THE RELATIONSHIP BETWEEN CRIME AND ECONOMIC DEVELOPMENT IN SABAH

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PERPUSTAKAAN INIVERSITI MALAYSIA SABAH

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTANCY UNIVERSITI MALAYSIA SABAH 2016

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ABSTRACT

Crime is an act which is unlawful and offenders may be punished commensurate with the crime committed. Criminal act can be a major problem for the country if not addressed from the beginning. Therefore, the purpose of this research is to analyse the relationship between crime and economic development in Sabah. This research used mixed method approach which is the combination of quantitative and qualitative method. The results indicate that property crime and violent crime had an impact towards the Gross Domestic Product (GDP) in Sabah. Based on the results, it shows that property crime had a negative relationship towards GDP in Sabah and there is causality between the variables. Other than that, both of the crimes had an impact in terms of cost of crime towards GDP in Sabah. Crime is one of the major problems that have been faced by most of the countries and it cause not only in term of social problem but also gives a large impact to the economic. The role from other parties is needed in order to addresses the crime issues.



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HUBUNGAN ANTARA JENAYAH DAN PEMBANGUNAN EKONOMI DI SABAH

Jenayah ialah perlakuan yang tidak mengikut undang-undang dan penjenayah boleh dihukum atas jenayah yang telah dilakukan. Perlakuan jenayah boleh menjadi masalah yang besar sekiranya tidak dibanteras dari awal. Oleh itu, tujuan kajian ini adalah untuk menganalisis hubungan antara jenayah dan pembangunan ekonomi di Sabah. Kajian ini menggunakan kaedah "mixed method" iaitu gabungan antara kaedah kuantitatif dan kualitatif. Hasil kajian menunjukkan jenayah harta benda dan jenayah kekerasan mempunyai kesan terhadap Keluaran dalam Negara Kasar (KDNK) di Sabah. Berdasarkan daripada hasil kajian, ia menunjukkan bahawa jenayah harta benda mempunyai hubungan yang negative terhadap KDNK di Sabah dan terdapat hubungan sebab dan akibat antara pemboleh ubah ini. Selain itu, kedua-dua jenayah ini juga mempunyai kesan terhadap KDNK dari segi kos jenayah. Jenayah merupakan masalah besar yang dilalui oleh kebanyakan Negara dan ia buka sahaja memberi kesan dari aspek social tetapi juga dari aspek ekonomi. Peranan daripada pelbagai pihak adalah diperlukan supaya dapat membanteras masalah jenayah.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Nowadays, crime is one of the issues that really concerns not only to the society but to the country itself. As a developing country, Malaysia is also not deviated from facing the crime problems which needs to be paid full attention. The mass media always show the stories about the crime situations that make the societies feel anxious and worried about.

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Crime can be defined as an act which is unlawful and offenders may be punished commensurate with the crime committed. Besides that, crime also can be defined as an act or an instance of negligence that is against the law and punishable upon conviction (Ojog, 2014: 466). According to Iglesias et al. (2012: 3942), one of the general definitions of crime stated that committing a crime is breaking one or more rules or laws, which defined by a social group through some kind of social contract.

In addition, in terms of religious, Nga et al. (2011: 178) stated that crime is considered as a sin and indeed an immoral act, therefore it is sinful for those who are committing crimes. Therefore, based on this definition, it is to be assumable that individuals who are committed crimes will be facing punishments depending to the level of their crime. According to Sidhu (2005:4), Royal Malaysian Police Department has classified the types of crimes into two indexes. They are crime index and non-crime index. Crime index can be defined as a crime that reported with sufficient regularity and significance of adequate as a means of index to the crime situation. Non-crime index are like drug abuse, white collar crimes, illegal syndicates, and also gambling activities.

Sidhu (2005: 5) also claim that Royal Malaysian Police Department also classified the crime index into two categories as property crime and also violent crime. According to Federal Bureau of Investigation (FBI), violent crimes can be divided into four types of offenses, such as, murder and non-negligent manslaughter, robbery, forcible rape, and aggravated assault, while property crime is divided into several offenses such as larceny-theft, burglary, arson, and motor vehicle theft.

The participation of an individual in committing crime is regardless of the person's age, background, or whether the individual is young or old. Obviously, crime is an incidence of all groups of ages, depending on how the individuals within such age classifications in their confrontations. However, according to Shaloo (1937: 79) based on the cases of Crowley, Hickman, and Clyde Barrow Cases, the newspapers often exploited such associated explanations that stated youth is more likely to involve in crimes involving violence.

The participations of youth in criminal activities are worrying to all parties. This situation is because youth as a generation that has a huge population in a country compared to the other groups of age is a valuable asset in the formation of a country. According to the Act of Youth Societies and Youth Development 2007 or Act 668, youth can be defined as those who are aged between 15 years to 40 years old, while United Nations defined youth as those who are aged between 15 years to 24 years old.

United Nations also added that the definitions of youth may changes due to circumstances such as the changes in demographic, financial, economic, and sociocultural settings. However, the definition of youth within the age of 15 years to 24 years old served its statistical purposes for evaluating the needs of the young people and providing guidelines or rules for youth development. Besides that, United Nations, Educational, Scientific and Cultural Organizations (UNESCO) also defined youth as a progression from the childhood to adulthood and attentiveness of our interdependence as members of a community.

However, according to Youth and Sports Ministry, they will implement youth age limit from 15 to 30 years old in year 2018 after getting requests from youth organizations. The Malaysian Youth Policy that will be implemented starting year 2018 in order to replace the National Youth Development Policy in 1997 which set the age limit of youth 15 to 30 years old instead of 15 to 40 years old previously.

Conger (1991: 3) alleged that some people believe that young people today are becoming more rootless, more emotionally, and more self-centred and materialistic comparing to young people of early generations. Thus, Conger (1991: 3) cited from Conger, 1981, 1988; Wolfe, 1976, stated that in support of this opinion, youth have cited high rates of delinquency and other crimes at the expense of societal concerned.

Media reports and government initiatives are both reflecting the perceived problems posed to the society that link between young people and crimes as these issues have been well documented in contemporary society. Youth is the majority group in population will lead to the leadership of a nation in the future. It is very important for a nation or a country to provide a good quality of life for youth to develop in a healthier and economical balanced environment. Instead of reacting in a positive manners, youth often seen as a threat to social environment because of their engagement in several of social problems particularly crimes.

Crime often generates fear and lead to victimization and also people's over reaction. This situation is due to the crime itself that affects people on various levels. As the population ages and older people begin to worry about their personal safety and security, crimes issues become increasingly significant. Due to this feeling of insecurity, people will start to avoid outdoors and health activities like sports and exercising for being afraid getting hurts, especially elderly and children at most.

Taylor (1995: 29) also claims that the consequences in terms of residents' behaviour includes putting limitations on their activities, avoid being in dangerous places, participating less in local affairs, and some even decided to move away from neighbourhood or out of the city.

Loss of properties, lives, and generating depression are not the only results that crime can bring, but also cause severe negative impact in term of economy. It is because, according to Baharom and Habibullah (2008: 2), crime can bring potential negative impacts into primary costing such as the prevention cost, while secondary costing is the correctional cost, and lastly the loss of opportunity of labour being held in the correctional facilities.

Other consequences, crime activities can also lead to both direct and indirect cost of living of societies. In terms of direct costing, crime activity can results to the cost of value of lives loss, loss of wages, damaged goods, and reduced trade activities. While indirect costing included higher insurance premiums and increased levels of security such as for housing and public building alarms, as well as requiring more police resources (Detoto and Pulina, 2013: 184).

The crimes not only just affect the societies but it also affects the national economy. Detoto and Pulina (2013: 206) hypotheses suggest that these effects act on various levels which are discouraging the investment in crime hot spots,

reducing the firm's competitiveness by increasing operation cost, spending national budget on security and also fighting crime. However, the cost of crime prevention is more than to build an efficient area such as infrastructure, education, and research program.

Moreover, the crimes may also increase the cost of the country in dealing with the problems of crime. Soares (2015: 135) added that there is also the social waste from the value of goods lost and destroyed the public and private expenditure on prevention. Besides that, the cost related to the criminal justice and prison systems also give a social waste to the public. The negative impact will occur on the development of the countries when the cost of the country keeps increasing.

Youth, crime and economic development have a relationship in the formation of a country. Youth as a property of a country have an important role in order to make sure that the country will be in a stable condition in the future. If the crime rate is increasing, of course it will give a negative impact on the development of a country. As economic development leads to the creation of more opportunities in the sectors of education, health, human development, research, and environmental protection, it equally implies an increase in the per capita income of every citizen. In order to achieve a developed country, efforts from various parties are needed to ensure that the crime rate can be reduced.

1.2 Background Of Study

In this study, the researcher conducted a research about the relationship between crime and GDP in Sabah. The researcher focuses in crime among youth in Sabah and the impacts of crime towards the economic in Sabah. Sabah is Malaysia's second largest state and known as the "Land Below the Wind". It is one of the 14 states in Malaysia located at the northern part of Borneo Island alongside Sarawak. Sabah has a land area of about 73,631 square kilometres consists of rich natural resources on both land and oceans.

However, despite the bountiful of natural sources and exotic floral and faunas, Sabah is also not an exception in many problems involving crimes. The table below shows the crime index reported according to types of offense in Sabah. There are two types of crime index. They are property crime and violent crime.

2010	2011	2012	2013	2014
687	795	989	903	822
10	44	47	62	52
319	370	360	359	318
223	107	358	266	232
62	68	224	216	220
VERSI 22	TI MAL 74	AYSIA	SABA	-
51	132	-	-	-
3093	2311	5043	4644	4388
877	615	1717	1599	1377
627	529	1528	1635	1707
55	48	192	158	240
238	240	472	522	327
334	241	864	955	1140
98	60	103	53	68
	10 319 223 62 VERS 22 51 3093 877 627 55 238 334	10 44 319 370 223 107 62 68 22 74 51 132 3093 2311 877 615 627 529 55 48 238 240 334 241	104447319370360223107358626822422742251132-5123115043877615171762752915285548192238240472334241864	10010010010010044476231937036035922310735826662682242166274754351132511326-516155043464487761515281635627529152816355548192158238240472522334241864955

Others theft	1491	1107	1695	1357	1236

(Sources: The Royal Malaysia Police, Bukit Aman

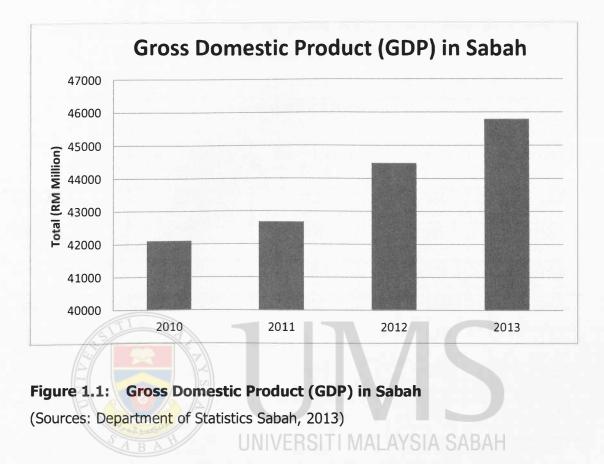
Commercial Crime Investigation Department, Sabah Contingent)

Overall, for violent crime, the figure for cases decreased from 2012 to 2014 by 167 cases. The decreased in reported violent crime cases is more than 50% from the increasing cases from 2010 to 2012. Although there were decreased amount in violent crime from the past three years, researcher may assumed that there were possibly other cases of violent crime which were not reported or informed by the victims. Therefore, the declined in reported violent crime cases does not justify or prove that there are literally no as much crime as reported the years before.

Property crime was reported to be increasing from 2010 to 2014. In just five years there was an increased in a total of 1295 cases in year 2010 to 2014 in this type of crime alone. Almost every type of theft has been showing an increase yearly, except for snatch theft which happened to be in a slight drop in every two years.

Overall, for property crime, although there was an increase from 2010 to 2011, however the reported cases has decreased gradually from 2012 to 2014, with the highest peak of 5043 reported cases in 2012. Even though there was a decreased in the latest three years, however the total number of reported cases is still great and economically concerned.

However, the crime rate in Sabah cannot be underestimated. Crimes certainly affected both economic and social terms. In this study, the researcher examines the effects of property crime and violent crime on economic development in Sabah by using GDP as an indicator for economic development. The graph below shows the GDP in Sabah for the year 2010 until 2013.



Based on the graph above, GDP in Sabah increased over the four consecutive years from the year 2010 until 2013. Although the rate of GDP in Sabah increases over the four years, but the increasing rate in crime definitely affect the income of the country. As we know, our economy is interdependent with various sectors such as service sector, construction sector, agriculture sector, and so on.

The service sector is a sector that most contributes to the national income will be affected if there is an increase in crime. When there is an increase in crime, it will directly affect to other sectors such as tourism which will provide a lucrative return for the country. Therefore, it has inspired the researcher to do a research about the impact of crime towards the economic in Sabah. With this study, the researcher hopes that it can help the authorities to reduce the crime rate thus accelerating GDP in Sabah in the future.

INDEX CRIME							
	Jan – March 2013	Jan – March 2014	+/-	Percentage (%)			
Sarawak	2397	1831	-566	-23.6			
Perlis	255	209	-46	-18.0			
Pulau Pinang	2207	1881	-326	-14.8			
Melaka	1072	916	-156	-14.6			
Johor	4300	3776	-524	-12.2			
Kuala Lumpur	5414	4954	-460	-8.5			
Terengganu	837	766	-71	-8.5			
Perak	B 1936	1787 MA	LAYS149SABA	-7.7			
Selangor	10336	9711	-625	-6.0			
Kedah	2157	2079	-78	-3.6			
Negeri Sembilan	1513	1527	14	0.9			
Sabah	1320	1334	14	1.1			
Kelantan	1340	1373	33	2.5			
Pahang	1296	1354	58	4.5			
MALAYSIA	36380	33498	-2882	-7.9			

Table 1.2: Index crime for the states in Malaysia during Jan-March2013 and Jan-March 2014