

Poverty Reduction Policies in Malaysia: Trends, Strategies and Challenges

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Abstract

Malaysia is a multi-ethnic religious country with a population of 28.5 million, it is characterised by mainly three ethnic groups-Malay and indigenous people, Chinese, and Indians. Ever since independence in 1957, Malaysia has successfully transformed itself from a poor country into a middle-income nation. The Malaysian economy has seen a periodic growth despite challenging external factors. It can also definitely claim its success of combat against poverty. Despite its poverty reduction success, there still remains a vulnerable group of people in the country experiencing poverty for some geographical and societal reasons. This concept paper has several objectives: A brief description of the country's nature of poverty, poverty reduction policies and programs, and an analysis facing the challenges and recommendations for a sustainable poverty reduction in Malaysia.

Keywords: Malaysia, poverty, policy, challenges

1. Introduction

Defining poverty conceptually is easier as opposed to operational definition. Poverty is perceived as an amalgamation of various aspects which exceeds the argument on lack of income and not confined to a single-faceted phenomenon. The term poverty refers to different adverse social and psychological repercussions namely domestic violence, crime, perceived inadequacy of social investments and problems in expansion of human capital, unfair service delivery and feeble political participation. Hence, the definition of poverty is ultimately country specific.

Universally, poverty is normally referred to failed income "dollar-a-day" by World Bank. However, for country specific purposes it is standard recommended practice to use national poverty lines where there exist. Most countries adopted this practice in the 2005 Millennium Development Goal report (United Nations, 2011). Malaysia developed its own poverty line in the 1970s when the government's national policy gave a high priority for poverty eradication. The government utilized this poverty line on assessments of the minimum consumption requirements of an average sized household for food, shelter, clothing and other non-food needs.

The Gross Domestic Product (GDP) in Malaysia contracted to US\$156.53 billion in 2007 and US\$278.7 billion in 2011, and the GDP growth was 5.7% and 4.7% respectively. The GDP per capita in Malaysia was last reported at US\$7,760 in 2007 and US\$5,364.5 in 2011. The Gross Domestic Product (PPP) in Malaysia was reported at US\$13,740.93 in 2007 and US\$14,730.93 in 2011. The unemployment rate in Malaysia was 3.2% in 2007 and 3% in 2011 (Department of Statistics in Malaysia, 2011).

2. Definition of Poverty in Malaysia

Adjustments were made to the poverty line in its earliest form, for differences in mean household size and cost of living among the three main regions of Malaysia-Peninsular Malaysia, Sabah and Sarawak. No adjustments were made for rural or urban location. This resulted in three regional poverty lines (besides the national one). These poverty lines, with adjustments for inflation and changing mean household sizes, were in use from their adoption in 1976 to 2004.

Although the poverty line was defined by consumption, poverty status was determined with reference to gross household income rather than expenditure. Thus, households with income below the poverty line were defined as living in poverty, and those with incomes below half the poverty line as living in "hard-core" or extreme poverty. In 2004, a revision was done to the poverty line. The revised poverty line now defined for each household and

averaged to each state and rural or urban location, taking into account relative costs of living, household composition and size. This new poverty line also defines extreme deprivation or hard-core poverty as household with incomes below their food poverty line or households unable to meet their minimum food needs. In 2009, the mean national poverty line translated to an unadjusted RM6.50 per capita a day (equivalent to US\$3.00 a day, PPP).

Currently there are revised and separate Poverty Line Income (PLI) for each state in the country. The revised version takes into account different household size, a separate classification based on the urban and rural areas. Basic characteristics of each household considered for measuring the PLI, which includes number of occupants and its locality and demographic aspects. To characterize the poverty line income of Malaysia, presently, the level of minimum expenditure that is essential to lead a reasonable life is taken into consideration and Consumer Price Index (CPI) is utilized to update PLI every year. To reveal the disparity of cost of living and size of household between the Peninsular Malaysia, Sabah and Sarawak, two different PLIs were adopted. Tables 1 and 2 showed that PLI was decided for Peninsular Malaysia to be 4.1 at RM763 (US\$254) and Sabah and Sarawak to be 4.9 at RM912 (US\$304) per month, respectively, as per 9th Malaysia Plan.

The half of the PLI was set as the absolute hardcore poverty line (Department of Statistics Malaysia, 2010).

Table 1. Poverty line in Malaysia

Poverty Line	Peninsular Malaysia	2010 Sabah and Labuan	Sarawak	Malaysia
Incidence of Poverty ¹ (%)	2.0	19.2	5.3	3.8
No of Poor Households ('000)	102.2	99.1	27.1	228.4
Mean PLI (RM monthly)	763 (US\$254)	1,048 (US\$349)	912 (US\$304)	800 (US\$266)
Mean Per Capita PLI ² (RM monthly)	194 (US\$64)	225 (US\$75)	208 (US\$70)	198 (US\$64)

Source: Economic Planning Unit and Department of Statistics Malaysia, 2010.

Note: 1 Refers to households with mean monthly gross income below its mean PLI.

Note: 2 Due to varying household sizes, the per capita PLI will be used by implementing agencies to identify the target groups.

Table 2. Poverty line in Malaysia by mean household size 2010

Poverty Line	Peninsular Malaysia	Sabah and Labuan	Sarawak	Malaysia
National	4.1	4.9	4.5	4.2
Urban	4.0	4.8	4.6	4.1
Rural	4.4	5.0	4.5	4.5
Poor	6.4	6.5	6.2	6.4

Source: Economic Planning Unit and Department of Statistics Malaysia, 2010.

Malaysia tremendously succeeded in combat against poverty. As of 1970, the poverty level was 49.3% and it was lessened to 8.1 in 1999. In the year of 2000, it was optimally reduced as 5.5%. The strategy which was employed for reducing poverty led to accommodate an effective poverty reduction enclosure and fast economic growth with a constant improvement of its micro economy (Department of Statistics Malaysia, 2011). Hardcore poverty was reduced from 1.2% in 2004 to 0.7% in 2009 and the incidence of overall poverty fell from 5.7% in 2004 to 3.8% in 2009. The overall poverty rate is 3.7% in Malaysia (Department of Statistics Malaysia, 2011).

Table 3 showed that between these two regions a disparity was observed in the incident of poverty. Compared to Sabah and Sarawak, in Peninsular Malaysia, IOP was lower to some extent. In 1976, it was reportedly at 58.3% and 56.5%, respectively. This condition could be a positive outcome of rapid development initiatives implemented in Peninsular Malaysia. Yet, programs had robustly been executed in Sabah and Sarawak to combat poverty. The IOP that was reported as 51.2% and 51.7% in 1976 was minimized to 16.0% and 5.8% respectively in 2002.

The New Economic Policy and the National Development Plan have emphasized only the *Bumiputera* (Sons of the Soil) communities in Sabah. Part of the problem lies with the tendency of policy makers to classify *Bumiputera* as homogenous resulting in government policies that are not neutral rather than targeted. However, the programs did not have the same impact on all *Bumiputera* groups irrespective of their ethnic background for poverty reduction. This effect is most evident in official statistics where the economically disadvantaged *Bumiputera* communities are classified as *Bumiputera* together with the more economically advanced Malays. Past government's policies aimed at eradicating poverty, restructuring employment and equity have produced limited impact on the *Bumiputera* communities. The development of human capital in Sabah is still in lacking, as seen from the large untrained population especially those from the rural districts, and much needed good governance.

Due to a country wide steady decline of IOP, a proactive development was unrealistic and poverty remained relatively moderate in Kedah, Kelantan and Perlis. The IOP was found to be intensive in Kelantan and in 1976; this was acknowledged as the highest rate of IOP (67.1%) in Malaysia. This disparity remained to be constant as 10.6% in 2004 and 4.8% in 2009. The occurrence of poverty in Selangor and Wilayah Persekutuan states was comparatively low and had been reportedly lower than 10.0% since 1984 (Mat Zin, 2011).

Table 3. Poverty incident in Malaysia by state from 1970-2009 (in percentage)

State	1970	1976	1985	1990	1997	1999	2002	2004	2007	2009
Johor	45.7	29.0	12.2	9.8	1.6	2.5	1.8	2.0	1.5	1.3
Kedah	63.2	61.6	36.6	29.9	11.5	13.5	10.7	7.0	3.1	5.3
Kelantan	76.1	67.1	39.2	29.6	19.2	18.5	12.4	10.6	7.2	4.8
Melaka	44.9	32.4	15.8	12.4	3.5	5.7	2.7	1.8	1.8	0.5
N. Sembilan	44.8	33.0	13.0	9.1	4.7	2.5	2.2	1.4	1.3	0.7
Pahang	43.2	38.9	15.7	10.0	4.4	5.5	3.8	4.0	1.7	2.1
Perak	48.6	43.0	20.3	19.2	4.5	9.5	7.9	4.9	3.4	3.5
Perlis	73.9	59.8	33.7	17.4	10.7	13.3	10.1	6.3	7.0	6.0
Palau Pinang	43.7	32.4	13.4	8.7	1.7	2.7	1.4	0.3	1.4	1.2
Selangor	29.2	22.9	8.6	7.6	1.3	2.0	1.1	1.0	0.7	0.7
Terengganu	68.9	60.3	28.9	31.3	17.3	14.9	10.7	15.4	6.5	4.0
Sabah	-	58.3	33.1	34.3	16.5	20.1	16.0	24.2	16.4	19.7
Sarawak	-	56.5	31.9	21.0	7.3	6.7	5.8	7.5	4.2	5.3
W.P.KL	-	9.0	4.9	3.7	0.1	2.3	0.5	1.5	1.5	0.7
W.P Labuan	-	-	-	-	-	-	-	2.7	4.2	3.8
Malaysia	49.3	-	20.7	16.5	6.1	7.5	5.1	5.7	3.6	3.8

Source: Mat Zain, 2011

3. Poverty Reduction Programs in Malaysia

Despite the successes in reducing poverty (less than 4%), there are vulnerable sections of the population remain unchanged due to several disadvantaged circumstances. In the effort to develop a more inclusive approach, the economic development model is being pursued. Capacity building in Malaysia in the context of alleviation of socio-economic inequalities is being implemented by expanding the economy, and at the same time giving subsidies to the needy. In pursuing inclusiveness, the approach is anchored on two objectives: i) Enabling equitable opportunities for all, and ii) Providing a social safety net for the disadvantaged groups. For the second objective, equitable access to health, education and basic infrastructure are being emphasized. Mechanisms for targeted income support will be enhanced as general subsidies are being phased out. Two features of social policy that distinguish Malaysia from other countries are:

- a. Social policies have had an orderly and incremental development owing to a supportive environment within a lengthy and continuous period of stability, which is unlike the experience of many developing countries, and
- b. A succession of strong governments and a public sector committed to improve the welfare and well-being of all Malaysians.

The evolution of the social policy and welfare regime and its significance for poverty eradication in the 50-year span from 1957 to the present may be analyzed according to four different phases, namely, 1957-1980, the

Mahathir regime of 1981-1997, financial crisis period of 1998-2002, and the post-2003 regime under Prime Minister Abdullah Badawi. A summary of the evolution is shown in Table 4.

Table 4. Evolution of Welfare Regime Since 1957

<i>1957-1980</i>	<i>1981-1997</i>	<i>1998-2002</i>	<i>2003-present</i>
Narrow 'welfare-state' style policies	Rigorous social policies	Financial Crisis: Effects	'National Social Welfare
Public health programmes			
Free education	Combat poverty		Ministry of Women, Family and
Unemployment benefit	Target Hardcore poor	Impact on the poor	
State pension / EPF NEP (1970)	NGOs Involvement	Inadequate social protection	Community Development Agriculture Productivity
Income support Broader 'welfare-state' style policies	Microcredit - AIM	plans	
Land reforms	Private Involvement		Zero-poverty target
FELDA, FELCRA, IADP	Privatisation		
Poverty eradication (rural)	Moderate government expenditure		

Source: Mohd, 2012

The strategies devised in Malaysia to mitigate poverty took on several important fronts. A combination of continued welfarism and a new drive towards independent living were incorporated in the strategy. Hence, improved capacity building was enhanced and new programs were introduced in order to take care of the vulnerable or the so called bottom million of society. The following sectors were given high priority:

- Advancing agricultural sector
- Strengthening small medium enterprises
- Improving welfare of student
- Strengthening pre-school education
- Improving literacy and numeracy
- Creating quality school
- Increasing home ownership
- Expanding public health facilities
- Enhancing social safety nets
- Improving retirement scheme
- Microfinance

4. Challenges for Poverty Reduction in Malaysia

Although the country has done a commendable job in eradicating poverty, nevertheless, there are significant challenges in the era of globalization. The following are important issues which need attention as the country faces a new category of new poor.

4.1 Migrants Workers' Issues

The current development policies of Malaysia are highly influenced by globalisation and liberalization, and this leads to direct and indirect implications on activities in relation to poverty. Contraction in employment opportunities drastically affects the urban poor, the near poor, migrant workers. A high prevalence of unemployment and retrenchment are also acknowledged by relevant authorities. There is a huge demand for knowledgeable and skilled human resources in capital intensive and high value added activities, since Malaysia restructuring its economy.

An increased influx of overseas employees also aggravated the IOP in the post world repercussion of 2008. This phenomenon induced a deliberate discussion in relation to the foreign labor policy for various reasons. The contribution of overseas employees for local economy, remittance for their country origin, perceived competition in the local labor market between local and migrant workers and the potential arrival of appalling amount of overseas labors attributed to severe unrest all turned pressing concerns. Nair (2010) is also concerned about this issue and stated “the increased invasion of (20%) of foreign labour force makes an impact on poverty issues and human resource development”.

4.2 Ethnic Issues

The educational achievements of *Bumiputera* and rural students in disciplines which are very much fundamental to the economy was considerably lower than the urban and non *Bumiputera* students. This led to an academic lacuna between these two sectors. If the policy makers are turned a blind eye to the injustices and refuse to create promising arrangements, fragmentations, factions would be unavoidable and turmoil between ethnic groups would become worse. Hence, the perceived gap between poor and non poor will be widened.

The Malays are dominant in the rural poverty and this initiated policy makers to figure out the national level conceptualisation of poverty. The National Economic Plan 2010 (NEP) poverty eradication mainly focussed on Malay rural population, and the policies and initiatives turned ethnically motivated.

4.3 Rural and Urban Poor

Since, more than half of the family units in the rural area being categorized as poor, rural and urban poor poverty have constantly been identified as a problem confined to rural. However, the consequences of poverty are devastating among urban communities as a vast proportion of new poor family units are settled in urban settings (Nair, 2010). Innovative policies and strategies should be implemented with strong commitment in programs planning and inner city development expenditure allocation are required (Nair, 2010). Rural and urban migration combined with the influx of foreign regulated and unregulated migrants dramatically increased the urban poverty (Economic & Planning Unit, Malaysia, 2010).

4.4 Poverty Line Income Issues

Poverty Line Income Issues are constantly discussed by absolute and relative terms with an idea that poverty alleviation initiatives to be more goals directed and challenges that intensified poverty had to be optimally tackled. It's also observed that views on relative poverty have been changing over time. While in the past the bottom 40% of the population was defined to be in relative poverty, it is the bottom 30% of the population under the current plan. However, there is an ambiguity behind the redefinition of relative poverty from the bottom 40% of the population to 30%. This kind of temporary adjustment of definition on relative poverty makes comparisons difficult.

The selection criterion for financial assistance has been set as of RM1200 that is 2.3 times more than the PLI of Peninsular Malaysia (Nair, 2010). Even though a financial support is being provided with the selected households, it seems more support is needed to be given in order to promote their living standard. Therefore, the efficacy of the current PLIs which is used to differentiate the poor households from the non-poor should be revisited.

Conversely, it is not clear as to which income level is to be used to define the inclusion criteria of the households to be selected for the provision of financial and other forms of support.

- According the government of Malaysia, if a household earn of (four persons) RM900 (US\$300), RM1,000 (US\$333.34) or even RM1500 (US\$500) a month, they cannot be considered as poor. Therefore, the families and more media reports complaining that they cannot meet their basic needs even they earn RM2,000(US\$666.67). Here, the government how will calculate the poverty line.
- The World Bank standard recommends that medium-income countries should calculate PLI based on US\$2 (RM6.20) per individual per day. Meaning one person would need US\$2 per day in order to meet both food and non-food necessities if that figure is used for Malaysia a theoretical household of 4.4 people will need RM858 a month to not be declared poor. Here PLI is not correct.
- In Australia and Britain, median income of households is applied to define PLIs. The median income of a country is calculated by dividing its income into half. The PLI is two-thirds of the median income.
- Using the Malaysian median income which is RM2,830 (US\$944), the PLI would be set as RM1,886(US\$629)

- The government considers a household as comprising an average of 4.4 members (Total number of households divided by total population = 4.4). The PLI of monthly RM763 (US\$254), therefore, is translated into a daily income of RM25.45 (US\$8.50) that a household needs to meet the eight components such as food, rent, clothing and fuel and so on. Therefore, it is impossible to meet basic needs by this small amount of money.

4.5 Climate Change Issues

Climate change is a global issue with significant implications for Malaysia. Carbon dioxide (CO₂) from fuel combustion and deforestation activities contributes to global warming and has caused a shift in the climate system. Malaysia will have to adopt a dual strategy in addressing climate change impacts: Firstly, adaptation strategies to protect economic growth and development factors from the impact of climate change; and secondly, mitigation strategies to reduce emission of greenhouse gases (GHGs) (Economic & Planning Unit, Malaysia, 2010).

5. Analysis

Since independence in 1957, Malaysia has successfully transformed itself from a poor country to a middle-income country. The incidence of poverty has been drastically reduced from 49.3% in 1970 to only 3.8% in 2010, with hardcore poverty nearly eradicated, declining to 0.7% in 2009 (Abidin & Rasiah, 2009). Malaysia's real GDP has grown by an average of 5.8% per annum from 1991 to 2010. This growth rate has helped improve the quality of life for Malaysians and supported widespread advances in education, health, infrastructure, housing and public amenities. Though the growth momentum has recently slowed down due to the global economic and financial crisis, public spending through the two economic stimulus packages and accommodative monetary policy have helped the nation recover.

Malaysia can effectively declare victory in its fight against poverty. Nevertheless, pockets of poverty remain both in terms of specific geographies and particular communities. The government remains committed to transmitting assistance and welfare to the poor and vulnerable. Special programs are being undertaken to address poverty on a sustainable basis, especially in terms of providing income generating opportunities, such as through agro projects. Since the face of poverty is no longer purely a rural phenomenon, specific interventions will also be targeted towards the urban poor, such as through micro credit schemes.

The authorities have to expand programs involving practical on-the-job training (vocational and internship) that are relevant to the market. Internships, soft-skill training and job placement initiatives will be targeted towards unemployed graduates. The premise behind lifelong learning programs must be the expansion of distance learning, e-learning, retraining and skills-upgrading offered by various institutions. At the local level, community colleges assumed a greater role in implementing retraining and skills-upgrading programmes (Abidin & Rasiah, 2009).

With the labor force increasing by 1.7% per annum during the period of 2006 to 2009, the unemployment rate increased slightly from 3.5% in 2005 to 3.7% in 2009. Despite this slight increase in unemployment, Malaysia remains in full employment position. The unemployment rate improved marginally to 3.6% in 2010. The quality of life for Malaysians improved through better access to healthcare, public transport, electricity and water. Measures were also taken to create a caring society and promote community well-being. Economic development was based on sustainability principles to ensure that the environment and natural resources are preserved so that growth will not come at a cost to future generations.

Even though poverty is effectively managed, the current income of the country is considerably low and 40% of households still struggle with a monthly income which is less than RM2, 300 (US\$766.66). The perceived disparity in income levels and economic status between Sabah and Sarawak and Peninsular Malaysia should be addressed effectively. Additionally, an effective strategy should be adopted to minimize the disparity of economic status between rural and urban areas. In order to cater the issues emerging between different geographical areas and Communities, the New Economic Model and the Tenth Malaysia Plan were devised to focus on inclusive growth and aspire to provide equal opportunities to all Malaysians.

Malaysia's success in reducing poverty was due to the policy of poverty eradication being made an integral part of the National Economic Plan (NEP). Poverty eradication programs were implemented alongside development plans and financial allocations for them were made in all the Malaysia Plans. When evaluating the impact that anti-poverty policies may, this study concludes that much caution is in order. Despite the ostensible official concern about poverty over the last thirty years, and the remarkable lifespan of new economic policy-inspired policymaking, a number of problematic issues remain. For instance, there is still relatively little detailed

information about the characteristics of the poor that could help ascertain the reasons for their poverty and thus identify what the appropriate and effective measures and to overcome poverty might be.

Detailed, analytically grounded, poverty profiles are particularly necessary in view of the increasingly recognized phenomenon of 'hard-core' poverty which is often remarked as being relatively unaffected by existing poverty eradication measures. Furthermore, a great deal of expenditure on what is officially categorized as poverty eradication, actually refers to expenditure on rural and agricultural development, much of which does not directly help to raise the poor out of poverty. Given the concerns raised, it is crucial that detailed information on the use of anti-poverty funds be provided in order to ascertain to what extent such expenditure actually benefited the poor. Such information is also crucial in order to minimize the budgetary abuses that seem to have been made in the name of poverty eradication.

6. Recommendation

The study has suggested some recommendations that will enhance economic development and poverty reduction in Malaysia. The young people from the rural areas should be given the technical and vocational training as they form the back bone of work force. Promoting the development of concentrated industrial clusters and supporting ecosystem towards enabling specialisation and economies of scale; increasingly targeting investment promotion towards investment quality (as opposed to just quantity), which support higher value add activities and diffusion of technology; and increasing public investment into the enablers of innovation, and venture capital funding. Skills training should be given special emphasis to develop the necessary human capital to meet industry's requirements and drive productivity improvements to move up the value chain.

Technical education and vocational training should be mainstreamed, with a focus towards raising the quality of qualifications. This is a key towards providing a viable alternative to enable individuals to realise their full potential, according to their own inclination and talent. This principle necessitates a renewed focus on championing the interests of each and every community, ensuring no group is left behind or marginalised in the course of the nation's development. Social justice should be required taking into consideration the respective levels of achievement of each community. The distributional policies of the government will therefore be focused towards ensuring equality of opportunities for all.

The well-being of the urban bottom 40% households will have to be addressed through capacity building programs to improve their income and overall quality of life. Programs to increase the incomes of rural households will focus on upgrading their skills, linking them to employers in nearby clusters and cities as well as providing support for self employment, micro-businesses and small scale industries. Efforts will also have to be focussed to increase the productivity and sustainability of agro-based activities through the adoption of modern agricultural technology and expansion of contract farming. Improved human capital productivity within rural agriculture and agro-based industries has to be reinvigorated. Additionally, skills training are needed in areas such as carpentry, tailoring, baking, hospitality, handicrafts, motor mechanism and food processing to support self-employment. The delivery of these training programmes will be tailored to the specific opportunities of target localities.

The country needs to improve its balance of workforce and tertiary education. Malaysia's current workforce with tertiary education stands at 23%, whereas the average for Organisation of Economic Co-operation and Development (OECD) countries is nearly 28%. Furthermore, of the graduating students who were employed, 29% in 2006 and 33% in 2009 earned less than RM1, 500 (US\$500) per month. Employers and industry associations state that lack of soft skills - such as positive work ethics, communications, teamwork, decision making and leadership skills.

For students graduating from local higher education institutions in 2009, 27% remained unemployed six months after completion of their hampering employability of many Malaysian graduates. As there is still a sizeable gap between the competency levels of graduates and comparable international standards, the issue of graduate competency needs to be addressed to ensure that Malaysia has a skilled, well-rounded and employable graduate pool to enter the workforce.

Even though Malaysia is highly successful in reducing poverty and expects to materialize seven crucial recommendations in relation to the MGDs by 2015, the country is experiencing disparities in many ways among the local communities. These disparities should be attended by local friendly and area specific intervention strategies bridge the persisting gaps between communities living in different geographical areas with much dissimilarity. Therefore, an increased attention should be directed on the most vulnerable population groups in order to bring an apparel improvement in their lives.

Malaysia is a multi-racial or non-homogenous nation with wide and entrenched disparities of economic opportunities and incomes, the government has or may have to intervene in the market place and maintain affirmative action type programs to ensure a fairer distribution of opportunities and incomes among all racial and social groups. The avoidance or reluctance to undertake such initiatives and to succeed in achieving them, may lead to social unrest and violence. The affirmative action program only on the Bumiputeras is no longer sustainable.

An effective environmental policy came into existence to make certain the Malaysian environmental sustainability. On the other hand, promises should be delivered to the global community and to itself—as specified by environmental strategies, by legislation and policies on various aspects such as environmental and resource management, green energy, physical planning and climate change. Malaysia should also develop suitable incentives for states and the private sector to implement initiatives and to comply with national policies and objectives. A suitable and comprehensive strategy should be created to motivate state governments and private entities to execute the policies and achieve the goals.

Rising temperature is associated with volatile weather changes, shifts in rainfall patterns and climate zones and a rise in sea levels. Due to its climate and location, Malaysia is among the many economies that are likely to feel the force of climate events sooner, rather than later—in the form of coastal and inland flooding, rise in vector borne diseases, or drops in agricultural yields due to continuous occurrence of droughts. These events not only have the potential to destroy lives and communities, but also pose a significant economic risk. The government has to review the value at risk for communities to develop a clear understanding of the cost-benefit trade-offs involved in averting or reducing the impact of such climate-related hazards.

7. Conclusion

Protective measures should be in place to combat any potential repercussions inflicted upon poor communities those are fragile to globalization and liberalization. All ethnic groups, regardless of their diversity, should be provided with an opportunity to access to broad proficiencies required for the economy. Actions should be triggered at policy levels to address the potential roots of poverty and perceived inattention on the issues of sidelined communities as to assure the inclusion of marginalized. Self sustained programs that promote the poor's involvement in activities to increase their level of income and plans for empowerment of poor also should be in place. Actions should be taken to deal with negative attitudes regarding to poor's status. A priority should be given to empower the community and encourage mutual support and attentiveness among its members. The complex dynamics of poverty to be triumphed with a multi-disciplinary approach and poverty alleviation tasks should be focused on the enhancement of human skills, innovativeness and knowledge of the poor.

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