

## THE INDICATORS OF SOCIOECONOMIC WELL-BEING OF RURAL COMMUNITY

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### Abstract:

The imbalance of wealth distribution, age structure, and quality of life between urban and rural areas all over the world are needed to be addressed in ensuring socio-economic well-being. Rural areas and its community cannot be disregarded as they should have special attention in achieving socioeconomic status and well-being. The impact of socioeconomic well-being is significant where both economic and social dimension is related to the sustainability of rural areas. Sustainable development is connected to human well-being and quality of life where there is a growing interest in socioeconomic well-being measures to move towards sustainability. Therefore, this paper aims to provide an overview in developing the selection of socioeconomic well-being indicators of rural communities. Besides that, this paper also provides an overview of studies on indicators of socioeconomic well-being according to two-dimension namely economy and social as a fundamental framework for the analysis of the socioeconomic well-being of the rural community.

### Keywords:

Socioeconomic, Well-Being, Rural Areas, Rural Community, Indicator

### Introduction

In contrast to the previous situation of rural development, which was more conservative in nature and covered the agricultural sector, the sense of rural development is now undergoing a

revolution that changes the emphasis of evolving efforts to improve the living standards of rural communities (Shafii and Miskam, 2011; Newland *et al.*, 2014; Fadhli *et al.*, 2019b). Since World War II, rural areas in developing countries have changed dramatically. Several areas have evolved to a significant level of growth, with no significant economic disadvantages compared to urban areas (OECD, 2016).

The following are some of the key characteristics of rural change, as well as the diversity and distinction that are emerging in today's rural areas (Preston, & Ngah, 2012). For example is the emergence of new uses for rural space, as well as competing societal demands for the consumption of public goods in the rural areas. Demographic shifts associated with immigration and the creation of new winners and losers as a result of transition processes, with a particular emphasis on the acknowledgment of "excluded groups" suffering from poverty and economic and social vulnerability (Choon *et al.*, 2011; Rashid and Ngah, 2018).

In order to overcome problems faced by rural community because of rural changes, rural community well-being should be assessed in an effort to contribute to a better quality of life in rural areas. Thus, this paper aims to provide an overview in developing the selection of socioeconomic well-being indicators of rural community by identifying the factors influencing socioeconomic well-being in both economy and social dimension.

### **Methodology**

The integrative review approaches to literature reviews are being used for this paper. This approach is suitable as it could simplified the overview on knowledge base, critically review, potentially re-conceptualize, and create initial conceptualizations towards dimension and indicators which could be use in identifying and integrating the dimensions and indicators of socioeconomic well-being of rural community.

### **Conceptual & Dimension of Socioeconomic Well-Being**

A country's prosperity is determined not only by its economic accomplishments and rapid development, but also by the quality of life (QoL) and well-being of its people. For example, developed countries have higher incomes, better educational achievements, better public health, and longer life expectancies. One of the most difficult tasks facing the Malaysian government is ensuring that there is no disparity in QoL between different groups and communities, especially between urban and rural communities (Idris *et al.*, 2016).

Basically, well-being is closely related to something that makes us happy, happy as well as so satisfied with the life he went through. Therefore, various definitions, interpretations as well meanings from various quarters are argued to explain the meaning of quality of life. But it turns out, the quality of life is something that needs to be given attention because it affects development human beings, society and the country (Rahman *et al.*, 2014).

While Smith (1973) used well-being to refer to a population's objective living conditions and quality of life to refer to people's subjective evaluations of their lives, the following literature has led to a significant convergence (Langlois & Anderson, 2002). "The quality of life a person enjoys is not simply a matter of what he or she achieves, but also of what choices the person has had the opportunity to choose from," according to Sen (1985).

Everyone deserves happiness in life, which may explain why the pursuit of well-being has become an integral goal of every society and country (Frey & Stutzer, 2010). As a result, everyone on the planet strives to achieve their highest level of well-being. Since then, numerous researchers have focused on the happiness construct (e.g., Diener & Lucas, 2000; Fredrickson et al., 2008; Oishi et al., 2013). The pursuit of higher wages, better infrastructure, better highways, better healthcare, and better education, among other things, are all aimed at assisting people. Based on Unit Perancang Ekonomi Jabatan Perdana Menteri (2013) well-being is closely related to the socioeconomics of the population of an area. Which is there are five component of economic well-being and eight components of social (Table 1);

**Table 1: Component Socioeconomic Well-Being**

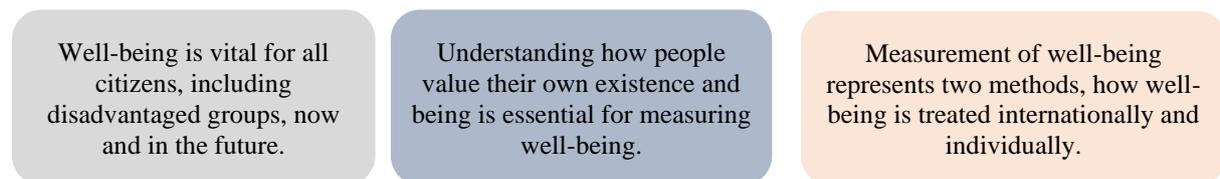
Component	
Economic well-being	Social well-being
<ul style="list-style-type: none"> <li>Income and distribution</li> <li>Transportation</li> <li>Communication</li> <li>Education</li> <li>Work environment</li> </ul>	<ul style="list-style-type: none"> <li>Housing</li> <li>Entertainment</li> <li>Governance</li> <li>Social participation</li> <li>Culture</li> <li>Health</li> <li>Environment</li> <li>Family</li> </ul>

Source: Unit Perancang Ekonomi Jabatan Perdana Menteri (2013)

The component of economic and social well-being is being integrated in measuring the well-being of the population by all states and major cities in Malaysia.

### ***Conceptual & Dimension of Socioeconomic Well-Being***

In a rural setting, the concept of well-being is primarily concerned with appreciating the connections between a variety of factors. For the analysis of rural well-being, (Caballo et al., 2005; Zelenski & Nisbet, 2014; Kasser, 2017) make the following assumptions (Figure 1):

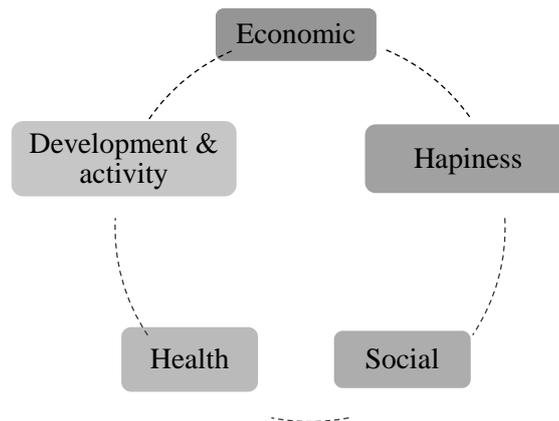


**Figure 1: Concept of Socioeconomic Well-Being**

Source: Caballo et al. (2005); Zelenski & Nisbet (2014); Kasser (2017)

### ***Dimension of Well-being***

Furthermore, Holtz (1995) examines the dimension "well-being" in the context of creating model quality of life (Figure 2). The first three dimensions are well-known in the literature on the topic well-being. The author, on the other hand, takes a subjective approach to the material economic and social dimensions because social well-being and economic well-being is the main dimension to measure well-being of community suitable for my research that focus on rural community (Unit Perancang Ekonomi, 2013; Brereton et al., 2011; Musa et al., 2018).



**Figure 2: Dimension of Well-Being**

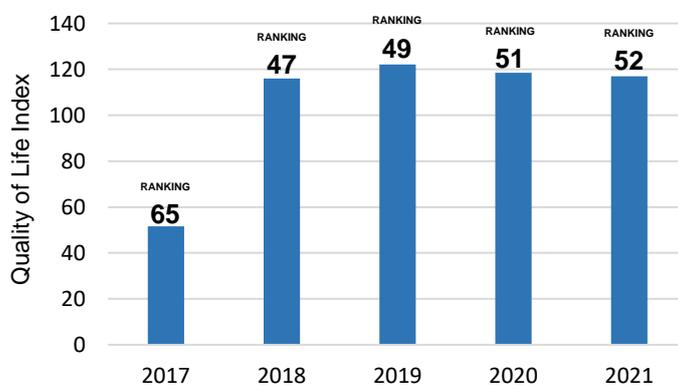
Source: Holtz (1995)

### ***Quality of Life Index***

According to a survey from the United States that uses data samples from 83 countries, Malaysia ranks 52th in 2021 (Figure 3). The ranks are based on purchasing power index, safety index, healthcare index, cost of living index, property price to income ration, traffic commute time index, pollution index and climate index (NUMBEO,2021).

In 2020 Malaysia ranking is 51th and in 2019 which is 49<sup>th</sup> which is declining. The ranking of quality of life in Malaysia was found to be very significant at 116.94 compared to Switzerland 190.80. when compared to neighbouring countries such as Singapore which is ranked 28th. However, the level of quality of life in Malaysia is still high compared to countries such as Indonesia and India. But, compared to countries that have the best quality of life, Malaysia is still far behind and must take steps to address issues that affect the quality of life of the population and also to ensure that the Malaysian quality of life ranking does not decline.

Malaysia life quality index increase in year 2019 but decrease in 2020 and 2021 (Figure 3). Which is from 122.11 to 118.44 and decline to 116.94 due to factors such as the increase in the price of goods and not in line with the rate of increase in salaries and wages (Berita Harian, 2021). Moreover, the unemployment rate in Malaysia continues to rise from 2.9% in 2017 increased to 3.2 in 2019 and in 2020 increased to 5.3% which is a total of 826,000 unemployed recorded as of May 2020 (DOSM, 2020).



*Quality of Life Index (higher is better) is an estimation of overall quality of life by using an empirical formula which considers purchasing power index, pollution index, house price to income ratio, cost of living index, safety index, health care index, traffic commute time index and climate index.*

**Figure 3: Quality of Life Index in Malaysia**

Source: NUMBEO, 2021

The increase in the minimum wage is only RM1,200 compared to RM1,100 in 2019 (Belanjawan, 2020) while the estimated monthly budget for singles according to the Employees Provident Fund (2019) is at least RM1,870 which is not equivalent to the minimum wage set causing the quality of life of and well-being the population in Malaysia to decline. Based on Figure 4, income level in urban area in 2019 is mean RM 8,635 whereby in rural area is RM5,004. This shows that the average household income gap is high which is RM3,631 between rural compared to urban areas. Furthermore, this matter also shows the well-being of the villagers is lower when compared to the urban population because based on Sacks (2010) richer individuals in each country are more satisfied with their lives or have better well-being than are poorer individuals.

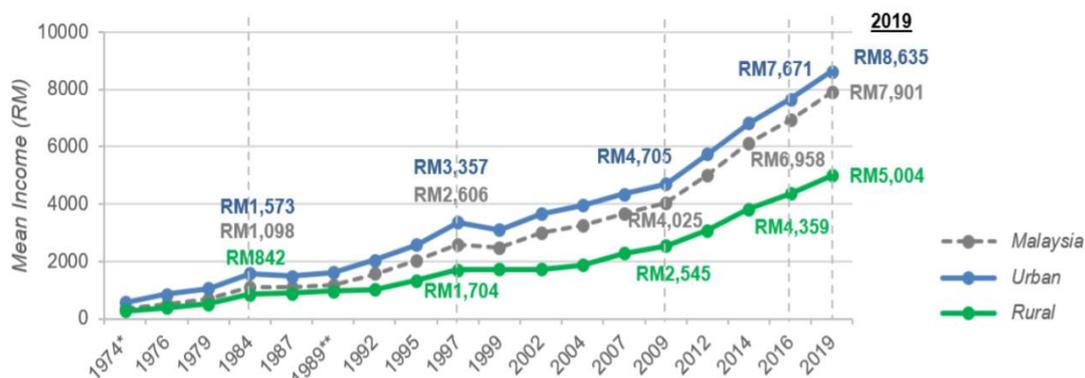


Figure 4: Mean Monthly Gross Income Household

Source: Department of Statistics Malaysia, 2019

### Developing of Socioeconomic Well-Being of Rural Community

Sustainable development is a holistic method for fostering sustainability and well-being that is used all over the world (Ogwang & Abdou, 2003; Costanza et al., 2016; Sirgy, 2011). The ability to control human well-being in order to track policy outcomes and the connection between development and community well-being is critical to achieving sustainable development goals

There is a theory that the determinants of a rural community's socioeconomic well-being are linked to the interaction of local variables, with demographic dynamics, territorial dynamics, and the current globalization process being key determinants (Sánchez-Zamora et al., 2014; Rashid et al., 2019a). Expanding on these determinants is a significant challenge because they provide a bird's-eye view of socioeconomic well-being of rural areas and its community (Table 2).

Table 1: Overview of Indicator Selection Method Applied by Researchers

Indicators		Source of Benchmark
Economy Dimension	Social Dimension	
Employment status; Income level; Education	Family nearby; Good social network; Vibrant neighbourhood; Being able to participate in the community	Brereton <i>et al</i> (2011)
Transportation; Communication; Education quality; Income distribution; Work environment	Housing; Entertainment; Governance; Social participation; Culture; Health; Environment; Family	Unit Perancang Ekonomi (2013)

Occupations and income; Employed in Households; Remittance from families, Assistance from government and private agencies; Financial and welfare assistance; Asset and property ownership	Trust and norms; Membership and participation in community; Collective action and Neighbourhood connection	Rashid <i>et al</i> (2019a)
Gross Domestic Product (GDP) per Capita, Life Expectancy at Birth (LEB)	Education (EDU); Global Gender Gap (GGG) Index	Reig- Martínez (2013)
Family income; Cost of living; Home ownership; Housing price/affordability, Access to job/employment; Energy efficiency; Energy cost	Urban crime and safety; Health care service adequacy; Recreation/sport; Education service adequacy; Neighbourhood connectedness; Social connectedness; Tolerance of diversity; Community value	Musa <i>et al</i> (2018)

Source: Brereton *et al* (2011); Unit Perancang Ekonomi (2013); Rashid *et al* (2019a); Reig-Martínez (2013); Musa *et al* (2018)

As Brereton *et al.* (2011) explained that employment status, income level, education are the major factors of the economic dimension and family nearby, good social network, vibrant neighbourhood, being able to participate in the community are indicators for community in regional level. Rashid *et al.* (2019a) and Musa *et al.* (2018) used income as the most important indicators to evaluate economy well-being. Furthermore, all authors explain that education and social participation is important indicators for social well-being.

The research conducted by Brereton *et al.* (2011), Unit Perancang Ekonomi, (2013) and Reig-Martínez (2013) are region spatial level. Thus, Musa *et al.* (2018) and Rashid *et al.* (2019a) applied the indicators at the village spatial level. All the indicators need to be chosen appropriate with village spatial level.

Based on all the study that mention in table 2, can be conclude that most of the reseacher using income, housing, privacy, possession, education, transportation and security indicators for the economic attribute. Moreover, for social attribute using indicators such as interpersonal relationship, community involvement and health. All of the indicators can be use to measure socioeconomic well-being of the community.

## Conclusion

Quality of life or well-being encompasses all the necessities of human life in terms of material satisfaction, health, education, safety, satisfaction of living comfort in a clean environment and a problem -free society, as well as aesthetic and spiritual enjoyment. Significantly, these measures socioeconomic well-being of rural community can be use as part of a wider strategy to resolve rural problems and concerns at the village level of spatial size, which consists of two (2) dimension which is social dimension and economic dimension. Social dimension involves seven (7) indicators of income, housing, privacy, possession, education, transportation and security. Whereby, economic dimension involve three (3) indicators of interpersonal relationship, community involvement and health. Therefore, these indicators needs to be analyse appropriate with well-being of rural communities and can be applied as important tools to assess the socioeconomic well-being of rural areas.

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