

A Preliminary Study of Asset Accumulation among Single Mothers in Malaysia

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Abstract. Single motherhood is spreading in Malaysia and re-entering single motherhood life poses challenges to single mothers. Financial abilities play crucial roles in single mothers' survival in particular, when financial supports from ex-spouses and government agencies are not as helpful as they would like it to be. In many cases, single mothers are left without sustainable financial sources to re-start their new single life. In average single mothers in our study have 2-3 children under their care. Studies have shown that the existence of children make it less likely for low income single mothers to save. Consequently, accumulating asset becomes the last thing that they will do since their expenses exceed their meager income. As asset accumulation is one way to have a better livelihood other than education, this issue deserves to be addressed by policymakers, academics as well as society as a whole. Our preliminary findings suggest that low income single mothers in our sample have accumulate minimal assets but with many mouths to feed.

Keywords: single mother, saving, asset accumulation, poverty.

1. Introduction

Asset accumulation is an increase in assets, usually as a result of saving, which is made possible when income exceed consumption. It is widely accepted that saving and asset accumulation are desirable goals for individuals and families alike [1]. Unfortunately, this is not always the case, in particular to the low income earners. It is well documented that low income families have difficulties to save and to accumulate assets. Almost all of their incomes are used for daily expenses, and oftentimes are barely enough to see them through. Thus, there is nothing left for saving, even though they like to do that for many obvious reasons. Savings and assets would indeed make low income families more resilient to shocks and better be able to take advantage of opportunities [2]. The possession of wealth provides current use value, generates more wealth when it is invested, provides a buffer during financial emergencies, and can be inherited to future generations [3]. Asset accumulation and saving issues among the low income families in Malaysia deserve to be investigated. However, for the purpose of this paper, single mothers with income less than RM1000 (equivalent to USD300) per month are of our interest.

1.1. Background of Study

Households headed by single mothers (both widowed and divorced) have grown in recent decades in developed and developing countries. Female headed families are becoming more common in Malaysia whereby the families are headed by unmarried women, divorcees or widows. For the purpose of this paper,

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we are focusing on low income single mothers (divorcees and widows). The objective of this preliminary study is to get some insights into their patterns of asset accumulation. This study bears an important social and policy consequences as these groups of single mothers have many dependents under their care. Therefore, the future of their children depends on their ability to support and maintain a suitable living condition. Given the lack of fathers' economic support - in many cases – after the divorce [4], the responsibility of looking after the children, especially the young ones, befalls on the mother. As such, the issues of maintaining a regular income and acquiring assets are crucial for single mothers in providing daily necessities to their families.

Some assets and savings are also needed so that these single mothers have some back up for unexpected events and emergencies. Moreover, they are not isolated from developments in the rest of the economy such as escalating food prices and energy as well as recession, create huge problems to them [2]. Unsurprisingly, studies in the US have shown that single parents are economically disadvantaged with single mothers face the most severe economic difficulties in household wealth accumulation [4-6], consistent with the notion that single mothers are economically vulnerable [7]. For poor single mothers, the severity could be worst.

The poverty level in Malaysia has been significantly reduced since independence in 1957. Currently, Malaysian population living under the poverty level is 3.2% of the 28.8 million people. Yet, works to further improve the living conditions of the poor remain one of the main objectives of the government. The Ministry of Family, Women and Society is responsible in addressing the plight of single mothers. Measures have been taken by the Ministry, other related agencies as well as by NGOs, in addressing the livelihood issues of single mothers. The work is far from over and efforts have to be increased to enable the needy single mothers to have sustainable source of income and further be able to accumulate assets for themselves and their families.

Previous research suggests low income earners do little saving through the year for specific events. In Malaysia, religious and customary celebrations such as Eid Mubarak, Chinese New Year, Christmas and Deepavali are important and require lots of money. The start of school year also requires a fair amount of money from these single mothers. Therefore the announcement made by the Prime Minister of Malaysia in the 2012 Budget has been welcome whereby every school children would be eligible for RM100 school assistance. We are hoping that these poor single mothers have the mean and access to this financial assistance though it is a one off payment. The money could be saved for the children's future because it will be paid out via bank account but research suggests that low income families tend to choose saving over spending when it is a default option [8]. It is interesting to note that majority of low income families are good at coping with their spending patterns [2].

Research on wealth in the developing countries has more to explore regarding the impact of rise in female-headed households on the accumulation of asset. Most research concentrates on developed countries for instant in the US and UK. Therefore, initial investigation presented in this paper is hoped to provide pathway to a deeper examination and understanding of this important issue, yet subliminal to many in Malaysia.

2. Methodology

2.1. Scope of Study

The scope of this research includes single mothers (divorcees and widows) in the state of Penang, Malaysia. Our respondents consist of single mothers with monthly income less than RM1000.00 as our study focuses on low income single mothers. In 2009, the poverty line in Peninsula Malaysia is estimated to be RM763 per month. Therefore, even at RM1000 per month, it is hard enough for many to have a decent standard of living amidst the escalating food prices in Malaysia. It is noted that 58% of single mothers registered with the Department of Women Development of Penang in 2009, have monthly income of about RM500 only. Given the reported average income of RM1200 for Malaysian, and the poverty line level, we posit that those with an income of RM1000 per month can be considered as low income group.

2.2. Data

In this study, 223 self-administered questionnaires distributed to single mothers. We segregated those with monthly income under RM1000 and there were 162 of them. However, after checking the completeness of their answers only 133 were used for analysis. The data collection was carried out during non-festive months such that extra incomes received from various quarters are expected during those months. Therefore, responses on financial matters are reliable.

3. Results and Discussion

In this section we will present and discuss the results of this preliminary study. As such, our results are limited to descriptive analysis of our findings.

3.1. Descriptive Analysis

Tale 1 shows that the respondents consist of more divorcees than widows with 67% divorcees compared to 33% widows. Different consequences may exist between these two groups in terms of asset accumulation but it will not be discussed in this study. On average, they are less than 40 years old. The youngest single mother - a divorcee - in our sample is 20 years old and as expected, she has a child and living with her parents and sibling. The oldest are two divorcees of 55 years of age. The first mother has been divorced for 5 year and the second one has been divorced for 10 years. In both cases, the duration of single motherhood is longer than the average 4.3 years recorded for this study. They also have many children with 6 and 4 children respectively which are more than the average 2-3 children for the rest of the sample. And of course, a greater numbers of children exhaust resources faster and efforts to save become more difficult [5] and the presence of children is found to reduce the likelihood of owning asset in female headed household [9].

The livelihood of older single mothers could be harder as they will face more difficulty in finding new jobs and adjusting to single motherhood life. On the other hand, their children would probably not that young and do not need full care from the mothers so that the mothers can go out to work. For young single mothers with small children, child care is a big issue. It is hard for them to leave home to work as they have to care for the children themselves. Childcare expenses are too expensive for them, unless they can leave the children with extended family members such as their parents or siblings and go to work.

TABLE 1 Respondent Profiles

<i>Status</i>	<i>Frequency</i>	<i>Percentage</i>
Divorcee	89	67
Widow	44	33
Average Age		38.3 years
Average single motherhood period		4.3 years
Average number of children		2.6

TABLE 2 Education Level

<i>Education Level</i>	<i>Frequency</i>	<i>Percentage</i>
No Formal Education	1	1
Primary School	3	2
Lower Secondary School	124	93
Upper Secondary School	5	4

It is common to literally relate income and education level because education and job training are still required as a common passageway out of poverty [10]. These low income single mothers indeed have low educational level with 93% of them left school after finishing lower secondary school level, most probably at the age of 15, after taking their lower middle school exams as shown in Table 2.

3.2. Types of Asset Owned by Single Mothers

Table 3 shows that most of our respondents live in flats or houses in traditional villages, and almost all of them do not own the house that they currently live. In almost all cases, those houses are rented or belong to their parents. Issues on the condition and locations of housing areas of poor single mothers have been considered in many studies but they need to be further addressed [11-13] as it is a complex but important to the livelihood of single mothers and their families.

TABLE 3 Types of Accommodation

	<i>Frequency</i>	<i>Percentage</i>
Flats	93	70
Village houses	37	28
Terrace house	1	1
Squatters	2	2

It is interesting to note that 30% of our respondents live with their extended families as well as their own children. In all cases the cohabitants could be their parents, mother only, father only, or parents and siblings. None of our respondents lives with their siblings only, indicating that these single mothers are probably decided to return to their parents' houses after becoming a single mother. House to live is an important thing in anyone's life as such, government needs to determine how to best address community's low-income housing needs [3]. Housing projects for the poor have been carried out by the government such as People's Housing Project (PHP) and People's Housing Project for the Poorest (PHPP). This kind of projects has to be continued as there are many in the lowest strata that need help in acquiring their own homes.

TABLE 4 Types of Asset & Financial Instrument

Land	0
Vehicle	23
Insurance	0
Mutual fund (ASB)	5
Haj Fund (Tabung Haji)	1

We also find that none of our respondents owns a land or an insurance policy (Table 4). Only five of the respondents have some savings in government's mutual fund known as Amanah Saham Bumiputera (ASB) – a fund for bumiputras - whilst only one respondent has a saving in Tabung Haji, a fund for performing haj (pilgrimage) in Mecca. [8] indicates that low income households tend to save when it is a default option. Understandably, this option is scarce among these single mothers as they are outside the mainstream employment area such as Employee Provident Fund (EPF) or Social Security Organization (Socso). Moreover, efforts such as IDAs (Individual Development Accounts) in the US and Child trust Fund in the UK are not available in Malaysia.

We also find that only 23 or 17% of our respondents have vehicles that include van, cars and motorbikes. The cars are Malaysian made cars and all of the vehicles are more than 5 years old. [9] suggest that female headed households with children are less likely than single headed households without children, to own vehicles. However, our study further suggests that the average number of children among vehicle owned single mothers are higher (3.3 children) as compared to the whole sample's average of 2.6 children. In this initial study, we are unable to propose the underlying reason for this matter but it could probably due to their education (all of them have attained lower and upper secondary school education) and they also involved in some kind of business dealings funded by various microcredit programmes that may require them to have vehicles.

Only 16 of these single mothers receive financial assistance from government institutions such as the Welfare Department, on regular basis. Irregular assistance and contributions are sometimes given to these families from other institutions such as tithe distribution (zakat) or other kind of donations from NGOs. It is necessary to note that these single mothers are mostly Malays and Muslims. Therefore, they will usually

receive goods and small amount of money before the fasting month of Ramadan and before the end of fasting month as a preparation of Eid celebration.

4. Conclusion

The trap of poverty preys on unsuspecting and unsuspecting victims. Studies have shown that many single mothers fall into this trap and it would be hard for them get out of it without formal and informal assistance. This is more pronounced when the mothers are left with children to care without proper financial support from ex-husbands and government bodies. Poverty deprives those at the bottom of income strata from many things in life -that are taken for granted by many at the middle/top of income thresholds. Our study is very basic in nature but it opens a bigger venue for further research in understanding the economic and financial issues of single motherhood. We believe this is an important issue because the future of the children of single mothers depends on the ability of their mothers to provide them with the opportunities in terms of education and life experience. As such the plight of these mothers should be addressed as they are raising future generation of a nation.

Saving and asset accumulation have been suggested as an important and sustainable means to move the poor out of poverty and improve their economic wellbeing [11]. Research has also indicated that benefits of asset ownership extend beyond monetary indicators [14]. Therefore, continuous efforts by government agencies and various quarters need to be taken in helping them to start saving and eventually build their assets.

5. Acknowledgements

This work is made possible by support from Universiti Sains Malaysia (USM) through short term grant 304/PJJAUH/6310094. The views expressed here and the remaining errors are the authors' and do not present the view of USM. The authors would also like to thank Dalilah Yusoff and Zahirah Eizzaty for their support in carrying out this research.

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