



## PRODUCTIVE WELFARE POLICY: AN INNOVATIVE WAY IN SOCIAL SAFETY NET IN MALAYSIA

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### ABSTRACT

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The Productive Welfare approach has been widely used in western countries to help the poor to be independent without depending on the government's aid. Malaysia is also among the countries that adopting the approach as it is in line with the government's aspiration through the National Key Result Areas (NKRA), which is to raise the income level of the low-income group. The Social Welfare Department's statistics show that their monthly beneficiaries are increasing from year to year and indirectly increase the financial implications of the Government's annual financial expenditure. This issue ponders more questions on matters pertaining to the initiatives undertaken by the Malaysian Social Welfare Department (SWD) in mitigating this issue effectively. For this reason, the primary objective of this concept paper is to analyze the effectiveness of the programs embedded in the Malaysian Productive Welfare Policy. Hence, this paper concludes that a thorough understanding of Productive Welfare programs is important for the government and citizens to develop necessary actions precisely for a B40 group of people alongside also strategizing on ways to propel forward to be a prosperous nation by 2030.

**Contribution/Originality:** This study is one of very few studies which have investigated the effectiveness of the Malaysian Productive Welfare Policy in empowering the vulnerable groups to be independent, less reliant on welfare handouts, and becoming a more successful social entrepreneur.

### 1. INTRODUCTION

The Social Welfare Department's statistics show that its monthly beneficiaries are increasing from year to year and indirectly increase the financial implications of the Government's annual financial expenditure. From 2005 to 2012, there was an increase in the number of beneficiaries around 8 to 12 percent each year. The scenario will indirectly implicate the country's financial burden and the way of giving monetary support or subsidy to the vulnerable population groups deemed unsustainable (Azman et al., 2014). Hence, the government needs to empower them to be independent and less reliant on welfare handouts.

The idea of productive welfare, a relatively new concept that was recently introduced by the Malaysian government through its Department of Social Welfare is certainly a great move to encourage the poor or

vulnerable groups to venture into becoming a more successful social entrepreneur ([www.jkm.gov.my](http://www.jkm.gov.my)). Productive welfare is the first major initiative undertaken as a social innovation program by the Ministry of Women and Community Development to assist welfare recipients to instill individual awareness and change of attitudes to generate their own income for financial sustainability ([Jaganathan, 2015](#)). There is a positive outcome in welfare provisions as they empower poor individuals to become self-sufficient, increase positive empowerment outcomes and improve the quality of life and subjective well-being ([Diener & Biswas-Diener, 2005](#); [Narayan, 2005](#)). It is hoped that this approach will help the recipient to become independent without depending on the financial assistance anymore, once they exit the poverty line ([Zakiyah & Norzalinda, 2018](#)).

It is envisaged to assist those who are receiving financial aid from the government and they should be empowered to become more independent in sustaining their daily lives. The primary idea is to allow the poor or vulnerable population to be out of the poverty cycle and be equipped with the relevant survival skills. In doing so, strong support and monitoring from the relevant agencies or stakeholders are critical, and this would also include the contribution of social workers in guiding the poor or more vulnerable groups to move forward in sustaining their livelihood ([Azman et al., 2014](#)). The USA and New Zealand are the best exemplars of a dominant focus on productive welfare. Malaysia and Singapore have a clearer focus on productive elements though still less so than the USA or New Zealand ([Hudson, Kühner, & Yang, 2014](#)).

Although Malaysia is a country that has implemented a productive welfare approach based on assessment from 2005-2008, the production stage is still low ([Hudson & Kühner, 2012](#)). Despite the government's vigorous poverty reduction effort and SWD's promotional efforts in creating awareness about productive welfare, the participation rate was not encouraging and only less than 2% was successfully removed from the welfare list ([Jaganathan, 2015](#)). Besides, there is the existence of resistance in executing the productive welfare program. Specifically, the non-availability of a special officer to monitor and oversee the smooth running of the new operation could be a problem to the productive welfare approach. Currently, the available case workers are not able to run the program as their current workloads, servicing their target group is huge ([Zakiyah & Norzalinda, 2018](#)). Although Malaysia has introduced a productive welfare policy since 2009, there has been no research done to identify the effectiveness of the policy ([Khairul, 2015](#); [Zakiyah & Norzalinda, 2018](#)). [Khairul \(2015\)](#) highlighted that since the productivity welfare approach was introduced in 2009, no specific study has been conducted to see how this approach achieves its target of reducing SWD's monthly aid dependency by 2.5% per annum. Therefore, the present study intends to clarify the programs embedded in the Malaysian Productive Welfare Policy and their effectiveness in acting as a safety net to Malaysian.

## 2. LITERATURE REVIEW

### 2.1. Rogers' Theory of Diffusion of Innovation

[Rogers \(2003\)](#) stipulates that individuals will adopt an innovation if they perceive the innovation to bring about positive changes in their lives ([Nutley, Davis, & Walter, 2002](#); [Rogers, 2003](#)). There are five prerequisites for this to be attained. Firstly, the innovation must have some relative advantage over an existing innovation or status quo. Secondly, it is important for innovation is compatible with the existing values and practices of the social system of the individual. Thirdly, the innovation cannot be complex to comprehend and the innovation must have a trialability period that can be tested for a limited time without compulsion for adoption. Finally the innovation must have observable results ([Rogers, 1995](#)). [Rogers](#) also explained that diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system. Diffusion is a special type of communication concerned with the spread of messages that are new ideas. Communication is a process in which participants create and share information with one another in order to reach a mutual understanding ([Rogers, 1983](#)).

## 2.2. Bandura' Social Cognitive Theory

Bandura (1986) posits that individuals learn or gain knowledge either by personally participating in an activity, by verbal persuasion or by observing others (vicarious learning) they identify themselves emotionally with and form their own expectations about the consequences of the activity. Their behavior or participation is influenced by the consequences of reward/punishment. Their self-efficacy beliefs influence their choice to make decisions on activities they feel confident and competent to participate in. Bandura (1986) Social Cognitive Theory however, remarks that even when individuals have a strong self-efficacy they may not perform if there is a lack of incentives for behavior change.

## 2.3. Programs under the Productive Welfare Policy

### 2.3.1. 2Years Exit Program (Program Keusahawanan Dasar Keluar Dua Tahun (2YEP))

Along with the planning under the 11th Malaysia Plan, the SWD has drawn up the 2 Years Exit Program. The productive welfare approach introduced in 2010 is a form of effort that targets beneficiaries to survive independently through the learning of various survival skills so that they will not always rely on government assistance forever. This approach emphasizes on empowering clients to be more motivated to acquire skills training that is appropriate to their capabilities (JKM, 2018). The strategies of 2 Years Exit Program include the client is actively involved in training, skills, job placement or income-generating programs. The program is run with a one-off financial grant of RM 2700 and is required to undergo a 2-year entrepreneurial skills development training program (Putri, Khairuddin, Nur Aira, & Mohd, 2020). Extending the period of 6 months of granting SWD's financial assistance if the failure to achieve the income exceeds the PGK / eligible income due to external control (eg natural disasters, health factors, sudden accidents).

The program is only practical to those aged between 18 to 55 years old. Clients will be given capital or job placement by SWD or through related agencies such as JobsMalaysia, TEKUN, Department of Agriculture, Amanah Ikhtiar Malaysia (AIM), Department of Fisheries, Department of Veterinary, MARDI and so on. Clients can also be made suitable jobs with their skills, knowledge and interests if they want to work with employers whether referred to JobsMalaysia, the private sector, statutory bodies, private companies, corporate sectors etc. (such as Employability Program, Job Matching, Job Coach). Successful clients would then be made role models for other assisted recipient clients. They would also serve as a support group for other assisted clients. SWD will also create Alumni for successful clients and launch a Welfare Entrepreneur Convention. The Alumni will be registered with the registrars of association to make it actively in helping the poor and the extreme poor clients (Zakiyah & Norzalinda, 2018).

## 2.4. 1AZAM Program

The productive welfare program refers to an entrepreneurship or self-employment program as a form of social innovation. The early programs included the disbursement of financial grants to welfare recipients on an individual basis or in community groups for entrepreneurial activities. In 2010, this program was further expanded by incorporating 1 AZAM program which provides business equipment to individual welfare clients to venture into entrepreneurship activities (Jaganathan, 2015). 1 AZAM was created to support low-income people to be independent thereby enable them to better move out of poverty (Commonwealth Secretariat, 2016). The 1AZAM program is not designed to make them rich participants but it is introduced to help the poor to increase their monthly income by at least RM 300 from their existing income (Radieah & Khelghat-Doost, 2019).

The program is basically an income-generating project that is divided into four major segments which are Azam Niaga (to generate business opportunities through training and micro-credit facilities), Azam Tani (to create income opportunities by coordinating action plans with Ministry of Agriculture), Azam Khidmat (to train and

equip selected individuals to become actively self-employed), and Azam Kerja (to ensure job placements by coordinating action plans with the Ministry of Human Resources) (Country Report, 2010).

1 AZAM Program has benefited many target groups especially women. In 2014, more than 30,000 new participants took part in 1AZAM Program. A total of 24,897 participants have successfully increased their monthly income by RM 300, which is substantial from what they were getting before the program. Under the 1AZAM program, participants are equipped with tools and machines as well as relevant skills and knowledge so that they would be able to lead a better life. Many of them are now having their own small businesses in various sectors namely agricultural, tourism, food industries, tailoring and services. Loans and micro credits are also provided under TEKUN (Tabung Usaha Kumpulan Usaha Niaga) scheme, Amanah Ikhtiar Malaysia (AIM), Agro Bank as well as some commercial banks in Malaysia (Rohani, 2015). This program applied the entrepreneurship concept aimed at maximizing individual potential based on the individual's skills or interests (Mohd, 2013). For example, the Ministry of Agriculture and Agrobased Industry (KPIAT) provides AZAM Tani with agricultural equipment, livestock and agricultural inputs. The KPIAT also provides advisory service, coaching and training to the participants (Radieah & Khelghat-Doost, 2019).

### 3. RESEARCH METHODOLOGY

The present study adopts content analysis in order to examine the effectiveness of productive welfare programs in Malaysia. Content analysis is a method of analyzing written, verbal or visual communication messages. Leedy and Ormrod (2001) define it as "A detailed and systematic examination of the contents of a particular body of materials for the purpose of identifying patterns, themes, or biases. This study reviews relevant literature pertaining to the initiatives of the Malaysian government, particularly by the SWD, in empowering the needy to run business and get out of the poverty trap. The preliminary reports and journals that have been written by the previous studies were collected and examined in order to measure the effectiveness of the Productive Welfare Approach in Malaysia. Besides that, two theories such as Rogers' Theory of Diffusion of Innovation and Bandura's Social Cognitive Theory were employed in order to relate those theories with the real situation in the Malaysian Productive Welfare approach.

### 4. FINDINGS AND DISCUSSION

Implementation of the productive welfare approach is divided into four stages namely the screening stage, the placement and intervention stages, the monitoring and supervision stages and finally the termination stage. Through this approach, the welfare entrepreneurs will be given training and motivation programs before business capital assistance is channeled. It is followed by the implementation of monitoring and evaluation programs. As discussed previously, 1AZAM is one of the government programs that adopt a productive welfare approach in order to reduce the poverty rate in Malaysia. However, a study carried out by the National Audit Department of Malaysia found that 33 out of 370 participants' whereabouts were unknown (Radieah & Khelghat-Doost, 2019).

In addition, it was found that three of the five sample projects carried out under the Ministry of Agriculture and Agro-based Industry have yet to generate revenue. It is believed that this situation happened because, according to Khairul (2015) the productive welfare approach does not give emphasis on further training after receiving capital assistance and some of them might not have the competency to sustain in the program. As mentioned in Rogers' Theory of Diffusion of Innovation, the government's initiative will achieve its objective if the innovation is not too complex to comprehend. If the participants have been given adequate training and monitoring, they will remain in the program and able to get out from the poverty line. Meanwhile, Bandura's Social Cognitive Theory explained that an individual's self-efficacy beliefs influence their choice to make decisions on activities they feel confident and competent to participate in. Based on the above theories, it is believed that the welfare entrepreneurs need to be given and adequate training or courses, especially after they receive capital assistance.

Besides that, they also need to be given adequate guidance so that it can boost up their self-confidence as well as increase their competency to run business.

This model also does not see a wider scope covering an environment that can influence the success of such welfare entrepreneurs such as family, friends, social, economic and political. According to Bandura's Social Cognitive Theory, although an individual has a strong self-efficacy, they may not perform it if there is a lack of incentives for behavior change. Hence, if the Social Welfare Department (SWD) wants to ensure sustained participation in productive welfare programs, providing incentives and rewards for successful participation may be the right step forward. The case workers of SWD can induce or encourage behavioural change by offering some form of social support to remove personal barriers faced by clients such as arranging for childcare centers, day care centres for the older or disabled members of the family and help solve the transport and logistical issues.

There were also participants who did not know how their names were registered in the e-Kasih. The participants did not know about the 1AZAM program and their names were registered in the program without their knowledge. Based on this feedback, they also did not know about the existence of the eKasih system (Radieah & Khelghat-Doost, 2019). Besides that, a study carried out by Radieah and Khelghat-Doost (2019) also found that the monitoring of 1AZAM participants by the authorities was not comprehensive. There were participants who stated that no one kept track of their progress throughout their participation in the program due to not enough manpower to monitor 1AZAM participants. According to Rogers' Theory of Diffusion of Innovation, new information needs to be communicated or spread over to the potential adopters (targeted group) in order to equip them with knowledge. The communication channels can be in several forms such as mass media, word of mouth or even social media. In the context of 1AZAM program, some participants did not aware of the program and the eKasih. As a result, they might refuse to participate in the program as they cannot see the benefits and the rationales of joining the program.

In terms of 2YEP, the absence of a special officer in the district's social welfare departments to monitor and supervise the running of programs to remedy recipient clients. The issue arises as current case workers are unable to execute the program as all are overburdened with current aid services to existing target groups (Zakiyah & Norzalinda, 2018). Based on a study conducted by Khairul (2015) on the implementation of a productive welfare program at the Kedah State JKM in 2014, most clients felt that they did not receive proper guidance from case workers. This may cause clients to become less enthusiastic or take a more leisurely attitude toward the business project being carried out. Jaganathan (2015) contends that effective communication between participants and case workers as well as with social networking agencies is essential and evaluation should be a constant process that must be monitored and coordinated by well-trained case workers. According to a 2YEP expansion project evaluation report after two years of implementation in all states from January 2017 to December 2018, the analysis found that 674 (33.7%) out of 2002 clients had successfully increased their income, out of the poverty line, could be self-reliant and terminated monthly assistance (JKM, 2018). Although the results show that there are 674 (33.7%) self-supporting and termination-assisted client achievements in the 2YEP expansion project, there is still a lot of room for improvement in the implementation of the 2YEP project including case management training, increased case worker competency and empowering clients. A structured monitoring and supervision mechanism should be established to ensure case workers execute the Social Work practice competently and ultimately clients receive effective services (Khairul, 2019).

## 5. CONCLUSION

Although the poverty rate in Malaysia has dropped, the number of poor people who depend on SWD's assistance is still high. The SWD's statistics show that the monthly aid recipients increase from year to year and indirectly have huge financial implications on spending each year. The groups of poor and poorest in Malaysia are still dependent on the government's aid via the SWD. The productive welfare approach needs to be re-emphasize in

order to reduce the public's dependency on government assistance. The primary idea is to allow the poor or vulnerable population to be out of the poverty cycle and be equipped with the relevant survival skills. In doing so, strong support and monitoring from the relevant agencies or stakeholders is critical, and this would also include the contribution of social workers in guiding the poor or more vulnerable groups to move forward in sustaining their livelihood (Azman et al., 2014). The ongoing involvement of clients in gainful employment is expected to ensure clients would not revert to living on welfare aid.

It is suggested that the clients need to be given some form of social support to remove personal barriers faced by them such as arranging for childcare centres, daycare centres for the older or disabled members of the family and help solve the transport and logistical issues. Besides that, support from SWD in terms of incentives and rewards for successful participation is needed to sustain the livelihood of the entrepreneurs. The government should improve the 1AZAM program with the KPI of the program necessarily in tandem with the Poverty Line. The program had proven to have a huge potential in helping the poor from poverty and become a viable society. Even though such a situation occurred in the 1AZAM program, there were also participants who were able to get out of the cocoon of poverty through this program. This was due to their hard work and diligence in fully utilizing the 1AZAM program which in return have positively impacted their lives (Radieah & Khelghat-Doost, 2019).

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