Livelihood Assets and Well-Being: The Case of Amanah Ikhtiar Malaysia (AIM) Participants in Selangor

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ABSTRACT

This study examines the well-being of micro-entrepreneurs participating in Amanah Ikhtiar Malaysia (AIM) in Selangor through the lens of the Sustainable Livelihood Framework (SLF). Specifically, it analyses asset ownership, socio-economic vulnerability, resilience strategies, and their influence on well-being. A structured quantitative approach was employed, using a questionnaire distributed to 375 AIM participants across seven state constituencies: Sungai Gabai, Sungai Ramal, Sungai Chua, Sungai Tangkas, Bukit Mewah, Beranang, and Semenyih. The large sample size enhances representativeness and strengthens the reliability of statistical analysis. The findings show that both asset ownership and well-being levels are high, while socio-economic vulnerability and resilience strategies are at moderate levels. More importantly, asset ownership demonstrates a stronger influence on well-being compared to other variables, highlighting its central role in improving livelihood outcomes. This study also aligns with Malaysia's 11th and 12th Development Plans, underscoring its policy relevance for sustainable entrepreneurship and poverty reduction.

Keywords: Amanah Ikhtiar Malaysia (AIM); Sustainable Livelihood Framework; Asset Ownership; Well-being; Malaysia Development Plans.

INTRODUCTION

Poverty eradication remains a central pillar of Malaysia's national development strategy. Despite significant progress in reducing absolute poverty over the past decades, challenges persist among vulnerable groups, particularly within the B40 income segment. To address this, Malaysia's 11th and 12th Development Plans have emphasised inclusive economic participation, entrepreneurship development, and microcredit support as key mechanisms for improving the socio-economic position of low-income households. Within this policy landscape, microcredit schemes play a crucial role in promoting self-reliance, strengthening livelihoods, and contributing to poverty reduction.

One of the most prominent microcredit institutions in Malaysia is Amanah Ikhtiar Malaysia (AIM), which provides collateral-free financing to low-income groups, enabling them to start and expand microenterprises. AIM's programmes align closely with the Sustainable Livelihood Framework (SLF), which focuses on the role of livelihood assets—financial, human, physical, social, and natural in shaping livelihood outcomes and well-being. By helping micro-entrepreneurs access and strengthen these assets, AIM contributes to building household resilience and promoting sustainable entrepreneurship.

The relationship between asset ownership and well-being is well established in the development literature. Asset ownership provides individuals and households with resources, capabilities, and security to sustain their livelihoods, particularly during times of economic uncertainty. In the Malaysian context, understanding how these assets contribute to well-being is vital for designing effective poverty alleviation strategies and ensuring policy continuity. However, while previous studies have acknowledged the importance of assets, few have systematically examined their influence on well-being through a comprehensive framework such as SLF.

This study aims to address this gap by assessing the level of asset ownership, socio-economic vulnerability, resilience strategies, and well-being among AIM participants in Selangor. By applying a structured quantitative design involving 375 respondents across seven constituencies, the study seeks to provide evidence-based insights into how asset ownership contributes to well-being. Its findings are expected to inform policy formulation and programme implementation under Malaysia's 11th and 12th Development Plans, with the broader goal of strengthening sustainable entrepreneurship and enhancing the livelihoods of low-income households.

LITERATURE REVIEW

Microcredit Programmes and Livelihood Outcomes

Microcredit has long been recognised as an important poverty reduction instrument in developing countries. It provides access to capital for low-income households who are typically excluded from formal financial systems. In Malaysia, microcredit programme particularly through Amanah Ikhtiar Malaysia (AIM) as play a crucial role in supporting entrepreneurship and improving household livelihoods. Numerous studies have shown the effectiveness of these programmes in increasing household income, asset accumulation, and overall well-being.

Hussain et al. (2018) emphasise that income and consumption are key indicators of microcredit effectiveness in addressing poverty, particularly in developing economies. Similarly, Zaimah (2010) found that AIM participants in Kedah used microcredit not only to finance their enterprises but also for household needs such as home renovation and education. This suggests that microcredit contributes indirectly to well-being through both productive and social investments.

Abdullah, Sazali, and Malarvizhi (2010) also observed that AIM participation significantly increased the market value of assets owned by micro-entrepreneurs, such as agricultural stocks, raw materials, and trading capital. Asset accumulation subsequently translated into improved household income and welfare. In a related study, Norma and Jarita (2011) demonstrated that AIM loans positively influenced economic performance, with loan size and education level emerging as key determinants. Respondents with higher education levels were better able to utilise financing for productive activities, which contributed to greater asset accumulation and enhanced well-being.

Furthermore, Abdullah et al. (2011) showed that higher loan amounts were positively correlated with increased asset ownership, reduced unemployment, and improved living standards among extremely poor households. Similarly, Saifoul et al. (2012) found that AIM microcredit had an equalising effect on income inequality, demonstrating its role in narrowing socio-economic gaps. Zaini, Supian, and Norziani (2012) confirmed that microcredit financing through AIM remains an effective mechanism for reducing poverty in rural Malaysia and complements government programmes.

Sustainable Livelihood Framework (SLF)

While much of the early literature focused on income indicators, more recent approaches have applied the Sustainable Livelihood Framework (SLF) to capture the multidimensional nature of well-being. Introduced by Chambers and Conway (1992) and popularised by the Department for International Development (DFID) in 1999, the framework centres on five key asset categories: financial, human, physical, social, and natural. Livelihood outcomes including income, resilience, and well-being are determined by the availability, accessibility, and utilisation of these assets.

SLF highlights that poverty is not merely a lack of income but also limited access to assets and vulnerability to shocks. Adato and Meinzen (2002) underline that vulnerability and asset ownership are core concepts of the SLF, with assets functioning as buffers against economic and social risks. Households with more diversified assets are better equipped to withstand shocks, invest in productive activities, and sustain higher levels of well-being.

Various development organisations including United Nations Development Programme (UNDP), CARE, and DFID have adapted the SLF to different contexts. CARE's Household Livelihood Security (HLS) framework focuses on household capabilities, access to assets, and livelihood strategies. DFID's version, widely used in poverty research, frames sustainable livelihoods as secure access to resources, stocks, and activities needed to meet basic needs, manage risks, and ensure long-term stability.

Asset Ownership and Well-Being

The relationship between asset ownership and well-being has been extensively documented in development research. Financial assets provide capital for expanding businesses and securing income; human assets—such as skills, knowledge, and education—enhance productivity and adaptability; physical assets, such as equipment and infrastructure, support business continuity; and social assets facilitate resource sharing, access to markets, and mutual support. Natural assets, though less dominant in urban settings, remain crucial in rural livelihoods.

Previous studies in Malaysia show a consistent pattern: increased asset ownership among AIM participants leads to improved household welfare, educational attainment, health status, and reduced vulnerability (Zaimah, 2010; Abdullah et al., 2010; Saifoul et al., 2012). This aligns with international evidence suggesting that asset accumulation is a key pathway through which microcredit influences well-being.

However, existing literature also reveals several limitations. Much of the analysis is descriptive, focusing narrowly on income without integrating broader livelihood dynamics. Few studies have examined how specific asset types differentially affect well-being. In addition, the impact of external shocks such as the COVID-19 pandemic on asset utilisation and resilience remains underexplored. Gender differences and sectoral variations have also been largely overlooked, which limits the precision of policy recommendations.

Conceptual Rationale of SLF in This Study

This study adopts the DFID (1999) version of the Sustainable Livelihood Framework to analyse how asset ownership influences well-being among AIM participants in Selangor. The framework allows for a multidimensional examination of how financial, human, physical, social, and natural assets contribute to livelihood outcomes. In particular, this study emphasises: (i) the direct and indirect effects of asset ownership on subjective well-being, (ii) the role of assets in buffering socio-economic vulnerability, and (iii) the interaction between asset access and resilience strategies.

This framework is flexible and adaptable to local contexts, making it suitable for analysing livelihood strategies among micro-entrepreneurs. It also provides a theoretical basis for understanding how microcredit programmes can translate into improved well-being through asset accumulation, resilience, and empowerment.

METHODOLOGY

Research Design

This study employed a quantitative research design to examine the relationship between livelihood asset ownership and well-being among participants of Amanah Ikhtiar Malaysia (AIM) in Selangor. The Sustainable Livelihood Framework (SLF) served as the conceptual foundation to capture the multidimensional nature of livelihoods, focusing on financial, physical, human, social, and natural assets. This structured quantitative approach was selected because it allows for systematic measurement of relationships between variables and ensures a high degree of statistical reliability and generalisability.

Sampling and Participants

The study involved 375 respondents, representing AIM participants across seven state constituencies in Hulu Langat, Selangor: Sungai Gabai, Sungai Ramal, Sungai Chua, Sungai Tangkas, Bukit Mewah, Beranang, and Semenyih. This relatively large sample size enhances representativeness and provides a robust foundation for statistical analysis.

Participants were selected based on the following inclusion criteria: (i) active involvement in AIM's microcredit programme, (ii) operation of a microenterprise, and (iii) willingness to participate in the study. This selection ensured that the sample accurately reflected the socio-economic characteristics of micro-entrepreneurs in the study area.

Instrument

A structured questionnaire was developed based on the Sustainable Livelihood Framework to measure five key domains:

Section A: Demographic and enterprise characteristics

Section B: Livelihood asset ownership (financial, human, physical, social, natural)

Section C: Socio-economic vulnerability

Section D: Resilience strategies

Section E: Subjective well-being

All items were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Content validation was carried out by academic experts and AIM officers to ensure relevance, clarity, and cultural appropriateness. A pilot test involving 50 respondents was conducted, and the Cronbach's alpha coefficients for all constructs exceeded 0.80, demonstrating high internal consistency.

Data Collection Procedures

Data collection was carried out through field surveys administered by trained enumerators to ensure data accuracy and to accommodate participants with varying literacy levels. Participation was voluntary, and informed consent was obtained from all respondents prior to data collection. Ethical approval for this study was granted by the relevant university research ethics committee.

Data Analysis

Data were analysed using descriptive and inferential statistics. Descriptive statistics were used to determine the levels of asset ownership, socio-economic vulnerability, resilience strategies, and well-being. Inferential analysis was performed using IBM SPSS Statistics to assess the strength of the relationship between asset ownership and well-being. This methodological approach ensures measurable and policy-relevant findings that contribute to the evidence base for poverty alleviation and entrepreneurship development.

RESULTS

Descriptive Analysis

The descriptive analysis examined four key constructs: asset ownership, socio-economic vulnerability, resilience strategies, and well-being. The findings show that the overall level of asset ownership is high, with a mean score of 4.05 (SD = 0.51). Among the asset components, financial, human, physical, and social assets recorded high mean scores, indicating that respondents have good access to these resources. In contrast, natural assets recorded a moderate mean score, reflecting their lower relevance in the more urban and semi-urban context of Hulu Langat.

The mean score for well-being was 4.01 (SD = 0.56), indicating a generally high level of life satisfaction and household stability among respondents. Socio-economic vulnerability recorded a moderate level (mean ≈ 3.2–3.4), showing that while participants are exposed to certain risks, their asset base provides some protection. Resilience strategies also recorded a moderate level (mean ≈ 3.3–3.5), suggesting reliance on basic coping mechanisms such as borrowing from family or friends, reducing expenditure, or undertaking additional income-generating activities.

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Correlation Analysis

The Pearson correlation analysis revealed a strong and positive relationship between asset ownership and well-being ($r = 0.642$, $p < 0.001$). This finding indicates that participants with higher levels of asset ownership are more likely to experience better well-being outcomes.

Further analysis of individual asset categories showed that financial and human assets have the strongest correlation with well-being, followed by physical and social assets. Natural assets have a weaker but still statistically significant correlation.

Variable	Mean	r (with well-being)	p-value
Financial assets	High	0.61	<0.001
Human assets	High	0.58	<0.001
Physical assets	High	0.52	<0.001
Social assets	High	0.47	<0.001
Natural assets	Moderate	0.31	<0.01
Socio-economic vulnerability	Moderate	-0.36	<0.01
Resilience strategies	Moderate	0.42	<0.01
Well-being	High	—	—

Regression Analysis

Multiple regression analysis was conducted to determine the influence of asset ownership on well-being. The results indicate that asset ownership explains 47% of the variance in well-being ($R^2 = 0.47$, F significant at $p < 0.001$). Financial and human assets were the most significant predictors, followed by physical and social assets. Natural assets, while significant, contributed less to the overall model.

Predictor Variable	Beta	t-value	p-value
Financial assets	0.39	8.52	<0.001
Human assets	0.34	7.41	<0.001
Physical assets	0.27	6.35	<0.001
Social assets	0.21	5.02	<0.001
Natural assets	0.10	2.56	0.011

SUMMARY OF FINDINGS

Asset ownership among AIM participants is at a high level ($M = 4.05$).

Well-being is also high ($M = 4.01$), while socio-economic vulnerability and resilience strategies are at moderate levels.

Asset ownership has a strong positive correlation with well-being ($r = 0.642$).

Asset ownership explains 47% of the variance in well-being, with financial and human assets being the strongest predictors.

These results highlight the central role of asset accumulation in improving well-being and reducing socio-economic vulnerability among AIM micro-entrepreneurs.

DISCUSSION

The results of this study confirm the critical role of livelihood asset ownership in shaping well-being among micro-entrepreneurs who participate in Amanah Ikhtiar Malaysia (AIM) programmes in Selangor. The overall high levels of asset ownership ($M = 4.05$) and well-being ($M = 4.01$), coupled with a strong positive correlation ($r = 0.642$, $p < 0.001$), align closely with the propositions of the Sustainable Livelihood Framework (SLF). According to Chambers and Conway (1992), access to and accumulation of assets enhance household capacity to withstand economic shocks, increase livelihood security, and improve overall quality of life.

Theoretical Interpretation through SLF

Within the SLF, financial and human assets play particularly crucial roles. This is reflected in the regression analysis where these two assets emerged as the strongest predictors of well-being. Financial assets provide the capital base needed to sustain business activities and absorb financial shocks, while human assets—including skills, knowledge, and education—enable micro-entrepreneurs to better utilise financial capital for productive purposes. Physical and social assets also contribute significantly by improving access to infrastructure, networks, and markets, which supports entrepreneurial continuity and growth. Although natural assets contributed less to the overall model, their significance indicates their continuing relevance for some participants, particularly those in semi-urban and peri-urban areas.

These findings echo previous empirical studies which reported that microcredit participation contributes to both asset accumulation and well-being (Zaimah, 2010; Abdullah et al., 2010; Saifoul et al., 2012). However, this study advances the literature by quantifying the strength of these relationships using a structured livelihood framework and a statistically robust sample.

Contextualising the Findings: Socio-economic Vulnerability and Resilience

While asset ownership and well-being are both high, socio-economic vulnerability and resilience strategies were found to be at moderate levels. This suggests that although AIM participants have accumulated productive assets, they remain exposed to financial and market risks. Many respondents continue to rely on basic coping strategies, such as borrowing from family or reducing daily expenditures. This supports the argument of Adato and Meinzen-Dick (2002) that assets reduce vulnerability but do not eliminate it entirely, especially among low-income groups.

The COVID-19 pandemic has further amplified these vulnerabilities. Even households with strong asset bases may experience disruptions due to external shocks beyond their control, such as business closures, reduced demand, or health crises. This underlines the importance of coupling asset-building initiatives with broader social protection and resilience-building measures.

Policy and Development Implications

The results have clear policy implications for Malaysia's development agenda under the Eleventh and Twelfth Malaysia Plans. Strengthening financial and human asset formation among AIM participants can accelerate the transition of micro-entrepreneurs from survivalist to sustainable business models. Integrating capacity-building initiatives—such as digital skills training, financial literacy, and business development support—into microcredit programmes can enhance the impact of credit on well-being.

Social assets also deserve attention, as networks and collective action can help entrepreneurs better manage risks. Policy instruments that encourage peer networks, cooperative models, and community-based business ecosystems may help improve resilience among micro-entrepreneurs.

Reflections on Gender, Sectoral, and Geographic Gaps

Although this study provides strong evidence of the relationship between asset ownership and well-being, it does not disaggregate findings by gender, business sector, or age group. Prior research suggests that women entrepreneurs, in particular, may face unique constraints and opportunities that influence how assets translate into well-being. Similarly, sectoral differences such as between service, retail, and agricultural enterprises—may shape livelihood strategies and resilience.

Furthermore, the study is geographically focused on Hulu Langat, Selangor, which has a relatively developed economic base compared to other Malaysian states. Caution should therefore be exercised when generalising these findings to other regions with different socio-economic contexts.

Advancing SLF-Based Microcredit Research

This study contributes to the growing body of research integrating SLF with microcredit evaluation. By empirically demonstrating that asset ownership explains 47% of the variance in well-being among AIM participants, it strengthens the argument that microcredit is most effective when it is accompanied by asset-building mechanisms. The findings reaffirm the relevance of SLF as an analytical tool for understanding how different assets interact to produce livelihood outcomes in developing country contexts.

Conclusion and Policy Implications

This study provides empirical evidence on the strong and positive relationship between livelihood asset ownership and well-being among micro-entrepreneurs who are participants in Amanah Ikhtiar Malaysia (AIM) in Selangor. Using the Sustainable Livelihood Framework (SLF) as an analytical lens, the findings demonstrate that high levels of asset ownership ($M = 4.05$) are associated with higher levels of well-being ($M = 4.01$), with asset ownership explaining 47% of the variance in well-being. Financial and human assets were identified as the most influential factors, followed by physical and social assets, while natural assets played a smaller but still significant role.

These findings reinforce the notion that asset accumulation is a critical pathway through which microcredit contributes to sustainable livelihoods. They also confirm that microcredit functions not merely as a financing tool, but as an enabler for broader socio-economic empowerment when embedded within a supportive policy environment.

Policy Implications

Integrating microcredit with capacity-building programmes

The strong influence of financial and human assets on well-being underscores the need for AIM and other microcredit institutions to go beyond providing credit. Programmes should integrate targeted capacity-building activities such as digital skills training, business development support, and financial literacy to enhance participants' ability to use credit productively.

Strengthening resilience and social support systems

While asset ownership is high, socio-economic vulnerability remains moderate. This suggests the need for complementary social protection mechanisms to mitigate risks. Policies that encourage community-based support networks, cooperatives, and group-based enterprises can enhance social capital and improve resilience

Tailoring interventions for different demographic and business segments

Future AIM initiatives should adopt a more targeted approach by considering gender, age, and business sector variations. Women entrepreneurs, for example, may require different forms of support compared to their male counterparts. Sector-specific strategies can help optimise asset utilisation and livelihood outcomes.

Expanding the geographical coverage of microcredit impact

Given the geographic concentration of this study in Hulu Langat, scaling and adapting successful asset-building strategies to other states could help address regional disparities. Policy frameworks should also incorporate monitoring systems to assess the differential impact of microcredit across urban, semi-urban, and rural settings.

Embedding SLF into national development strategies

. The study's findings align with the objectives of Malaysia's Eleventh and Twelfth Development Plans, which emphasise inclusive growth, economic participation, and poverty reduction. Embedding SLF principles into microcredit and entrepreneurship policies can provide a more holistic approach to strengthening livelihoods and enhancing household well-being.

Limitations and Future Research

Although this study contributes valuable empirical evidence on the relationship between livelihood asset ownership and well-being among participants of Amanah Ikhtiar Malaysia (AIM), several limitations should be acknowledged.

First, the geographical scope of this research was limited to Hulu Langat, Selangor. While this location provides important insights into the impact of microcredit in a semi-urban context, the findings may not be fully generalisable to other states with different socio-economic characteristics. Future studies should expand the scope to include multiple regions, allowing for comparisons between urban, semi-urban, and rural areas. This would provide a more comprehensive understanding of how local contexts shape livelihood outcomes.

Second, the study employed a cross-sectional design, which captures relationships at a single point in time. This limits the ability to assess causal dynamics or long-term changes in well-being. Incorporating longitudinal research designs would enable future studies to track how asset accumulation, resilience, and well-being evolve over time, particularly in response to economic cycles or external shocks.

Third, while the study focused on asset ownership as a primary determinant of well-being, it did not disaggregate the analysis by gender, age, or business sector. Existing research suggests that these demographic and enterprise-level factors can significantly influence livelihood strategies and outcomes. Future research should incorporate stratified analyses to better identify targeted policy and programme interventions.

Fourth, this study relied exclusively on quantitative methods. Although this approach allows for statistical generalisation, it does not capture the nuanced experiences of micro-entrepreneurs. Qualitative methods—such as in-depth interviews or focus groups—could enrich the understanding of how participants mobilise and experience different types of assets in their daily lives.

Finally, the study did not explicitly examine the long-term impacts of the COVID-19 pandemic, which has significantly affected micro-entrepreneurs' resilience and economic stability. Future research could explore how microcredit recipients rebuild asset portfolios and adapt their livelihood strategies in the post-pandemic recovery period.

By addressing these limitations, future studies can deepen the understanding of asset–well-being dynamics, enhance the applicability of the Sustainable Livelihood Framework (SLF) in microcredit research, and strengthen the evidence base for inclusive entrepreneurship and poverty reduction strategies in Malaysia and beyond.

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