

# A framework for incorporating the global environment of rural community

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**Abstract.** The major problem with economic capital in rural communities around the world is income. There are many challenges for rural communities to developing their socioeconomic sustainability with their limited recourse. The rural community in Malaysia is also facing problems as a result of the disparity in development between urban and rural regions, particularly in terms of public amenities, infrastructure, utilities, and economic opportunities. In addition, rural communities are also often marginalized due to global issues of insecurity as well as the various challenges they often face in improving the economy of rural areas. Rural communities also often face socioeconomic problems, such as marginalized households and having different socioeconomic backgrounds. The purpose of this paper is to determine the factors incorporating economic capital in assessing rural community resilience in term of socioeconomic background. Next this paper also discusses the method that will be implement in this study but the data collection not being conducted yet. This paper also provides a framework incorporating the factors of economic capital and variables of socioeconomic background. This framework will measure the relationship between economic capital and the socioeconomic background of the rural community. Using this framework, we will understand the relationship between economic capital and the socioeconomic background of rural communities.

## 1. Introduction

The current situation in rural areas around the world is that poor rural communities have several issues with achieving economic equality and social sustainability, particularly among those with limited income sources. This is one part of an issue related to economic capital in rural areas. Rural development also plays an important part in the country's economic, social, and political development, because it helps to improve the economy of rural areas. The country's rural development plans and programs include the development of public amenities and infrastructure, resettlement schemes, rural industrialization, agriculture sector modernization, community development, and poverty eradication for the livelihood of rural communities [1]-[2]-[3]. Thus, rural communities are the most marginalized as a result of global issues' insecurity, as they frequently encounter several obstacles to attaining economic equality and social sustainability, especially those with inadequate financial resources [4]-[5]-[6]. Marginalized households, particularly those with socioeconomic problems, face a number of challenges. On the other hand, different rural communities have different socioeconomic backgrounds [7]. This raises the question of how socioeconomic background rates differ between rural households and what factors contribute to this mosaic scenario. Therefore, this paper aims to determine the



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framework for incorporating economic capital in assessing rural community resilience in terms of socioeconomic background.

## 2. The influence of economic capital in socioeconomic background of rural community

### 2.1. Concept of socioeconomic background

Based on previous studies on the socioeconomic background, the socioeconomic background is an important tool to measure human development, such as individual or family group of people in economic and social based on education, income, health, occupation, and culture. There are different backgrounds of activities in the rural community. It is supported by the OECD, which defines socioeconomic background as variables such as economic, social, and cultural status in the rigorous large-scale international evaluation of more than 70 nations over 15 years [8]. Besides, according to Y, i et.al a socioeconomic background is defined as that which can be evaluated based on the socioeconomic background of an individual, family, and group members [9]-[10]. Thompson also agrees with the definition of socioeconomic background that refers to an individual, family and group members [10]. Moreover, Thompson also states that socioeconomic background is related to the highest level of education, wealth, and culture [10]. However, the approaches or variables in the socioeconomic background that guide this study are economic, social, and cultural.

This study will use two main components, namely economic and social based on the appropriateness of this study. Based on the component of social its define as society, organization or part of community in some areas. In terms of Rathod & Ningshen of social, it can be a measure of a person's work experience in a group and related to their activities such as occupation [17]. Furthermore, the Y, I *et.al* and Thompson S define a social variable related to education and health [9]-[10]. In their research, the researchers investigated the social based on the group of students based on the index of the highest level of education of the students. That also concludes the social not more social activity but can relate to the education and health of people. Based on previous studies, economics can be defined as the activities that result in more efficient use of resources and greater possibilities for producers and consumers. This is because the development of the economy is a type of change that is largely focused on achieving a certain goal. The eventual result of economic progress is an improvement in human wellbeing [18]. A researcher mentioned that economics is one of the ways to measure the level of income and occupation of an individual, family or group of people. According to Bollen *et al.*, Sirin, Mustaqim and Islam, economics related to income and employment is the socioeconomic background of society [11]-[19]-[20]. Individuals and households derive their income and wealth from the economy. Economics is also related to activities such as employment of individuals in generating socioeconomics in their lives.

Based on previous studies, it is used as a guide for developing an economic capital framework and socio-economic background in rural communities in the study. Many studies combine one or more concepts in the level of education. Sirin's meta-analysis of studies on socioeconomic background and academic performance is a mix of education, employment, and income [11]. This situation defines the socioeconomic background its refers to education, occupation, and income in their analysis. However, Hauser and Sirin contend that it is conceptually problematic and should not be employed [12]-[13]. Based on previous research, other researcher use the concept of socioeconomic background based on the family structure [13]-[14]-[15]-[16].

### 2.2. Variable of socioeconomic background

Based on the concept of socioeconomic background, it involves two main components: social and economic, which are related to rural areas in the world having different socioeconomic backgrounds according to the location of the rural areas. The socioeconomic background of the individual is indicated by the component of social variable which are education and health while economic variable comprises of income and occupation [19]-[21]-[17]. It is supported by authors like Bollen et al. and Mustaqim and

Islam, who define socioeconomic background as individuals or family groups of people's economic and social position based on education, income, health, and occupation [22]-[20].

Since it impacts people's levels of knowledge, skills, and income, socioeconomics is the most significant predictor of livelihood. People's lifestyles change from one income level to the next, and their consumption power varies as well. This indicator influences the factors of economic capital, such as income, occupation, and asset property ownership. In this paper will be explain the variables of socioeconomic background that influence economic capital in rural areas. For the first one, will explain that the socioeconomic background of rural communities is a composite measure based on educational variables that usually includes the economic background of individuals or family groups as measured by income and employment based on economic capital factors influencing the socioeconomic background of rural communities. This is because a higher household income has an impact on an individual's or family's education, such as having a good level of education [10]-[17] and also having educational resources at home that help improve the current level of education, such as having a personal tutor [11]-[20]-[22].

In health, a person's level of health influences his or her level of income [17]-[20]. A stable individual income can help the individual get good health services, such as in a private clinic or hospital. Furthermore, a person's health has an impact on their ability to work [21]-[6]-[22]. The indicator of income is referring to household and wealth in socioeconomic background that will focus in this research [17]-[19]. There are several economic model factors that influence the socioeconomic background of the income variable. Among them is being able to support your own family, referring to the household. As for the wealth indicator, it refers to assets and property ownership. In addition, it can also refer to remittances from family or getting help from agencies and the government. It describes the ability to work in the occupation variable, which affects economic capital factors such as income and employment [11]-[17]-[20]. addition, it also affects economic capital factors, such as the number of people working in the household to get a stable job and be able to support the family, (Table 1).

**Table 1.** Component, variable and indicator of socioeconomic background.

Component	Variable	Indicator	References
Social	Education	Level of education	Sirin (2005), OECD (2014), Thomson (2018), Rathod and Ningshen (2012)
		Home education resources	Mustaqim and Islam (2014), Rathod and Ningshen (2012)
	Health	Level of health	Mustaqim and Islam (2014), Rathod and Ningshen (2012)
		Ability to do work	Bryden et al. (2004); Roberts and Townsend (2016); Rashid et al. (2019a)
Economic	Income	Household	Bollen et al. (2001), Rathod and Ningshen (2012), Arsal (2016)
		Wealth	Bollen et al. (2001), Rathod and Ningshen (2012), Arsal (2016)
	Occupation	Work Status	Sirin (2005), Mustaqim and Islam (2014), Rathod and Ningshen (2012)

### 3. Indicator of economic capital for the rural community

#### 3.1. Territorial innovation model

In order to define the socioeconomic background of the rural community in rural areas, the territorial innovation model is one of the models that can measure or define the socioeconomic background of

rural communities as it involves several categories. There are four categories of models, for example: traditional models, pure agglomeration models, local milieu models, and territorial innovation models. [6]-[24]. These four models basically depend on their own factors in regional economic growth theories. Besides, the territorial innovation model is the suitable theory that can be used in this research and is also significant in explaining the theoretical perspective of economic capital and its influences on socioeconomic background. In addition, the territorial innovation model is a suitable selection of theory in regional economic growth theories where it explains the exogenous factors and endogenous factors of economic capital in rural areas, which could determine the socioeconomic background of the rural community [3]-[26]-[27].

The models influencing territorial innovation differ significantly from those governing local milieu models, in which, in addition to the factor of labour, capital and the local milieu serve as the primary engines of growth, with the factor of innovation serving as a catalyst for growth. Besides, innovation is defined as a new concept, creative thinking, or product creation, which includes goods, processes, and services and emphasizes technical ability and adaptability. According to Terluin, it is very important for rural areas to improve their local products and services as compared to their favourite products and services [27]. Because the local economy depends on the ability to convert local resources from old to new activities, it is necessary to adapt innovation to the local economic environment to improve the capacity of the local economy. As a consequence, this model is viewed as a thorough network in which the interplay between internal and external factors is mobilized through a mix of capital, labour, local milieu, and innovation. In this paper, the research will be used by the territorial innovation model in regional economic growth theory as one key aspect of developing the framework and indicators for economic capital.

### *3.2. Factor of economic capital*

To develop a framework of factors and indicators of economic capital using exogenous and endogenous factors contained in the territorial innovation model. The current image of rural communities can be viewed as a "new situation of rural communities" in terms of socioeconomic performance, such as good, moderate, and low [6]-[25]. Income is one of the major things that influences economic capital, which involves certain activities. According to Agarwal et al., factors such as rural areas' income and poverty ownership levels may have the most impact [26]. This is because income affects activities performed by the rural community, such as occupations. Rural areas with high economic capital often do exceedingly well, such as developing, whereas rural areas with low economic capital often perform poorly, such as declining.

Therefore, to measure the economic capital influence the socioeconomic background has to identify the elements in the spatial based on economic capital. Household income, poverty level, property and asset ownership, investment, and company presence are some of the components highlighted in relation to economic capital, particularly for village-level studies, which explain economic performance either growth or decline [3]-[6]-[24]. This situation raises questions about the factors driving this kind of trend. In explaining the factors of economic capital, the method used is by identifying literature and previous research related to this topic. Thus, the focus of this research is to synthesize and integrate the established economic capital variables and indicators, which can be utilized to quantify and explain variations in rural communities' socioeconomic backgrounds. (Table 2).

### *3.3. Indicator of economic capital*

In this research, we will use the economic capital approach that has been studied based on the literature review according to the appropriateness of this study. The indicators used will influence based in the variables in the socioeconomic background in rural areas such as the level of income every years its influence the income of household in the socioeconomic background in rural areas. Besides the income and occupation with their indicator in stability in occupation its can be measure the occupation and income in household based on their background have a permanent occupation or not. In addition, it also measures the balanced job and salary with their variable of income in socioeconomic background such

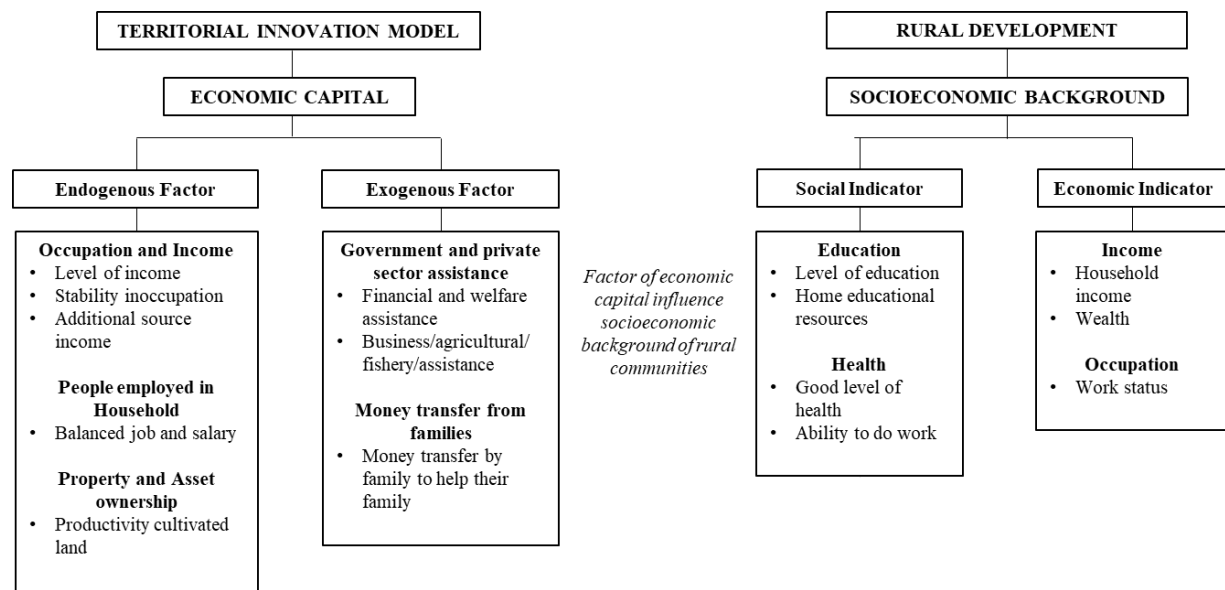
as if have balanced job that also have the balance income that can be meet the needs of the household. For example, if have additional income can support more the needs in household such as to use in education like tuition for their family. Then, that can conclude there have been several factors studied in this economic capital that have shaped the indicators of this study. There are eight indicators that will be analysed in this study and they will affect the socioeconomic background of rural communities. Among the indicators used in this study are as follows: level of income every year [6]-[28]-[29], stability in occupation [6]-[24]-[28]-[30], additional income [6]-[29]-[30], balanced job and salary [6]-[22]-[27], money transfer by family members [3]-[6]-[23], finances and welfare [6]-[25]-[28]-[31], business/agricultural/fishery assistance [6]-[26]-[28]-[31] and productivity cultivated land [6]-[23]-[30]- [31]. Based on the indicators, they will be measured with variables and indicators of their socioeconomic background.

**Table 2.** Factor and indicator of economic capital.

Factor	Indicator
Occupation and Income	Level of Income every year
	Stability in occupation
	Additional income
People Employed in Household	Balanced job and salary
Money Transfer	Money transfer by family members
Government and private agencies assistance	Financial and welfare assistance
	Business/agricultural/fishery assistance
Property and Asset Ownership	Productivity cultivated land

#### **4. The framework of economic capital towards the socioeconomic background of the rural community**

Based on the previous study of socioeconomic background and economic capital, that will be measured with the method as mentioned in the methodology. To develop the conceptual framework in this study, it is used to measure the factors of economic capital that influence the socioeconomic background of rural communities. Territorial modal and rural development are the foundations of this framework design. The framework is presented in the study to develop the relationship between rural communities' economic capital and socioeconomic background with their economic capital factors and socioeconomic background variables. In the economy, capital has two factors that will use its endogenous (internal) and exogenous (external). Furthermore, for the key finding of this chapter is able to provide theoretical framework that incorporated between economic capital and socioeconomic background of rural communities. There are five (5) factors and eight (8) indicators of the economic capital were identified and integrated into the theoretical framework of economic capital and socioeconomic background in rural communities. With this theoretical framework, it can serve as a measuring tool in analysing the differences of socioeconomic background of the rural community that involved four (4) variables such as income, occupation, education and health. Besides that, this framework also able to analyse the socioeconomic background in rural community with the different pattern economic background of rural areas. Therefore, this framework could be a useful tool to solve the issue of differences of socioeconomic background of the rural community which connected to the main issue of the rural decline. Figure 1 show the framework of economic capital towards the socioeconomic background of rural community.



**Figure 1.** Framework of economic capital towards the socioeconomic background of rural community.

**5. Methodology**

This research adopts a quantitative approach as the main method of determining the framework incorporating economic capital in assessing rural community resilience in terms of socioeconomic background. As the framework of this research was developed based on the literature review, the next step is to determine the process of translating the framework into a methodological approach (table 3). This study involves a household level study in collecting the primary data through a household survey of the heads of households supported by secondary data from relevant agencies. With the completion of data collection from both primary and secondary data, the method of analysis adopted is descriptive analysis (mean scores) and inferential analysis (F-test).

**Table 3.** Methodological approach.

Aim	Level of study	Method of data collection	Method of analysis
To determine the framework for incorporating economic capital in assessing rural community resilience in term of socioeconomic background	Household level	<ul style="list-style-type: none"> <li>Primary data through household survey.</li> <li>Respondent is the head of household in a village.</li> <li>Secondary data through data collection from relevant agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Quantitative data analysis:               <ul style="list-style-type: none"> <li>Descriptive analysis: Mean scores in determining the level of community resilience in term of socioeconomic background.</li> <li>Inferential analysis: ANOVA (F-Test) in analysing the significance of economic capital in assessing rural community resilience.</li> </ul> </li> </ul>

**6. Conclusions**

The framework depicted above serves to reinforce the viewpoint that the determinants of economic capital and the socioeconomic background of rural communities influence the factors and indicators based on economic capital and socioeconomic background indicators. This paper also highlighted the

understanding of economic capital in the socioeconomic background of rural communities, with five (5) factors and eight (8) indicators of economic capital's influence on the four (4) variables of a rural community's socioeconomic background. This paper also concludes by solving the issue of economic capital in the rural community based on the framework that has been developed. Thus, this framework is very relevant in incorporating economic capital into assessing rural community resilience.

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