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The Influence of Multidimensional Poverty Towards Life Satisfaction

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Multidimensional poverty encompasses various deprivations that extend beyond income and influence overall well-being among low-income households. This study, anchored in Amartya Sen's Capability Approach, explores the impact of multiple poverty dimensions, namely health, education, living standards, income, religiosity, and digital inclusion, on life satisfaction. This study used a structured questionnaire to collect data from 400 individuals in low-income households in Terengganu. The analysis employed Partial Least Squares–Structural Equation Modelling (PLS-SEM) using SmartPLS 4.0. The analysis demonstrates a significant association between life satisfaction and health, education, living standards, religiosity, and digital inclusion. In contrast, income does not exhibit a significant relationship with life satisfaction, indicating that non-monetary capabilities may play a more influential role in determining overall well-being. The study offers empirical insights for policymakers, particularly in designing multidimensional poverty interventions that strengthen household capabilities and enhance life satisfaction.

Keyword: multidimensional poverty; life satisfaction; low-income households; digital inclusion; Capability Approach; PLS-SEM

Life satisfaction is a crucial determinant of overall well-being, particularly among vulnerable and low-income populations. Many individuals living in poverty struggle not only with financial hardship but also with limited social support, weak emotional resilience, and diminished spiritual well-being. Life satisfaction, as noted by Gamble (2012), captures the cognitive dimension of subjective well-being, grounded in people's overall appraisal of their lives. Material resources alone are therefore insufficient; people seek meaning, purpose, and psychological stability to achieve life satisfaction. Persistent deprivation, as noted by Chen et al., (2022), undermines both living conditions and long-term resilience, resulting in lower levels of life satisfaction.

Recent research increasingly acknowledges that poverty is multidimensional, encompassing far more than just income (Alkire et al., 2015; Sen, 2017). This perspective aligns with the Capability Approach, which emphasises individuals' freedom to develop essential capabilities such as health, education, standard of living, and income. Non-material dimensions, including spiritual or "soul deprivation," have been shown to profoundly affect emotional well-being, inner tranquillity, and sense of purpose among people with low incomes (Grewal & Bhullar, 2020; Pargament et al., 2017). For instance, soul deprivation refers to the absence of inner peace, purpose, and emotional fulfilment, while religious deprivation denotes limited access to religious practices, guidance, and supportive faith-based communities. The absence of religious support and community connections may further weaken coping mechanisms and hope (Koenig, 2018; Smith & Denton, 2019). These insights underscore the need to consider both objective and subjective indicators when analysing the lived experience of poverty (Ravallion, 2016; Stiglitz et al., 2018).

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In recent years, digital inclusion has emerged as an additional dimension of inequality, particularly affecting vulnerable groups (Van Dijk, 2020; Helsper, 2017). As key services, education, and economic activities shift onto digital platforms, individuals without internet access, digital tools, or technological skills experience heightened exclusion (Scheerder et al., 2017). This digital divide restricts access to opportunities, reinforces existing disadvantages, and contributes to reduced life satisfaction (Park, 2017; Pick & Nishida, 2015).

There is substantial evidence of multidimensional poverty worldwide, but little research on how multiple capability deprivations affect life satisfaction among Malaysia's B40 households. The B40 group remains the most socially and economically vulnerable in the country. They still have problems with education, health care, digital participation, and religious support. Although national poverty metrics are increasingly recognising multidimensional deprivation, insufficient attention has been paid to the collective influence of these dimensions on subjective well-being. These dimensions are also an essential criterion for formulating effective poverty alleviation strategies.

Therefore, a research gap exists due to an inadequate understanding of how the multidimensional components of poverty, both material and non-material, affect life satisfaction among low-income households in Malaysia. Current research primarily emphasises income or isolated dimensions, neglecting the comprehensive interplay between capabilities and well-being. To fill this gap, this study uses a multidimensional poverty framework based on the Capability Approach to look at how six crucial factors, which are health, education, standard of living, income, religiosity, and digital inclusion, affect life satisfaction in B40 households in Terengganu**.**

Literature Review

The Six Dimensions of Poverty

Understanding poverty through a multidimensional lens provides a more holistic representation of human well-being compared to conventional income-based approaches. Looking at how income, education, health, standard of living, religion, and digital inclusion collectively affect subjective well-being is crucial because recent research emphasizes that life satisfaction is shaped by a combination of deprivations rather than by a single constraint (Santos & Seth, 2023; Strotmann & Volkert, 2018; Tafran et al., 2020). While existing studies have examined each dimension independently, there remains a limited integrative analysis explaining how these deprivations jointly shape life satisfaction, particularly in developing-country contexts. This review synthesises current knowledge to establish a stronger conceptual foundation for linking multidimensional poverty and life satisfaction.

Deprivation of Standard of Living

Deprivation in the standard of living remains a significant driver of subjective well-being. Although access to basic needs is universally recognised as central to human functioning, fluctuations in income, living costs, and commodity prices often weaken households' ability to maintain consistent living standards (Zhu & Chou, 2023). Research consistently finds that a lower standard of living is associated with greater life dissatisfaction because insecurity about basic needs triggers anxiety about the future (Ramia & Voicu, 2020; Terraneo, 2021; Yeo & Lee, 2019). However, despite robust evidence showing its adverse effect, studies rarely explore how standard-of-living deprivation interacts with other social and psychological forms of deprivation. This gap is critical because material living conditions alone cannot fully explain life satisfaction in poverty-stricken populations.

Deprivation of Education

Education deprivation is another recurring determinant of long-term well-being. While poverty can persist even among the educated, empirical evidence shows that limited access to quality education reinforces the intergenerational transmission of poverty by restricting academic performance, tertiary access, and upward mobility (UNESCO, 2020; Sirin, 2005). Cognitive and emotional constraints among children from low-income households further hinder academic development, leading to lower achievement and reduced future

opportunities (Duncan & Murnane, 2016). Although increased investment in early education can mitigate long-term disadvantages (Reardon et al., 2019), global data continue to show socioeconomic status as a strong predictor of academic outcomes (OECD, 2018). A limitation of current research, however, is that most studies treat educational deprivation as an outcome rather than a driver of subjective well-being. Few explore how the emotional strain associated with educational exclusion contributes directly to life dissatisfaction beyond its economic implications.

Deprivation of Health

Health deprivation is widely recognised as one of the most severe consequences of poverty. Lack of access to adequate healthcare, nutrition, sanitation, and safe living conditions reduces individuals' functional capacity and undermines their ability to participate productively in society (Kim et al., 2023;Vilar-Compte et al., 2021). Structural barriers, including financial constraints and geographical inaccessibility, often lead to untreated illnesses and preventable mortality (Chatata & Chirwa, 2025; Khanna et al., 2022). Poor health also diminishes individuals' ability to pursue education or employment, thereby reinforcing multidimensional hardship. While the literature strongly links health deprivation to lower well-being, few studies explicitly connect it to life satisfaction within a multidimensional poverty context, signalling a conceptual gap that this study seeks to address.

Deprivation of Income

Income deprivation remains the most visible indicator of poverty, affecting an individual's ability to secure basic needs (Vilar-Compte et al., 2021). Recent scholarship highlights that rising living costs and widening inequality have intensified income scarcity for low-income households, trapping them in cycles of economic vulnerability (Alaba et al., 2023; Wagstaff, 2024). Beyond material hardship, income deprivation leads to psychological stress, reduced self-confidence, and diminished motivation (Khanna et al., 2022). However, studies often overemphasise material indicators while overlooking the psychological and social pathways through which income deprivation reduces life satisfaction. More integrative studies are needed to understand how economic scarcity interacts with spiritual, relational, and digital dimensions of poverty.

Deprivation of Religious

Religious deprivation is an emerging but understudied dimension in multidimensional poverty. Religion often provides moral guidance, social support, and emotional resilience, contributing substantially to individuals' capacity to cope with adversity (Aggarwal et al., 2023; Layson et al., 2023). When impoverished individuals lack access to religious education or community participation due to economic or structural barriers, they may experience diminished purpose, weaker coping mechanisms, and reduced mental health (Büssing et al., 2021; Illueca et al., 2023). Despite these documented benefits, mainstream multidimensional poverty frameworks rarely integrate religious deprivation. Evidence from Southeast Asian contexts, including Malaysia, suggests that religious engagement plays a central role in fostering resilience and psychological well-being among low-income populations. However, mainstream poverty frameworks often overlook this dimension, reflecting a divergence between global measurement approaches and local socio-cultural realities. This omission represents a significant conceptual gap, particularly in culturally religious societies where spirituality is central to identity formation and resilience.

Deprivation of Digital Inclusion

Digital inclusion deprivation has gained increasing relevance with the rapid digitisation of essential services. Individuals without access to digital technologies, internet connectivity, and digital skills face exclusion from education, e-governance, healthcare information, and employment opportunities (Park, 2017; Robinson et al., 2015; Scheerder et al., 2017). Digital exclusion not only widens socioeconomic disparities but also contributes to psychological isolation and reduced life satisfaction (Van Dijk, 2020; Van Deursen & Helsper, 2018). Nevertheless, the correlation between digital deprivation and life satisfaction is still little examined, particularly with multidimensional poverty. Most studies emphasize digital availability rather than its effects on subjective well-being (Hámori, Á. 2023). .

Multidimensional Poverty and Life Satisfaction

The shift towards multidimensional poverty frameworks has been driven by recognition that well-being extends beyond income. The Multidimensional Poverty Index (MPI), developed by OPHI and applied by UNDP, integrates indicators such as schooling, sanitation, drinking water, cooking fuel, child mortality, and asset ownership to provide a more comprehensive understanding of deprivation (Santos & Seth, 2023; Tafran et al., 2020). Studies show that multidimensional poverty predicts life expectancy more effectively than income alone, with deprivation in education, health, and living conditions strongly influencing long-term outcomes (Tafran et al., 2020). Nevertheless, there is still conflicting evidence regarding the empirical connection between MPI and life satisfaction. Some studies report weak correlations between objective indicators and subjective happiness, suggesting that subjective well-being may be influenced by additional "missing dimensions" not captured in traditional MPI, such as religiosity, digital inclusion, or relational factors (Strotmann & Volkert, 2018). From a theoretical perspective, the Capability Approach implies that well-being depends not only on material resources but also on individuals' ability to achieve valued functionings, including psychological stability, social participation, and meaning in life. In this context, non-material dimensions such as religiosity and digital inclusion may play a critical role by enhancing coping mechanisms, social connectedness, and access to opportunities. This gap highlights the need for expanded frameworks that integrate both material and non-material deprivations better to explain subjective well-being among people with low incomes.

In general, the literature shows that each deprivation has an effect on well-being. However, research rarely combines all six dimensions, which are income, education, health, standard of living, religion, and digital inclusion, into a single model that explains life satisfaction. Additionally, limited study examines how these deprivations concurrently affect people's subjective well-being in developing countries. This study fills these gaps by creating a complete conceptual framework that connects these six aspects of multidimensional poverty to life satisfaction. This contributes to poverty research both theoretically and empirically.

Hypothesis Development

As stated by Vitters (2002), often called cognitive well-being, life satisfaction (LS) is the fundamental component of subjective well-being (SWB). Life satisfaction (LS) can be characterised as a comparison between an individual's ideal life and their actual circumstances, as well as a comprehensive evaluation of their overall existence. Each conceptualisation possesses inherent faults. The term "life satisfaction" was also conceptually examined by Carlquist et al., (2017). Life satisfaction, or "livstilfredshet" in Norwegian, has several meanings, according to qualitative replies from 276 Norwegians. Financial considerations, health, nutrition, material circumstances, and psychological settings were the categories into which the meanings were divided. The latter category includes both affective and cognitive meanings, such as harmony, peace, joy, happiness, enjoyment, and the lack of worries. Discontent drives us to change the current situation, whereas contentment forces us to preserve the status quo. However, this does not mean that contented people are inactive, as they clearly are (e.g., Kushlev et al., 2020). According to the stability hypothesis, simple mental and physical activities are more often associated with life satisfaction than complicated ones. Moreover, deprivation impacts life satisfaction and well-being.

Therefore, the hypothesis for this research is:
H1: There is a positive relationship between digital inclusion and life satisfaction
H2: There is a positive relationship between education and life satisfaction
H3: There is a positive relationship between health and life satisfaction
H4: There is a positive relationship between income and life satisfaction.
H5: There is a positive relationship between religion and life satisfaction
H6: There is a positive relationship between standard of living and life satisfaction

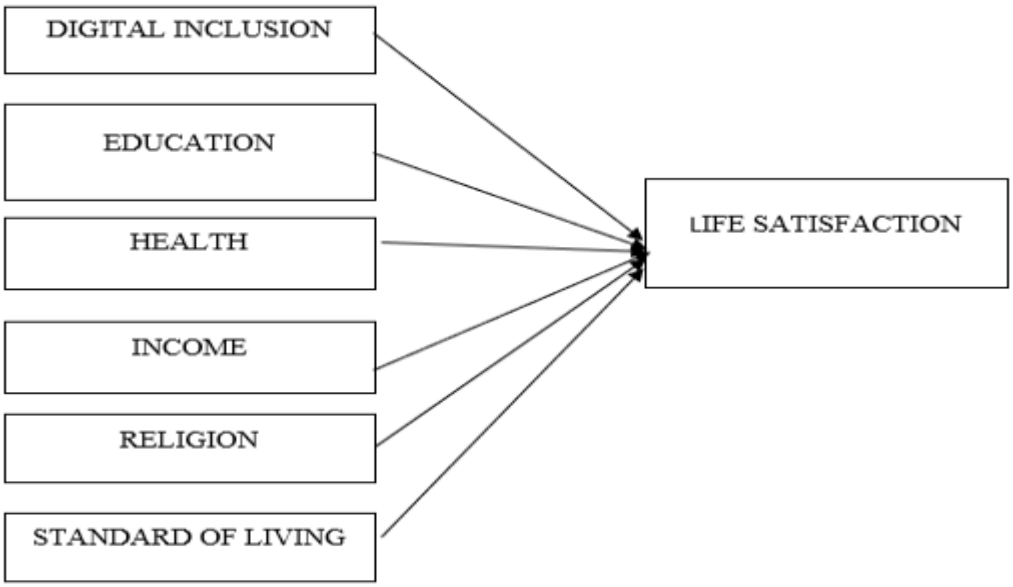

Figure 1: Research Framework

Method

A structured questionnaire was used as the primary data collection method in this study's quantitative approach. While it supports statistical inference and structural modeling in line with the goals of the study, the quantitative approach is suitable for investigating the connections between multidimensional poverty aspects and life happiness. Based on the geographic distribution of Terengganu's low-income settlements, cluster sampling was used to choose respondents. This sampling strategy ensured coverage of diverse localities within the state however, as with all cluster-based designs, the possibility of intra-cluster homogeneity and sampling bias is acknowledged. To minimise this limitation, clusters were selected from both rural and semi-urban areas to enhance representativeness.

A total of 400 low-income (B40) individuals, as defined by Mahadir (2014), participated in the study. The sample size was determined using Krejcie and Morgan's (1970) sample size determination table, ensuring adequacy for PLS-SEM analysis. Respondents were made aware of the study's goal, anonymity, and confidentiality protections, and participation was entirely voluntary. Prior to data collection, informed consent was acquired. The relevant university ethics committee granted ethical approval for the study, guaranteeing that it adhered to accepted ethical standards for research involving human subjects.

The questionnaire consisted of seven sections measuring income, standard of living, health, education, life satisfaction, religiosity, and digital inclusion. These instruments were adopted and adapted from Ismail (2018) and Zailani et al., (2025), with previously established reliability (Cronbach's alpha = 0.827). All constructs for both exogenous and endogenous variables were assessed using a 7-point Likert scale, which provides enhanced discrimination and mitigates the possibility of central tendency bias. To address potential standard method bias, a series of procedural and statistical remedies was employed. Procedurally, anonymity, simple language, and randomisation of items were incorporated. Statistically, to ensure that the study's results were not unduly influenced by common method bias, both Harman's single-factor test and a complete collinearity assessment (Kock, 2015) were performed. The studies indicated that no individual factor accounted for over 50% of the overall variance, implying that standard procedure variance was not a substantial concern in this study.

Data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS 4.0, consistent with recommended analytical practices for latent variable modelling (Hair et al., 2022). PLS-SEM was selected due to its suitability for predictive-oriented studies, complex models involving multiple constructs, and the inclusion of formative and reflective indicators. The analysis followed a two-step approach comprising (i) the reflective measurement model assessment, including indicator reliability, convergent validity, internal consistency reliability and discriminant validity and (ii) the structural model assessment, which examined path coefficients, explanatory power (R^2), predictive relevance (Q^2), and effect sizes (f^2). Bootstrapping with 5,000 resamples was used to test the significance of hypothesised relationships. Overall, the methodological approach ensured rigour, validity, and reliability while addressing potential biases and ethical considerations commonly expected in contemporary empirical research.

Table 1

Demographic Data

Demographic	Frequency	Percentage (%)
Gender		
Male	351	87.8
Female	49	12.3
Area		
Urban	200	50
Rural	200	50
Age		
<25	4	1
25-35	90	22.5
36-45	108	27
46-55	85	21.3
56-60	42	10.5
>60	71	17.8
Occupation		
Government	47	11.8
Self Employed	210	52.5
Private Company	69	17.3
Unemployed	74	18.5

Results

Figure 2 presents the hypothesis analysis results that meet the measurement model evaluation criteria, as determined by the Partial Least Squares – Structural Equation Modelling (PLS-SEM) analysis procedure using SmartPLS 4.0 software.

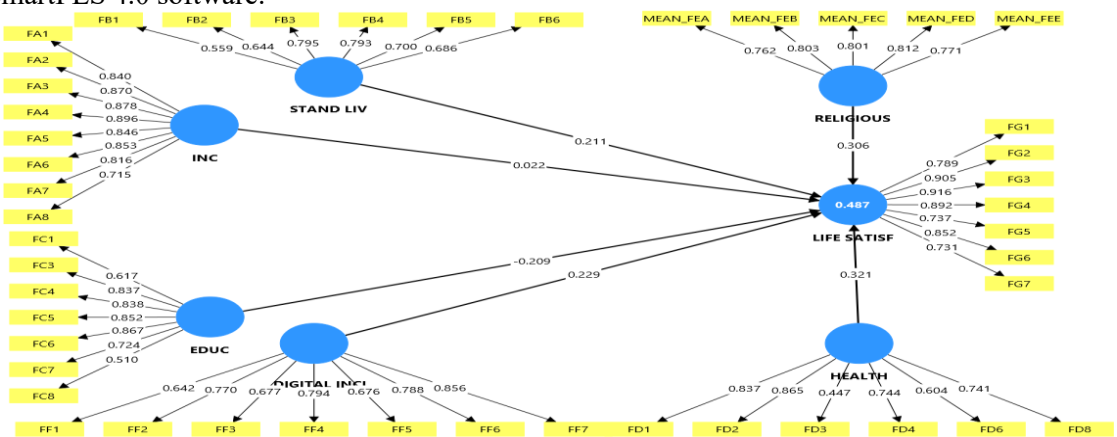

Figure 2: PLS – SEM MODEL

Table 2 presents the results of the evaluation of the measurement model from four perspectives: (1) composite reliability; (2) each indicator's reliability based on external load value; (3) convergence validity based on Average Variance Extracted (AVE); and (4) discriminant validity based on cross loading value and the Fornell-Larcker Criterion (Sarstedt et al., 2014).

Digital inclusion (AVE = 0.558), education (AVE = 0.578), health (AVE = 0.519), income (AVE = 0.707), religion (AVE = 0.624), standard of living (AVE = 0.491), and life satisfaction (AVE = 0.697) were the research components with the highest AVE values, according to a convergence validity evaluation. Every item surpasses the suggested threshold of 0.5 (Hair et al., 2010). The range of factor loadings is 0.473 to 0.922. The AVE value for each indication associated with the latent construct is shown in Table 1. For every construct, the AVE value ought to be higher than 0.50 (Barclay et al., 1995). The extracted average variance is between 0.473 to 0.849. When the level of standard of living is higher than 0.4, the AVE value is still acceptable. If the AVE is less than 0.5, the composite reliability is higher than 0.6, and the convergence of its construction is sufficient (Fornell & Larcker, 1981).

Table 2

Indicator, Factor Loading, AVE, and CR

Variables	Indicator	Factor Loading	AVE	CR
DIGITAL INCL	FF_1	0.642	0.558	0.897
	FF_2	0.77		
	FF_3	0.677		
	FF_4	0.794		
	FF_5	0.676		
	FF_6	0.788		
	FF_7	0.856		
EDUC	FC_1	0.617	0.578	0.903
	FC_2	0.837		
	FC_3	0.838		
	FC_4	0.852		
	FC_5	0.867		
	FC_6	0.724		
	FC_7	0.51		
HEALTH	FD_1	0.837	0.519	0.862
	FD_2	0.865		
	FD_3	0.447		
	FD_4	0.744		
	FD_5	0.604		
	FD_6	0.741		
INC	FA_1	0.84	0.707	0.951
	FA_2	0.87		
	FA_3	0.878		
	FA_4	0.896		
	FA_5	0.846		
	FA_6	0.853		
	FA_7	0.816		
	FA_8	0.715		
RELIGIOUS	MEAN_FEA	0.762	0.624	0.892
	MEAN_FEB	0.803		
	MEAN_FEC	0.801		
	MEAN_FED	0.812		
	MEAN_FEE	0.771		
STAND LIV	FB_1	0.559	0.491	0.851
	FB_2	0.644		
	FB_3	0.795		
	FB_4	0.793		
	FB_5	0.7		
	FB_6	0.686		
LIFE SATISF	FG_1	0.789	0.697	0.941
	FG_2	0.905		
	FG_3	0.916		
	FG_4	0.892		
	FG_5	0.737		
	FG_6	0.852		
	FG_7	0.731		

Furthermore, referring to Table 3, discriminant validity was assessed using Fornell and Larcker's (1971) method by comparing the square root of each AVE in the diagonal with the correlation coefficients for

each construct in the relevant rows and columns. Since every diagonal value is higher than the values below, the requirements for discriminant validity have been satisfied. Overall, this measuring model's discriminant validity is acceptable, and the constructs' discriminant validity is confirmed.

Table 3
Discriminant Validity of Construct

	Digital Incl	Educ	Health	Inc	Life Satisf	Religious	Stand Liv
Digital Incl	**0.747**						
Educ	0.336	**0.760**					
Health	0.301	0.564	**0.721**				
Inc	0.032	0.260	0.381	**0.841**			
Life Satisf	0.456	0.248	0.536	0.224	**0.835**		
Religious	0.536	0.378	0.509	0.061	0.563	**0.790**	
Stand Liv	0.172	0.366	0.470	0.513	0.406	0.227	**0.701**

Godness of Fit (GoF) – SRMR

The evaluation of the structural model in Table 4 presents the Goodness of Fit (GoF) measures using several key statistics to assess the suitability of the PLS-SEM model. The SRMR (Standardised Root Mean Square Residual) value of 0.080 indicates a slight difference between the actual data and the predicted model, suggesting that the model has a good fit since an SRMR value below 0.08 is considered acceptable. The d_ULS and d_G values represent residual distance measures used to assess the model's fit in more detail. A high Chi-Square value indicates differences between the model and the data; however, in the context of PLS-SEM, it is not the primary focus. The NFI (Normed Fit Index) value of 0.731 indicates a moderate level of model fit, where values closer to 1 reflect a better-fitting model.

Table 4
Godness of Fit (GoF) – SRMR

	Estimated model
SRMR	0.080
d_ULS	6.849
d_G	1.676
Chi-square	3671.313
NFI	0.731

Structural Model Evaluation

The structural model was first examined in order to evaluate the collinearity issue. Collinearity is not a concern because the independent variable's inner VIF value (1.343) is less than 5 and 3.3 (Hair et al., 2022). Path coefficients between one and two latent variables are used in this study to assess the validity of structural models and hypotheses. According to earlier research, in order to characterize certain impacts in the model, coefficient path values should be set to 0.1 (Hair et al., 2017).

Table 5
Hypothesis Testing

Hypothesis	Relationship	β	t-value	p- values	Results
H_1	Digital Incl -> Life Satisf	0.229	5.505	0.000	Supported
H_2	Educ -> Life Satisf	-0.209	4.012	0.000	Supported
H_3	Health -> Life Satisf	0.321	4.689	0.000	Supported
H_4	Inc -> Life Satisf	0.022	0.528	0.597	Not Supported
H_5	Religious -> Life Satisf	0.306	5.559	0.000	Supported
H_6	Stand Liv -> Life Satisf	0.211	3.943	0.000	Supported

Based on the result in Table 4, all hypotheses for direct relationships were supported except Hypothesis 4. Result showed that digital inclusion, education, health, religious and standard of living positively influence the life satisfaction (**β** = 0.0229, p<0.000), (**β** = -0.209, p<0.000), (**β** = 0.321, p<0.000), (**β** = 0.306, p<0.000), (**β** = 0.211, p<0.000). Subsequently, income does not relate to life satisfaction (β = 0.022, p < 0.597. In summary, the analysis's findings show that one hypothesis is unsupported and five are supported at a significance level of 0.01.

Next, the Coefficient of Determination R^2 was examined. 48% (variance of life satisfaction) was jointly explained by digital inclusion, health, religion, and standard of living. A medium impact size is indicated by R-square values between 0.13 and 0.25, according to Cohen (1992). Consequently, a significant degree of predictive accuracy was deduced because the R2 values were greater than 0.19. Since human behavior cannot be precisely predicted, a low R-square is frequently not an issue in the arts, humanities, and social sciences, where research with an R-square as low as 10% are typically accepted. Cohen's (f^2) (Cohen, 1988) was used in this study to further analyze the impact size; values of 0.35, 0.15, and 0.02 indicated large, medium, and small effect sizes, respectively. In explaining life satisfaction, digital inclusion (0.070), education (0.054), health (0.099), Income (0.001), religious (0.104), and standard of living (0.055) indicated small effect sizes. Lastly, Stone-Geisser's Q^2 was used to assess predictive relevance (Q^2), which is 0.02, 0.15, and 0.35 for weak, moderate, and strong (Geisser, 1974; Stone, 1974). The indicator's Q^2 readings for life satisfaction are (0.461) and higher than 0.35. As a result, the model demonstrated adequate predictive relevance.

Hypothesis 1 (H_1): Digital Inclusion leads to Life Satisfaction.

The findings demonstrate a positive and statistically significant correlation between digital inclusion and life satisfaction (β = 0.229, t = 5.505, p < 0.001). Thus, H_1 is supported. This conclusion implies that greater access to and use of digital technologies significantly contribute to persons' overall sense of life satisfaction. Digital inclusion is theoretically linked to life satisfaction through the Capability Approach, as it enhances individuals' ability to access information, participate in society, and expand economic opportunitiesThis result shows the significance of digital infrastructure and digital literacy in the contemporary economic environment. Digital serving not only as instruments of economic productivity but also as crucial determinants of subjective well-being. Digital inclusion enhances life satisfaction by promoting social connectivity, access to knowledge, and opportunities. Participation in digital leisure and community activities will improve overall quality of life (Niehaves & Plattfaut, 2014; Xin et al., 2025; Yang et al., 2025).

Hypothesis 2 (H_2): Education leads to Life Satisfaction.

Contrary to conventional economic theories that perceive education as a straight route to improved well-being, the study reveals a significant negative connection (β = -0.209, t = 4.012, p < 0.001). Consequently, H_2 is supported, but in something contradictory to common assumptions. The theoretical perspectives "aspiration-adjustment" notion could clarify this fascinating outcome (Zhang et al., 2013). Higher education can elevate individuals' hopes and expectations concerning occupational success and money, which, if unmet, may lead to frustration and reduced life satisfaction (Dockery, 2010). Conversely, the weight of student debt or the stress of intensely competitive job markets associated with educational achievement may be moderating this detrimental effect (Shamsuddin et.al, 2024; Sulkers & Loos, 2022)

Hypothesis 3 (H_3): Health leads to Life Satisfaction.

The predicted relationship between Health and Life Satisfaction is affirmative, substantial, and statistically significant (β = 0.321, t = 4.689, p < 0.001). H_3 is supported. This discovery is among the most robust in well-being literature, consistently demonstrating that excellent health is a fundamental component of a high quality of life (Diener et al., 2018). In theoretical perspective, health is a core component of well-being within the Capability Approach, as it directly affects individuals' ability to function and engage in daily activities. From an economic perspective, health represents a type of human capital that directly enhances consumption and production activities, with its decline leading to significant utility costs.

Hypothesis 4 (H_4): Income led to Life Satisfaction.

The results indicate that the direct effect of Income on Life Satisfaction is negligible and statistically insignificant ($\beta = 0.022$, $t = 0.528$, $p = 0.597$). Therefore, H_4 is unsupported. This significant conclusion aligns with the "Easterlin Paradox" and subsequent research, indicating that income is crucial for well-being only to a certain extent (satisfying fundamental necessities), after which its effectiveness diminishes rapidly (Easterlin, 1974). These results are also supported by research that was done by Boudesseul et al., (2023), which discusses that there is no relationship between income and life satisfaction. Furthermore, relative income (peer comparisons) may have a more significant impact than absolute wealth, a point not captured in this straight method. The influence of money may also be indirect, mediated by other factors such as the Standard of Living.

Hypothesis 5 (H_5): Religion leads to life satisfaction.

The path coefficient for religiosity is significant, positive, and substantial ($\beta = 0.306$, $t = 5.559$, $p < 0.001$). H_5 is supported. Within the Capability Approach, it enhances psychological and social functioning. This supports the belief that religious affiliation and practice can provide individuals with non-material forms of happiness, such as a feeling of purpose, community connection, and ways to deal with problems (Singh et al., 2020; Lim & Putnam, 2010).This highlights the importance of incorporating non-monetary, social, and spiritual capital as fundamental components of human flourishing in an economic framework.

Hypothesis 6 (H_6): Standard of Living leads to Life Satisfaction.

The relationship between Standard of Living and Life Satisfaction is positive and significant ($\beta = 0.211$, $t = 3.943$, $p < 0.001$). H_6 is supported. This finding distinguishes the material conditions of life from mere monetary income. The standard of living, which includes housing quality, durable goods, and overall material comfort, directly and tangibly affects daily well-being (Mohamed, et al, 2025; Alias, et al., 2025). This suggests that converting income into an actual, improved living standard is a key mechanism linking economic resources to life satisfaction. This process may also explain why income itself shows a non-significant direct effect.

Discussion

The findings of this study indicate that multiple interrelated factors influence the life satisfaction of Malaysia's B40 demographic, including quality of life, education, health, digital inclusion, and religiosity. Standard of living encompasses not only income but also access to essential services, quality housing, and general living conditions. While income alone does not directly influence well-being, its role in meeting fundamental needs remains critical. This aligns with Maslow's hierarchy of needs (Maslow, 1943), which emphasises that sufficient material resources and accessible infrastructure are more determinant of well-being than financial wealth alone. From the perspective of Sen's Capability Approach, it is not merely the possession of resources but the capability to convert these resources into valuable functioning, such as adequate housing, nutrition, and social participation, that underpins life satisfaction (Sen, 1999).

Education emerged as a robust predictor of life satisfaction, particularly among B40 students. Academic success not only fosters self-esteem and social mobility but also expands future opportunities, consistent with global evidence showing the long-term psychosocial and economic benefits of educational attainment for disadvantaged groups (OECD, 2018; Reardon, Kalogrides, & Shores, 2019). Although the financial burden of higher education is acknowledged, the perceived long-term benefits, including enhanced agency and life choices, outweigh immediate economic costs. This reinforces the importance of enabling equitable educational access as a structural mechanism to break intergenerational cycles of poverty.

Health, as expected, is a fundamental determinant of well-being. Vulnerabilities stemming from inadequate access to healthcare, caregiving responsibilities, and financial constraints reduce life satisfaction, highlighting the need for targeted health interventions and social protection policies for economically disadvantaged populations. These findings resonate with international evidence demonstrating that health

inequalities significantly constrain capabilities, limiting individuals' opportunities to lead fulfilling lives (O'Donnell, 2024).

Digital inclusion has emerged as a critical, yet often overlooked, factor influencing life satisfaction in the digital age. Access to digital technologies facilitates education, employment, entrepreneurship, and civic participation, while mitigating social isolation (Van Dijk, 2020; Robinson et al., 2015). However, structural barriers such as limited access to devices, poor connectivity, and digital illiteracy continue to constrain the B40 population's capacity to benefit fully from digital tools. Addressing these gaps requires not only the provision of technology but also skill-building programs and systemic support, aligning with global recommendations for reducing digital poverty and enhancing social participation (Van Deursen & Helsper, 2018; Scheerder et al., 2017).

Religious beliefs also contribute significantly to life satisfaction by providing purpose, social support, and psychological resilience. Among Malay B40 households in Terengganu, Religiosity functions as a culturally embedded safeguard against economic stress, consistent with literature highlighting the role of spirituality in coping with deprivation globally (Büssing et al., 2021; Aggarwal et al., 2023). Nonetheless, it is crucial to critically contextualise these findings: while religious engagement supports subjective well-being, its impact may vary across cultures, religious affiliations, and socioeconomic contexts, suggesting the need for broader comparative analyses.

Interestingly, this study finds that income does not have a statistically significant effect on life satisfaction among the B40 group, challenging conventional assumptions about the income–well-being link. This finding is consistent with the Easterlin Paradox and social comparison theory, which posit that once basic needs are met, additional income contributes minimally to happiness (Easterlin, 1974; Clark et al., 2008). For the B40, rising living costs and debt levels mean that higher incomes do not automatically translate to improved life satisfaction. Instead, perceptions of relative socioeconomic status and social comparison exert more potent effects on subjective well-being. These insights highlight the diminishing returns of income and underscore the necessity to address structural constraints, including housing, healthcare, education, and digital access, rather than focusing solely on income enhancement.

Taken together, the findings support multidimensional poverty alleviation strategies that emphasise improving living standards, non-material well-being, and capabilities over merely increasing income. This perspective aligns with global evidence demonstrating that policies addressing education, health, digital inclusion, and psychosocial well-being are more effective in enhancing life satisfaction and reducing intergenerational poverty than income-focused interventions alone (Alkire et al., 2015; Diener et al., 2018; Van Dijk, 2020). The significant role of non-material dimensions, policymakers should strengthen community and religious-based support systems by supporting local institutions, counselling services, and social cohesion programmes that enhance resilience and psychological well-being. By integrating Maslow's hierarchy, the Capability Approach, and the Easterlin Paradox, this study provides a theoretically enriched framework that underscores the multifaceted nature of well-being among vulnerable populations.

Conclusion

This study provides empirical evidence that multidimensional poverty impacts life satisfaction among the B40 demographic in Terengganu, Malaysia. The results indicate that income does not significantly affect life satisfaction, which contradicts the traditional view that income is the most crucial factor in well-being. Instead, other factors, such as health, education, standard of living, religion, and digital inclusion, have a greater impact on how people feel about their lives. These findings underscore the necessity of a comprehensive, multidimensional strategy for poverty alleviation, incorporating both material and non-material indicators, as proposed by Amartya Sen's Capability Approach. Therefore, policymakers should look beyond income-based programs and focus on comprehensive strategies that enhance access to healthcare, promote educational equity, foster digital inclusion, and provide spiritual support to make low-income individuals more resilient, empowered, and content in a rapidly changing society.

Limitations and Future Research

This study has several limitations, including its cross-sectional design, reliance on self-reported data, and focus on a single geographic region. In order to provide a deeper understanding of the links between multidimensional poverty and life satisfaction, future research could overcome these limitations through cross-state comparisons, longitudinal studies, and the incorporation of new qualitative measures.

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