INCOME AND EMPLOYMENT TO ACHIEVE A SUSTAINABLE ECONOMY FROM URBANIZATION IN MALAYSIA

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ABSTRACT

The vital goal of economic activity is the encouragement of human being advancement and well-being in a sustainable way and human need successful criterion to record development favourable to these purposes. The question is to obtain more suitable measures to indicate actual, sustainable economy well-being, human welfare and social advancement. Causes that encourage producing economic well-being comprise household consuming, state wellbeing-related consumption, income disparity and unemployment as well as causes that have the capacity to notably increase long duration sustainability includes education, fossil fuel energy efficacy and net household savings. In a market economy where occupation is the major ways by which individual obtain access to the income required for goods, services and economic safety, unemployment is the critical type of deficiency, related to political deprivation in a democracy. Most studies on economic features of socioeconomic status have considerably disregarded occupational status utilized as independent variable or integrated with income to create a complete indication of socioeconomic status. Why do some individual reports income and employment lower than other peoples in sustainable economic from urbanization process? This test propose that low income and unemployment decrease the likelihood of reporting sustainable economic from urbanization process. Therefore, this pilot test was aims to examine the relationship between income and employment with sustainable economic by urbanization process. This pilot test utilizes a quantitative approach through distributing questionnaires to 115 respondents in Jitra, Kedah to get data. The results showed that income reduces the probability of reporting employment however income and employment not related to the sustainable economy of the urbanization process. The results confirm that income and employment do not affect the economic sustainability of the urbanization process.

Keywords: income, employment, sustainable economic, urbanization.

Introduction

The vital goal of economic activity is the encouragement of human being advancement and well-being in a sustainable way and human need successful criterion to record development favourable to these purposes. The question is to obtain more suitable measures to indicate actual, sustainable economic well-being, human welfare and social advancement. Causes that encourage producing economic well-being comprise household consuming, state wellbeing-related consumption, income disparity and unemployment as well as causes that have the capacity to notably increase long duration sustainability includes education, fossil fuel energy efficacy and net household savings. In a market economy where occupation is the major ways by which individual obtain access to the income required for goods, services and economic safety, unemployment is the critical type of deficiency, related to political deprivation in a democracy. Most studies on economic features of socioeconomic status have considerably disregarded occupational status utilized as independent variable or integrated with income to create a complete indication of socioeconomic status (Jacobs, 2010).

S Chandrasekhar (2014) indicates that while people have an adequate knowledge of large directions and spaces designs in urbanization and migration, however people lack of knowledge on the method of migration influences welfare of human at the origin and destination. This is especially due to deficiency of information on origins of earning. Siwar et al. (2016) specified that in current periods urban poverty in Malaysia has been regarded as a growing evident situation because of influences of urbanization. There was a declining direction in urban poverty occurrences. Poverty scale in urban regions reduced from 25.5 percent in 1970 to 1 percent in the year 2012. However, mean monthly earning of urban families is often greater (nearly twice) than that of rural households which signifies a big earning disparity in urban and rural status. Malaysia encountered growing development of urbanization throughout the previous several decades. Degree of urbanization was 34.2 percent in 1980 and attained 71 percent in 2010. Malaysia also discovered an expansion in urban population that grew from 27 percent of the whole population in 1970 to 71 percent in the year 2010. Considerable raise of urban population in a short period of time generates different questions containing big personal expense, unlawful acts, social issue, environmental degradation, jobless and poverty. It is vitally needed to discover the position of poor individuals in city, dissimilarities among poor regions, efficacy of particular plans as well as project and preferred applied of urban poverty plans and strategies.

The growth of numerous nations is frequently calculated by specified indicators as the degree of industrialization, modernization, urbanization, profitable and significant job for all those who are capable and agreed to work, earnings per capita, reasonable dispersion of earnings and the well-being and standard of living benefited by the population (Aremu, 2011). Boucher (2015) reported that the direction concerning urbanization has grown as a worldwide situation that has resulted in over 50 percent of the
global society presently alive in urban residential. In the scope of poor residents in developing countries, this economic policy promotes decreases in small-earning assists programs from local governments and a rise in free-trade systems on the worldwide arena that frequently result in the manipulation of poverty affected employees. Suburbs usually house working level citizens who frequently need access to the urban facilities for job or conversely. Cheng (2013) expressed that the tertiary industry represents a vital function to encourage the economic construction maximization, strengthen the individual’s livelihood quality and raise opportunities of job. From the co-integration model, the degree of urbanization and the advancement of service industry have the positive association. The degree of urbanization encourages the advancement of service industry. Urbanization will cause alterations in the construction of population and stimulate the mobilization of population.

Meanwhile urban advancement is primarily inevitable; it does not have to operate concurrent to sustainable growth plans. Conversely, developing nations can and should integrate sustainable growth strategies into their common method to advancement. Due to urban growth originates from industrialization, enhanced population concentration and ever-changing settlement design it is essential for separate governments to produce fundamental infrastructural support to encourage such alterations (Kiamba, 2012). The faster urban development takes place regardless planning and profitable job combined by lacking government participation. These downturn circumstances place to the centre of sustainable urbanization as a prime concern matter for urban advancement in relation to the globalization and technology. This needs reviewing urbanization process to encourage economic development and organize sources at local, national and global stages (Eric et al. 2010).

**Literature Review**

Knowledge gaps regarding the factors of urbanization and their quantifiable effects weakens the quality of urbanization predictions which are vital for growth planning by Developing Member Countries (DMCs) and multilateral growth banks. Recognizing factors of urbanization and implementing urbanization predictions can produce important data for policy-making of growth institutions and Developing Member Country (DMC) governments (Asian Development Bank, 2013). In addition, there are less knowledge in urbanization research consists of factors of urban conflict include social, cultural, political, economic, gender-based and so forth as well as the reason and effects of poverty and inequality. In addition, comparison of social and economic inequalities as well as marginalization experiencing different rates of conflict. Research on effective treatments included formal and informal method for addressing the issues of urban conflict, poverty and inequalities (Brender, 2012). There is less satisfying prove of the impact of urban density, poverty or of youth increase in influencing urban conflict (Muggah, 2012).

Khan (2008) declared that like numerous other Asian developing nations which are a faster growing portion of the population will take place if Bangladesh moves to urban centres in search of job chances in industrial business or the services sector. The workforce in non-agriculture is increasing stronger than the workforce in agriculture. However, the job chances in equal sector are not growth appropriately. The development of the urban citizen and workforce, connection to the rural citizen and workforce has two major factors particularly dissimilarities in birth and mortality levels among rural and urban regions or a raise of migration from rural to urban regions.

The global world is encountering a rapid development in the level of urbanization in developed and developing nations. Whereas, income rate in a country is connected with the strength of the country’s economy. A strong economy is one that is increasing and in which the degree of job is great and larger human can sustain to construct, purchase or rent proper houses. Small income beneficiaries can be separated into two classifications that are the small income beneficiaries who have no profitable job and the small income beneficiaries who are hired. The small income beneficiary is consequently a relevant word and to discover the small-income beneficiary, one demands to have knowledge of the position and cost of living, job rank of individuals and spending features inside an open market economy. Therefore, the small income beneficiary is seen as a human whose earning is small and cannot fulfil majority of his fundamental necessities. Also, small income beneficiaries are younger civil service employers, traders and artisans. Small-income beneficiaries encompass wages beneficiaries for example factory employers, semi-skilled and unskilled construction employers and other younger or mediate employees found in different government and private founding. Most of these employees are typically not supplied with settlements by their owners. They reside distant from their work places and the transport repayment they obtain is almost not adequate to remuneration for travelling to and from work. Small-income individuals also comprise of self-employed individuals for example small tractors, stoncutters, drivers, labourers, carpenters, fitters and others identically involved in low-scale businesses, growers, fishermen, commercial motorcycle riders and so forth. These classifications of individual are found in most Nigerian cities particularly close to industrial regions or important markets for instance Sharada in Kano, Kakuri in Kaduna and Wadata in Makurdi (Onu and Onu, 2012).

In Malaysia, rising direction of urbanization in Malaysia was classified not only by the increase amount of urban centres throughout 1980-1991 time however also combined by the density of human in the metropolitan as well as the big urban regions. The amount of urban regions had enhanced from 67 in the year 1980 to 129 in the year 1991(Chamhuri Siwar and Mohd. Yusof Kasim, 1997). Whereas Hasan and Nair (2014) demonstrated that Malaysia has undertaken faster urbanization between the transformations from agricultural to an industrial based economy. Urbanisation and modernisation have definitely caused to significant social and economic alterations. Economic development not only has created a faster growth in the amount of towns and urban centres, however has also caused in the enlargement of significant towns outer to slump into the peripheries. The statistics imparts a rising in the amount of towns from 72 in the year 1980 to 228 in the year 2010. The steep growth in the amount of urban centres and the urbanisation process is the outcome of spatial re-dispersion via migration, largely in reaction to different government evaluations to restructure community for a greater stabilized growth. Shaharudin Idrus et al. (2009) presented that because of faster urbanization process, greater than two thirds of the human presently inhabit in urban regions, and the amount is anticipated to growth more in the years towards 2020. A main land region...
in the urban region is arranged for housing advancement which is the land was transforms from agriculture and forest land. The amount of housing capital has enlarged the newly houses in the recent housing regions possibly unreached to several segments of the citizen because of unsuitable pricing insufficient with the average income rate. Samat (2014) articulated that Seberang Prai area, Penang State, Malaysia predicted being another urban development gateway in the northern area of Peninsular Malaysia. Seberang Perai encountered vital rise of in-built regions in the last 20 years. In 1990, for instance, settled region was only 15,590.6 hectares and it expanded to 18,701.7 hectares (19.95 percent) and 21,029.9 hectares (12.40 percent) in the year 2001 and 2007 respectively.

Sustainability is an incorporated stability among the whole elements of the economic, social, environment, and governance working (Rasoolimanesh et al. 2011). Besides, urbanization is a process where cities develop because human migrate from the countryside in search of greater employments and living situations. The international cities are rising due to human are shifting from rural regions in search of works, chances to strengthen their lives and develop a stronger future of generations. This direction of mobilization will sustain for the following 30 years. Also, the longer raising amount of factories generated an intensive demand for labour, satisfying human in rural regions to shift to the city, and bringing immigrants from Europe to the United States. Consequently, the United States changed from an agrarian to an urban people and the demographics of the country diverted substantially. Malaysia was developed from an agricultural state to manufacturing and industrial state by the year 1980s (Shahriza bt Osman et al. 2008).

Dociu and Dunarintu (2012) reported that the process of urbanization signifies the rising in the portion of human living in towns and cities as a consequence of human mobilizations from rural regions to urban regions. Urbanization is commonly agreed as a process with some affects for instance social, economic or environmental and it typically takes place in developing nations. Economic effects of urbanization are:

- a. The advancement and diversity of the commercial activities added the chance of generating new works;
- b. Resolving the inequalities among business individual.
- c. Access to recent technologies and to the different regions of activity which ascertains increasing incomes and the growth of humans.
- d. Advancement of infrastructure and growth of the amount of motor vehicles which creates both a widening of resource usage and a rise in the rate of air degradation and the effect on the environment and health condition of humans. This widening of transport is ascertained through the concentration raised in these regions, however also through the small rate of advancement of the public transport service.
- e. Access to amenities, to an environment institutional and cultural growth maintaining the stability among resources, provide of goods and services.

The Dociu and Dunarintu (2012) idea can relate with Malaysia context where modernization and urbanization process take place in parallel and continuously. The total urban and urban centre population sustain to develop from 1911 to 2000. There are many city centres with a population 150,000 and above such as Kuala Lumpur, Ipoh, Taiping, Georgetown, Sungai Petani and so forth. The population census in the year 2000 showed the growth and fast rise of urban centres with a population of 10,000 and more. The diversity of economic activities such as business, manufacturing, services and others as well as natural population development and internal migration accompanied by the degree of health, health amenities, basic society amenities and increased infrastructure such as roads have enabled to foster the development of urban population and ultimately develop of new towns and growth of present towns (Masron et al. 2012).

**Income**

Employee income is defined as the total remuneration, in cash or in kind, payable by an owner to a worker income for job performed by the latter throughout the earning referring time. The worker income is distributed into firstly gross cash or near-cash worker income. This refers to the monetary portions of the remuneration of workers in cash payable by an owner to a worker. Secondly is gross non-cash worker income. This refers to the non-monetary income portions which possibly supplied free or at a minimized price to a worker as portion of the job package by an owner. Self-employment income is defined as the income obtained by humans, for themselves or concerning family members, as a consequence of recent or previous engagement in self-employment works. Self-employment works are those works where the salary is exactly reliant upon the earnings (or the possible for earnings) generated from the goods and services production (where own usage is regarded to be portion of profits) (Eurostat, 2016).

Bank Negara Malaysia (2014) indicated that nearly the whole services sub-sectors encountered greater development in labour income compared with capital income, predict for the transportation, storage and communication sub-sector. Particularly, labour income enlarged at double-digit advancement levels of 13.1 percent and 10.2 percent in the building and mining sectors, respectively, exceeding the mean development of capital income. In Malaysia, on average, capital income comprises the greatest portion of Gross Domestic Product by Income (GDPI). The share of labour income, consequently, has been rising slowly among the year 2005 and 2013. The analysis portrayed in this article confirms the demand for Malaysia to maintain to concentrate on policies to raise the mean wage rates, with the impact of increasing the share of labour income. This could be reached via the incentive of high value-added economic activities and via bringing quality investments, especially in the knowledge-intensive industries, which will generate greater chances for high-skilled, high-paying employments.

**Employment**
Employment is one of the vital variable entities encompassed by structural business data. The two major evaluations utilized are the amount of humans employed; and the amount of workers (Organisation for Economic Co-operation and Development, 2002). When consider the Malaysian local employees employability history, the Malaysia government have developed and conducted a series of five year growth programs and arranged the basis for the advancement of human capital in the state. From 1990, Malaysian economy increased faster and numerous works were formed for locally in the whole sectors particularly manufacturing, agricultural and construction sectors. Local employees in Malaysia describe as a dynamic workforce born in Malaysia and special is also given to citizen who holds Malaysian Permanent Resident. Local employees can be hired solely by the owner or can be hired by recruitment agency. Local employees are being regulated by Employment Law Act 1957 and Industrial Relation Act 19 (Ramesh Kumar Moona Haji Mohamed et al. 2012).

Methodology

Data collections methods using quantitative approach through survey aims to explain the relationship between income, employment, sustainable economy and urbanization. Sampling involved urban inhabitants in several state of Northern Corridor Economic Region (NCER) using purposive sampling. The target population in this study are the people living in urban areas. Why do some individual reports income and employment lower than other peoples in sustainable economic from urbanization process? This test propose that low income and employment decrease the likelihood of reporting sustainable economic from urbanization process. Therefore, this pilot test was aims to examine the relationship between income and employment with sustainable economic from urbanization process. This pilot test utilizes a quantitative approach through distributing questionnaires to 115 respondents in Jitra, Kedah to get data. Scale used in questionnaire is Likert scales and the responses category involved don’t know, strongly disagree, disagree, agree and strongly agree. Responses category for income is none, less than RM1000, RM1001-RM2000, RM2001-RM3000, RM3001-RM4000, more than RM4001 and not specified. Responses category for employment is government, private company, self-employed, none and retirees. Null hypotheses are, (H₀₁) there is no relationship between income and employment, (H₀₂) there is no relationship between income and sustainable economy, (H₀₃) there is no relationship between employment and sustainable economy, (H₀₄) there is no relationship between employment and urbanization, and (H₀₅) there is no relationship between sustainable economy and urbanization. Null hypothesis for multiple regressions is income is not affected by employment, sustainable economy or urbanization. Figure 1 show the causal diagrams between independent variable and dependent variables. Income and employment is the third variables that affect the strength of the relationship between sustainable economy (dependent variable) and urbanization (independent variable). Statistical analyses to fulfil the objective and hypotheses are correlation and multiple regressions.

Results

Figure 2 shows that there are four plots can be interpreted for visually detecting relationships between all variables. Scatter matrix generated linear association between all variables. There are relationships between income, employment, sustainable economy and urbanization. Table 1 show that the correlation coefficient (r) between variable urbanization and sustainable development is 0.585 (p < 0.001) that is indicating moderate positive relationship. This means that the result reject the null hypothesis. Whereas, the correlation coefficient (r) is -0.378 (p < 0.001) between variable income and employment which is indicating low negative relationship. This means that the result reject the null hypothesis. The coefficients for the two relationships are significantly different from 0 (Statstutor.ac.uk, 2016). However, there is no relationship between sustainable economy and employment, sustainable economy and income, urbanization and employment, as well as urbanization and income. This means that the result retain the null hypothesis ( Sinn, 2016). The results conclude that urbanization is related to sustainable economy. In particular, it seems that the more urbanization process, the greater sustainable economy. Income is related to employment. The more income, the lower status of employment which is the lower status of employment is self-employment.
Table 2 shows that Pearson correlation value between predicted values and actual values of dependent variables (R) is 0.426 which is low size of prediction. The $R^2$ or the multiple correlation coefficients that represent the amount of variance of dependent variable explained by the combination of six predictors is 0.182. This is indicating that 18 percent of the variance of the income can be accounted for by the linear combination of employment, sustainable economy and urbanization (Oswego.edu, 2016). ANOVA in Table 3 shows the significant F value, $F(3, 111) = 8.225$, $p < 0.001$, indicates that there is a significant relationship between income and three predictors (employment, sustainable economy and urbanization) (Bian, 2016).

<table>
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<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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<tbody>
<tr>
<td>1</td>
<td>0.426</td>
<td>0.182</td>
<td>0.160</td>
<td>1.99316</td>
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</table>

**Correlation is significant at the 0.01 level (2-tailed)**
and where needed, also by means of dispute protection. Growth planning and social housing, the legalisation and regrowth of poor settlements, and rising city.

Making significant efforts consist of fostering self.

Communities' entities obtain support in planning and reinforcing urban growth evaluations that suitably express the concerns.

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Multidimensional definition of poverty that consists of economic, for inclusive economic development and raising the living standards of the urban citizen. The coordination enforces a

associates, to encourage and enforce sustainable and in.

NGO are encouraged to promote social rights and to protect

income and employment not related to the sustainable economy of the urbanization process. Differ with Seva and Larsson (2015) which found that despite income poverty is more predominant between the self-employed than between the frequently hired, no prove can be found recommending that the self-employed have a smaller standard of living than the frequently hired. The result shows that income poor self-employed have a deprivation score that is statistically significant smaller than income poor typically hired. The deprivation score between income poor self-employed is 1.92 points smaller than the score between incomes poor usually hired. The study found that several of the dissimilarities in deprivation scores can be connected to dissimilarities in the arrangement of the self-employed and the usually hired. The variation in deprivation scores among income poor self-employed and income poor generally hired is decreased from 1.92 to 1.06. However, the dissimilarities is however statistically significant recommending that the association among income poverty and real living conditions is adequate between self-employed than between the generally hired. Incomes of poor self-employed normally have a stronger living standard than income poor normally hired independent of compositional features. Since the self-employed on average incline to be older than the normally hired, it is probably that many of variation among self-employed and the typically hired regarding living standards is because of the age structure of both entities. Working in the low-skilled service sector is connected with a 0.83 rise in deprivation score compared to the reference category “high-skilled service”.

As could be predicted, the result also represents that immigrants score especially great on the deprivation index.

Whereas, Hooker (2015) found that regression indicate important job impacts on income imbalance in Oregon largely. At the 5 percent rate statistically significant explanatory variables that decrease imbalance comprise federal government job, trade, transport and utilities job and financial activities job. Federal government work had the greatest mean pay over the 1990-2010 time periods and a vital impact on imbalance. While natural resource job is significant at the 10 percent rate, adequate prove for the whole impact on imbalance is inadequate. Moreover significant only at the 10 percent rate is leisure and hospitality job which is remarkable because of it being considerably the smallest-paying of the North American Industrial Classification System (NAICS) sectors.

Conclusion

The results indicate that there is significant value indicates that a significant relationship between income and three predictors namely employment, sustainable economy and urbanization. Income reduces the probability of reporting employment however income and employment not related to the sustainable economy of the urbanization process. Besides, income and employment do not affect the economic sustainability of the urbanization process. This study suggests the strategy generated by Federal Ministry for Economic Cooperation and Development. Federal Ministry for Economic Cooperation and Development (2014) suggest rising earning in urban region through German approach which related to growth collaboration aims, in relationship with its associates, to encourage and enforce sustainable and inclusive urban growth policies and evaluations, which establish the basis for inclusive economic development and raising the living standards of the urban citizen. The coordination enforces a multidimensional definition of poverty that consists of economic, political, socioeconomic, cultural and safety-relevant elements. Collaboration works with government and non-government actors at the whole stages and with the related target entities to provide to efficiently decreasing urban poverty. The abilities and potentials of urban authorities are reinforced. Furthermore, civil communities’ entities obtain support in planning and reinforcing urban growth evaluations that suitably express the concerns of the poor citizen. The attention is on broad-based access to public goods and services. Evaluations targeted at poor citizen entities consist of fostering self-help and governance in order to strengthen the citizen and to obtain social equality as well as democratic and economic involvement. Making significant efforts to eradicating urban poverty through encouraging collaborative urban growth planning and social housing, the legalisation and regrowth of poor settlements, and rising city-wide, need-oriented infrastructure services (for instance in the fields of sanitation, water, waste and transport). This is integrated with socio-political evaluations for instance fostering youth and job (for instance supplying microcredit, advising low business and urban job plans) and where needed, also by means of dispute protection evaluations. Local government growth funds receive financial assist and advice in different associate nations although it occurs to setting and increasing a socially inclusive and income-creating.

<table>
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<th>Table 4: Coefficients</th>
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<td>Model</td>
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<tr>
<td>Constant</td>
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<td>Employment</td>
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<td>Urbanization</td>
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<td>Sustainable economy</td>
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infrastructure. Policy maker in Ministry of Finance in Malaysia may obtain idea on income and employment which is indicating low negative relationship that connect with low income group employees. Government sector workers have lower wages compared with the self-employed in urban area. To address the low income group employees, the government can run the capacity building program as propose by Hatta and Ali (2013) to improve the employees income and overall quality of life which can involve upgrading the employees skills, networking, productivity, human capital and so forth.

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References


