that go on and on to achieve market equilibrium. Even the most devastating event destroys precious opportunities to save lives. What counts is life.

Keywords: *Financial planning, finance management, cash inflow, cash outflow, market equilibrium*

INTRODUCTION

Since there is a lack of information on income or expenditure, they decided to move on to census microdata. They attempted to measure household income by including educational outcomes (Lovaton Davila et al., 2021). As an alternative, they have been using asset types to identify their contribution to the constructed index (Lovaton Davila et al., 2021). They even found an ideal way to compute the household score based on ownership of durable assets and housing characteristics, especially the wealth index of a household (Lovaton Davila et al., 2021).

For instance, in the U.S., there is a national census every ten years describing the American population and economic activities (Kenton, 2022). Policymakers will refer to the population census to make decisions regarding daily business activities (Kenton, 2022). It began in 1790 by Marshall on horseback to collect household information on 3.93 million residents across the U.S. (Kenton, 2022). Another decennial census was rapidly populated until the nineteenth century (Kenton, 2022). In the 1800s, the census extended to the demographic background, agricultural, and economic sectors (Kenton, 2022).

Demographics have been in place for centuries. As part of the community, they describe policy development and economic research to strategise their well-being. For instance, since the population consisted of students, they might have wanted to decide on building township libraries for their academic references in their school eras. They will also be able to reach out to the community setting by building infrastructures and facilities. This process is ongoing because population growth can be drastic and radical. The unemployment rate and retirement are some of the look-throughs for better future planning.

There are also other alternatives to modernising the census. However, the census to occur in 1801, besides being saved during the wartime colonisation in 1941 among the U.K. population (Harris, 2024). They have been warned about data inaccuracies because they are limited by geographical coverage. Furthermore, it is beneficial only for the business community. Malaysia conducts years of gaps for each censuses. Urbanisation increased from 1980 (34%) to 2020 (77%) (Statsmalaysia, 2018). However, the number reduces from 5.2 persons to 4.1 persons from 1980 to 2020 (Statsmalaysia, 2018). It focuses on population and housing censuses for development planning and objective decision-making (United Nations Statistics Division, 2010). As of November 2011, most censuses were conducted in 141 countries, followed by census scheduled (88), and no census was scheduled in five countries (United Nations Statistics Division, 2010). As pre-scheduled, 80% of the countries had already completed the enumeration, and the remaining 20% had not yet been there. As of May 2011, by the end of 2014, 99% of the world's population comprised 229 countries. However, the remaining five countries have not conducted a census yet.

Literature Review

A centralised data hub (Padu) may be introduced as a new method of collecting data to conduct face-to-face interviews nationwide for the Malaysian Population and Housing Census. There were approximately 900 counters that opened for registration and renewing information on the database. Traditional surveys were replaced every 10 years. As Uzir said, it has already been implemented in the Netherlands. The last time in 2020, 99,356 enumerators were hired for face-to-face interviews. After putting in sufficient effort, there were 32.7 million Malaysians. The first phase of the census was through an online e-census from July 7 to September 30, 2020. The second phase of face-to-face interviews between October 7 and October 24, 2020, was postponed due to Covid-19 and the Movement Control Order (MCO). Conducting the Padu system may save costs due to face-to-face interviews. As of January 9, 2024, there is a total of 905,548 Malaysians who had registered under the system.

The Central Database Hub (Padu) for economic planning, states the Department of Statistics Malaysia. To date, there have been approximately 29.8 million residents, and Padu has become an essential centralised hub for the government to offer financial assistance to the economy. Poverty decreased from 49.3% in 1970 to 16.5% in 1990. As of 2022, the incidence of poverty reduced to 6.2%. PADU establishes a new benchmark for fair reconstruction and economic aid for equitable relief for every citizen of Malaysia.

Department of Statistics Malaysia has planned house visits for Padu registration at Orang Asli settlements, early-day care centres, and nursing homes. There will be no random door-to-door visits by officers as this will lure in scammers. Padu emphasises safety and data protection in the government's central database system. Uzir said Padu registration has increased steadily since its start-up on 2 January 2024. There were 2.82 million individuals who updated their profiles nationwide.

According to Hanifah Hajar, all officials and government bodies have too many databases encompassing the methodology, standards, concepts, and definitions. There was less detailed information from the actual event in understating the government delivery systems until now. The AI for Rakyat is a transformational information hub into an artificial learning system; this will replace humans in the learning process. There is a high vastness of potential of being governed by the data. Winning trust is all that counts in building an information hub to be shared by the people and the government. The main concern is in people's radar and giving back to the community by being responsible and building the bond between the two parties.

Manual registrations and self-reporting are vulnerable to bias, loopholes, and leakages. A consolidated database makes its way for subsidies, assistance, and social security. Data centralisation is the compilation for bridging income and socioeconomic data yet surrounded by a lack of transparency. The modern data gathering information and lack of management skills tend to cause database querying (O'keefe et al., 2018). Thus, into the details in tailoring policies for subsidies and welfare assistance. There is a connection between leveling up the data and looking into the amount of

information for more complexity in data signification. Many people have tried to sink in to fight for their rights and need resources for their daily problems, including financially. Dissolved matters taking into their own hands without an early warning could mean a disastrous lookout.

Methodology

This paper employs a narrative review of the fundamentals of understanding the logic behind the Malaysian economy based on PADU. However, there should be more than meets the eye. They intend to reach stability and equality among their communities in producing more employability in building a well-developed nation. They attempt to be more humanising than robotic interactions for the business to keep on going and survive in the industry. Thus, this review paper is on the possibilities and underlying or hidden mechanisms in generating financial sustenance for the upbringing of business communication among the people.

Results and Findings

For the sustainability of business models, there should be a firm bond between business forums and stakeholders. It focuses on people's dignified autonomy as decision-makers. An autonomous vehicle invented nowadays requires safety measures without risking it to danger. In healthcare, invasive technology may assist practitioners in making careful decisions to save people's lives. Wealth is the ownership and responsibility for the physical and intangible assets. Net worth is without any liabilities and debts. In other words, wealth is the continuation of valuable and economic goods or money value that can be owned or transferred. Income is what they earn from employment, freelancing, or other job interests on an annual or monthly.

Economic inequality is the uneven income distribution throughout a given community or a country. For instance, a continuous aggregate income is for upper-income households bought in the concept of income inequality into the house. Wealth is what they own or possess or financial claims worth telling. Income is the earning on behalf of their contributions in working stations that repay them with investment. The values of each factor of production are in the forms of wages (labour), land (rent), capital (interest), and entrepreneurship (profit).

Income modeling gives a shape of income distribution for employees in the labour market. Income data have an asymmetric behaviour. Thus, non-parametric regression methods are proposed (Saulo et al., 2023). Since income is uneven, the mean is not applicable for the computation (Saulo et al., 2023). Hence, quintile regression is the most viable option since it is considered a robust alternative to mean-based models and is widely applicable (Saulo et al., 2023; Haupt & Fristch, 2022; Shin & You, 2021). Dagum and Singh-Maddala models are in the league by taking down other income distributions (Saulo et al., 2023).

GDP is an indicator of the financial success of a country. However, it is not viable to a standard procedure in comparing wealth distribution within a country. English fluency does mirroring the wealth distribution among Malaysians. The distribution of income is uneven among Malaysians suddenly reappears due to inequality. Thus, policies have to assist Malaysians given financial aid to reduce income inequality among them. Three parameters using household income data from surveys completed in 2007, 2009, 2012, and 2014 to compute and interpret the Gini coefficient, Atkinson, and generalised entropy (Safari et al., 2019). Income satisfaction and equality are correlated with absolute income level (Safari et al., 2019).

Discussion

Thus, the research aims to determine the most significant factors contributing to the robustness of estimates from the income distribution (Shao, 2021). Explained or unexplained, GDP is determined by the explanatory variables in both regression models (Shao, 2021). Even the statistical measures of income distribution are the Gini coefficient, B20 and T20 quintiles of income shares, the middle 60% of income share, the income share below median income (MES), the income share below mean income (MIS), and the mean population share (MPS) in which individuals who earn below the mean income (Shao, 2021).

Housing affordability is one of the primary keys to economic growth and sustainability. That is to ensure affordability among different income earners, including low, middle, and high earners. Household and non-household expenditures, the housing supply depending on land costs and use, planning policy, and construction costs (Hassan et al., 2021). Thus, the most affordable houses cannot cover up for the whole urban population. Therefore, income, house price, and financial situation are the potential factors in affording a home.

Housing affordability depends on the pricing and earning incomes (Hassan et al., 2021). Malaysia faces fluctuations in GDP since the income earners are in three groups depending on the magnitude of their income, including the Top 20% (T20), Middle 40% (M40), and Bottom 40% (B40) (Hassan et al., 2021). The high living standard is the boulder that gets in the way. Most middle-income earners in Malaysia face the difficulty of having an affordable house due to financial instability. As mentioned before, the purchasing power among Malaysians increases the challenge of providing an ideal home to their families.

Due to high population densities, housing prices have fallen drastically (Hassan et al., 2021). However, a housing loan is one of the ways to get the housing payment done. To meet the criteria in administering a loan to a house owner requires a tremendous amount of payable jobs to increase their capability in administering a housing loan to the owner. Besides that, the amount of debts and liabilities could get in the way.

There are also different kinds of housing schemes to refer to. The loan interest rate ensures that the owner repays a certain amount. Islamic loans do not administer any payment and compound interest if the owner does not manage to pay the loan on a date (Hassan et al., 2021). By leasing the house to a different owner, the bank installment may prevent someone from

owning a home. Therefore, the resale cost of the house is far more crucial than the initial market value of the house (Hassan et al., 2021). The monthly installments should not be higher than basic income to ensure stability in earning an income and having the right to own a living. It is not about who pays the price but who is willing to stay and drive the economy. Financial future planning can be tricky and complex sometimes. It is up to the knowledge of the financial world to guide us in the situation. Financial security is all that counts in assisting people to fulfill their financial needs. Many people are acquainted with life insurance and takaful but still lack knowledge in implementing both. There is a deal in pursuing the freedom that everyone deserves during the financial times. Hence, the numbers keep escalating in applying for life insurance and family takaful awareness. However, most of the adults in Malaysia did not get the chance for such security. As preparing for what comes next, adults in Malaysia may face a challenge in obtaining financial literacy since they did not apply it in their younger years.

In uncertainties, financial advice and planning are the best for handling the survival mode. They even provide extra new features to make a promising life investment. The favourite part is the announced bonuses based on the firm's potential investment (Sang & Budin, 2020). The unit trust is also a part of the whole process. It is an individual ownership of trust in investing in a financial firm. A positive vibe towards life insurance and a takaful family for protecting what is for you in the face of challenges. For instance, accident and motor insurance for undeserving payments of the issue.

The penetration rate reduces the coverage rate for life insurance protection among Malaysians. This aggravating and supportive act did not guarantee a lifetime secure insurance without knowledge and the right attitude. It is not all about themselves but family the whole time. In the face of the economy, family values mean the world to them. To make it measurable, a Malmquist Index indicates the productivity of life insurance in the industry.

The local companies mostly participated in the insurance industry. That is, to more humanity concept, including more job opportunities in Malaysia. It also accounts for the productivity index and resource utilisation (Radam, 2000). More importantly, insurance covers personal and business risks. It may also mean protecting loved ones in the future in case of accidental occurrences. It is underinsurance, which did not cover the whole story. Another Elaboration Likelihood Model is seeking more demand in insurance (Low et al., 2021). Hence, the two significant factors in the performance of an insurance policy are penetration and density (Low et al., 2021). As the saying goes, the Central Bank of Malaysia could not agree more. The insurance policy topples over the aging population in Taiwan (Low et al., 2021). Thus, there is a stir in other Asian neighbouring countries with the same interest.

There is a positive relationship between life insurance demand and level of education and occupation (Low et al., 2021). It is debatable to include persuasion as the mediating effect on the insurance in which people will build their trust and be more assured by the agencies to manage the risks (Low et al., 2021). Personal finance includes money management, such as saving and investing (Kenton, 2024). Income, spending, savings, investments, and protection are in the same group, personal finance (Kenton, 2024). There are preparations for personal finance, including budgeting, emergency funds, liabilities, and retirement savings (Kenton, 2024). In the face of economic challenges, there is a consideration of having financial planning to avoid further financial circumstances.

Conclusion

Income includes salaries, wages, dividends, and cash inflow as if they had earned from their employment. The cash outflow is the spending such as rent, mortgage, household groceries, and travel bought what the person needs and wants (Kenton, 2024). The amount of savings might save the rainy day to cover expenses or emergencies (Kenton, 2024). By educating themselves on the fundamentals of finance management, they manage to take the risk and save more money on rainy days.

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