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## **ASSESSING SOCIOECONOMIC DIFFERENTIATION OF RURAL HOUSEHOLD GROUPS IN MALAYSIA**

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### **Abstract**

The variation of rural Malaysian household groups is a result of their different socioeconomic backgrounds, as each household group tends to carry its own distinct economic potential. Therefore, in order to plan for the development of rural areas, it is essential to acknowledge the determinants that causes these economic variations to occur. This paper aims to assess the differentiation of rural households' socioeconomic backgrounds in rural areas of Malaysia, and to highlight a review of relevant studies on 20 identified determinants for the differentiation of households' socioeconomic background according to five capitals (economic, social, human, cultural and environmental) as the fundamental framework in measuring household economic performance. Quantitative approach was used as a method to assess the variation of the determinants that causes the differentiation in socioeconomic backgrounds of household groups. Results from this study reveals the key findings on the levels of socioeconomic backgrounds based on six different household groups in Malaysia.

**Keyword:** Rural Households, Household Income, Rural Areas, Rural Livelihoods, Socioeconomic Background

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## **INTRODUCTION**

Rural households and their socio-economic growth are key parts of rural development as they play a major role in rural development. Nowadays, most rural areas around the world, particularly rural households, are confronting new risks as a result of globalisation's uncertainties and rapid changes in the economic sector (Rashid et al., 2019a). Due to the challenges and economic potentials of rural areas being diverse across a country, the new rural development paradigm has highlighted various approaches to rural revitalization in different regions, as no solutions are 'one size fits all'. Therefore, it is essential to understand the nature of rural differentiation and the factors leading to the variations of rural performances as these would assist in acknowledging the potential of different rural regions and vicinities.

When the challenges from the uncertainties of globalisation affect communities in a country, rural households are considered the most vulnerable. The economical disadvantages of rural households are largely caused by their exposure to challenges towards attaining equal economic opportunities and socioeconomic sustainability, particularly those with limited sources of income (Rashid et al., 2019b; Thompson, 2014). This situation worsens in cases where there is a lack of new technology and innovative interventions that will assist in boosting the productivity of their economic activities, which mainly involve agriculture and livestock rearing. However, the resilience of rural households comes from the external components that are continually interacting and helping them to adapt to change. These components are their economic, social, political and physical elements.

Rural households have to deal with the issues of change. In order to succeed and perform in their socioeconomic background, their strengths and weaknesses can be assessed and fixed based on their identified elements. The variation of rural households indicates that each has its own unique socioeconomic background and the households in rural areas have differentiation in their economic performance (Rashid et al., 2020). Marginalised households often face the most challenges, especially those with low economic performance (Rashid et al., 2019a). However, there are also rural households with better performance. This issue prompted the question of how the variation in economic performance occurs across rural households and what variables contribute to this scenario. Therefore, the aim of this paper is to assess the determinants that influences the differentiation of household's socioeconomic background in rural Malaysia.