

CHAPTER I

INTRODUCTION

The aim of this graduation exercise is to study the household income and expenditure pattern of plantation workers specifically that of the Indian oil palm workers.

The need for this study is justified by the lack of such a specialised study in Malaysia.

The various aspects of income examined are its sources, level, distribution and factors affecting it. The study also examines how income with the help of other influencing factors affects the expenditure pattern of these households. This study sets out to analyse such data and information in the context of the two hypothesis developed. The hypothesis are:

- 1) consumption of basic needs like food does not increase proportionately with the increase of household income.
- 2) consumption of other social goods like entertainment, durable goods and consumption of alcohol and tobacco increases with the increment in the household income.

JUSTIFICATION OF STUDY

Much has been said concerning the socio-economic condition of the various races in Malaysia and to date a number of studies had been carried out. For example, Kemiskinan dan Kehidupan Golongan Berpendapatan Rendah by Hairi Abdullah published by the National University of Malaysia in 1984. The absolute standard of living is reflected to a large extent in the level of income. Poverty in this country has been measured by comparing the absolute level of household income with the income required for minimum subsistence.

In the examination of poverty and other issues in economic development the inter relationship between expenditure and income pattern is a potentially important factor. It is one of the main indicators of the living condition of households. Therefore this study will provide a clearer insight into the actual situation of the Indian households in the estate studied.

The Household Income Survey (HIS) 1984 estimated that there were a total of 813,000 households in the estates¹. Among them 160,000 are poor households. The incidence of poverty among estate workers' household was 19.7%. The average monthly income of estate workers indicated by the 1984 HIS was \$632.² As Indians form the major part of estate labour force, they are the ones who are affected most.

For this reason, the income and expenditure pattern of Indian households in two estates were studied.

SCOPE

This study is confined to two selected oil palm estates. These estates are the Tuan Mee Division and Caledonian Division owned by the Kuala Lumpur - Kepong Company Berhad.

The main criteria for choosing these estates is a resident population with an Indian majority.

As both Tuan Mee Division and Caledonian Division fulfills the above requirement, the estates were chosen. Furthermore, both the estates were able to provide the required number of households for the study.

¹ Malaysia, Fifth Malaysian Plan, Government Printers, Kuala Lumpur, 1990, p. 90.

² Ibid., p. 90.

Another deciding factor was the proximity of both the estates to Petaling Jaya.

The helpfulness and cooperation of the management in allowing interviews to be carried out and providing required informations further encouraged the choice of the estates.

The above three characteristics are important in reducing all constraints such as time and cost in carrying out this study.

METHODOLOGY

The case study method was adopted to study in detail the income and expenditure pattern of poor Indian households.

The other methods used in acquiring the necessary information are as below:

A. Interview

This study relies mainly on primary data. In order to generate data pertaining to the pattern of income and expenditure an interview schedule was drawn up (Appendix A). It is impossible to depend on data collected by other studies since few case studies on this subject has been carried out. The questionnaire was first pretested on two households to ensure that it is practical and respondents understood the questions asked.

Households were interviewed to collect income and expenditure information for a period of three month (April - June 1991). It was impractical due to time and resource restraints and also the reliability of recall to collect data for a longer period. Other constraints were shortage of manpower (the writer being the only one carrying out the task), limited financial resources and also a very short time to carry out the study.

The interviews were carried out by the writer herself. This was to ensure that the respondents understood what was being asked and interpreted it in the required manner. This also enabled the writer to elaborate on or rephrase a question without losing its original purpose. This was done in cases where respondents were unable to answer due to lack of understanding. Whenever answers given were vague, the writer would assure them information given would be treated as confidential. At times a question had to be repeated several times or rephrased in order to achieve understanding. To test for accuracy follow up questions were asked to the writer's discretion.

Another important benefit obtained through personal interview was the writer had personal contact with the respondents. This is necessary to obtain a first hand understanding of the situation of the household.

In obtaining the data, certain inaccuracies were unavoidable due to selective recall or inflation of figures by respondents. Some of the inaccuracies concerning income were largely corrected by soliciting the cooperation of the management.

Though obtaining data with the interview method is tedious, other methods, for example, data collection through correspondence is not feasible. This is because some of the respondents have very little education.

B. Sampling

A sample was taken since studying the whole population would be too time consuming and would cost a lot.

To ensure accuracy a sample which represents the population on the whole is taken. To obtain this systematic sampling is done. This is done by going down a list (in this case, the payroll) taking every 'k'th individual.³ For example, every other person is chosen. The sample would then consist of individual numbered 2, 4, 6, and so on.

³ Blalock, H.M., Social Statistics, 2nd Edition, McGraw Hill Inc., 1972, p. 514.

A sample of 32 households was taken from Caledonian Division and another sample of 28 households was taken from the Tuan Mee Division bringing to a total of 60.

This sampling was done to reduce bias and because of its simplicity.

C. Literary Research

There were some research done initially from various text books, magazines, other graduation exercises, dissertations and work papers.

This is done to enlighten the scope during initial preparatory stage. We also compared our research to those that have already been carried out on similar topics.

A lot of research work was done while preparing the Literature Review.

RESEARCH PROBLEMS

Various problems were encountered in attempting this graduation exercise.

A. Duration Of Interview

The nature of information required for this study meant that each interview lasted at least two hours per household. The interviewer has to be very patient in seeking the cooperation of each respondent.

B. Problems Of Locating Houses

It was very time consuming to cover two estates. As mentioned before, systematic sampling using the pay-roll was done, therefore, the houses of the respondents were scattered. We faced difficulties in locating each house. Much time was spent asking for directions and looking for houses.

C. Restricted Period For Interviews

The only feasible time for interview was after 2p.m. As we had to travel from Petaling Jaya and leave at 6p.m., therefore, only about four hours was allocated each day for this purpose. As each interview lasted for nearly two hours no more than two interviews could be done daily.

D. Contacting Respondents

Most of the time the household members were busy with their own chores or sometimes taking their naps. It was not appropriate to disturb them since their cooperation was critical to answering questions. Some other time they were away shopping or out with their friends.

Due to these factors, it took a few visits to interview one household. Sometimes the other members of the households were interviewed first. However, the information from them was limited, because it is usually the custom for the man to take charge of household income. To overcome this, the writer secured as much information as possible and made another appointment to meet the head of the household at another time.

E. Language Barrier

The respondents spoke in Tamil mostly. Though Tamil is not a foreign language to us some of the words used were not understood. In such cases, we had to ask them to explain further. In some extreme cases, an interpreter was used.

F. Data Collection

Certain inaccuracies were unavoidable as the household heads had to rely on his memory to recall the income and expenditure for the past three months.

Most of the time income were understated as some means of income are usually difficult to trace. Meanwhile the expenditures were usually overstated.

To attain accuracies on expenditure the interviewer resorted to calculating from the household purchase book, where available.

To avoid understatement of income figures, information on the main source of the household income were counterchecked with the management.

CHAPTER OUTLINE

This Graduation Exercise is divided into six chapters. Each chapter examines a different aspect of the study without losing its original intention. With this in mind, a summary of the various chapters is given below:

Chapter I deals with the aim of this graduation exercise. It is also used to list out the various methodology used to complete this study. The problems we faced throughout this study are examined in the later part.

Chapter II examines how economic theories and concepts relate to our study of household income and expenditure. It also examines the findings by the Statistic Department of Malaysia to see if it is similar to the findings of our study.

Chapter III is a community profile of the estates selected for the study. It deals with the location, size, settlement pattern, linesites and basic amenities that are found in the estates. This chapter will familiarize us with the estate and the organisational structure.

Chapter IV deals with the various sources of income, the level of income and its distribution. It also looks at the various expenditure pattern of the households in the estates.

Chapter V evaluates the effect of income on expenditure. It evaluates how different level of income of different household size determines the level of expenditure of different goods and services.

Chapter VI is the result of the findings of this study. We conclude how income plays its role in determining the expenditure. Besides that this chapter also looks at other determinants that contribute to the level of income.

CONCLUSION

This study was done to provide a clearer insight of the economic situation of plantation workers.

