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Impact of the Covid-19 Pandemic on the Standard of Living of the B40 Group

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Abstract

This study aims to identify the impact of COVID-19 on the standard of living of B40, which involves issues of income, expenditure, and saving between the urban and rural parts of the Klang Valley. This study uses a cross-sectional survey research design. Six hundred fifty respondents from B40 households were selected to answer the questionnaire, and the data were analyzed using Mann-Whitney U inference test statistics. The results found no significant difference between those from urban and rural areas of the B40 group on the impact of living standards during the implementation of the Movement Control Order (MCO).

Keywords: Impact, COVID-19, Standard of Living B40, Klang Valley

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1.0 Introduction

The Coronavirus disease (COVID-19) spread in Malaysia in 2020 and 2021 has challenged the economic system. Many low-income B40 household groups, especially in Klang Valley, are affected by the spread of COVID-19. Their income source is affected for various reasons, including layoffs and lack of jobs. According to the Department of Statistics Malaysia (2020), almost 600,000 M40 households slipped into the B40 category. In 2020, the Malaysian government announced financial assistance for Malaysians, especially the B40 group. B40 can be defined as a group with low income, which can be divided into four structures from B1 to B4. B1 category is those with a total household salary of RM2,500 and below, the B2 class with an income of RM2,501 to RM3,170, and the third is B3 income with a household income of RM3,171 to RM3,970 and the last category, B4 with a gain of RM3,971 to RM4,850.

High population density contributes to the high cost of living among the B40 household group as they have to compete because of fewer resources to meet the basic needs to live in the city. When the income is lower than the cost of living, a person's standard of living is considered to decline. This resulted in the individual finding a part-time or additional job to cover the insufficient expenses. The rising cost of living is a significant concern among Malaysians compared to their fear of COVID-19. Malaysians are faced with worsening

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economic pressure due to the effects of COVID-19 (Abdul Rashid, 2020; Zur Raffar et al., 2021), which is expected to continue to face higher living costs in the future when the prices of food and raw materials have started to increase due to inflation. The income of Malaysians decreased by 50% in 2021 due to the effects of COVID-19.

The Malaysian government is always committed to eradicating poverty by introducing various measures and strategies. Ministry of Finance has outlined various economical packages, including Prihatin Plus (RM10 billion), Penjana (RM35 billion), Kita Prihatin (RM10 billion), Permai (RM15 billion), Pemerkasa (RM20 billion), Pemerkasa+ (RM40 billion) and Pemulih (RM150 billion) to assist those from B40 households. The government also provides increased income and capacity building in rural and urban areas by encouraging entrepreneurship to empower their financial freedom. Among the most affected and impacted locations are Selangor and Kuala Lumpur. Therefore, this study involves the Klang Valley's urban and rural areas. Therefore, the objectives of this study are focused on important issues involving B40 households in urban and rural areas, including:

- 1) Identifying the impact of COVID-19 on the standard of living involving the income of B40 households.
- 2) Identifying the impact of COVID-19 on the standard of living involving the expenditure of B40 households.
- 3) Identifying the impact of COVID-19 on living standards involving the savings of B40 households.

2.0 Literature Review

In past studies, many researchers stated that the impact of COVID-19 brought many crises, including the issue of the living standards of low-income groups, especially B40 households. This is because B40 is among the groups easily affected and threatened when faced with calamities, epidemics, or natural disasters. According to Malaysia's Chief Statistician, Datuk Seri Dr. Mohd Uzir Mahidin, in 2020, as many as 20 percent of the M40 household group will switch to the B40 group due to the impact of COVID-19. The report also showed that B40 income decreased to 15.9 percent in 2020 from 16.0 percent in 2019. This is caused by households or individuals experiencing a loss or reduction in revenue, especially those who are self-employed due to Movement Control Order (MCO) in 2020 and 2021 (Roslan et al., 2022).

The B40 group is in the bottom 40, with a low monthly average income of less than RM4,360 (Household Income & Expenditure Survey, 2020). The location sequence of this study was made in the Klang Valley, a concentrated area for Malaysians to work. The Klang Valley has a high density of self-employed people. Klang Valley has more than six million people and is Malaysia's center of industry and commerce. In 2020, the population of the Klang Valley increased by 6.3 million.

According to the Department of Statistics Malaysia (2019), B40 households had a median monthly income of RM5,344 in 2016 living in the Klang Valley is challenging for low-income households (Chamhuri S. et al., 2019). For example, a household inhabited by an individual who earns a minimum of RM1,500 a month and lives in Kuala Lumpur or a big city but the amount of income to buy the minimum basic needs is as much as RM2,06, is this situation reasonable and reasonable this is the question needs to be dissected and reviewed against the great challenge of B40 facing the pressure of the cost of living during a pandemic. The increase in the price of goods and inflation also resulted in adverse effects on obtaining basic needs, especially for low-income members of society (Che Rose & Mutsamy, 2020). High debt is also a challenge faced by B40. According to Chamhuri Siwar et al. (2019) and Bank Negara Malaysia (2016), the high level of indebtedness among the B40 also affect their financial position due to the tendency to take out personal loans to cover their daily expenses. In 2014, the indebtedness level of households earning RM3,000 per month and below was seven times their annual income (Chamsuri Siwar et al., 2019). This situation puts pressure on the B40 group when faced with COVID-19 as they cannot work to earn more income. According to the study of Mohd Zahid et al. (2021) and Nor Asmat (2021), the B40 group has difficulty paying loans.

The impact of COVID-19 gave them various challenges, with the economic trend still being unbalanced because the income received is not in line with the cost of living as they have to pay various bills to survive. The high cost of supporting a family leads the majority of people, especially those living in urban or rural areas have a salary that is 'enough to eat or in other words, there is no salary left for saving and emergencies (Che Rose & Mutsamy, 2020). Economic recovery efforts are required to support those who are greatly affected by this to ensure that they can live through this crisis.

3.0 Methodology

Using the convenience sampling technique, a total of 650 respondents from the B40 group participated as the sample of this study. The instrument used to collect data for this study is a questionnaire adapted from a study conducted by Ibhrim Z. (2022) by applying the theory of multidimensional measurement methods. The questionnaire of this study is divided into four parts, using a four-point Likert scale. Part A is related to the background information and demographics of respondents living in the Klang Valley between urban and rural areas consisting of those affected during the 2020 and 2021 COVID-19 during the implementation of the Movement Control Order (MCO). Part B consists of 5 items related to the 'income' of the B40 household during COVID-19. Part C consists of 4 items related to the respondents' 'expenditure' during COVID-19, and part D refers to the 'savings' issue of B40 households during COVID-19.

In this study, the instrument has gone through the content validation process. To determine the internal consistency of the questionnaire, Cronbach's alpha reliability method was used. The Cronbach's alpha values of .823, .920, and .806 for the constructs – income, expenditures, and savings- show that the items are reliable. A pilot study was conducted on 30 respondents from the B40 Putra Perdana household group at Apartment Kenanga Sepang, and the Cronbach's Alpha value for the 12-item questionnaire is .907. According to Chua (2021), Cronbach's Alpha coefficient between .65 to .95 is considered satisfactory for using the instrument in the study. This means that this research instrument is suitable for conducting research. The research data was analyzed using a descriptive and inferential statistical method to meet the study's objectives. Statistical Package for Social Sciences (SPSS) version 25 is employed to analyze the inferential

statistical study, namely Mann-Whitney U, which is non-normally distributed data and involves non-parametric statistical tests. In this study, the researcher builds a research hypothesis before identifying the appropriate analysis type. Statistical tests are used to test the null hypothesis in inferential research to find out whether the null hypothesis should be rejected or not. The main result of the Mann-Whitney U analysis is to test the hypothesis, and the assessment is made on the Mann-Whitney U value and asymptotic significance (2-tailed). The statistics are as follows:

- If sig: $p > 0.05$, then there is no significant difference – fail to reject the null hypothesis
- If sig: $p < 0.05$, then there is a significant difference at the 5% significant level – reject the null hypothesis

4.0 Finding

4.1 Demographics of Respondents

In terms of demographics and geographic area, the study involved a total of 650 respondents under B40. Based on the data, most of the respondents, consisting of 50.5 percent (328 people), were male, and 49.5 percent (322 people) were female. The collected data involved respondents from the Klang Valley, showing that urban areas comprised 67.8 percent (411 people) and 32.2 percent (209 people) in rural areas. In addition, the salary status of B40 during COVID-19 is that 58.3 percent (379 people) are those who are still working and 41.7 percent (271 people) are those who are not working. In relation to that, the income status of those affected during the pandemic shows that 52.3% (340 people) and 47.7 percent (310 people) are made up of those who are not affected by the impact of COVID-19. Regarding the income changes that happened to the majority of respondents during COVID-19, about 29.4% (191 people) with a declining income status COVID-19. For the expenditure status, findings showed that 28.3% (184 people) with increased savings, no change in their savings with 24.2% (157 people), no savings with 15.1% (98 people), loss of financial income with 1.5% (10 people) and other issues with 1.5% (10 people). Therefore, this data shows that most of the respondents who live in the Klang Valley have problems like the above when COVID-19 hits the country. This kind of situation presents various challenges to this B40 group, making it difficult for them to continue living comfortably in the Klang Valley, which is expensive in terms of expenses, whether basic needs or otherwise. This analysis aims to identify the impact of COVID-19 on the standard of living of B40 in the Klang Valley who obtained the mean value of the descriptive test on income ($M=2.86$), expenditure ($M=2.97$) and savings ($M=3.06$) on the standard of living B40.

4.2 Statistics Inference Mann Whitney U

Hypothesis: Is there a significant difference between respondents' views on the impact of COVID-19 on B40 Malay households on the issue of living standards (income, expenditure, and savings) based on urban and rural areas?

In the null hypothesis studied in this study are: (1) Income (2) Expenses (3) Savings

- H_01 : There is no significant difference on the issue of income during COVID-19 between B40 living in urban and rural areas of Klang Valley.
- H_02 : There is no significant difference on the issue of family expenditure during COVID-19 between B40 living in urban and rural areas of Klang Valley.
- H_03 : There is no significant difference on the saving issue during COVID-19 between B40 living in urban and rural areas of Klang Valley.

Table 1: Statistics Inference Mann Whitney U

Aspects	Gender	N	Mean Rank	Sum of Rank	Mann Whitney U	Z	Sig
1) Income	Urban	441	326.74	144094	45536	-0.248	0.804
	Rural	209	322.88	67481			
2) Expenditure	Urban	441	322.35	142157	44696	-0.629	0.529
	Rural	209	332.14	69417			
3) Savings	Urban	441	326.25	143875	45754	-0.151	0.880
	Rural	209	323.92	67699			

The research hypothesis reports:

- 1) **H_01 Income:** Findings in table 1 using the Mann-Whitney U test found no significant difference in the issue of income during COVID-19 between B40 living in urban and rural areas of Klang Valley. So, the data is obtained [$U (n_1=441, n_2=209) = 45536, p < 0.05$]. The mean rank value of the urban respondent group (326.74) surpasses the rural respondent group (322.88). Therefore, the findings fail to reject the null hypothesis that "there is no significant difference in the issue of income during COVID-19 between B40 living in urban and rural areas of Klang Valley" because the outcome of the hypothesis is not significant ($p = 0.804$). After all, it exceeds the set significance level of $p < 0.05$.
- 2) **H_02 Expenses:** Findings in table 1 using the Mann-Whitney U test found no significant difference in the issue of income during COVID-19 between B40 living in urban and rural areas of Klang Valley. So, the data is obtained [$U (n_1=441, n_2=209) = 45536, p < 0.05$]. The mean rank value of the urban respondent group (326.74) surpasses the rural respondent group (322.88). Therefore, the findings fail to reject the null hypothesis that "there is no significant difference in the issue of income during

COVID-19 between B40 living in urban and rural areas of Klang Valley" because the outcome of the hypothesis is not significant ($p = 0.804$). After all, it exceeds the set significance level of $p < 0.05$.

- 3) **H₀₃** Savings: Findings in table 1 using the Mann-Whitney U test found no significant difference in the issue of income during COVID-19 between B40 living in urban and rural areas of Klang Valley. So, the data is obtained [$U (n_1= 441, n_2= 209) = 45536, p < 0.05$]. The mean rank value of the urban respondent group (326.74) surpasses the rural respondent group (322.88). Therefore, the findings fail to reject the null hypothesis that "there is no significant difference in the issue of income during COVID-19 between B40 living in urban and rural areas of Klang Valley" because the outcome of the hypothesis is not significant ($p = 0.804$). After all, it exceeds the set significance level of $p < 0.05$.

5.0 Discussion

The results of the study found that the majority of respondents responded to the impact of COVID-19 on their standard of living. The mean value of the descriptive test on savings made by B40 households shows the highest mean with a medium level ($M=3.06$). Followed by the mean value of expenses, the average mean amount is obtained ($M = 2.97$), and the last is income which has a medium mean value ($M=2.86$). At the same time, the inferential statistical study that was analyzed found that the position of B40 households in the Klang Valley, whether in urban or rural areas, did not show a significant difference between the two areas in the Klang Valley – urban and rural areas. The two areas experience the same problem in the standard of living issue, which includes the issue of income ($p < 0.050=0.804$), expenditure ($p < 0.050=0.529$), and lastly, the savings earned ($p < 0.050=0.880$). According to Rose & Mutsamy (2020) and Ibhrim et al. (2022) stated that the B40 household group received the economic impact of COVID-19. However, some others are still able to survive the impact of COVID-19 because they have sufficient savings and financial planning during the implementation of the Movement Control Order (MCO). However, according to Sharuddin Z. (2022) that the 12th Malaysia Plan (2021-2025) various strategies and initiatives will be implemented by the government to address the issue of poverty and the cost of living of Malaysians holistically.

6.0 Conclusion and Recommendations

In conclusion, the recommended measure to increase the savings of B40 residents is to prioritize buying essential goods when spending is a strategic initiative that everyone should practice. Such action can help them to increase their saving because the amount spent is more focused on essential expenses only to avoid overspending and waste. In regards to the enforcement and policy, the related government agencies must monitor the price of essential goods and products, especially for controlled goods such as rice, eggs, poultry, and cooking oil. This must be carried out periodically to ensure that the prices of goods are still within the purchasing price range and to reduce the effects of inflation.

Paper Contribution to Related Field of Study

This paper contributes to the public's knowledge of the impact of the COVID-19 on the standard of living of B40 which involves issues of income, expenditure and saving between the urban and rural parts of the Klang Valley. In terms of government assistance for urban and rural for the cost of living are same during pandemic. Initiative to improve the socioeconomic level in community is very important part that the policy maker should look into to improve the quality of life of the urban and rural community.

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