

# **STUDY ON THE EXPERIENCES OF LOWER-INCOME HOUSEHOLDS IN SINGAPORE, 2011**



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**STUDY ON THE EXPERIENCES OF LOWER-INCOME HOUSEHOLDS IN  
SINGAPORE, 2011**

**HIGHLIGHTS**

1. Half of the respondents were from single-income households, and almost two in 10 respondents were dual-income households. Nearly two in 10 respondents were supported solely by their children and the rest received other sources of income, such as rental income.
2. Among respondents who reported having financial dependants, almost half had at least a child below 16 years of age.
3. There were five main conditions associated with financial independence among lower-income households, namely (a) Employment, (b) Financial Management, (c) Family Support, (d) Good Health and (e) Resourcefulness.
4. Among all respondents, six in 10 reported that their monthly household income was adequate for their needs. Of the remaining four who faced financial issues, one each reported: (a) having sought financial help from agencies; (b) that they felt they did not need help; (c) having other sources of help such as extended family members; or (d) not knowing that there is help available.
5. Respondents shared mixed experiences with the social assistance system. Some respondents recounted how social assistance had benefited them while other respondents had negative experiences when applying for social assistance. There were some respondents who desired financial independence and preferred not to borrow money from others or seek social assistance.

## Study on the Experiences of Lower Income Households in Singapore

### 1 Introduction

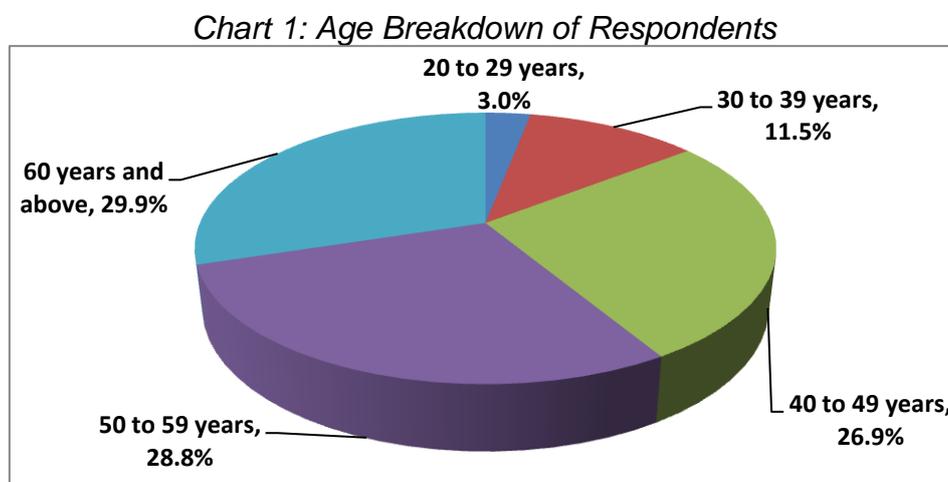
- 1.1 This paper presents the findings from a study on experiences of lower-income households, commissioned by the former Ministry of Community Development, Youth and Sports (MCYS) in the first half of 2011.
- 1.2 The study was intended to understand the conditions associated with being able to cope without financial help from community organisations or government agencies (henceforth referred to as “financial independence” in this paper) among lower-income households.

### 2 Methodology

- 2.1 Using a sample provided by the Singapore Department of Statistics, MSF interviewed 2,000 respondents with the following characteristics:
  - Having a gross monthly household income of \$3,000 or less;
  - Residing in HDB 1-4 room flats; and
  - Non-university graduates.
- 2.2 The study employed a narrative capture, or story-telling methodology to invite respondents to share their advice and/or experiences with a hypothetical friend on ways to cope with financial difficulty. This was supplemented by questions on demographic profile and social assistance history.
- 2.3 Details of the methodology can be found in [Annex 1](#).

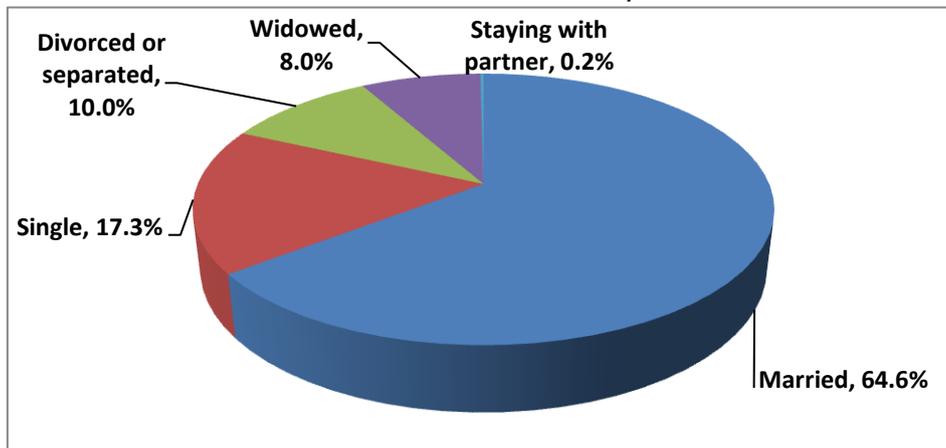
### 3 Characteristics of Respondents

- 3.1 Nearly six in 10 (55.7%) respondents were aged between 40 to 59 years old (Chart 1).



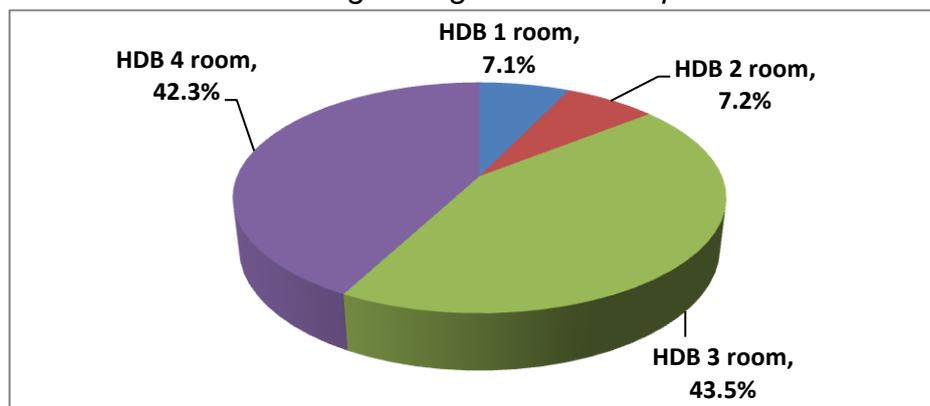
3.2 Among all respondents, six in 10 (64.6%) respondents were married (Chart 2). Around 18.0% were divorced, separated or widowed and another 17.3% were single.

*Chart 2: Marital Status of Respondents*



3.3 Almost nine in 10 (85.8%) respondents stayed in HDB 3- or 4-room flats (Chart 3).

*Chart 3: Living arrangements of respondents*



3.4 Among all respondents, four in 10 (44.2%) respondents had primary school education or below (Table 1). Almost one-fifth of respondents (19.9%) had some form of secondary education, though they did not eventually obtain GCE qualifications. The remainder had GCE qualifications or a diploma.

*Table 1: Highest educational qualifications obtained by respondents*

<b>Highest Educational Qualifications</b>	<b>Per Cent</b>
Primary school education or below	44.2
GCE 'N' or 'O' Levels	26.4
Some form of secondary school education	19.9
GCE 'A' levels or diploma	9.4
Did not specify exact qualifications beyond having a polytechnic diploma and below	0.3

#### **4 Financial Circumstances of Lower-Income Households**

##### Employment Status

- 4.1 Almost six in 10 (57.0%) respondents were employed. They were primarily found in service-related jobs, as well as those requiring manual labour, such as cleaning and labour-related jobs or plant and machine operators (Table 2).

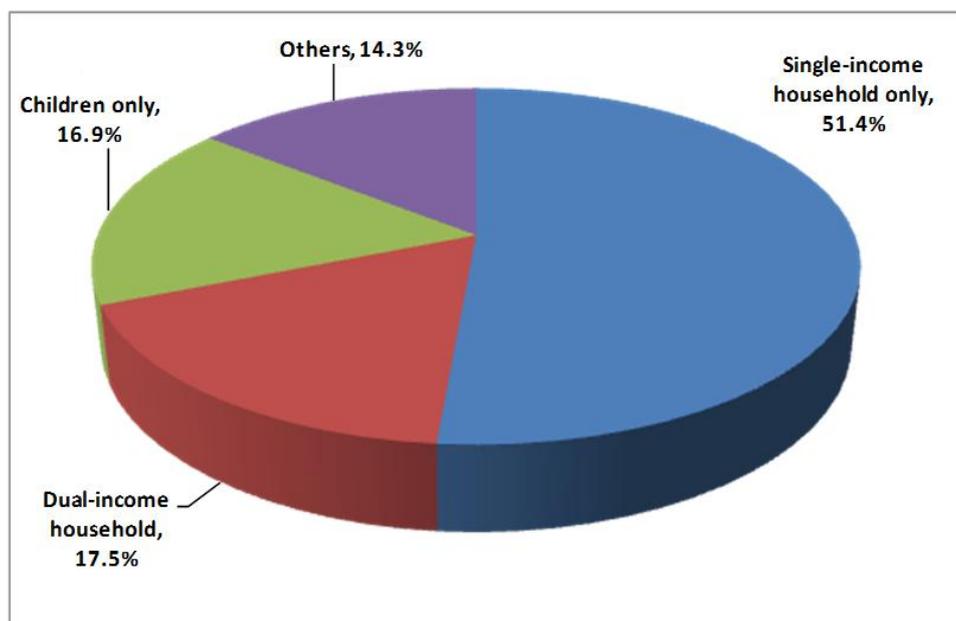
*Table 2: Occupation of respondents who were employed*

<b>Occupation</b>	<b>Per Cent</b>
Service workers and Shop and Market Sales Workers	32.9
Cleaners, Labourers and Related Workers	17.0
Clerical workers	13.6
Plant and Machine Operators and Assemblers	13.3
Production Craftsmen and Related Workers	9.2
Associate Professionals and Technicians	8.7
Professionals	2.3
Workers not classifiable by occupation	1.9
Legislators, Senior Officials and Managers	0.9
Agricultural and Fishery Workers	0.2

##### Source of Household Income

- 4.2 **Half of the respondents (51.4%) were from single-income households, and almost two in 10 (17.5%) respondents were dual-income households (Chart 4). Nearly two in 10 respondents (16.9%) were supported only by their children and the rest received other sources of income, such as rental income.**

Chart 4: Breakdown of respondents supporting themselves financially by source



### Financial Dependents

- 4.3 Almost five in 10 (46.2%) respondents had financial dependants. **Out of those who reported having financial dependants, almost half (47.1%) had at least a child below 16 years of age.**

### Adequacy of household income

- 4.4 **Among all respondents, six in 10 (57.0%) respondents reported that their monthly household income was adequate for their needs.**
- 4.5 Of the remaining four who faced financial issues, one each reported: (a) having sought financial help from agencies; (b) that they felt they did not need help; (c) having other sources of help such as extended family members; or (d) not knowing that there is help available.

## **5 Conditions Associated with Financial Independence**

- 5.1 **From the respondents' narratives, five conditions associated with financial independence were identified. These are (a) Employment; (b) Financial Management; (c) Family Support; (d) Good Health and (e) Resourcefulness.**

### Employment

- 5.2 As observed earlier, the majority of lower-income households relied on income from work to make ends meet. From the narratives, many respondents shared on how they strove to increase their income through taking on multiple jobs, additional part-time jobs, or working longer hours.

### Financial Management

- 5.3 Respondents highlighted the importance of being prudent in their spending. This refers to basic items such as food and other necessities as well as luxuries.
- 5.4 Many respondents shared on how they would make use of discount coupons and save by buying cheaper alternatives. Some would rarely spend on what they perceived as a luxury (such as eating out or catching a movie). During particularly lean times, some also reported having to resort to rolling over their credit card bills to the next month.
- 5.6 For families with children, some coped by cutting back or forgoing enrichment courses for their children. Some respondents also tried to alternate between their payments for utilities, housing mortgage and children's education.

### Family Support

- 5.7 Strong family relationships play a part in the state of financial independence among respondents.
- 5.8 Other than being a source of support, family relationships also motivated the respondents to maintain or work towards meeting their family's financial needs independently. This is particularly true for those with school-going children, where parents' aspirations to provide a good education for their children motivated them to work longer hours and put aside savings.
- 5.9 Some households' financial situation was alleviated by financial contributions from economically active adult children. For some cases, adult children were unable to provide financial support because they themselves had difficulties supporting their own families. In some instances, the adult children were incarcerated or unable to work for various reasons, such as poor health. Those whose adult children were not supporting them tended to have a more difficult time coping financially. They had to manage with their earnings or other sources of help such as those from the community.

### Good Health

- 5.10 Good health was an important condition associated with financial independence among lower-income households. In cases where the breadwinner and their family members were in good health, there tends to be

a good chance that they would be able to cope on their own. Many respondents highlighted the importance of staying healthy.

- 5.11 Poor health could keep respondents or their family members out of work, and high medical expenses were an additional strain on the household's finances.

### Resourcefulness

- 5.12 The narratives also revealed different ways adopted by respondents to cope with their situations. One popular measure was taking up informal work to supplement the household's income. Many respondents shared that female family members would take on home-based assignments, such as sewing, laundry or baking, while others would rent out their rooms to earn income.

### Other Coping Measures

- 5.13 Some respondents were able to manage with goodwill from members of the community, such as advances on salary from sympathetic bosses.
- 5.14 Some respondents also turned to pawning their valuables to obtain money in the short-term.

## **6 Attitudes Towards Seeking Help**

- 6.1 Another theme from the narratives dealt with the attitudes of the financially independent respondents towards seeking help from agencies. **These households wished to be financially independent and preferred not to borrow money from others to make ends meet or seek social assistance.** Some of the reasons shared by the respondents for not seeking financial assistance from organisations include: (a) feeling there were others more deserving of help; (b) preferring to not borrow money from others; and (c) preferring employment to meet their needs. However, some were prepared to apply for aid from agencies should the need arise, such as to meet their children's expenses.

## **7 Experiences with Social Assistance**

- 7.1 Some respondents had needed and sought external help or knew of others such as families and friends who had done so. They shared mixed experiences with the social assistance system.
- 7.2 Some respondents recounted how social assistance had benefited them, such as help with job-seeking efforts, receiving help with utility bills, school fees and bus fares of their school-going children.

- 7.3 Some other respondents had negative experiences when applying for social assistance. Some felt the application process was “difficult” and required them to provide “detailed” information. A few respondents indicated that feedback on experiences with social assistance schemes was shared within their social networks as well. Others mentioned that there were no reasons given for unsuccessful applications.

## **8 Conclusion**

- 8.1 This study has provided insights into the experiences of lower-income households in coping with financial difficulties.
- 8.2 Based on the respondents’ experiences, the five conditions associated with financial independence among lower-income households were employment, financial management, family support, good health and resourcefulness.

### **Definitions**

#### Financial Independence

For this study, financial independence was defined as being able to cope without external financial help from community organisations or government agencies.

#### Social Assistance

For this study, social assistance referred to all forms of assistance from government or non-government organisations.

### **Methodology**

#### Sampling Frame

The sampling frame for this study is constructed from the National Database on Dwelling (NDD) which is maintained by the Singapore Department of Statistics (DOS). A sample of HDB 1-4 room flats was selected by DOS and this sample is representative of the national dwelling type distribution among HDB 1-4 room flats in the sample frame.

As the sample of addresses from DOS does not contain information on income, education and economic status of the households, further screening was done by the former MCYS during fieldwork to determine eligibility for participation in the survey. The screening parameters used were gross monthly household income<sup>1</sup>, and educational level<sup>2</sup>.

The final sample of the study comprised 2,000 respondents, with a gross monthly household income of \$3,000 or below. Respondents were either household heads or spouses of household heads, residing in HDB 1-4 room flats, and were non-university graduates. Fieldwork was commissioned to a research company. Trained interviewers conducted face-to-face surveys with the respondents between March to July 2011.

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<sup>1</sup> Households with a gross monthly household income of \$3,000 and below participated in the study. The household income cut-off was set at \$3,000, in line with the previous income ceiling for eligibility for purchase of a HDB 3-room flat. However, HDB 4-room flats were also included in the sampling frame as statistics from the HDB Sample Household Survey (2008) (Table 3.17) show that about one-third of HDB 4-room households have a monthly household income of less than \$3,000.

<sup>2</sup> Household heads or spouses of household heads who were non-university graduates were deemed eligible, as Professionals, Managers, Executives and Technicians (PMETs) would have relatively higher earning power in the labour market.

### Narrative Capture

The narrative capture method of inquiry helps to provide a rich context through storytelling. It focuses on how individuals make sense of events occurring in their lives. It also allows the Ministry to better understand the respondents' experiences and the course of actions which they took to cope with their particular situation.

The process involves collecting stories from the respondents who shared advice and/or experiences with a hypothetical friend on ways to cope in times of financial difficulty. These could be based on their own experiences or those of people around them, such as their friends or their family. A prompting question was used to get respondents to share these stories. This approach was taken to put respondents at ease, as respondents could share freely without being concerned that what they shared would be directly attributable to their personal experiences. The data were analysed in group settings to identify the common themes as well as emerging issues. Academics, policymakers and practitioners were involved so as to provide different perspectives on how the data could be interpreted.

### Safeguards to obtain accurate data

Surveys involving the lower-income group could be a challenge due to possible language barriers. The Ministry took the following measures to address this issue:

- Professional translators were engaged to translate the English questionnaires to Mandarin, Malay and Tamil, for respondents who preferred to respond in their Mother Tongue Language.
- Interviewers who were able to converse with respondents in their Mother Tongue Language or Chinese dialects were employed for the fieldwork.

To minimise the likelihood of respondents giving socially desirable responses, several measures which are commonly adopted by researchers were put in place:

- Interviewers phrased the prompting question in the third person perspective, by asking respondents to think of a hypothetical friend in financial difficulty when relating their stories. In this way, respondents would feel less pressured to provide socially desirable responses since they were invited to respond to a hypothetical situation. Interviewers also assured respondents that there were no right or wrong answers (that is, all responses are valuable to the study).
- At any point in time, respondents could choose to withdraw from the research.

### Safeguards for Data Confidentiality

- Respondents were also assured that only aggregated data will be reported while individual responses will be kept strictly confidential and anonymous.