CAPABILITY SOCIAL CAPITAL INDICES AMONG LOW INCOME GROUP IN EAST COAST OF MALAYSIA

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Abstract - Capability of social capital is highly debated among today's social researchers as it reduces the rate of poverty through increasing household income in a country. Previous studies have shown that social capital index is very important in measuring the level of social wellbeing and the quality of life of society. There are many social capital measurement indices being used by researchers. However, for this study, six dimensions of social capital will be used which are network & communication; trust, value, norms & habits, social rules, capability or ability and religious needs. The aim of this study is to analyze the influence of social capital on individual income levels in east coast especially in Terengganu, Malaysia. Respondents are randomly chosen from selected residential areas in Terengganu. Data was analyzed using Statistical Package of Social Science (SPSS), and findings show the relationship between social capital factors and level income of the respondents. The results of this study contribute to the theoretical implications by demonstrating a conceptual framework that examines the relationships between social capital and income levels.

Index Terms - Social capital, income, social capital dimensions.

I. INTRODUCTION

In recent years, there has been an increasing interest in study of social capital, especially in relation to social and economic fields. Social capital capability is an issue that is often a discussion among current social researchers as it can reduce poverty by raising household income in a country [1]. Based on data from the Department of Statistics in 2015, there are 2.7 million B40 groups with 63 percent living in the city and the remaining 37 percent are in rural areas [2]. According to the Economic Planning Unit in 2014, the average monthly income of this group is RM 2,537 which is 80 percent lower compared to the average monthly household income of Malaysia RM 6,141. The B40 group income was also five times less than the T20 (RM 14,305) average. The income difference with the M40 group is twice as low as the average income of M40 (RM 5,662) [3].The B40 Group faces high pressure on the cost of living. Their average income of RM 2,537 is lower than the national average monthly expenditure of RM 3,578 with 29 percent of expenditure exceeding income. This income and expenditure inequality can affect the well-being of the B40 group if the immediate settlement is not taken to repair this situation. The social capacity also affects the overall quality of life of the people including safety and wellness, health, leisure and living cost control through the cost of housing, public perception, health and others [4]. The aim of this study is to analyze the influence of social capital on individual income levels in east coast especially in Terengganu, Malaysia. Therefore the findings will give an early picture of the importance and influence of social capital factors on the percentage and distribution of household income.

II. LITERATURE REVIEW

Previous studies have shown that the social capital index is very important in measuring the level of social wellbeing and the quality of life of society. There are various social capital measurement indices used by past researchers. Among them are World Values Survey (1981-1997) by [5]. This model emphasizes on two indicators namely trust and membership in the organization. The New South Wales Study by [6] uses eight indicators of community participation, social activity, trust, neighborhood, family relationships, tolerance, values of life, and job factors. The Barometer of Social Capital Colombia by [7], also emphasizes on eight indicators of trust in organizations, participation, interdependence, civil government, political participation, hierarchy, social control and horizontal relations. While the measurement of Integrated Questionnaire for The Measurement of Social Capital (SC-IQ) by [8] employed six indicators namely work networking, trust, cooperation, information and communication, social unity and inclusiveness empowerment. A study on social capital capabilities is still poorly implemented in the country. Among them are studies on the definition of social capital or studying the influence of social capital on competitiveness [9], [10], [8]. While the study by [1] also uses the measurement of three indicators such as relationships and networks, reliability, norms of living and culture which are based on the World Bank Integrated Social Capital Survey by [8]. The study by Rahmah is covering the entire household by determining the level and identifying the determinants of social capital index in Malaysia based on data of 2,443 household heads quoted in 2012 in

five states in Peninsular Malaysia namely Kedah, Selangor, Federal Territory of Kuala Lumpur, Johor and Terengganu. So far there has been no study in this country that forms the index of social capability of the B40 group's low-income households in identifying the determinants of this index. The establishment of this index that leads to a comprehensive low-income target group is essential as a basis for future social and economic development policy. The ability of social capital to function as a tool that can reproduce the economy and the ability to compete as well as channel to produce social unity and social involvement [11].

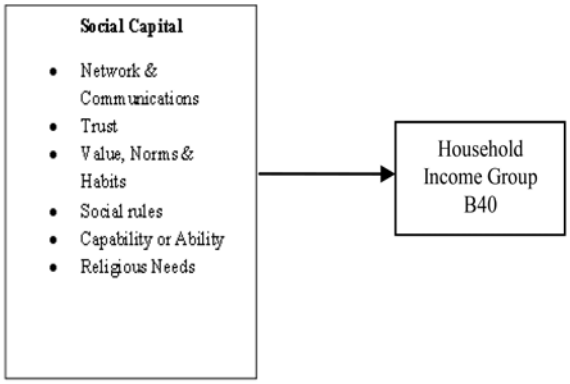


Figure1: Conceptual framework

III. METHODOLOGY

Based on the literature review and the same theoretical perspective, this study proposes a concept framework as shown in Figure 1. Some variables have been identified which have been used as the hypotheses of the study shown in Figure 1. The study is quantitative and is conducted on the head of the household who live in major cities on the east coast. The selection of this location is to get the index of social capital capability from various respondents living urban and suburban locations. Questionnaire forms focused on household heads are circulated to collect data on indicators of social capital capability. This study applies stratified random sampling techniques based on the total household income in the B40 group. A total of 100 samples of early studies were selected from B40 household groups in the east coast and data were processed and analyzed using Statistical Package for Social Science (SPSS). Among the analysis are reliability testing, descriptive analysis and inference. Cronbach's Alpha value for the determinant factors studied in this study is as in Table 1.

Table 1 : Reliability Test Results

Item	Numbers of item	Cronbach's Alpha
Social capital	61	0.849

The Cronbach's Alpha value in Table 1 for the item of social capital capability is 0.849. All of the above Cronbach's Alpha value exceeds 0.6 means the above factors are suitable for use and acceptable as measurement [12]. In addition, normality tests also show normal scattered data if the skewness and kurtosis values are within ± 3 [13].

IV. FINDINGS AND DISCUSSIONS

Demographics Profile

Based on Table 2, the total number of respondents is 100 people where 87.0 percent are male and 13.0 percent are female. The study also found that 59.0 per cent of respondents aged 36 to 50 years old and 95.0 per cent were married. Meanwhile, education level shows that 62.0 percent of respondents have education level at SPM level and 28.0 percent have education at STPM / Diploma level. In terms of employment, 38.0 per cent of respondents were self-employed while 36.0 per cent of respondents were also working in private sector. 28.0 per cent of the respondents had income from RM1001 to RM2000 per month while another 56.0 per cent had income from RM2001 per month to RM3000 per month.

Table 2: Demographics Profile

Demographics Profile	Category	Frequency	%
Age	21 to 35 year	35	35.0
	36 to 50 year	59	59.0
	51 to 65 year	6	6.0
Gender	Male	87	87.0
	Female	13	13.0
Marriage status	Single	4	4.0
	Married	95	95.0
	Widow/widower	1	1.0

Education level	SRP/PMR	2	2.0
	SPM	62	62.0
	STPM/Diploma	28	28.0
	Degree/above	8	8.0
Work	Public staff	25	25.0
	Private staff	36	36.0
	Self work	38	38.0
	Not working	1	1.0
Monthly income	RM 0001-RM1000	4	4.0
	RM1001-RM2000	28	28.0
	RM2001-RM3000	56	56.0
	RM3001-RM4000	12	12.0

Min Capability Social Capital Indices

Min capability of the social capital index is as in Table 2 where the scale of measurement for this study is a value of 1 to 5 which represents a value of 1 indicating a low measurement scale while a value of 5 indicates a high measurement scale.

Table 3: Min of Determinents Factors of Capability Social Capital Indices

Social Capital Index	Minimum	Maksimum	Min	SD
Network	3.00	4.45	3.593	0.203
Trust	2.80	4.50	4.001	0.444
Value, Norms	3.20	5.00	4.251	0.337
Social rules	3.20	4.20	3.858	0.236
Capability or Ability	2.90	4.50	4.252	0.318
Religious Needs	3.00	5.00	4.343	0.269

Based on table 3, all the factors of social capital index which are network and communication, trust, values, norms and habits, social rules, capability or ability and religious needs show a mean greater than 3. This indicates that the level of social capital capability for determining factors is high because the median scale for this scale is 3.

If the value is greater than 3, it is considered as good because the more approaching value 5, the capacity level is getting better or higher. On the other hand if the value of the min score is lower than 3, the level of capability is considered to be low and when approaching the minimum value of 1, this means lower levels of social capital capability. This measurement scale refers to the study conducted by [14]. Hence, it is found that all the above-mentioned factors are at a high level which is a factor of influence on B40's earnings.

Correlation Analysis Among The Determinants of the social capital capability index

The correlation analysis between the determinants of the social capital capability index and the respondents' income is shown in Table 4. Based on the table it is found that only two of the factors for the dimension of the determinant of the ability of social capital which are trust and capability or ability have a significant correlation with income respondent group B40. Both factors are significant at 0.01 (2-tailed) and significant at 0.05 (2-tailed), at the same time, all of these factors have positive values. Hence, it shows that the factors of trust and capability or ability of self can affect B40 group income in the East Coast.

The strength of the relationship between the factors for the dimension of the determinants of social capital capability with the income of the B40 group respondents was moderate in accordance with the Connolly and Sluckin Assessment Tables ie r values ranging from 0.1 to 0.4 [14]. For example, the coefficient of value for the correlation of capability or ability ($r = 0.310$), although at low value but the value of this correlation approaches 0.4 ie moderate correlation.

Furthermore, the findings show that there are four factors from the dimension of social capital capability factor namely network and communication; values, norms and habits, social rules and religious needs have no significant correlation with respondents' income. However, the relationship is positively meaningful if these factors are improved and it will affect the income of B40 group respondents.

Table 4: Correlation

	Income	Networking	Trust	Values	Social	Capability	Religious
Income	1						
	100						
Networking	.067	1					
	.510						
	100	100					
Trust	.250*	-.008	1				
	.012	.940					
	100	100	100				
Values, norm	.115	.072	.441**	1			
	.256	.478	.000				
	100	100	100	100			
Social Rules	.168	-.145	.590**	.664**	1		
	.094	.151	.000	.000			
	100	100	100	100	100		
Capability or Ability	.310**	-.046	.536**	.553**	.516**	1	
	.002	.652	.000	.000	.000		
	100	100	100	100	100	100	
Religious Needs	.186	.149	.397**	.264**	.225*	.502**	1
	.063	.138	.000	.008	.024	.000	
	100	100	100	100	100	100	100

**significant correlation $p < 0.01$ (2-tailed)
* significant correlation $p < 0.05$ (2-tailed)

Influence of Social Capital Factor Capability to Respondent Income

Table 5: Regression

	(B)	Sig.	R^2	*Adjusted* R^2	Collinearity Statistics	
					Tolerance	VIF
income			.096	.087		
Capability	.310	.002			1.000	1.000

The findings of regression analysis show the influence of independent variables that are social capital factors on respondents' income. Based on correlation analysis, network and communication factors; values, norms and habits; social rules and religious needs show insignificant values (refer to Table 4). Only factors with significant correlation value can be measured by the influence of regression analysis. The regression analysis results for factors in the dimension of social capital factor find that capability or ability is the most influential factor in relation to social capital capability factor with respondent's income. This is due to the highest standard (Beta) coefficient ($\beta = 0.310$). In other words, the capability or ability is contribute to the income of the B40 group respondents is examined while other factors are not significant and do not contribute to the income of B40 group respondents.

CONCLUSION

From this study it can be concluded that the level of social capital capability on B40 group income in the east coast is high. In addition, in order to increase the income of the B40 group, capability or ability of self need to be constantly enhanced within each individual to enhance and develop a more effective and competitive state social capital in producing their own productivity to improve the economy of the society. The findings also show that the variables of determining the ability of social capital have a strong relationship with the respondents' income variables. The above statements are also parallel and in line with the findings of this study which state the capability of social capital are contribute to the strong influence on B40 group earnings.

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