

**THE EFFECTIVENESS OF AMANAH IKHTIAR
MALAYSIA (AIM) IN REDUCING RURAL POVERTY:
A CASE STUDY OF POKOK SENGA, KEDAH**

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The Effectiveness of Amanah Ikhtiar Malaysia (AIM) in Reducing Rural Poverty:

A Case Study of Pokok Sena, Kedah

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By

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ABSTRACT

Poverty eradication efforts in Malaysia is the most important agenda by Malaysia government's and increasingly intensified after the launched of New Economy Policy (1970-1990). Nevertheless, poverty still exists especially in rural area which occupied by Malays although various efforts have been made, includes assistance in the form of subsidies, agricultural inputs and followed by the establishment of various government agencies which aims to increase income and reduce poverty. Recognizing this, Amanah Ikhtiar Malaysia (AIM) was established aims to reduce poverty through a structured and professional approach. The purpose of this study is to identify the effectiveness of the AIM program in reducing poverty among low-income households in rural areas. This study was conducted in Kampung Bukit Payong, Pokok Sena, Kedah. Using a sample of 55 AIM members which is collected with self-administered questionnaires, this study focuses on changes in income, assets owned and the happiness of borrower before and after joined the AIM program. To study the effectiveness of the AIM program, three methodologies have been identified namely Two-Population Mean Test, Chi-Square Independent Test and the Probit Model. The study found there is a significant change of AIM member's income, total assets held and the level of happiness than before joining AIM. This study was proven that the AIM program is effective and has achieved the objectives that have been identified. The results of studies, found that income of AIM member's has increase after they joined AIM program. In addition, respondents also expressed their satisfaction level on what has been done by the AIM in helping rural communities deal with the problem of poverty.

ABSTRAK

Usaha membasmi kemiskinan di Malaysia adalah merupakan satu agenda yang diberi keutamaan oleh kerajaan yang memerintah dan usaha ini semakin dipergiatkan selepas pelancaran Dasar Ekonomi Baru (1970-1990). Namun, masih wujud kemiskinan yang berleluasa terutama di kawasan luar bandar yang didiami oleh orang Melayu walaupun pelbagai usaha telah dijalankan, meliputi bantuan berbentuk subsidi, input pertanian serta diikuti penubuhan pelbagai agensi kerajaan yang bermatlamat meningkatkan pendapatan dan membasmi kemiskinan. Meyadari hakikat ini, Amanah Ikhtiar Malaysia (AIM) telah ditubuhkan bermatlamat mengurangkan kemiskinan melalui pendekatan yang tersusun dan professional. Tujuan kajian ini adalah untuk melihat sejauhmanakah keberkesanan program AIM dalam mengurangkan kadar kemiskinan dikalangan isi rumah berpendapatan rendah luar bandar. Kajian ini telah dijalankan di Kampung Bukit Payong, Pokok Sena, Kedah. Kajian ini tertumpu kepada pendapatan, asset yang dimiliki dan tahap kegembiraan peminjam sebelum dan selepas mengikuti program ini melalui data yang dikumpul dari 55 responden yang terdiri daripada ahli AIM di kawasan kajian. Bagi mengkaji keberkesanan program AIM ini, tiga metodologi telah dikenal pasti iaitu *Two-Population Mean Test*, *Chi-Square Independent Test* dan *Probit Model*. Hasil kajian mendapati terdapat perubahan terhadap kehidupan sahabat AIM di mana berlaku peningkatan dalam pendapatan, jumlah asset yang dimiliki dan tahap kegembiraan berbanding sebelum menyertai AIM. Kajian ini membuktikan program AIM yang dijalankan adalah berkesan dan telah mencapai objektif yang telah dikenalpasti. Hasil daripada kajian yang dilaksanakan, didapati pendapatan responden telah meningkat setelah menyertai projek yang dijalankan oleh pihak AIM. Selain itu, responden juga telah melahirkan rasa puas hati mereka terhadap apa yang telah dijalankan oleh pihak AIM dalam membantu masyarakat luar bandar menangani masalah kemiskinan.

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LIST OF ABBREVIATIONS

ADB	: Asian Development Bank
AIM	: Amanah Ikhtiar Malaysia
BRAC	: Bangladesh Rural Advancement Committee
DEB	: Dasar Ekonomi Baru
DMC	: Developing Member Countries
GDP	: Gross Domestic Product
IFAD	: International Fund Agricultural Development
MCP	: Microcredit Programme
MFI	: Micro-Finance Institution
NEP	: New Economy Policy
NGO	: Non-government Organizations
OECD	: Organization for Economic Co-operation and Development
PLI	: Poverty Line Income
PMR	: Penilaian Menengah Rendah
RMK-9	: Rancangan Malaysia Ke-9
SPM	: Sijil Pelajaran Malaysia
STPM	: Sijil Tinggi Persekolahan Malaysia
USM	: Universiti Sains Malaysia

CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter presents a brief description on poverty in Malaysia generally and Kedah state in particular. The problem faced by Micro-Finance Institution (MFI), i.e., the Amanah Ikhtiar Malaysia (AIM), which has been identified as one of the MFI in Malaysia in provide financing to poor household in rural area. In addition, the problem statement, significant of study, research objective, and scope of study are also presented in this chapter.

The study of poverty in Malaysia can be traced in November 1923 when Zainal Abidin bin Ahmad (Za'ba) wrote an article for respond to two issued in Malay Mail newspaper entitled "*A Civic Sense*". Za'ba has distinguished between poverty of economic material and poverty of non-material such as moral or spiritual poverty. Due to the constraints and restrictions of the British at that time, research on poverty is not so prominent, at least until Malaya gained the independence. Systematic studies on poverty only began in the 1950's, led by Ungku A. Aziz.

Government's desire to eliminate poverty, especially extreme poverty begins with the systematic and coherent implementation of the New Economic Policy (NEP). Malaysia is classified as an upper middle income country by the World Bank. This achievement is due to the approach taken in poverty alleviation through microfinance in Malaysia, an approach deriving from the NEP which operated from 1971 to 1990. The NEP was directed to reducing poverty and income disparities between ethnic groups, and particularly to improving the position of the Bumiputera. These are the indigenous peoples of Malaysia, who were seen as economically disadvantaged by comparison with other ethnic groups, particularly the Chinese.

However, there is still widespread poverty, especially Malays people in rural areas, despite various efforts has been taken by government including subsidies, agricultural input and followed by establishment of various government agencies which aims to increase income and reduce poverty. Recognizing this, Amanah Ikhtiar Malaysia (AIM) is one of institution that establishes to reduce poverty in Malaysia through micro-credit call Ikhtiar financing scheme for poor household in rural area.

1.2 Micro-Credit and Amanah Ikhtiar Malaysia (AIM)

The Micro-Credit approach (also known as Grameen Bank's approach) in poverty eradication was introduced by Muhamad Yunus in Bangladesh in 1976 and has since expanded to all over the world. Its expansion in Malaysia occurred in year 1986, initiated by David Gibbons and Sukor Kasim who were at that time serving the Universiti Sains Malaysia (USM). The initial project to examine the suitability of Grameen Bank's approach is known as Projek Ikhtiar, which was conducted by USM and financed by Islamic Economic Development Foundation of Malaysia, Asia-Pacific Development Centre and the Selangor State Government. The Projek Ikhtiar, which is an action research project carried out by the Centre for Policy Research USM, is a research to examine Grameen Bank's approach in reducing rural poverty by granting access to micro-credit to the poor. This Micro-Credit scheme is aimed at financing the efforts in increasing income and strengthening the poor via joint management with AIM, in order to achieve continuity and success of the program.

The history of AIM's expansion is closely related to the establishment of Grameen Bank. Grameen Bank's history begins in 1976, when Muhammad Yunus, the Lecturer in Economics at the University of Chittagong, Bangladesh, carried out research on the poor who were rarely involved in banking activities. His research revealed that the poor were not able to improve their quality of life due to lack of capital. Therefore, Yunus suggested that if the poor are given capital injection at the right time and under the right circumstances, significant development will take place (Amanah Ikhtiar Malaysia, 2011).

1.3 Amanah Ikhtiar Malaysia (AIM)

AIM was established on 17th September, 1987 as a Registered Private Trust Corporation. AIM is born out of the successful Projek Ikhtiar, which is an action research project implemented by the Centre for Policy Research, USM from 1986 to 1987 in the North-West area of Selangor. This research was led by David S.Gibbons and Sukor Kasim with the objective to put the test to provision of micro-credit financing scheme for the poor. This scheme enables them to carry out economic activities based on the skills they possessed as an effort to increase their household income.

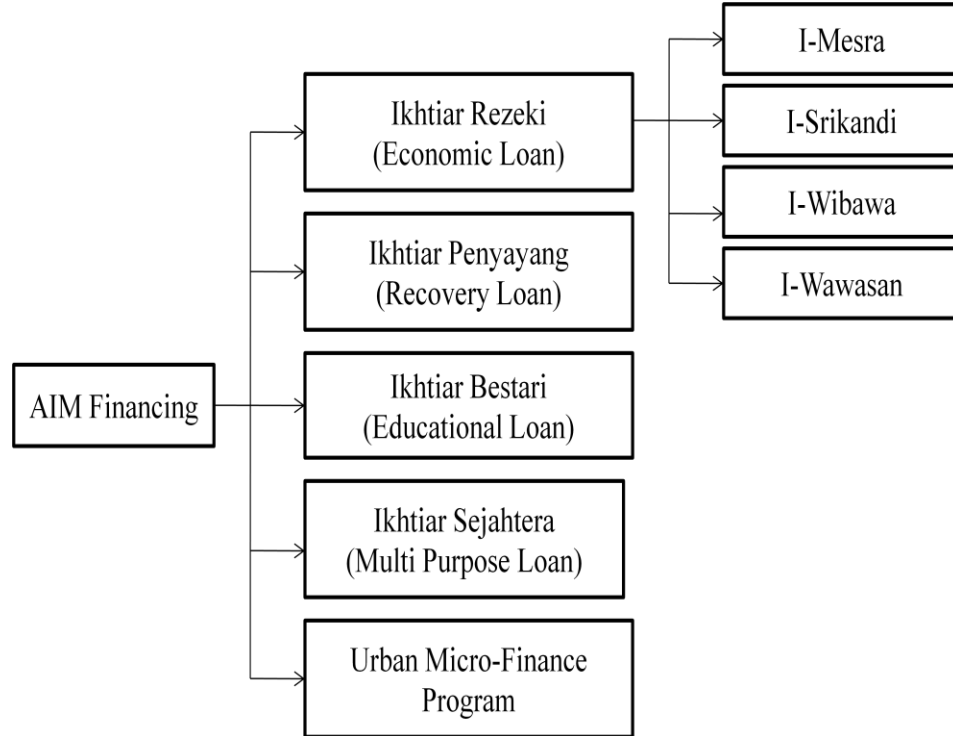
AIM objectives are to reduce poverty among the poor and poorest household in Malaysia by providing micro-credit financing to fund income-generating activities, to provide continuous financing facilities to Ikhtiar's entrepreneurs and to provide continuous guidance and training to the poor household, the poorest and Ikhtiar's entrepreneur. In achieving the foregoing objectives, AIM provides Capital Financing, Compulsory Saving and Members Welfare and Well-being Fund. AIM vision is to be a progressive, dynamic and world-class micro-credit institution that eradicates poverty and uplift society's well-being.

Following that, AIM missions are to be a Micro-Finance Institution (MFI), to be an independent institution by 2012 with multiple products and services, to be an icon in micro-financing operation at international level, to develop more comprehensive program to assist, guide and strengthen the poor, especially the Malays and Bumiputera, to achieve current balance of financing at RM5 billion in year 2012, to improve the quality of service and to create excellent work culture and to provide financing facilities and continuous guidance to fellow entrepreneurs.

1.3.1 AIM Financing Products

AIM started as an applied research project initiated by Center of Policy Research, USM, in 1986. This applied research project was institutionalized as a registered private trust as “Amanah Ikhtiar Malaysia” in 1987. AIM selects clients, based on their average monthly household income. Potential clients’ monthly household incomes, which fall below the Poverty Line Income (PLI) are considered as poor households. PLI has been calculated by Malaysian government since 1976. It was estimated based on the price of necessities such as food and other basic needs. When average monthly household income is below half of PLI, they are then considered as hardcore poor.

Figure 1: AIM Financing



Sources: <http://www.aim.gov.my/~cms/index.html>

Based on Figure 1.1, AIM provides microcredit services to the poor and hardcore poor households in Malaysia. AIM provides small amount of collateral free credit, primarily three economic loans namely I-Mesra loan, I-Srikandi loan and I-Wibawa loan. AIM also provides I-Penyayang loan or recovery loan. In addition, AIM provides education loan (I-Bistari) and housing/multipurpose loan known as I-Sejahtera. As at Disember 2010, AIM has extended their outreach to 87 branches in eight states in Malaysia. There are 63108 groups in 6999 centers, currently serving a total of 262960 clients with a 99.33% repayment rate.

1.3.2 AIM Members

The basic qualifications to join the AIM members are household income must be below the current government's poverty line, set up a group comprising 5 person of the same gender who are without close family relationship, in mutual trust among each other and responsible of all members, as a group, must undergo a short-term compulsory course for 5 days, 1 ½ hours a day, and after passing the Group Recognition Test (a brief test carried out at the end of 5 day course), all members of the group must join the Centre, which is a federation of 2 to 10 groups.

As an AIM Member, they must attend Centre Meeting every week, repay loan in accordance with the agreed period, save in compulsory saving in accordance with the agreed amount and assist other members within the group and centre when they are in difficulties.

The conditions of Ikhtiar Financing are no collateral and guarantor, no legal action taken to recover debt, AIM member will be protected by Khairat Fund, foregoes all debt upon death, through close supervision and human capital development. Through this scheme, AIM members will be trained and guided, so they will be more responsible, confident and competitive to generate income. However, administrative charge 10% per annum or 5% for 6 month is imposed by AIM. This administrative charge is used merely to cover administrative costs.

1.3.3 AIM Achievement

Table 1.1: AIM Basic Information

BASIC INFORMATION		
	DEC 09	DEC 10
Number of Members	237, 933	263, 795
Number of Group	55, 576	63, 444
Number of Centre	6, 265	7, 013
Number of Branch	87	87
Number of Staff	1, 377	1, 756

Source: http://www.aim.gov.my/~cms/Arkib_Pencapaian.htm

Table 1.1 presents basic information of AIM from December 2009 to December 2010. The table shows that number of members was increased from 237 933 to 263 795. Number of group has increased from 55 576 to 63 444, while number of centre has increased from 6 265 to 7 013 and number of staff also increased from 1 377 to 1 756. However, numbers of branch still remain at 87 branches. This scheme has attracted more households to join AIM especially in the rural area.

Table 1.2: AIM Financing Information

FINANCING INFORMATION (RM)		
	DEC 09	DEC10
Current issued capital	3 726 021 473	4 831 066 873
Current balance	652 177 529	887 746 685
Repayment rate	99.14%	99.51%

Source: http://www.aim.gov.my/~cms/pencapaian_terkini.html

Table 1.2 present the AIM financing information from December 2009 to December 2010. The table shows that current issued capital increased from RM 3 726 021 473 to RM 4 831 066 873. Current balance also shows increased from RM 652 177 529 to RM 887 746 685 and repayment rate also increase from 99.14% to 99.51%.

1.4 Problem Statement

Microcredit and microfinance have received extensive recognition as a strategy for poverty reduction and for economic empowerment. Microfinance is a way for fighting poverty, particularly in rural areas, where most of the world's poorest people live. Accessing to small amounts of credit at a reasonable interest rate will give the poor people an opportunity to set up their own small business. Many studies show that poor people are trustable, with higher repayment rates than conventional borrowers. When poor people have access to financial services, they can earn more, build their assets, and cushion themselves against external shocks. The poor households can use microfinance to move from everyday survival to planning for the future: they invest in better nutrition, housing, health, and education. Most poor people cannot get good financial services that meet their needs because there are not enough strong institutions that provide such services.

The main agenda of third world country is to eradicate poverty in the rural area. The rural sector is often associated with agricultural practices are still regarded as a major sector of inherited poverty, despite the various approaches and theories presented to solve this problem. In Malaysia, this rural poverty is still exist and government has outlined several approaches via 9th Malaysian Plan (RMK-9) and New Economy Policy (NEP) to continue the implementation of reducing poverty level to ensure that the living standards of the community move together with national development. In this context, microfinance can play an important role.

However, the problem is: to what extent is the effectiveness of microfinance in reducing rural poverty and increasing living standard of rural area?

Table 1.3: Kedah Poverty Line Income (PLI)*

Area	Poor		Hardcore Poor	
	Monthly Household Income (RM)	Per Capita Income (RM)	Monthly Household Income (RM)	Per Capita Income (RM)
Kedah	≤ 720	≤ 180	≤ 430	≤ 100
Urban	≤ 740	≤ 185	≤ 420	≤ 100
Rural	≤ 700	≤ 160	≤ 440	≤ 100

*Note: Effective from 1st January 2009

Source: <http://esinar.kedah.gov.my/WEBE-sinar/statistik.cfm>

Table 1.3 shows the Poverty Line Income (PLI) of Kedah. Generally, PLI for Kedah shows that the household with monthly household income is less than or equal to RM720, they could be categorized as poor. They also could be as poor if their income per capita is less or equal to RM180. However, the households will be categorized as hardcore poor if their monthly households income is less than or equal to RM430. If the households' income per capita is less or equal to RM100, the households also could be categorized as hardcore poor.

The table has classified the poor and hardcore poor based on urban and rural area in Kedah. For the urban area, the households could be categorized as poor if their monthly households' income less than or equal to RM740; or their income per capita is less than or equal to RM185. However, the households could be categorized as hardcore poor if their monthly households' income less than or equal to RM420; or their income per capita is less than or equal to RM100.

For rural area, the households could be categorized as poor if their monthly households' income less than or equal to RM700; or their income per capita is less than or equal to RM160. Nevertheless, the households could be categorized as hardcore poor if their monthly households' income less than or equal to RM440; or their income per capita is less than or equal to RM100.

Table 1.4: Statistic of poverty in Kedah by district

Area	Category of poverty				Total	
	Poor		Hardcore Poverty			
	OCT. 2010	FEB. 2011	OCT. 2010	FEB. 2011	OCT. 2010	FEB. 2011
Baling	1368	1528	1925	2042	3293	3570
Bandar Baharu	70	76	160	166	230	242
Kota Setar	475	475	1705	1705	2180	2180
Kuala Muda	567	568	1399	1400	1966	1968
Kubang Pasu	279	287	654	680	933	967
Kulim	218	321	462	611	680	932
Langkawi	78	89	125	154	203	243
Padang Terap	182	211	444	487	626	698
Pendang	159	163	503	528	662	691
Pokok Sena	230	250	430	446	660	696
Sik	748	835	1838	1918	2586	2753
Yan	301	305	733	747	1034	1052
TOTAL	4675	5108	10 378	10 884	15 053	15 992

Source: <http://esinar.kedah.gov.my/WEBE-sinar/statistik.cfm>

In Kedah, the rural poverty continues to be a harsh reality for many rural households. Based from Table 1.4, by the end of 2010, statistic showed that more 15 thousand poor household was registered with e-Sinar system and the numbers of poor household was increased over time. In just four month, poverty in Kedah was increase by 939 households.

Meanwhile, Pokok Sena district showed that numbers of poor household has increased by 36 households. Therefore, with the establishment of AIM it can help to reduce numbers of poverty in Kedah, especially for rural household such as Baling and Sik. The problem is the effectiveness of AIM is yet to study in this area. Moreover, its effects on happiness, the ultimate objective of most human, are also yet to be measured.

AIM follows the same delivery methods developed and practiced by Grameen Bank in Bangladesh. In Malaysia, up to my knowledge, since there is a need to measure the impact of AIM's microcredit schemes on the hardcore poor clients' quality of life, this study intends to measure the impact of AIM's microcredit schemes on hardcore poor household member's quality of life in Peninsular Malaysia.

1.5 Research Objective

The general objective of this research is to identify the effectiveness of AIM in reducing rural poverty using the case of Pokok Sena, Kedah. The specific objectives of this study are as follows:

- a) To identify the effectiveness of AIM on income for AIM members before and after participation in AIM.
- b) To identify the effectiveness of AIM on assets for AIM members before and after participation in AIM.
- c) To identify the happiness level for AIM members before and after participation in AIM.

1.6 Significant of the Study

The poverty eradication strategy by AIM is a very interesting study in its effectiveness to overcome poverty problem among the rural communities through a program that has been carried out. The finding of this study is very beneficial to the government to identify programs and strategies for implementation of the AIM scheme in reducing poverty. Nevertheless, AIM scheme must continue and continuous support from its sponsors as well as the government is needed for its sustainability in socio-economic uplifts of poor women.

What is more important is that AIM must follow certain measures in disbursing its loan to avoid any misuse and gains on attaining best returns from the programmes of socio-economic uplift.

This thesis is expected to estimate the extent of AIM success in helping the poorest community and to determine the factors that influence the success of the program to overcome the poverty problem. In addition, this study also expected to assess the impact of changes in standard of living of the poorest and to identify the factors that can prevent the success of the program.

The findings from this thesis hopefully will help Kedah state government in develop its strategic planning to ensure the numbers of poor households would be reduced by year 2020. This thesis will also suggest steps to be taken by the policy makers in Malaysia and administrators of AIM to encourage more participation of poor household to join AIM.

1.7 Scope of Study

This study is to identify the effectiveness of AIM programme to increase their member's income, living of standards and assets owned before and after the members join the AIM programme. Besides that, this study also to identify the effective of AIM scheme in delivering their micro-credit loan to rural households. This study also to identify the happiness level of AIM members before and after joined AIM scheme.

Scope of this study was small, which only takes in account AIM members who participate in this program until 2010 at Kg. Bukit Payong centre. Number of respondents was only 55 women that joined AIM programme.

Effectiveness is the degree to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing". For this thesis, the effectiveness of AIM is defined as increase of one's income and assets after joining AIM.

Economics of happiness is the quantitative study of happiness, positive and negative effect, well-being, quality of life, life satisfaction and related concepts, typically combining economics with other fields such as psychology and sociology. It typically treats such happiness-related measures, rather than wealth, income or profit, as something to be maximized. In this thesis, happiness is defined as the satisfaction level of AIM members to AIM role in delivering their services to poor households in rural area.

AIM members are referring to poor individual or poor household that joining AIM. Based on this thesis, the respondents are among the poor individual or poor household that joining AIM.

According to Hamimi (2011), rural poverty existed because the agricultural sector has neglected since the colonial period. In addition, rural poverty also exists among paddy farmers because of low productivity and uneconomical use of land. However, rural poverty can be defined as households living in rural areas and have incomes below a specified Poverty Line Income (PLI).

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews the previous studies on the relationship among micro-finance and micro-credit, AIM, poverty and happiness. This chapter is organized into four sections. Section one discusses the micro-finance and micro-credit. Section two and section three present review of literature on AIM and poverty respectively. The last section discusses the previous studies on happiness.

2.1 Micro-finance and micro-credit

In the past twenty years, a micro-credit or micro-finance movement has begun to provide small business loans to the poor household. According to Asian Development Bank (2000) microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their microenterprises. Microfinance services are provided by formal institutions such as rural banks and cooperatives, and by semi-formal institutions, such as nongovernment organizations, and also by informal

sources such as money lenders and shopkeepers. Institutional microfinance is defined as the formal and semi-formal institutions which provide the microfinance services provided by both formal and semiformal institutions. On the other hand, microfinance institutions are defined as institutions whose major business is the provision of microfinance services.

According to Shahid Khandker (2001), micro-finance means transactions in small amounts of both credit and saving, involving mainly small-scale and medium-scale businesses and producers. The poor, who cannot run a small business because they lack of capital, may also benefit from the micro-finance organization. Bakhtiari (2006) defined microfinance as the provision of a broad range of financial services to low-income micro enterprises and households. The range of financial services usually includes savings, loans, insurance, leasing, money transfers, and others.

Generally, Arora and Meenu (2010) categorized the micro-finance products into three: Micro credit, Micro savings and Micro insurance. The term micro credit is often used in place of micro finance itself. But micro credit is just one aspect of micro financing concept which means to provide micro loans to the low income group people. Micro-credit covers a wide variety of loans for consumption as well as production such as housing loans, education loans, and agricultural loans, loans for small and medium enterprises.

In this context, Haque and Yamao (2009) pointed out that in the early 1970s, some Non-government Organizations (NGOs) and Microfinance Institutions (MFIs) had introduced microcredit programme (MCP) to the poor people. Their purpose is to help the poor become self-employed and thus alleviate poverty with microcredit. Many of them provide credit using social mechanisms, such as group-based lending, to reach the poor and other clients, including women, who lack access to formal financial institutions. According to Vanroose (2007), the most common product of microfinance is microcredit: a small loan that provides people with the means to invest in an income-generating activity. Nevertheless, its ability to effectively reduce poverty is not yet clear, and it generates some unresolved ethical questions. Additionally, the result shows that, in broader sense, microfinance may have negative as well as positive effects on poverty.

Norhaziah and Mohd Noor (2010) indicate the aim of microcredit is to help the poor and lower income group to get funds for their business activities and to improve their lives. Usually, the amount of loans given are very small, in short term period, no collateral needed and required weekly repayment.

Parveen and Chaudhury (2009) micro-credit is a small loan to a client involved in some kinds of entrepreneurial activities for a living, which is made by a bank or other institution. The independent sample t-test was performed to evaluate the impact of micro-credit on women's economic empowerment. Results showed significant differences between Bangladesh Rural Advancement Committee (BRAC) and non-BRAC women in the levels of economic dimensions of empowerment. This

study concluded that there were some positive contributions of micro-credit interventions on rural women's economic autonomy. Hence, more loans should be expanded to the low-income women by development agencies.

According to Abdullah- Al- Mamun et al. (2010), the products and services offered by microcredit organizations are targeted for the poor and hardcore poor households, who make up nearly half of the total population of the world. In term of effectiveness, on several microcredit organizations' clients in Bangladesh, it is noted that participation in microcredit program improved poor households ability to generate income which leads to an improvement in households income, net working capital, fixed assets, increase spending on food, medical facilities and children's schooling. This study had proven that AIM's microcredit program increased microenterprise assets owned by hardcore poor households who received credit from AIM.

Access to microcredit on reasonable terms is the important factor for the success of AIM program. Access to credit is crucial for many very poor households since it enables them to capitalize their knowledge and skills in that they can purchase the assets to create additional income. The success of poverty focused micro credit as an effective instrument to empower and lift hard core poor and their families out of poverty is proven and widely acknowledged throughout the world.

The study of Rahmah Ismail (2001), has indicated that findings of many studies have shown: small credit can facilitate the rural poor in raising their standard of living and uplifting them from the incidence of poverty. For instance, the Grameen Bank in Bangladesh gained reputations all over the world because of its success. Consequently, many other countries like Philippine, Indonesia, Africa and even the United States have replicated the scheme. Malaysia, as a developing country also showed its interest in this credit scheme and established the Projek Ikhtiar in 1986. This has subsequently changed its name to Amanah Ikhtiar Malaysia (AIM) in 1987. AIM is a registered private trust that provides loan to poor households in rural areas regardless of their races, religion, gender and political affiliates.

AIM appears to have successfully in reducing rural poverty. For examples, according to Rahmah Ismail (2001), AIM was successfully to reduce rural poverty in Baling, Kedah and Hulu Terengganu, Terengganu. The result shows that, households who participate in AIM will receive higher monthly income. It is not only increases the AIM member's income, but it also increases the households income, facilities and assets owned, and saving.

Abdullah- Al- Mamun et al. (2010), a microcredit organizations of AIM in Malaysia and also other micro-credit organizations all over the world, has worked toward reducing the poverty rate by providing working capital which is expected to increase the net worth of microenterprise assets owned by AIM's hardcore poor households.

The focus of the present study is to analyze the effectiveness and efficiency programmes of AIM in eradicating poverty. One of the ways in which it can build up and improve the capacities of the poor and low income families in order to alleviate their poverty is through micro credit facilities. The study assess whether this method is effective in poverty alleviation of these families.

2.2 Poverty and Micro-Credit

Shams (1995), based on the according to various estimates, including those of the World Bank, concluded that about one billion people or one-sixth of the world population now live in poverty. Poverty is a complex, multifactorial concept reflecting a low level of well-being (Barrett, 2004). Laplante (2009) stated that in 2008, more than 900 million people in the Asia and Pacific region lived in absolute poverty (defined as less than \$1.25 a day in 2005 prices), and an additional 900 million lived in moderate poverty (defined as less than \$2 a day). In other words, approximately one of every two individuals—or 1.8 billion people—remains poor in the developing member countries (DMCs) of the Asian Development Bank (ADB)

In literature, poverty is defined as a condition of life, which is characterized by deprivation of some sort or the other, and perceived as undesirable by the person (s) concerned or others (Pradhan, 2011). Poverty is a multidimensional concept and can be measured in terms of income as well as non-income. By income approach, it interprets in the form of lowness of income, which prevents a family from obtaining

and enjoying the basic necessities of life including a minimum of food, clothing, and shelter. Pradhan also agreed that, by the non-income approach of poverty, on the contrary, it represents social deprivations such as health, education, sanitation, insurance against mishaps, economic vulnerability, information and participation, political powerlessness and social disadvantage.

In addition, poverty also can be defined either in absolute or in relative terms. In the absolute sense, it is defined as an income level that is inadequate for purchasing the minimum necessities of life. In relative sense, poverty is concerned with the relative position of income groups along the national income scale (Perumal, 1992). While Thakur and Priya (2006) defined poverty is a complex phenomenon. It manifests itself in a myriad of ways. The poor not only suffer from low income and high unemployment but also from low life expectancy, low levels of literacy and poor health.

Rahman and Westley (2001) International Fund Agricultural Development (IFAD) believes that the only way to reach the international poverty reduction target is to focus on rural development: in the early stages, with a strong focus on the production of food staples on small farms; in later stages, with more attention to commercial crops and the non-farm sector (itself strongly linked to agriculture). The key interventions are better access for the poor to assets, both 'old' and 'new', especially land, water and human capital; improved technology, both 'old' and 'new'; better access to markets and reforms of institutions through decentralization and devolution – all designed to achieve rapid reduction of poverty, through employment

intensity and the exploitation of local linkages with agriculture. IFAD's approach and experience lay particularly stress on supporting women and minorities.

Amato and Zuo (1992) noted that poverty has far-reaching negative consequences for quality of life. The poor are more likely than others to be exposed to stressful life events, such as unemployment, crime victimization, and illness; they also live with chronic strains such as economic hardship, job dissatisfaction, and frustrated aspirations.

Muhammad Khalid Bashir, Akhtar Amin and Muhammad Khalid Naeem (2010) proved that micro-credit programs have emerged as a vital tool to address the issue in countries like Pakistan. It gives people the chance to earn livelihood, helps them to live with self esteem and reduces their financial exploitation. Their study analyzed how micro-credit helped in reducing the poverty in District Jhelum, Punjab, Pakistan. This primary data based study was conducted to assess the role of micro-credit in the uplift of low income consumers. An interviewing schedule was prepared for data collection. Multiple regression model was used in two phases; first to check the impact of micro-credit on the incomes of people and secondly to test out the impact of the income on the poverty status. The result of the first phase show that the income is dependent on the micro-credit along with other variables and in the second phase it was found that income has a negative impact on the poverty providing a clue that micro-credit is an important tool for improving and increasing the living standard of the people.

2.3 Happiness

Graham (2005) noted that the economics of happiness is an approach to assessing welfare which combines the techniques typically used by economists with those more commonly used by psychologists. It relies on surveys of the reported wellbeing of hundreds of thousands of individuals across countries and continents. It also relies on more expansive notions of utility than does conventional economics, highlighting the role of non-income factors that affect well-being. It is well suited to informing questions in areas where revealed preferences provide limited information, such as the welfare effects of inequality and of macroeconomic policies such as inflation and unemployment.

According to Kőszegi and Rabin (2008), happiness is a very good thing. It is a very good topic of social–scientific investigation. Indeed, beyond the study of behavior, a central focus of economics has always been to understand how economic behavior and institutions affect well-being. While Mota and Pereira (2008) pointed out that since Jeremy Bentham, utilitarians have argued that happiness, not just income or wealth, is the *maximand* of individual and social welfare.

Meanwhile, Agan, Sevinc and Orhan (2009) stated that the relationship between economic welfare and happiness has been compounded by different conceptualizations and statistical approaches. Economic conditions influence the welfare and social well-being of the society. While the literature indicates a positive relationship between income levels and life satisfaction, it indicates negative

relationships between inflation, unemployment and life satisfaction. They analyze the relationship between main macroeconomic variables of unemployment, inflation, per capita Gross Domestic Product (GDP) and life satisfaction using data from 57 countries. They use the standard regression analysis and conclude that their method is sufficient to examine the relations and the stated macro variables are significantly affecting life satisfaction towards expected directions.

Frey and Stutzer (2005) added that the relationship between income and subjective well-being, both in simple regressions and when a large number of other factors are controlled for in multiple regressions, proves to be statistically (usually highly) significant.

Mota and Pereira (2008) prove that cross section individual data from citizens in Organization for Economic Co-operation and Development (OECD) countries show that income, education and the perceived quality of institutions have the highest impact on life satisfaction, followed by social capital. Country analysis shows a non linear but positive influence of per capita GDP on life satisfaction, but also that unemployment and inflation reduce average happiness, the former effect being stronger. Finally, better quality public institutions and having more social capital also bring more happiness.

Frey and Stutzer (2010) explain that the economic analysis of subjective well-being teaches us how human beings value goods and services, as well as how they value social conditions. The effects of income, unemployment and other economic, social and genetic factors on well-being are empirically identified. The new insights include non-material values such as the value of autonomy and social relations with friends and family. Economic activity is seen as contributing to human happiness. This does not exclude that other goals such as loyalty, responsibility, self-esteem, freedom or personal development also matter.

The effects on happiness of income can also be assessed by comparing people with different incomes at a particular point in time who live in the same area. At first sight, people with higher income have more opportunities to achieve what they desire. The relationship between income and happiness in this thesis is measured by happiness level of AIM member's before and after joining AIM. The effectiveness of AIM related with happiness if happiness of AIM members has increase. Therefore, this thesis is to identify the happiness level of AIM members before and after participation in AIM.

2.4 Theoretical Framework

Figure 2: Theoretical Framework

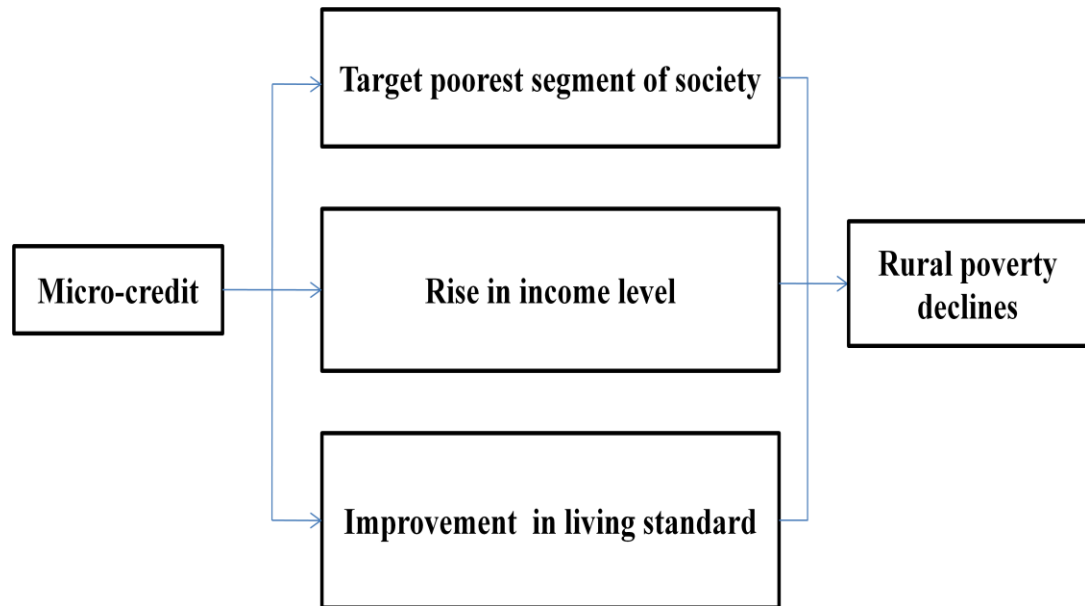


Figure 2 presents the theoretical framework of micro-credit role to reduce poverty in rural area. Based form the figure, micro-credit will provide the loan to poor household. The poor household will use that loan to set up their own project or business to generate income and so on to increase their income. Rise in income level could improve the poor household's living standard via increasing in assets, level of education, health, nutrition etc. Through increasing in income and standard living, poverty could be reduced.

2.5 Conclusion

This chapter has briefly reviewed the previous studies about micro-finance and micro-credit, Amanah Ikhtiar Malaysia (AIM), poverty and happiness. It is shown that the micro-credit scheme is effective to reduce poverty and increase living of standard especially in rural area. Results from previous studies also showed that happiness also has the effects of income, unemployment and other economic factors.

CHAPTER THREE

DATA AND METHODOLOGY

3.1 Introduction

This chapter discusses the data and methodology of this study that use to achieve the research objectives of this thesis. This chapter also presents the sampling design and model specification of this thesis. In particularly, the definition and measurement of dependent and independent variables are explained in details.

3.2 Data

3.2.1 Target Population

The target population for this thesis is individuals who participate in AIM on the year 2010 in Kg. Bukit Payong, Pokok Sena, Kedah.

3.2.2 Data Collection Method

In this thesis, self-administered questionnaire was selected as a method of data collection. According to Milne (1999), the advantages of questionnaires are:

- a) The responses are gathered in a standardized way, so questionnaires are more objective, certainly more so than interviews.
- b) Generally it is relatively quick to collect information using a questionnaire.
- c) Potentially information can be collected from a large portion of a group.

3.2.3 Questionnaire

In this thesis, the questionnaire is divided into four parts. Part A asking about AIM member's background, Part B asking about AIM member's income and assets, Part C asking about AIM member's satisfaction level to AIM and Part D asking about AIM member's happiness. Due to lack of English proficiency among rural households, the questionnaire for this thesis was written in Malay language (Bahasa).

3.2.4 Data Collection Process

A total of 55 questionnaires were distributed to the AIM member's of AIM on 12th January 2011 (Wednesday) during their weekly meeting.

3.2.5 Pilot Test

It is good practice to ‘pilot’ or pre-test the questionnaire with a small sample of respondents before use. The pilot test should check people’s understanding and ability to answer the questions, highlight areas of confusion and look for any routing errors, as well as providing an estimate of the average time each questionnaire will take to complete. Any amendments highlighted by the pilot test should be made to the questionnaire before issuing a final version.

The questionnaires were administered to five AIM member’s as a pilot test on 5th January 2011. The main objective of this pilot test is to ensure that the questionnaires are readable, practical and easy to understand.

After pilot test, a few questions were improved. For question 1 (age) has been change from range to open-question. For question 13 (income), the question has been change to AIM member’s income and the range was added. One question has been added as question 14 (household income). The pilot test also indicated that the questionnaires have no problem in readability and practicality. Samples of the questionnaire are shown in Appendix 1.

3.2.6 Data screening

This was done on 15th February 2011. This is to minimize the typing error during data entering (into SPSS). Several mistakes on data entering have been identified and rectified. Then, the data are ready to use for analysis.

3.3 Methodology

The methodologies that use in this thesis are Two-Population Mean Test, Chi-Square Independent Test and Ordinal Logistic Regression. These methodologies are used to determine whether the variables are significant or not, statistically.

3.3.1 Two-Population Mean Test

The two-sample t-test is used to determine if the two-population means are equal. A common application of this is to test if the mean of a variable is significantly different for those who found to be effectiveness in AIM and for those who found to be ineffective in AIM.

There are several variations on this test. The data may either be paired or not paired. By paired, it means that there is a one-to-one correspondence between the values in the two samples. That is, if X_1, X_2, \dots, X_n and Y_1, Y_2, \dots, Y_n are the two samples, then X_i corresponds to Y_i . For paired samples, the difference $X_i - Y_i$

is usually calculated. For unpaired samples, the sample sizes for the two samples may or may not be equal. The formulas for paired data are somewhat simpler than the formulas for unpaired data. In this thesis, as the respondents in the two groups are different, the paired t-test is not applicable.

The variances of the two samples may be assumed to be equal or unequal. Equal variances yield somewhat simpler formulas, although with computers this is no longer a significant issue. In some applications, it may want to adopt a new process or treatment only if it exceeds the current treatment by some threshold. In this case, it can state the null hypothesis in the form that the difference between the two populations means is equal to some constant ($\mu_1 - \mu_2 = d_0$) where the constant is the desired threshold.

The two sample t test for unpaired data is defined as:

$$H_0: \mu_1 = \mu_2$$

$$H_a: \mu_1 \neq \mu_2$$

Test Statistic:
$$T = \frac{\bar{Y}_1 - \bar{Y}_2}{\sqrt{s_1^2/N_1 + s_2^2/N_2}}$$

where N_1 and N_2 are the sample sizes, \bar{Y}_1 and \bar{Y}_2 are the sample means, and S_1^2 and S_2^2 are the sample variances.

If equal variances are assumed, then the formula reduces to:

$$t = \frac{\bar{Y}_1 - \bar{Y}_2}{s_p \sqrt{1/N_1 + 1/N_2}}$$

where

$$s_p^2 = \frac{(N_1 - 1)s_1^2 + (N_2 - 1)s_2^2}{N_1 + N_2 - 2}$$

Reject the null hypothesis that the two means are equal if

$$T < -t_{(\alpha/2, v)}$$

or

$$T > t_{(\alpha/2, v)}$$

where $t_{(\alpha/2, v)}$ is the critical value of the t distribution with v degrees of freedom

where

$$v = \frac{(s_1^2/N_1 + s_2^2/N_2)^2}{(s_1^2/N_1)^2/(N_1 - 1) + (s_2^2/N_2)^2/(N_2 - 1)}$$

If equal variances are assumed, then

$$v = N_1 + N_2 - 2$$

3.3.2 Chi-Square Independent Test

A chi-square test can be used to determine whether there is a significant association between the two variables. This test can be either a two-sided test or a one-sided test. The two sided version tests against the alternative that the true standard deviation is either less than or greater than the specified value. The one-sided version only tests in one direction. The choice of a two-sided or one-sided test is determined by the problem.

The value of the test-statistic is

$$X^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i}$$

where

X^2 = Pearson's cumulative test statistic, which asymptotically approaches a χ^2 distribution.

O_i = an observed frequency;

E_i = an expected (theoretical) frequency, asserted by the null hypothesis;

n = the number of cells in the table

The chi-square statistic can then be used to calculate a p -value by comparing the value of the statistic to a chi-squared distribution. The number of degrees of freedom is equal to the number of cells n , minus the reduction in degrees of freedom, p .

The result about the number of degrees of freedom is valid when the original data was multinomial and hence the estimated parameters are efficient for minimizing the chi-square statistic. More generally however, when maximum likelihood estimation does not coincide with minimum chi-square estimation, the distribution will lie somewhere between a chi-square distribution with $n - 1 - p$ and $n - 1$ degrees of freedom.

3.3.3 Probit Model

Probit regression is an alternative log-linear approach to handling categorical dependent variables. A typical use of probit is to analyze dose-response data in medical studies. Like logit or logistic regression, the researcher focuses on a transformation of the probability that Y , the dependent, equals 1. Where the logit transformation is the natural log of the odds ratio, the function used in probit is the inverse of the standard normal cumulative distribution function.

Where logistic regression is based on the assumption that the categorical dependent reflects an underlying qualitative variable and uses the binomial distribution, probit regression assumes the categorical dependent reflects an underlying quantitative variable and it uses the cumulative normal distribution.

In this thesis, effectiveness of AIM is measured at nominal scale, i.e., 1 if very effective (increase of two income categories) and 0 if just effective (increase of one income categories). This measurement is due to the fact that in this sample – all AIM members experienced increase of income after joining AIM. Thus, a probit model is estimated for this binary limited dependent variable using latent variable approach.

Assume that for each member, there is a latent variable that represent his or her tendency to be effective. This tendency is associated with individual characteristics of the graduate (x_i). Let y^* represent this latent variable and assume that y^* is a linear function of x_i , then,

$$y_i^* = \sum_{i=1}^n \beta x_i + u_i \quad (1)$$

where

y^* = the unobserved tendency to be effective

x = the individual characteristics

u = the error term

Let y is the random variable that represents the observed outcomes such that value of y is observed as:

$y = 1$ if very effective

$= 0$ if just effective

Assume that the error term in the latent equation (1) follows a normal distribution, we have the probit model. The probability that the graduates have observed outcome of very effective ($y=1$) or just effective ($y=0$) is given as below:

$$\text{Prob}(y = 1) = \text{Prob}(y^* > 1) = \text{Prob}(x'\beta + u > 0) = \text{Prob}(u < x'\beta) = \Phi(x'\beta)$$

$$\text{Prob}(y = 0) = 1 - \text{Prob}(y = 1) = 1 - \Phi(x'\beta)$$

3.4 Dependent Variable

In this thesis, the dependent variable is the effectiveness of income, which is measured by the AIM member's income before and after joining AIM. The measurement of income has determined based on the table below:

Table 3.1 Dependent Variable

Dependent Variables	Definition	Measurement
Effectiveness of AIM member's income	AIM member's change in income in Ringgit Malaysia (RM) after joined AIM	Nominal scale: 0 = Increase one income category 1 = Increase two income category

Note:

Income category: 1 = Less than RM 500; 2 = RM 501 – RM 1000; 3 = RM 1001 – RM 1500; 4 = RM 1501 – RM 2000; 5 = RM 2001 – RM 2500; 6 = RM 2501 – RM 3000; 7 = RM 3001 – RM 3500; 8 = RM 3501 – RM 4000; 9 = RM 4000 above.

3.5 Independent Variable

Independent variable is a variable that provides the basis for estimation and it is a predictor variable. In this thesis, the independent variables that has use are age, education status, dependent, family members, working family members, AIM members income before joining AIM, household income before joining AIM, home status before joining AIM, others assets before joining AIM, AIM income level, AIM rural poverty, weekly payment, promotion level by AIM, AIM member's satisfaction and overall happiness before joining AIM.

Table 3.2 Independent Variables

Independent Variables	Definition	Measurement
Age	Age in year	Direct measurement with ratio scale
Education status	Level of education	Nominal scale: 1 = Unfinished primary school 2 = Finished primary school 3 = PMR 4 = SPM and equivalent 5 = STPM and equivalent 6 = Skill certificate
Dependent	Number of dependent	Direct measurement with ratio scale
Family members	Number of family members including parents and AIM member's	Direct measurement with ratio scale
Working family members	Number of working family members including parents and AIM member	Direct measurement with ratio scale

AIM member's income	AIM member's income in Ringgit Malaysia (RM) before and after joined AIM	Nominal scale: 1 = Less than RM 500 2 = RM 501 – RM 1000 3 = RM 1001 – RM 1500 4 = RM 1501 – RM 2000 5 = RM 2001 – RM 2500 6 = RM 2501 – RM 3000 7 = RM 3001 – RM 3500 8 = RM 3501 – RM 4000 9 = RM 4000 above
Household income	Household income in Ringgit Malaysia (RM) before and after joined AIM	Nominal scale: 1 = Less than RM 500 2 = RM 501 – RM 1000 3 = RM 1001 – RM 1500 4 = RM 1501 – RM 2000 5 = RM 2001 – RM 2500 6 = RM 2501 – RM 3000 7 = RM 3001 – RM 3500 8 = RM 3501 – RM 4000 9 = RM 4000 above
Home status (main asset)	Home status before and after joined AIM	Nominal scale: 1 = Staying with family 2 = Own 3 = Rent
Facilities	Facilities owned before and after joined AIM	Nominal scale: 0 = Electricity 1 = Water facilities
Other assets	Assets owned before and after joined AIM	1 = Hand phone 2 = Motorcycle 3 = Car 4 = Van 5 = Stall
AIM income level	This variable describe how far the AIM funding to help AIM member's to improve income and livings standard	Nominal scale: 1 = Strongly agree 2 = Agree 3 = Agree somewhat 4 = Undecided 5 = Disagree somewhat 6 = Disagree 7 = Strongly disagree

AIM rural poverty	This variable describe how far the AIM funding effectively reducing rural poverty	Nominal scale: 1 = Strongly agree 2 = Agree 3 = Agree somewhat 4 = Undecided 5 = Disagree somewhat 6 = Disagree 7 = Strongly disagree
Weekly payment	This variable describe how far appropriate and reasonable the weekly payment	Nominal scale: 1 = Strongly agree 2 = Agree 3 = Agree somewhat 4 = Undecided 5 = Disagree somewhat 6 = Disagree 7 = Strongly disagree
Promotion by AIM	This variable describe how far promotion by AIM promote their role and importance to rural household	Nominal scale: 1 = Strongly agree 2 = Agree 3 = Agree somewhat 4 = Undecided 5 = Disagree somewhat 6 = Disagree 7 = Strongly disagree
AIM member's satisfaction	This variable describe how far AIM member's really satisfied with AIM	Nominal scale: 1 = Strongly agree 2 = Agree 3 = Agree somewhat 4 = Undecided 5 = Disagree somewhat 6 = Disagree 7 = Strongly disagree
Overall happiness	This question asking about how far AIM member's feel happy in their life happiness (overall)	Nominal scale: 1 = Strongly happy 2 = Happy 3 = Happy somewhat 4 = Undecided 5 = Unhappy somewhat 6 = Unhappy 7 = Strongly unhappy

CHAPTER FOUR

RESULT AND ANALYSIS I: DESCRIPTIVE

4.1 Introduction

This chapter is the vital part of this thesis which provides the investigations of the focus of this thesis, i.e., the effectiveness of AIM, using analysis of descriptive. The analysis aims to provide descriptive on the respondents income (before and after joined AIM) and the socio-demographic.

4.2 Effectiveness of AIM: Income and asset

Table 4.2a: Changes on Income

Income Range* (RM)	Income Before (%)	Income After (%)	Change (%)
Less than RM500	78.2	-	-78.2
RM 501 – RM 1000	21.8	56.4	36.4
RM 1001 – RM 1500	-	40.0	40.0
RM 1501 – RM 2000	-	3.6	3.6

Table 4.2a shows the changes on income. This change was measure by differences in percentage of income categories after and income before. Before joining AIM, majority of the respondent (78.2%) are in income category at less than RM 500.

After joining AIM, none of them are in this category. Thus, it is very likely that the AIM effectively reduce the rural poverty (which is determined as income at less than RM 500). The respondents are found to enjoy higher income categories after joining AIM: 40% in income category of RM 1001 – RM 1 500 (before; 0%); 3.6% in RM 1 501 – RM 2 000 (before; 0%); 56.4% in RM 501 – RM 1 000 (before; 21.8%). From this result, it was proved that AIM micro-credit scheme are really effective to increase household income especially in rural area.

Table 4.2b: Effectiveness of AIM on Income

Income Range* (RM)	Percentage (%)
0 (increase of one income category)	76.4
1 (increase of two income category)	23.6

Note: There is no decrease or unchanged in income category

Table 4.2b shows another evidence of the effectiveness of AIM on income, by changes in income category. It is found that in the sample, there are no decrease or unchanged of income category; 76.4% of the respondents expressed income of one income category and the remaining respondent have increase two income category of income, after joining AIM. Once can conclude that AIM has no ineffectiveness in increasing income of its members. From this result, the AIM micro-credit scheme successfully to increase AIM member's income above the Poverty Line Income (PLI).

Table 4.2c: Effectiveness of AIM on asset

	Percentage (%)	
	Before	After
Stay with family	14.5	-
Own	78.2	100.0
Rent	7.3	-

Table 4.2c shows the effectiveness of AIM on asset. The result shows that all of the AIM members have their own home after join AIM. Compare before they join AIM, some of them has renting (7.3%) or staying with family (14.5%). The result also shows that, all of the AIM members have increase their living standards. Unfortunately, due to no variance on this effectiveness, it cannot be analyzed by econometric modeling.

4.3 Profile of Respondents

Table 4.3a: Categorical Variables

Variables	Category	Percentage (%)		
Education	Unfinished primary school	21.8		
	Finished primary school	45.5		
	PMR	21.8		
	SPM and equivalent	9.1		
	STPM and equivalent	-		
	Skills certificate	1.8		
Status	Married	92.7		
	Widow	7.3		
Household income*		Before	After	Change
	Less than RM500	23.5	2.0	-21.5
	RM 501 – RM 1000	56.9	7.8	-49.1
	RM 1001 – RM 1500	17.6	58.8	41.2
	RM 1501 – RM 2000	2.0	25.5	23.5
	RM 2001 – RM 2500	-	3.9	3.9
	RM 2501 – RM 3000	-	2.0	2.0

Table 4.3a present the descriptive variables for respondents profile. Base on the level of education, majority of AIM members have finished primary school (45.5%). The result shows that, there are same percentage for unfinished primary school and PMR (21.8%). While those who have SPM is 9.2% and lowest percentage for education is skills certificate, where only 1.8% AIM members have the skills certificate. As a result, the sample is dominated by those who finished primary school.

All of the respondents are women. Base on status, there are 92.7% of them are married and the remaining respondents are widow.

Table 4.3b: Categorical Variables (Others Assets)

Variables	Category	Before	After	Change
Facilities	<u>Electricity</u>			
	Yes	98.2	98.2	-
	No	1.8	1.8	
	<u>Water</u>			
Other assets	Yes	100.0	100.0	-
	No	-	-	
	<u>Hand phone</u>			
	Yes	45.5	94.5	49.0
	No	54.5	5.5	
	<u>Motorcycle</u>			
	Yes	89.1	94.5	5.4
	No	10.9	5.5	
	<u>Car</u>			
	Yes	5.5	78.2	72.7
	No	94.5	21.8	
	<u>Van</u>			
Yes	-	9.1	9.1	
No	100.0	90.9		
<u>Stalls</u>				
Yes	1.8	10.9	9.1	
No	98.2	89.1		

Table 4.3b presents the categorical variables for others assets. Related to household income, it was measured by percentage of household income after and household income before. The result shows that, the highest percentage of positive change in household income is 41.2%, at the income range of RM 1001 – RM 1500. While the second highest change in household income is 23.5% at the income range RM 1501 – RM 2000. Whereas, for the lower level of income range, less than RM 500 and RM 501 – RM 1 000, there are negative percentage change at 21.5% and 49.1% respectively. From this result, it was proved that, this AIM scheme not only increase the income of AIM members, but also household income.

The effectiveness of AIM scheme also can be measured by the other facilities and assets owned before and after joining the AIM. Electricity and water supply has no changes after joining AIM. The highest change is car ownership (72.7%). While the second highest is hand phone (49.0%). Other assets like motorcycle, van and stalls are having 5.4%, 9.1% and 9.1% changes respectively. From this result, it shows that other facilities and assets owned are increase after joining AIM. This change proven that living standard of AIM members has increase.

Table 4.3c: Continuous Variables

Variables	Mean	Standard Deviation (SD)
Age	48.75	9.248
No. of dependents	2.44	1.772
Family size	5.36	2.264
No. of working family	2.76	1.440

Table 4.3c shows the continuous variables which have been measured by mean and standard deviation (SD). The mean age of the respondents is 49 years old. While the mean of number of dependents, number of family and number of working family is 2, 5 and 3, respectively.

4.4 Effectiveness of AIM and respondent characteristics

Table 4.4a: AIM Effectiveness on Income and Respondent Characteristics

Variables	Category	Effectiveness on income (mean)	
		Change in income category	
Education	Unfinished primary school	1.09	
	Finished primary school	1.4	
	PMR	1.25	
	SPM	1.0	
	STPM	-	
	Skills certificate	1.09	
Household income*	<u>Before</u>	Less than RM500	1.25
		RM 501 – RM 1000	1.27
		RM 1001 – RM 1500	1.22
		RM 1501 – RM 2000	1.00
	<u>After</u>	Less than RM500	1.00
		RM 501 – RM 1000	1.25
		RM 1001 – RM 1500	1.2
		RM 1501 – RM 2000	1.46
		RM 2001 – RM 2500	1.00
		RM 2501 – RM 3000	1.00

Table 4.4c present the AIM effectiveness on income and respondent characteristics. Relate to education level, the mean of effectiveness on income for unfinished primary school is 1.0833. While the mean for finished primary school, PMR and equivalent, SPM and equivalent and skill certificate are 1.40, 1.25, 1.0 and 1.0 respectively. Those finished primary school found to have the highest effectiveness on joining AIM.

Based on the household income, it has divided to two parts; before and after they join AIM. The mean of effectiveness on income for household income joining AIM at the range less than RM500 is 1.25, while the mean of other range are 1.2759, 1.2222, and 1.00 for range RM 501 – RM 1000, RM 1001 – RM 1500 and RM 1501 – RM 2000 respectively. Those with household income before at range RM 501 – RM 1000 found to have the highest effectiveness on joining AIM.

The mean of effectiveness on income for household income joining AIM at the range less than RM500 is 1.00, while the mean of other range are 1.25, 1.2, 1.4615, 1.00 and 1.00 for range RM 501 – RM 1000, RM 1001 – RM 1500 and RM 1501 – RM 2000, RM 2001 – RM 2500 and RM 2501 – RM 3000 respectively. Those with household income after at range RM 1501 – RM 2000 found to have the highest effectiveness on joining AIM.

Table 4.4b: Correlation Between Continuous Variables and Changes in Income

	Effectiveness of AIM (change in income category)
Age	0.015
No. of dependents	0.041
No. of family	0.05
No. of working family	0.035

Table 4.4b shows that the correlation of age and effectiveness on income (changes in income) is 0.015 and it is positively correlation. This as increasing in age, income will increase. Other continuous variables also shows the positive correlation for number of dependents, number of family and number of working which the amount of correlation are 0.041, 0.05 and 0.035 respectively. So, all of the continuous variables show the positive relationship with effectiveness of income.

4.5 Perceived Effectiveness of AIM

Table 4.5a: Perceived Effectiveness of AIM

Variables	Level of agree (%)						
	SA	A	AS	U	DS	D	SD
AIM funding improve income and living standards	61.8	38.2	-	-	-	-	-
AIM funding effectively reduce rural poverty	41.8	58.2	-	-	-	-	-
Weekly repayment are appropriate and reasonable	20.0	78.2	1.8	-	-	-	-
AIM promote their importance and role to rural household	16.4	41.8	34.5	3.6	3.6	-	-
Sahabat really satisfied with AIM	81.8	18.2	-	-	-	-	-
Overall Sahabat happiness	Level of Happiness (%)						
	SH	H	HS	U	US	UH	SU
Before	-	3.6	29.1	52.7	12.7	1.8	-
After	3.6	47.3	38.2	9.1	1.8	-	-

Notes:

SA = Strongly Agree

A = Agree

AS = Agree Somewhat

U = Undecided

DS = Disagree Somewhat

D = Disagree

SD = Strongly Disagree

SH = Strongly Happy

H = Happy

HS = Happy Somewhat

U = Undecided

US = Unhappy Somewhat

UH = Unhappy

SU = Strongly Unhappy

Table 4.5a shows the perceived AIM effectiveness. Based on the questionnaire, respondents were asked to identify their satisfaction level on AIM and their level of happiness before and after join AIM. Related to the effectiveness of AIM, 100% of respondents are agreed that AIM funding could improve AIM member's income and living standards. Respondents also agreed that AIM funding really effective to reduce rural poverty, weekly repayment are appropriate and reasonable and all of respondents also really satisfied with AIM. Around 92.7% of respondents are agreed

that AIM was promote their importance and role to rural household, while 3.6% disagree with it. From the result, overall of AIM members was satisfied with AIM. So, the AIM should play a better role for rural households through loan and services.

For the happiness, respondents were asked to identify their happiness level before and after join AIM. The result shows before they join AIM, it's only 32.7% are happy with their life and 14.5% are unhappy with their life. After they has join AIM, the happiness level of their life was increase to 89.1%, while unhappy percentage was decrease to 1.8%. From the result, almost of AIM members became happier after joining AIM. The result also proven that income also could influence the happiness. Because, increasing in income has increase AIM members happiness.

Table 4.5b: Correlation between other AIM effectiveness variables and changes in income

	Effectiveness on income
	Change
AIM funding improve income and living standards	- 0.027
AIM funding effectively reduce rural poverty	- 0.011
Weekly repayment are appropriate and reasonable	- 0.129
AIM promote their importance and role to rural household	- 0.045
AIM members really satisfied with AIM	- 0.153
<u>Overall happiness</u>	
Before	0.040
After	0.091

Table 4.5b presents the correlation between AIM perceived effectiveness and AIM effectiveness of changes in income. The correlation for AIM funding could improve income and living standards is – 0.027, it's mean that increasing in this variable will

decrease the effectiveness in income. It also has shown in variables that asked the respondents for question about AIM funding effectively reduce rural poverty, weekly repayment are appropriate and reasonable, AIM promote their importance and role to rural household and AIM members really satisfied with AIM; have negative correlation with AIM effectiveness in income, which the amount of correlation effective of - 0.011, - 0.129, - 0.045 and - 0.153 respectively. So, from the results, it is found that the effectiveness of income has not depended on perceived effectiveness of AIM via the satisfaction of AIM member's to AIM.

Related to happiness, the correlation for AIM members before join AIM is 0.040 and the correlation for AIM members after join AIM is 0.091. It's mean that happiness of AIM members has positive relationship with income effectiveness. So, from the result it is found that increasing in income will increasing AIM member's happiness.

4.6 Conclusion

This chapter has performed the descriptive analysis on the effectiveness of AIM of income and assets. Results show that, the highest positive change in income is 40.0%, at the income range RM 1001 – RM 1500. While the second highest change in income is 36.4% at the income range RM 501 – RM 1000. Meanwhile, the results show that all of the AIM members have their own home after join AIM. From these results, it was proved that AIM micro-credit scheme are really effective to increase

household income and living standards especially in rural area. The result of correlation between continuous variables (age, number of dependents, number of family and number of working family) and changes in income have shown the positive correlation but this correlation relationship is very weak. As the mean value of continuous variables (age, number of dependents, number of family and number of working family) increase, income will increase but weakly.

The perceived AIM effectiveness in income, are negatively connected. It's mean that as increasing in perceived AIM effectiveness, AIM effectiveness in changes will decrease. On the other hand, happiness part has shown the positive connected. Thus, it is concluded that micro-credit scheme is really effective to increase household income and living standards especially in rural area.

CHAPTER FIVE

RESULT AND ANALYSIS II: MODELING

5.1 Introduction

In this chapter, the analysis of two-population mean test, analysis of Chi-Square and econometric modeling are implemented. The purpose of these analyses is to examine the determinants of the effectiveness of AIM to increase income of AIM members in rural area.

5.2 Analysis of Two Population Mean Test

The two-sample (independent groups) t-test is used to determine whether the unknown means of two populations are different from each other based on independent samples from each population. If the two sample means are sufficiently different from each other, then the population means are declared to be different. Table 5.1 presents the result of two-population mean test. The interpretation is based on the p -value.

Table 5.1: Analysis of Two Populations Mean Test

Variables	Effectiveness = 0	Effectiveness = 1	<i>p</i> - value
Age	48.74	48.77	0.989
Education	2.29	2.15	0.574
Number of dependents	2.38	2.62	0.631
Number of family members	5.29	5.62	0.651
Number of working family members	2.74	2.85	0.845
Income before	1.26	1.08	0.082*
Household income before	2.00	1.92	0.715
AIM income level	1.38	1.38	0.982
AIM rural poverty	1.60	1.54	0.731
AIM weekly payment	1.86	1.69	0.280
AIM promotion level	2.40	2.23	0.497
AIM satisfied level	1.21	1.08	0.180
Overall happiness	3.76	3.92	0.467

Note: * represents significant at 10% level

From Table 5.1, the results showed that income before the household join AIM, is significantly different between the two groups (less effectiveness = 0 and better effectiveness = 1). The *p*-values are 0.082. The mean income before joining AIM for very effectiveness group (effectiveness = 1) are lower than the just effectiveness group (effectiveness = 0). Thus, in order to achieve higher effectiveness, the income before joining AIM should be as lowest as possible, in this case, less than RM 500 per month. However, it is the income of AIM member that matters; instead of household income (household income before joining AIM is found insignificant between the two groups with *p*-value at 0.715). The others variables are statistically insignificant. This finding was contradicted with previous study.

The results also indicate insignificant p -value for variables that relates with AIM member's background. The value showed 0.989, 0.574, 0.631, 0.651 and 0.845 for variables of age, education, number of dependents, number of family members and number of working family members respectively. This finding was contradicted with previous study.

The variables for AIM income level, AIM rural poverty, AIM weekly payment, AIM promotion level and AIM satisfied level, show the p -value of 0.982, 0.731, 0.280, 0.497 and 0.180 respectively. For the happiness variable, the p -value also indicate insignificant value; (p -value = 0.467). This finding was contradicted with previous study.

5.3 Analysis of Chi-Square

A chi-square test is used if there is a relationship between the category of effectiveness (0 if less effectiveness and 1 if better effectiveness) and other categorical variables. Table 5.2 presents the results of this Chi-square independent test.

Table 5.2: Analysis of Chi-Square

Variables	p - value
Education	0.236
Home status before	0.233
Electric before	0.574
Handset before	0.487
Motorcycle before	0.554
Car before	0.322
Stalls before	0.574

From the results in Table 5.2, it indicates that there is no statistically significant relationship between effectiveness and the categorical variables. The most strictly result is education level is found to be independent from the effectiveness categories. Thus, AIM membership is equally effective regardless the level of education of its members. This finding was contradicted with previous study.

5.4 Analysis of Econometric Model (Probit Regression)

Probit analysis is a type of regression used to analyze binomial response variables. It transforms the sigmoid dose-response curve to a straight line that can then be analyzed by regression either through least squares or maximum likelihood.

5.4.1 Model Fitting Information

Table 5.3: Model Fitting Information

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	62.535			
Final	.000	62.535	30	.000

Link function: Probit.

The estimated model is found to have the test statistic of 62.535 with p -value 0.000. This is highly significant, and tells that the estimated model is significant in explaining the variation on effectiveness (income).

5.4.2 Pseudo R – Square

For the estimated probit regression model, an interpretable measure of the strength of the relationship between effectiveness income (0 or 1) and the independent variables (i.e., R^2) is not available. However, a variety of R^2 measures have been proposed as Pseudo R^2 . The pseudo R-square as shown as in Table 5.4.

Table 5.4: Pseudo R-square statistics

Pseudo R-Square	
Cox and Snell	.707
Nagelkerke	1.000
McFadden	1.000

Link function: Probit.

Table 5.3 mark out Cox & Snell R Square lower than the Nagelkerke R Square. The Pseudo R-square is 0.707, which is considered as highly satisfactory (compared other research which normally detains the Pseudo R-square is 0.1).

5.4.3 Parameter Estimates

Table 5.5: Parameter Estimates

Variables	Coefficient	<i>p</i> - value
Age	0.031	0.726
Unfinished primary school	-7.137	0.227
Finished primary school	-5.406	0.354
PMR and equivalent	-5.597	0.329
SPM and equivalent	-10.138	0.116
Number of dependents	0.112	0.798
Number of working family members	-0.417	0.205
AIM members income before (less than RM500)	4.836	0.020**
Household income before (less than RM500)	-0.254	0.975
Household income before (RM501 – RM1000)	-1.62	0.984
Household income before (RM1001 – RM2000)	0.803	0.921
Home status before (stay with family)	-1.886	0.423
Home status before (own)	-0.319	0.825
Electric before (Yes)	1.439	0.770
Handset before (Yes)	1.752	0.111
Motorcycle before (Yes)	-1.317	0.242
Car before (Yes)	2.472	0.602
Stall before (Yes)	-1.888	0.672
AIM income level (strongly agree)	-1.256	0.321
AIM rural poverty (strongly agree)	-1.793	0.255
AIM weekly payment (strongly agree)	-5.098	0.468
AIM weekly payment (agree)	-6.546	0.319
AIM promotion level (strongly agree)	3.093	0.545
AIM promotion level (agree)	3.867	0.395
AIM promotion level (agree somewhat)	3.899	0.387
AIM promotion level (undecided)	-2.216	0.729
AIM satisfied level (strongly agree)	2.138	0.172
Overall happiness (happy somewhat)	0.531	0.948
Overall happiness (undecided)	1.816	0.824
Overall happiness (unhappy somewhat)	0.699	0.934

Note: ** represents significant at 5% level

Based from the result (Table 5.3) only one variable shown the significant value. It is AIM member's income before (less than RM500); 0.020. It is found that, the member's income before (less than RM 500) is really effective to increase income after the participation in the AIM program. According to Rahmah Ismail (2001), AIM was successfully to reduce rural poverty. The result shows that, households who participate in AIM will receive higher monthly income.

5.5 Conclusion

As a conclusion from models above, only one variable shows significant result. It is in Analysis of Two Population Mean Test which only AIM member's income before shows the significant result. Probit model also shown that only income before participation in AIM has a significant value.

CHAPTER SIX

CONCLUSION, POLICY IMPLICATIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the main findings of this thesis and their policy implications, and also suggestions for future improvements. The conclusion for this thesis is also provided in this chapter.

6.2 The Main Findings and Policy Implications

The main finding of this thesis can be summarized as below:

- AIM effectively increases AIM member's income after participation in AIM.
- AIM effectively increases AIM member's household's income after participation in AIM.
- AIM effectively increases AIM member's facilities and assets owned after participation in AIM.

- AIM effectively increases AIM member's happiness after participation in AIM.
- The income before joining AIM has significant influence on the effectiveness of AIM.

The findings of this thesis can be used to guide the formulation of efficient policy to reduce rural poverty. In this thesis, AIM policy to reduce poverty through increase income for AIM members will discuss. The result showed that this micro-credit programme is really effective to increase income and reducing poverty among rural households. From the finding in this thesis, this study area could be as a model to develop or improve AIM role in delivering their micro-credit scheme to rural households.

Based from the first finding, it is found that this AIM micro-credit program is effectively increases the AIM member's income. From this result, it means that AIM members have used the loan effectively to generate more income for their members. As a result, AIM should monitor the project that AIM member's has run. From this action, the AIM could know the problem of the member's project and provide the advice or suggestion or consultation from time to time to ensure the AIM member's activity can generate more income.

It is found that AIM effectively has increases AIM member's household's income after participation in AIM. This micro-credit programmed not only increase the income of the members, but also increase the income for household. Most of the households have increased their income because of the activity or business that the AIM member's has operated. So, as the micro-credit institution, AIM should base on the number of family or number of dependent in their member's family.

AIM effectively increases AIM member's facilities and assets owned after participation in AIM. Relatively, when the household income has increase, the facilities and assets owned also increase. This is because when the income increases, the household will buy the necessary item to fulfill their quality of life. From the finding, it observed that part of the problems of poor arises from human factors. Large family size, high dependency and low educational attainment could be alleviated through human development efforts involving population and disease control programmes, accessibility to improved schooling, health and nutritional programmes.

AIM increases happiness of AIM member's after joining AIM. Subsequently, all of the findings showed that when the AIM member's income, household income, facilities and assets owned has increase positively the happiness of AIM members also increase. So, AIM not only should provide the advice or suggestion or consultation about the loan only, but also need to provide the advice or suggestion or consultation to member's life. It's mean that AIM should provide counselor or

motivator to solve AIM member's problem when they have problems unrelated to the financial.

AIM effectively increases AIM member's income, household's income and; facilities and assets owned after participation in AIM; it is found that this AIM scheme has successful provides poor households with the minimum capital to improve their employment status. Through improving employment status poor households increase their income and thus, improve the fulfillment of the basic needs.

AIM is an effective micro-credit in delivering its services to poor households especially in rural area. The specially designed credit delivery system with exclusive targeting on the very poor, specially trained professional staff and a supportive national policy framework are factors that have contributed to the success of AIM. The exclusive focus on the very poor is necessary to ensure that the target group is not missed and in order to maximize returns a fixed and limited amount of resources. The provision of micro-credit to the poor and hardcore is lauded as one of the most successful attempts to eradicate poverty. A credit programme for the very poor, like the Ikhtiar project, proves to be a successful instrument for enhancing income, employment and socio-economic status of the poor, building upon their survival skills and human resources.

Based from the last finding, even AIM has effectively decreased the poverty in this study area, in reality it's not reduce the Kedah state poverty households. So, as the result AIM should expand its role in the whole area in Kedah, especially Baling and Sik.

6.3 Recommendations

From the finding it is found that AIM effectively has increase AIM member's income, household income and; facilities and assets owned after participation in AIM. Based from these finding a number of policy implications can be addressed to upgrade AIM program in poverty alleviation.

The social characteristics of the program beneficiaries are influenced the program effectiveness. Access to social services such as education, health, clean water, electricity, shelter and other basic amenities would enhance the earning capability of the poor. That can be achieved through improving their productivity as well as comprehensive government development program.

From the finding of effectiveness of income, under the poverty eradication programmes, relevant government ministries have provided numerous training and credit programmes, services and assistance, mainly targeted to reach the poor. Such programmes and services encompass educational and training courses in agriculture,

small-scale business, housing and agricultural subsidies, credit and loans for micro-credit

Access to microcredit on reasonable terms is the important factor for the success of AIM program. Access to credit is crucial for many very poor households since it enables them to capitalize their knowledge and skills in that they can purchase the assets to create additional income. Based on AIM experience, it is argued that credit should be an important component of any poverty alleviation program.

Based from all findings, the poverty problems will not alleviate if the poor household itself do not have high motivation and consciousness to change to a better life. Therefore, the cooperation of various parties is necessary to ensure that poor households are not marginalized.

6.4 Limitation and Suggestions of Study

This study identifies the effectiveness of AIM scheme in reducing rural poverty. A limitation of this study is the use of a questionnaire which causes there is no guarantee that 100% of respondents answered it honestly, without bias of the entire question in the questionnaire. Additionally, the number of respondents is small, which is only 55 respondents. This thesis has used the small of respondent and only focus at one area, so for the future study the large respondents will be use and it will compare it with other area such as differentiate between rural area and urban area to

identify which area has the highest significant result. Besides that, the future study also suggested to differentiate between the households that participation in AIM and households that not participation in AIM.

6.5 Conclusion

In Malaysia, Amanah Ikhtiar Malaysia has now evolved from micro credit into a micro finance institution, deriving its on-lending capital from contributions of the government and the private sector. Through smart partnership, Amanah Ikhtiar Malaysia provides another model, as a partner to complement government's effort to reduce hard core poverty, at the same time promote the enhancement of the economic role of rural women. The findings of this thesis have reaching implications for policy makers involved in efforts to enhance the socio-economic status of the rural poor. It also call for action to be focused on poor rural who are actively involved in both productive activities and who contribute significantly to the household income. Undoubtedly, women need training and access to productive resources, technology and services to be able to contribute to the development of their families.

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APPENDIX 1

Soalan kaji selidik:

Sila tanda (x) pada ruang yang berkenaan.

BAHAGIAN A: LATAR BELAKANG

1. Umur : _____ thn

2. Taraf pendidikan

Tidak tamat sekolah rendah	
Tamat sekolah rendah	
PMR	
SPM dan setaraf	
STPM dan setaraf	
Sijil kemahiran	
Lain-lain, nyatakan	

3. Bilangan tanggungan

Belum bersekolah / belajar	
Masih bersekolah / belajar	

4. Status

Bujang	
Berkahwin	
Lain-lain, nyatakan	

5. Pekerjaan: _____

6. Bilangan ahli keluarga (termasuk ibu bapa dan anda) : _____ orang

7. Bilangan ahli keluarga yg bekerja (termasuk ibubapa dan anda) : _____ orang

8. Tahun menyertai AIM: _____

9. Dari manakah anda tahu mengenai AIM

Rakan – rakan	
Saudara – mara	
Pembacaan	
Lain – lain (nyatakan) :	

10. Jumlah pinjaman permulaan : RM _____

11. Jenis projek yang dibuat : _____

BAHAGIAN B: PENDAPATAN DAN ASET

1. Pendapatan anda

RM / bulan	SEBELUM menyertai AIM	SELEPAS menyertai AIM
Kurang RM 500		
RM 501 – RM 1000		
RM 1001 – RM 1500		
RM 1501 – RM 2000		
RM 2001 - RM 2500		
RM 2501 - RM 3000		
RM 3001 - RM 3500		
RM 3501 - RM 4000		
RM 4000 ke atas		

2. Pendapatan isi rumah (tidak termasuk anda)

RM / bulan	SEBELUM menyertai AIM	SELEPAS menyertai AIM
Kurang RM 500		
RM 501 – RM 1000		
RM 1001 – RM 1500		
RM 1501 – RM 2000		
RM 2001 - RM 2500		
RM 2501 - RM 3000		
RM 3001 - RM 3500		
RM 3501 - RM 4000		
RM 4000 ke atas		

3. Status rumah (asset utama)

Status	SEBELUM menyertai AIM	SELEPAS menyertai AIM
Menumpang bersama keluarga		
Sendiri		
Sewa		

4. Asset lain yang dimiliki

Asset	SEBELUM menyertai AIM	SELEPAS menyertai AIM
Bekalan elektrik		
Bekalan air		
Telefon bimbit		
Motosikal		
Kereta		
Van		
Warung / gerai		

BAHAGIAN C: TAHAP KEPUASAN

Untuk soalan – soalan dibawah, sila tandakan **mengikut keutamaan** anda seperti skala dibawah:

1	2	3	4	5	6	7
Sangat setuju						Sangat tidak setuju

1.	Secara keseluruhan, pembiayaan AIM sangat membantu anda meningkatkan pendapatan dan taraf hidup	1	2	3	4	5	6	7
2.	Pembiayaan AIM sangat berkesan dalam membasmi kemiskinan luar bandar	1	2	3	4	5	6	7
3.	Bayaran balik pinjaman secara mingguan adalah sesuai dan berpatutan	1	2	3	4	5	6	7
4.	Proses pinjaman adalah mudah dan cepat	1	2	3	4	5	6	7
5.	Faktor utama menyertai AIM adalah untuk meningkatkan pendapatan dan taraf hidup	1	2	3	4	5	6	7
6.	Anda benar-benar memanfaatkan pinjaman yang diperolehi	1	2	3	4	5	6	7
7.	AIM banyak menjalankan promosi mengenai peranan dan kepentingan AIM kepada penduduk luar Bandar	1	2	3	4	5	6	7
8.	Syarat yang dikenakan sebelum menjadi sahabat AIM adalah senang dan mudah dituruti	1	2	3	4	5	6	7
9.	Perjumpaan AIM setiap minggu adalah wajar	1	2	3	4	5	6	7
10.	Anda benar-benar berpuas hati dengan bantuan yang diberikan oleh AIM	1	2	3	4	5	6	7

BAHAGIAN D: KEGEMBIRAAN

Untuk soalan – soalan dibawah, sila tandakan **mengikut keutamaan** anda seperti skala dibawah:

1
2
3
4
5
6
7

Sangat setuju **Sangat tidak setuju**

		SEBELUM MENYERTAI AIM	SELEPAS MENYERTAI AIM
1	Anda kekurangan tidur kerana masalah kewangan	1 2 3 4 5 6 7	1 2 3 4 5 6 7
2	Anda sentiasa merasa tertekan / tegang kerana masalah kewangan	1 2 3 4 5 6 7	1 2 3 4 5 6 7
3	Anda berasa tidak gembira dan sedih	1 2 3 4 5 6 7	1 2 3 4 5 6 7
4	Anda telah hilang kepercayaan pada diri sendiri	1 2 3 4 5 6 7	1 2 3 4 5 6 7
5	Anda rasa anda seorang yang tidak berguna	1 2 3 4 5 6 7	1 2 3 4 5 6 7

1
2
3
4
5
6
7

Sangat gembira **Sangat tidak gembira**

		SEBELUM MENYERTAI AIM	SELEPAS MENYERTAI AIM
6	Secara keseluruhan, perasaan anda adalah...	1 2 3 4 5 6 7	1 2 3 4 5 6 7
7	Secara keseluruhan, tahap kegembiraan anda adalah...	1 2 3 4 5 6 7	1 2 3 4 5 6 7
8	Secara keseluruhan, adakah anda gembira terhadap kehidupan anda?	1 2 3 4 5 6 7	1 2 3 4 5 6 7

**TERIMA KASIH ATAS KERJASAMA DARIPADA
PIHAK ANDA**