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Beyond Income: Rethinking Poverty Alleviation Programme in Sabah and Sarawak, Malaysia

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ABSTRACT

Poverty remains a significant challenge in Malaysia, particularly in Sabah and Sarawak. Despite various income-based poverty intervention programmes, these initiatives often fail to address the multidimensional factors contributing to their limited success. A significant shortcoming of income-based poverty intervention programmes is their restricted emphasis on income and monetary terms as the main criteria for success. This research shifts the focus from monetary resources to a capability-based perspective, drawing from Sen's capability approach. It examines whether income-based policies genuinely enhance the choices and capabilities of individuals in a poverty alleviation programme, specifically known as an income enhancement programme. Using a qualitative approach, 23 respondents from Sabah and Sarawak were interviewed through purposive sampling, considering that these states have a higher incidence of poverty. Thematic analysis identified three key themes: ease of economic activity, limited functionality, and sustaining but not scaling. The findings indicate that while distributed assets temporarily expand immediate capabilities, deeply entrenched personal, social, and environmental conversion factors trap recipients in a state of limited achieved functioning. Thus, the programme provides short-term financial relief but fails to ensure long-term economic mobility. This study underscores the need for a holistic poverty alleviation strategy, incorporating financial inclusion, skills development, and tailored support based on individual and occupational needs. Future research should deploy longitudinal frameworks to track how long-term exposure to restrictive environmental conversion factors perpetuates the 'empowerment dilemma' among rural B40

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households, while evaluating the systemic effectiveness of capability-enhancing governance across different isolated geographical settings.

Keywords: Capability approach, income-based initiatives, poverty alleviation, public policy, qualitative research, Sabah, Sarawak

INTRODUCTION

Poverty continues to be the greatest threat and the most urgent global issue especially after the COVID-19 pandemic, where the data indicated that almost 700 million people were living in extreme poverty (World Bank, 2025). This is despite major economic growth and strategies to reduce it, which have been implemented under the Sustainable Development Goals (SDGs): No poverty (United Nations, 2025). Conventional poverty strategies often focus on raising the income levels of the poor to enhance their well-being. Logically, income provides spending power for the poor's daily needs, such as access to food, shelter, and health (Kimhur, 2020; Sen, 1999). Consequently, in many developing countries, cash transfer and income increment programmes have been introduced to provide financial support and employment opportunities, as well as help low-income communities with start-up capital (Ginting & Siregar, 2020; Karakara & Ortsin, 2022). While the outcomes of the programmes demonstrate positive effects in terms of raising households' income and providing better purchasing power, their effectiveness in addressing the multidimensional nature of poverty remains debatable (Alkire, 2005; Sen, 1999, 2002; Gweshengwe & Hassan, 2020; Kabir et al., 2019).

Considering this limitation, this study contends that income or material resources are not the ultimate endpoints of development, but rather the means to an end (Sen, 1999). Rather, the assessment of well-being should be based on an individual's substantive freedom and the ability to select a life that they sincerely value. This study fills this gap by looking at this limitation through the lens of the capability approach by Amartya Sen. When evaluated through this theoretical lens, the landscape of social protection in Malaysia reveals a profound structural and geographical divide. Although national policy measures frequently illustrate a decline in absolute poverty throughout Peninsular Malaysia, significant areas of persistent, multidimensional deprivation continue to be located in the East Malaysian states of Sabah and Sarawak. The absolute incidence of poverty in the Borneo states of Sabah and Sarawak remains the highest in Malaysia, standing at 17.7% and 8.4%, respectively (Department of Statistics Malaysia, 2025). Both states are confronted by complex, compounding socio-economic hurdles, including elevated unemployment rates (Nga et al., 2021; Lim et al., 2022), acute underdevelopment (Wahab et al., 2018; Idrisa et al., 2019), the marginalisation of undocumented, stateless, and illegal communities (Hassan & Peters, 2020; Khan

& Fathil, 2020), chronic infrastructure deficiencies (Ministry of Rural Development, 2019), extreme geographical isolation (Gevelt, 2017; Rosli et al., 2025), localised indigenous socio-economic vulnerabilities (Economic Planning Unit, 2015), and deeply entrenched spatial disparities (Lee et al., 2026) which acts as a major bottleneck to future economic development in Sabah (Tedong et al., 2022). Compounding these challenges, Malaysia's poor communities are socio-economically heterogeneous. For instance, differing occupational profiles between households in Sabah and Kelantan indicate that material aid cannot be a one-size-fits-all solution (Ahmad et al., 2025). Consequently, traditional public policy research—which heavily emphasises Peninsular demographics—falsely views the poverty landscape as homogeneous, failing to address the unique structural realities of East Malaysia (Goh, 2020; Khoo et al., 2018).

This research directly tackles this significant academic deficiency and deliberately framing itself as a capability-based critique of income-based poverty alleviation programmes. This approach shifts the focus of examining people's well-being from income and monetary resources to an individual's capabilities and their freedom to pursue their desired life (Alkire, 2005; Sen, 1999, 2002). Through this approach, this study first challenges the income-based view that material resource endowments are merely a means to an end, rather than the end itself. Second, the resources given to two different people were assumed to achieve equal quality of life, but this study argues that people have different abilities to convert the resources into something valuable, depending on their structural and environmental barriers. Lastly, this study also argues that a given tool or resource may improve their survival in daily life but not increase their real freedom and choice.

The remainder of this paper is structured as follows. The next section reviews the relevant literature, beginning with a conceptual grounding in Amartya Sen's capability approach. This theoretical foundation is followed by a thematic review covering income-based versus multidimensional poverty indices, the impact of government interventions and structural deprivation in East Malaysia and an overview of the income increment programme in Malaysia. The subsequent section outlines the research methodology, detailing the core approaches used for data collection and analysis. The empirical findings are then presented, followed by a comprehensive discussion that integrates theoretical insights, policy recommendations, and concluding remarks. Ultimately, this study offers a threefold contribution: theoretically, it moves beyond static income thresholds to unpack the dynamic process of capability conversion; empirically, it shifts the focus away from Peninsular-centric trends to investigate the unique, overlooked geographic realities of East Malaysia (Sabah and Sarawak); and practically, it advocates for a shift in state policy from passive resource distribution to structural and environmental enablement.

LITERATURE REVIEW

The Capability Approach as a Conceptual Framework

The capability approach has been widely embraced by scholars as a normative framework for understanding human well-being and serves as a valuable tool for policymakers in shaping social structures (Frediani et al., 2014). Sen contended that well-being should not be solely assessed through income or material wealth but should instead be viewed as “a process of expanding the real freedoms that people enjoy” (Sen, 1999, p. 36). The capability approach highlights two key elements: functioning and capabilities (Sen, 1999). Functioning refers to the actual achievements of an individual, such as being healthy, educated, and well-nourished (Sen, 2005). For instance, obtaining an education requires attending school, making school attendance a fundamental part of the learning process. Meanwhile, capability encompasses the range of valuable functioning a person can attain, such as access to quality education and efficient transportation (Naz, 2020; Sen, 1999). This indicates that capability is equivalent to the freedom of an individual to make choices based on the various opportunities that he or she seeks to achieve. The capability approach basically asserts that to determine how happy and healthy people are, we should examine the social structures and processes that make people better at what they do, as well as the policies that affect these abilities (Deneulin & McGregor, 2010; Robeyns, 2005). Consequently, this study utilises the concepts of 'functionings' and 'capabilities' to examine how the provision of material resources—serving as crucial inputs—can expand the capabilities of the poor and ultimately transform their well-being into valued achievements, or functionings.

Despite that, the existence of conversion factors will not enable individuals to reach their full potential. Robeyns (2005) has outlined three important conversion factors that may enable or disable people’s well-being. To conceptualise how these conversions operate in practice, the conversion matrix can be illustrated through three distinct dimensions: personal, social, and environmental. For instance, if the government provides a physical equipment to a person with limited ability to read and write, the intended outcome will not be achieved. The individual’s illiteracy here acts as agency limitation and personal barrier to that individual. Secondly, social factors pertain to the social norms that individuals typically encounter in their daily lives. For instance, let us say an individual woman is able to read and write, and having physical equipment may improve her well-being. But, if access to the computer is only made available to men, this may deprive a woman of the capability to improve her skills. Finally, the environment conversion factor pertains to the government’s role in the provision of goods and services. From the previous example, let us assume that an individual woman is capable of reading and writing and that there is no gender bias in her village. This makes her eligible to get a computer to improve her skills, for instance, marketing her small business. However, her capability is deprived by a lack of a computer when the government does not provide it at her community hall. Thus, despite functioning and capabilities, these conversational factors may also enable or disable a person's well-being (Nambiar, 2019).

By establishing this conceptual matrix, the capability approach offers a flexible, non-linear lens to analyse why physical resources can still result in limited functionality or persistent survival modes. For this study, the framework functions strictly as an interpretive guide. The coding process remains fundamentally inductive and data-driven, meaning no predetermined codebook was applied to the texts. Instead, codes were generated directly from the raw interview data to preserve the participants' original contexts and voices. Once these inductive codes were identified, capability dimensions—such as capabilities, functionings, and personal, social, and environmental conversion factors—were used to interpret the forces shaping the recipients' choices and well-being. This balanced approach allows for higher-level thematic analysis while firmly maintaining the empirical integrity of the recipients' everyday narratives.

Income-Based Versus Multidimensional Poverty Index

Traditionally, poverty alleviation efforts have concentrated on income-based initiatives, positing that enhanced financial resources result in higher well-being (World Bank, 2025). The income-based initiatives identify poverty as a lack of financial resources and prioritises policies that generate employment opportunities, provide cash transfers, or raise wages (World Bank, 2020). This viewpoint assumes that with more income, people can spend more on their living, like having access to healthcare, education, and shelter (Jäger & Rothe, 2013; Sen, 2005). Although much research and findings suggest that there has been a link between economic growth and rising income in reducing poverty, still income alone does not guarantee the improvement of people's well-being (Ravallion, 2016; Banerjee & Duflo, 2019; Nambiar, 2019). Thus, efforts to reduce poverty must not depend on financial assistance alone. Instead, they must focus on addressing the structural and social barriers that limit people from achieving long-term economic security.

Recognising these serious descriptive limitations, current discourse has evolved into a multidimensional view of poverty. Public policy most visibly operationalises this conceptual shift through the Multidimensional Poverty Index (MPI), which the Alkire-Foster approach established (Alkire & Santos, 2014). The MPI is slightly different from the conventional method, PLI, in a way that it focuses on multidimensional aspects of poverty, not income solely. MPI focuses on three important dimensions of poverty, health, education and standard of living (Foster, 2010). Even though both measurements are important for public policy decision-making, they remain quantitative and aggregate in nature, concentrating on rigid, achieved deprivations at specified points (Alkire & Foster, 2011; Hulme & Shepherd, 2003). They provide information about the missing assets of the poor, but they offer little explanation for the factors that prevent individuals from escaping vulnerability (Sen, 1999; Robeyns, 2005).

As well as PLI and MPI, another framework that is often being used to measure poverty is the sustainable livelihood framework. Originally introduced by Chambers (1997), sustainable livelihood is moving away from describing what the poor lack to the accumulation of assets. Maintain that the ability of the poor to survive depends on several core capitals, namely human capital, physical capital, social capital, financial capital and natural capital (Natarajan et al., 2022). Even the sustainable livelihood has useful practical applications for assessing a household's asset portfolio across many capitals; however, it is conceptually limited by its emphasis on the possession of material resources (Natarajan et al., 2022; Scoones, 2015). While the sustainable livelihoods framework offers valuable field utility for mapping a household's immediate asset portfolio across multiple capitals, it remains conceptually restricted by its operational focus on material resource possession. In contrast, Amartya Sen's capability approach provides a superior normative and diagnostic framework by explicitly enforcing a strict means-ends distinction (Robeyns, 2005; Sen, 1999, 2005).

The Impact of Government Interventions

One of the interventions to assist the poor is cash transfer or direct money relief which aim to stabilise and reduce the economic shock among them. In Malaysia, one of the examples is *Sumbangan Tunai Rahmah* (STR) which was given to the poor Bottom 40 (B40) income group. At a global level, the STR programme is aligned with the LEAP and SCT from Ghana and Zambia. Both programmes have demonstrated temporary consumption benefits, yet they have failed to achieve substantial long-term improvements in economic mobility (Baird et al., 2013). For example, the poverty programme in Ghana, known as LEAP, provides unconditional cash transfers to poor families. However, it suffers from bureaucratic and political barriers to the policy implementation of the programme (Karakara & Ortsin, 2022). SCT Zambia's cash transfer programme, which supports vulnerable groups such as the elderly, disabled, and extremely poor, also exhibits this problem. Although progress has been achieved in the programme, it has not yet replaced established interests, ideologies, and rental allocation methods that are firmly rooted in Zambia's political settlement (Pruce & Hickey, 2017). Analytically, both programmes were originally good because it has reduced the caloric shocks, enabling them to consume food and improving mental health of the recipient (Handa et al., 2014; Seidenfeld et al., 2014). However, the provision of cash does not come together with the human capital assistance training and long-term structural changes.

Apart from direct cash transfer, another government intervention programme is microcredit fund. This is one type of capital injections to empower poor in economic activities. The most notably is Grameen Bank, which was originated from Bangladesh where the poor, especially women, were given small loans to start or expand their businesses (Hulme, 2009). In Malaysia, this programme is called Amanah Ikhtiar Malaysia (AIM) which focuses on women empowerment in their business activities. Even so, the success level of the programme has varying effects. On the one hand, the microcredit programme helps eliminate poverty and gives people more power (Aslanbeigui et al., 2010; Lipi, 2016; Pomi, 2019). On the other hand, other studies discovered that the programme led to people getting excessive debt through repeated borrowing, putting a strain on their finances (Khandker & Samad, 2014; Shafique & Habib, 2020)—the burden of loan repayments and increased competition in the market (Bateman & Chang, 2012). Looking at both local and international programme, similar to the cash transfer, this microcredit programme also will not help people to moving upward in their economy unless the programme paired it with financial education, technical mentoring and monitoring, and access to the institutional markets (Khandker, 2005; Bateman, 2010).

Lastly, the third form of government intervention is material resource distribution, known in Malaysia as the income increment programme (Program Peningkatan Pendapatan, PPP). This initiative provides beneficiaries with physical equipment up to RM 10,000—such as commercial ovens, welding tools, or outboard engines—to directly boost production capacity. Unlike conditional cash transfer models like Brazil's Bolsa Família or the Philippines' Pantawid Pamilyang Pilipino Programme (4Ps), which require meeting health and education milestones to build long-term human capital (Fiszbein & Schady, 2009; Neves et al., 2020), Malaysia's PPP operates on the passive assumption that physical assets automatically translate into economic expansion. Consequently, by focusing exclusively on commodity delivery without addressing the recipients' underlying skill deficits or vulnerability to external risks, the program frequently exhibits operational failure (Barrientos & Hulme, 2008).

Deprivation in East Malaysia and The Income Increment Programme or *Program Peningkatan Pendapatan* (PPP)

Over the past few decades, Malaysia has achieved considerable reductions in absolute poverty alongside widespread infrastructural development. Despite this macroeconomic success, poverty remains a critical concern in the Borneo states of Sabah and Sarawak, which register the highest poverty incidences in the country at 17.7% and 8.4%, respectively (Department of Statistics Malaysia, 2024). Beyond income deficits, both states face severe structural challenges, including immigration complexities involving undocumented and stateless communities (Hassan & Peters, 2020), and an extensive infrastructure gap driven by decades of uneven regional development (Ali, 2025). Due to dense forests and vast terrain, numerous remote communities lack safe highways, stable electricity, clean water, or internet connectivity (Huda et al., 2022). Consequently, despite East Malaysia's vast natural resource wealth, these harsh spatial and ecological realities prevent rural B40 households from converting state aid into long-term business growth, trapping them in a state of subsidised survival (Kanbur & Venables, 2005).

Consequently, the government of Malaysia has implemented poverty intervention approaches to assist poor and vulnerable groups especially in East Malaysia. The most common approaches are cash transfers, microfinance, and material resource assistance (Ministry of Rural and Regional Development, 2025). In rural areas where the majority of the poor reside, the government has initiated one programme as a poverty reduction intervention to improve their well-being by giving them, not direct cash transfer but the material resources to support them in their living activities (Ministry of Rural and Regional Development, 2025). This is known as the income increment programme (PPP), under the purview of the Ministry of Rural and Regional Development (MRRD). This programme seeks to enhance the income of the extremely poor and rurally poor, collectively known as the B40 group. Eligible participants are those classified and registered under the national poverty database, e-Kasih. Selected participants receive financial assistance of up to RM 10,000 (USD 2,109) in the form of capital, machinery, and equipment. The government believes that this support can help lift beneficiaries out of the poverty cycle. However, since 2019, only 471 out of 1,623 participants have successfully increased their income by at least 30%, indicating that only a small fraction has experienced significant improvement in well-being (Ministry of Rural Development, 2019). Due to the programme's low success rate, MRRD has revised the participant selection criteria and monitoring processes at the local level. However, these adjustments may be insufficient, as they fail to address the underlying challenges preventing participants from increasing their income. A deeper understanding of these challenges requires insight from the participants themselves, particularly through interviews that explore their perceptions and experiences regarding well-being in the PPP programme.

METHODS

This research aims to critically analyse the effectiveness of income increment programmes as a poverty alleviation approach to improve the well-being of the poor, using the capability approach as an analytical framework. To examine how the programme improves recipients' well-being, qualitative research was the best method. The recipients were selected from the Borneo states of Sabah and Sarawak, where the majority of them were Bumiputera or *the son of the soil.* The two states were considered the poorest states in Malaysia, with the highest incidence of poverty, 19.7 per cent and 10.8 per cent, respectively during the study was conducted (Department of Statistics Malaysia, 2022).

For data collection, semi-structured in-depth interviews was employed. Prior to the commencement of the interview, the researchers informed the recipients of its purpose and indicated that any recorded responses would be discarded if the recipients had to stop during the interview. The interview was conducted in Bahasa due to the interviewees' low proficiency in English. The recipients were notified that the interview would be recorded, and all participants consented to the recording of their interviews. The recipients of the PPP were approached using purposive sampling since it ensured the inclusion of the programme's respective recipients and excluded respondents who were not involved in the programme. During data collection, saturation was achieved after interviewing 23 recipients. The data reached saturation when the same insights and answers were repeatedly shared by the final participants, confirming that no new information was emerging. Because no new codes or relevant themes emerged during the later stages of data collection (Hennink & Kaiser, 2022), the researchers concluded the process with the 23rd recipient. The total number of recipients was considered sufficient to answer the research questions, as Warren (2002, p. 99) suggested that 'to have a non-ethnographic qualitative interview study published, the minimum number of interviews seems to fall in the range of 20-30,' and even in some cases, the data were saturated after the first twelve interviews (Guest et al., 2006).

In analysing the data, thematic analysis was used to gather codes and develop themes from the interviews (Braun & Clarke, 2006). It involves six phases, where the first and the second phases required researchers to familiarise themselves with the data and start generating the initial codes. The third and the fourth phases required the researchers to search, identify the themes and review them. The fifth phase is where the researchers define and name the themes, for instance, ease of economic activity, limited functionality, and sustaining but not scaling. For the sixth phase, the researchers need to evaluate the overall processes of data collection and analysis and interpret the programme outcomes. Instead of relying on any qualitative software, this research focuses on thematic analysis where the analysis is monitored and analysed systematically: interview audio recordings were transcribed verbatim, read recursively for deep familiarity, and coded line by line using physical highlighters, margin notes, and conceptual code books. By doing it manually, the researcher kept full control over the fluid, non-linear process of making meaning. This ensured that the end themes stayed deeply contextualised and were not limited by the rigid mechanical structures of automated software indexing (Braun & Clarke, 2019). Of the 23 recipients, 18 were males and five were females. Their ages ranged from 24 to 59 years old, and all were recipients of the PPP (Table 1). Each of the interviews lasted around 30 to 45 minutes.

Table 1
Profile of the respondents

Recipient	Gender	Age	Household Number	Monthly Income (RM)	Occupation
1	Female	46	5	1,500	Baker
2	Female	40	5	1,000	Baker
3	Male	59	4	1,000	Fisherman
4	Male	56	6	400	Fisherman
5	Male	46	7	1,000	Fisherman
6	Male	55	6	1,000	Fisherman
7	Male	51	5	700	Fisherman
8	Male	48	6	800	Fisherman
9	Male	30	3	1,000	Fisherman
10	Male	57	5	1,500	Fisherman
11	Female	38	4	3,000	Tailor
12	Male	28	4	1,000	Wireman
13	Male	55	7	1,000	Sarawakian Umai Artisan
14	Male	32	4	1,200	Welder
15	Male	51	4	3,000	Grave builder
16	Male	28	5	2,000	Barber
17	Male	30	5	5,000	Barber
18	Male	24	8	4,000	Welder
19	Male	36	6	2,000	Auto Body Repairer
20	Male	51	5	3,000	Frozen Flatbread Maker
21	Female	36	3	500	Baker
22	Female	26	5	800	Tailor
23	Male	56	6	2000	Sarawakian Umai Artisan

Source: Authors' own work

FINDINGS

Ease of Economic Activity

From the findings, the first theme was easing daily tasks. The majority of the recipients stated that the equipment and resources they received from the programme have eased their daily tasks, especially in terms of generating more income. For instance, Recipients 3, 4, 6, 8, and 9 stated that the new boat engine given through the programme has helped and eased their work as fishermen. Recipient 6 stated that he frequently had experience with engines broken down in the sea. Hence, he needed to paddle his boat manually. He mentioned that engine breakdowns occurred "too frequently and many times". This illustrates that the personal conversion factor that the fisherman faces not only limits their ability to generate daily income but also causes mental instability for them due to uncertainty every time they go to the sea.

Similar to the fishermen, recipients of bakery equipment, such as Recipients 1, 2, and 21, also stated that the provided equipment, such as ovens and mixers, enabled them to produce more than usual. Recipient 20 also stated that the production of frozen flatbread or *roti canai* had increased from 20 to 40 pieces after he received the dough machine. Recipient 11, for instance, stated that she was able to hire one worker when she received a sewing machine from the programme. Meanwhile, Recipient 22 stated that the machine can lessen her sewing time, and she can receive more orders from her customers. Similarly, Recipient 13, who prepared traditional cuisine or Sarawakian *Umai*, stated he managed to store more raw fish with the new equipment received. As a result, he is able to sell more than he did previously. Based on the recipients' statements, a majority of the recipients faced prominent personal conversion factors across their respective economic activities, which significantly affected not only their daily productivity but also their long-term income levels. Nevertheless, the provision of physical equipment successfully lessened the operational burdens of their work, thereby stabilising and improving their basic survival income. This demonstrates that while the distributed assets enhanced the recipients' immediate choices and freedoms to maintain a daily baseline income, their capacity to expand production remained closely bounded by these personal conversion constraints.

Limited Functionality

The second theme highlighted was limited functionality. The recipients derived their income from their economic activities, and the provision of equipment facilitated their tasks. Nevertheless, the equipment alone cannot improve their well-being and income. Most of the recipients of the programme were involved in small economic activities such as baking, sewing, fishing, electrical wiring, barbering, traditional cuisines, and many more. The type of economic activity enrolled by the recipients required different kinds of resources and support. This was due to the unpredictable nature of weather and environment, which hindered the recipients' ability to engage in economic activities. For instance, Recipient 7, a fisherman, stated that he needed other equipment instead of a boat engine and "our fishing equipment always gets damaged because of crocodiles, so the equipment is so expensive to replace". This indicates that the recipient was limited by an environmental conversion factor that he cannot control. The weather and sea made it challenging to turn the received equipment's benefits into income (Recipient 5). In addition, Recipient 23, who worked as a Sarawakian *umai* artisan, stated that the cost of the fish fluctuated due to weather and pushed him to spend more of his income on raw materials. This ground reality was largely overlooked by policy design; the government operated on the passive assumption that merely providing physical assets would automatically generate sustainable income for the recipients. In reality, however, harsh environmental conversion factors acted as an absolute barrier, severely compressing the recipients' capabilities to transform these material resources into meaningful economic outcomes.

Recipient 12 stated that even though he received the electrical equipment for his wiring activities, he still cannot maintain a stable income due to limited customers. He lived in areas that were slightly from the main city, and finding customers was very challenging. The fact that this happened shows that physical equipment alone cannot promise a person's job. Instead, it shows that a physical equipment only works if the environment of the recipient's is supported by the government.

Sustaining but Not Scaling

The last theme was sustaining but not scaling. From the findings, out of 23 recipients, eight recipients (Recipients 1, 2, 11, 14, 15, 16, 17, and 18) demonstrate an increment in their income. However, the increase was still insufficient to allow them to expand their business. For example, Recipients 1 and 2 stated that they could increase their small income and support their living expenses with the provided equipment. However, their monthly incomes of RM1,500 (USD 337) and RM1,000 (USD 224), respectively, were still considered poor. Similarly, Recipient 11, stated that more financial capital was needed since most of the cost for her skills and machine was expensive. Moreover, although Recipients 14, 15, and 18 also stated that they could increase their income, maintaining and making it stable required more effort. Recipients 16 and 17 were able to sustain their economic activities and felt more stable with the equipment provided. Their job as barbers only required them to upgrade their skills and stay updated with trends. Based on the capability approach perspective, the physical equipment improved recipients' access to productive resources and so improved their capability to earn a living. However, providing the equipment was not sufficient to enable their capabilities to extend to higher-level functionings such as business growth and long-term economic mobility. While the assistance enabled recipients to sustain themselves and attain enhanced financial stability, a lot of them were still unable to scale their economic activity, signifying a persisting constraint on their capability set.

DISCUSSION

This research findings reveal a critical tension between physical material and sustainable poverty eradication. Specifically, this can be explained into four important points:

Capability Deprivation and Agency Limitations

The programme has assisted users in alleviating everyday economic activities and maintaining their livelihoods. Nonetheless, it does not substantially facilitate economic growth or long-term financial autonomy. This is a reflection of Amartya Sen's (1999) capability approach perspective, which argues that poverty should not be understood just as a lack of cash or commodities, but as a deprivation of a basic capability, the inability to achieve a life that one has reason to value. Equipment makes routine work easier but does not increase the agency of the beneficiaries, which is the capability of an individual to act and to change according to his or her own values and preferences. These physical materials cannot be used by recipients to become economically self-sufficient and, as a result, they are economically immobile. This demonstrates that simple access to commodities does not automatically translate into expanded freedoms or superior financial outcomes (Baird et al., 2013). This finding strongly echoes global microfinance and poverty reduction literatures, which demonstrate that localised productivity gains frequently fail to trigger sustainable income development when wider structural impediments are left unaddressed (Banerjee & Duflo, 2011; Khandker, 2005; Noah et al., 2021).

Standardised Allocation and Conversion Factors

The main shortcoming of the programme is the "one-size-fits-all" approach to resource allocation, which loses sight of the importance of conversion factors - internal and external circumstances that influence the degree to which a person can translate a resource (input) into a different capability or functioning (outcome) (Barrientos & Hulme, 2008; Robeyns, 2005). To understand why this happened, these conversion factors must be analysed systematically: First, regarding the personal conversion factor, the standardised allocation of physical equipment passively assumed a homogeneous skill level among recipients. The government overlooked the variations in skills and knowledge required by individual recipients to transform these resources into meaningful outcomes. Second, in terms of social and occupational conversion factors, different occupational groups—such as bakers and fishermen—face distinct operational demands (Roldan, 2009; Yostrakul, 2018). However, the uniform distribution strategy implemented by the government imposes structural restrictions, as a resource that is extremely valuable to one sector becomes a useless burden to another. Lastly, concerning environmental conversion factors, the ultimate utility and benefit of the physical equipment depended entirely upon local market dynamics and supply chain structures. Because the programme does not tailor distribution to these specific needs, it produces a mismatch that makes it harder for recipients to reach their full potential (Deneulin & Davies, 2016; Walker & Van der Maesen, 2004). When an intervention does not take these conversion factors into account, it limits the person's ability to keep and grow their substantive freedom (Sen, 2002). This fits with studies of livelihood interventions in developing economies that show that standard, top-down asset delivery always leads to poor results because it does not take into account the different situations of the people it helps (Alkire, 2002; Khatri-Chhetri et al., 2007).

Structural Barriers and the Empowerment Debate

The results show that the programme keeps people from being completely poor, but it also traps them in a subsistence-level situation. Recipients can maintain basic survival using the distributed equipment, yet they remain trapped by a lack of financial capital, advanced training, and formal market access. This reality exposes the 'empowerment dilemma', revealing a critical disconnect in contemporary debates on empowerment and capability development (Cornwall & Brock, 2005). That means, the government intervention in providing the physical equipment to the recipient is known as instrumental empowerment (giving assistance for a short period of time) rather than transformative empowerment (improving systemic abilities to change one's social and economic situation). As such, the real poverty reduction programme must prioritise the expansion of people's freedoms and choices rather than focusing on survival mode programme (Sen, 1999, 2002). This indicates that the programme predominantly facilitates short-term survival instead of promoting long-term economic mobility. This discovery corresponds with studies on microfinance and entrepreneurial advancement, emphasising that small business proprietors necessitate more than mere financial assistance. That is, they require access to business development services, networking opportunities, digital transformation (Butt, 2024; Faruque et al., 2024), and credit facilities to expand their enterprises (Morduch, 2000; Rahman, 2019). For example, global benchmarks like the Grameen Bank microfinance model in Bangladesh demonstrate that sustainable graduation out of poverty occurs only when asset or financial transfers are explicitly bound to continuous capability increment through mentorship and technical training (Yunus, 2007).

Multidimensional Poverty Governance

Finally, the findings of this study offer profound implications for the design of multidimensional poverty governance. If poverty alleviation strategies persist in depending on binary, resource-focused measures (e.g., monitoring the quantity of distributed equipment), they will perpetuate the concealment of persistent capability deficiencies. The government must shift from inflexible, supply-driven models to decentralised, needs-based allocation strategies that acknowledge the varied demands of distinct occupational recipients (Barrientos & Hulme, 2008). Effective governance frameworks must incorporate material assistance into a comprehensive approach that combines asset transfers with localised skill development, strong business mentorship, and institutional market integration. This paradigm shift is robustly endorsed by global development literature, which demonstrates that multidimensional poverty strategies—those that concurrently tackle resource deficiencies, skill shortages, and structural impediments—are significantly more effective in promoting authentic economic independence and enduring poverty alleviation (Nussbaum, 2011; Stewart, 2005). By resolving these lacks, the programme can progress beyond temporary aid and more effectively contribute to lasting poverty eradication.

CONCLUSION

This study evaluated the impact of the income increment programme as a poverty alleviation strategy based on the framework of the capability approach. The findings indicate that while the programme offered concrete resources aiding recipients' everyday economic activity, its impact on long-term income improvement and economic mobility was limited. Although recipients could generally maintain their current economic activities, they frequently lacked the requisite complementary resources, skills, financial capital and institutional support essential for converting these resources into sustainable business growth and increased economic autonomy. These constraints were particularly apparent among recipients in rural and remote areas, notably in East Malaysia, where the cost and difficulty of participating in economic activities were exacerbated by inadequate transport infrastructure, limited access to markets, and geographic isolation (Kanbur & Venables, 2005). It is also important to pay attention to the social and economic situations of Indigenous and Bumiputera communities in East Malaysia, since many of them have been harmed by history, live in remote areas, and do not have the same access to development chances as other communities. So, policies should be made with more thought given to the customs, ways of making a living, and unique needs of each town (de Janvry & Sadoulet, 2006). Also, fixing digital inequality is becoming more important because not having access to the internet, not knowing how to use technology properly, and having bad communication systems can make it hard to get information, markets, financial services, and training, which can stop people from getting better at what they do.

The findings indicate that future poverty alleviation programmes should transition from a uniform resource-distribution model to occupation-specific intervention strategies tailored to the livelihood requirements of various beneficiary groups, including fishermen, farmers, tailors, mechanics, barbers, and small-scale entrepreneurs (Barrientos & Hulme, 2008). Such interventions would assist beneficiaries in acquiring the skills, networks, and market opportunities essential for transforming resources into sustained economic results.

Finally, future studies should look into the long-term effects of poverty reduction programmes in a range of occupational types and locations. Reducing poverty requires more than just giving people short-term help. It also needs systemic measures that make people more capable by removing the barriers that keep them from pursuing their goals. The income increment programme can do a better job of reducing poverty and promoting inclusive socio-economic growth if it takes a more complete, context-sensitive, and capability-oriented approach.

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