

# Paddy Industry and Paddy Farmers Well-being: A Success Recipe for Agriculture Industry in Malaysia

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## Abstract

Paddy is an important crop in Malaysia and it is vital for the nation's food security. Apart from this, the statistic also has proven that paddy industry in Malaysia has generated stable income for the country. Such income generation has reflected the success of this industry. Nonetheless, is the success of this industry has any impact on the paddy farmers particularly on their well-being? This query has become the main objective of this paper which is to discover the impingement factors of paddy farmers' well-being. This is qualitative study where data were gained from documents and literature analyses. Based on the analyses performed, it can be seen that factors such as financial, social and human should be considered to further enhance the farmers' well-being.

**Keywords:** paddy farmers, paddy development, well-being

## 1. Introduction

### 1.1 Agriculture in Malaysia

Agriculture sector in Malaysia can basically be categorized by the co-existence plantation and smallholder's sub sectors. It could later classify into food and industrial commodities. The food sub sectors may include paddy, vegetables, fruits, meats and fish while main industrial commodities are palm oil, rubber and cocoa. Agriculture significant contribution toward the Malaysia economic growth may clearly be observed in the first few decades of post-independence. Its vital role in financing Malaysia's economic activities was mainly due to high export earnings on agriculture commodities such as palm oil and rubber. But, in early 90's Malaysian government started to invest heavily in industrial sectors such as automobile, electrical and electronics and others. These sectors were believed to generate greater revenues and more significant impact on Malaysian economic growth. During a global economic and financial crisis in 1997, Malaysian industrial sector faces severe downfall. Agriculture sector later acts as a savior of the Malaysian economy as its contribution towards GDP increased from RM 17.1 billion in 1995 to RM 18.2 billion in 2000 (8<sup>th</sup> Malaysia Plan), which later attract government attention to reemphasize on this sector.

The agriculture sector has been identified as the third engine of economic growth after manufacturing and service sector. Agricultural related courses in local universities such as biotechnology, agricultural sciences and agribusiness started to receive massive attention in order to produce specialist and researchers in agricultural fields. This sector will continually act as an important sector for government programs in poverty alleviation and hopefully transformed from its current stigma which relate rural and poverty with agriculture to a modern and commercially viable sector with high returns.

## 2. Paddy Industry in Malaysia

Malaysian paddy and rice industry often receive massive attention and seriously emphasized by the government due to its strategic importance as country's staple food. Government attention towards rice industry even started before it does achieve its independence in 1957, with the establishment of Rice Commission in 1937. Federation of Rice Malay Commission later established in 1956. Paddy and rice industry continuously received attention by policy makers in the post-independence era. In 1965, Federal Agricultural Marketing Authority was established and acts as an institution responsible for marketing rice and other agricultural commodities. Later in 1971, National Paddy and rice board was established and at once took over FAMA's functions in marketing rice. In order to further strengthen national paddy and rice industry and concurrently reduce government's burdens, the

Malaysian government privatized NPRB in 1996 and NPRB change its name to Padiberas Nasional Berhad (BERNAS).

The self-sufficiency level was predicted to reach 65% in NAP 3, nonetheless, due to dropping deficits in the trade balance for most of the local commodities, the self-sufficiency level was demanded to reach 86% by the end of the Midterm Review of the 9th Malaysian Plan (2006-2010). In 2007 world food crisis, Thailand, among the main rice producers in the world, had recorded a significant decrease in its rice production due to the threats of the flood disaster they faced. Such disaster has resulted in increase in Thai rice prices, a maximum of 30% increase in the rice price has been recorded in Bangkok. Apart from incident in Bangkok, there were rice riots were reported in Ho Chi Minh city in Vietnam. Such incidents have demonstrated the importance of issues of the food security needs to be addressed seriously (Wong, 2009).

Among the country that has taken a further step in strengthening its food security is Malaysia. For the past fifty years, the Malaysian government has allocated billions of Ringgit in order to increase rice production. Government support may include R&D, credit facilities, subsidized retail price, guaranteed minimum price, extension support, fertilizer subsidies, and irrigation investment. Despite of continuous government attention as early as first Malaysian plan (1966-1970) to the recent Tenth Malaysia Plan (10MP), Malaysia's rice production still may be considered as inefficient in term of cost and quantity of production. Government effort and investment portrays the urgency in improving national paddy production, where in The Ninth Malaysia plan (9MP), the government allocated 70% of RM 2.5 billion for National Food Security Policy on rice alone. Later, in the 9MP midterm review, the government injected RM 3 billion for a National Food Security policy. RM928 millions were allocated in providing subsidies for paddy farmers in 2008.

Table 1. Income generated by agriculture based industry

Year	2000	2005	2010
	<b>RM Million</b>		
Palm oil	5860	7915	10,068
Fisheries	2493	2839	3875
Forestry	3055	3016	2761
Rubber	1868	2264	2554
Livestocks	1520	2089	2483
<b>Paddy</b>	<b>590</b>	<b>632</b>	<b>988</b>
Cocoa	250	83	138

Source: Department of statistic Malaysia and economic planning unit

### 3. Paddy Farmers in Malaysia

According Norsida (2009), in 2009 there were about 300,000 rice farmers who rely on rice farming as their main source of income. Rice farmers in Malaysia are usually settled in eight main granaries and several small granaries across the peninsula. Paddy planted area throughout Malaysia is estimated to be 672,000 ha the average national paddy production is 3.660 metric tonnes per hectare (Department of Agriculture). Poverty is usually synonymous with the agricultural community, especially rice farming community which comprising mainly of Bumiputera. Among the reasons recognized that lead to the incidence of poverty plaguing the local rice farming community is lack of productive assets, active depending on small-scale agriculture projects and non-agricultural activities. Occurrence of hardcore poverty and income inequality among farmers especially Bumiputera for decades has attracted policy makers' attention in formulating policies in order to avoid these incidents continuously fetter rural communities.

Nowadays there are many challenges faced by the farming community mainly rice farmers in Malaysia. The outmigration of youth is a serious issue confronting rice farming industry. This is because youth generally have an advantage in terms of productivity, age and education. These phenomena have a negative impact where it is difficult for the technology transfer process, threaten level of productivity, and risks faced by farmers which generally much older. Thus, it also caused increasingly serious problems of poverty in which the government's initiative on eradicating poverty becomes less effective in terms of cost and effectiveness.

Apart from such problems, the establishment of the ASEAN Free Trade Agreement (AFTA) and World Trade Organization (WTO) has posted a negative impact on the rice trade liberalization. Through the AFTA establishment for example, ASEAN countries are required to reduce import duty and at the same time eliminate non-tariff barriers. Entry of less expensive rice from neighbouring countries which normally has lower production cost will create will provide a stiff competition with the domestic rice producer. Globalization and trade liberalization are predicted to affect the developing countries, particularly the poor agrarian sectors that rely on agriculture for their livelihood.

#### **4. What is Farmer's Well-being?**

There are various definitions of well-being according to previous literatures. It may be observed that the term well being has been used by the author in their literatures, development rhetoric or policy renouncement but it is hardly been successfully translated into a working development policy. It is well known that well being is a pretty subjective as it may reflect differently to different people. But, this does not disqualify its potential of being a practical concept for policy purposes. In order to develop a proper framework of well-being and later policy, we must first understand the fundamental and conceptual definition of well-being. Well-being refers to situations that human experience, but emphasizes on the situation that should be available for people to attain well-being. Those are: that the needs of the person are fulfilled, gain their freedom, and achieve a better level of quality of life (Gough et al., 2007). Apart from this, McGregor, (2007) has defined well-being as a better state of involved with the community where needs are fulfilled, where one does things effectively to achieve their life objective, and where one can gain the happiness and gain the satisfaction with one's life." Based on Gough et al, (2007) definition of well being, it touches three basic concepts of well-being , which are: human needs, freedoms (or autonomy), and quality of life.

Human being is a combination of three things which are objective, subjective and inter-subjective. Such things are crucial and needed to assist in comprehending the human well-being especially in an area where poverty problems is faced by majority of people and there are struggles for development (McGregor et al., 2009). The study which was conducted in Thailand was basically developing a framework which identifies the needs, freedoms and quality of life and hoping that the well-being are likely to be different (better) elsewhere in the globe. There is a lack of local content of well-being amongst rural communities in Thailand. There is a need to generate social meanings of well being and way to combine subjective and objective dimensions of well-being."well-being covers the aspect of happiness but cannot directly associate with it. For example, a happy person who is later facing malnutrition problem cannot be considered as experiencing well-being". It is possible to be happy while suffering various privations in terms of freedoms or material needs, but this cannot be taken as an equates indicator of a more comprehensive notion of a person's well-being. Nor can this concept of well-being be associated with wealth. The ability to possess everything expect a better quality of life will not have any impact on their well-being (Sen, 1999).

#### **5. What Impinge Paddy Farmer's Well-being?**

It is obvious that the issue of human well-being has become a critical issue throughout the globe. Despite of intensive global development in many parts of the world, human well-being is not evenly distributed, there are populations that have done extremely well, while others strive to reach even a standard basis of living and cannot be considered to achieve the state of well being (UN, 2005). Such in any developing nation, improving the well being of the citizen is an important development agenda. Malaysia is not excluded has a passion for improving the well-being amongst the citizens.

A number of studies involving well-being have been conducted at the international level for quite a while. For instance there are several researchers from New Zealand who research on changes in well-being of the population in New Zealand (Podder & Chatterjee 2002; Perry 2008; Cotterell et al., 2008). These researchers respectively have provided significant contribution, particularly providing knowledge and understandings of social diversity, culture, customs and economic impacts on various populations in New Zealand which is famous for its ethnic diversity. Norsida and Sami (2009) in their view have looked at the needs of Malaysian farmers to go beyond their norms to achieve a better well-being by accentuating that women should be offered more roles in paddy farming. The material dimensions including of practical welfare and standard of living for instance income, employment, quality of services and infrastructure are seen to have impacts on farmers well-being. Norsida and Sami (2009) agreed with such fact by stating that additional income generating shall create a better well-being among farmers in Malaysia. They further demonstrated on how off-farm employment can improve paddy farmers' welfare and standard of living by gaining opportunities to generate more income compared to those who solely relying on farm productivity. In another view by Nor Diana et al. (2012) have agreed on the

influence of instance income and employment on Malaysian farmers well-being. They however have contrasted findings by Norsida and Sami (2009) by stating that in-farm income alone manages to strengthen farmers' well-being and fuel them out from the poverty crisis. They further added that by conducting a single money making activity shall add their focus on such activity which in turn can increase the quality and quantity of their agriculture production.

According to previous research by Cotterell et. al (2008), there were five set of indicators or factors that impinge well-being which was previously constructed by Milligan in 2006. These domains of factors or indicators are namely income, education, work, housing, and health. While, White (2009) suggests that there are three different dimensions in measuring well-being which are material, social and human. Social aspects seem to impinge farmers well-being in Malaysia where those who actively attending community activities and loyal to the organization were found to have a better well-being. The social dimension which concern with social relations and public goods for instance organizational belonging and security. Yokoyama and Abu Kassim (2006) have clarified how a better social relationship can fuel a better well-being among Malaysian farmers as such relationship shall create trust, reliability and better communication between them and their surrounding communities. In addition, loyalty towards their organization create a better flow of information between them and their organization whereby such flow shall inform them of any opportunities exist particularly with regard to income generating. Housing is another factor identified to impinge Malaysian farmers' well-being. Yassin et al. (2012) in his study has accentuated on spaces, number of rooms and safety aspects of the community houses can affect their well-being.

Health status and education level are also found to impinge farmers well-being (Caldwell, 2001). Malaysian farmers particularly in rural areas have a better well-being in term of their health as study done by Yassin et al. (2012) have explained a number of drivers such as frequent medical check-up and frequent exercises. In another view by Caldwell (2001), the majority of farmers is proven to be physically fit as their work requires lots of physical work and they always find ways to maintain their fitness via farming activities. Education is another impingement factor for farmers' well-being in Malaysia where via education, it is believed to produce farmers who are knowledgeable, competent, accountable and able to attain a better well being as well as to fuel the improvement of the family, society and nation at large (Yassin et al., 2012).

## 6. Conclusion

This article provides discussions on the impingement factors of farmers' well-being. It is important for the concern parties to consider the well being of farmers as they one of the important keys for ensuring the nation's food security. This article indicates that farmers' well-being can be developed if improvement actions with regard to financial, social and human development are highlighted. Highlights on such factors demonstrate that actions such as providing subsidy, loan and allowance, offering courses, training and seminars are among potential steps that can be taken to further enhance farmers' well-being.

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