

# Coping With the Increasing Cost of Living Among Middle-Income Households in Klang Valley

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**Abstract:** *The increasing cost of living poses significant financial challenges, leading to stress and anxiety and prompting the employment of coping strategies. While many studies focus on low-income groups, middle-income households are increasingly affected by the cost of living, as it impacts their stability and well-being. Understanding their coping strategies is crucial, as their economic participation is vital in sustaining economic growth. This study examines coping strategies employed by urban middle-income households in the Klang Valley to manage rising living costs, utilising a qualitative case study approach. In-depth interviews were conducted to explore their experiences and responses to economic challenges. The thematic analysis reveals three primary coping strategies: asset-based, behaviour-based, and assistance-based strategies. Asset-based strategies include selling assets, using savings, delaying payments, and utilising credit facilities. Behaviour-based strategies involve lifestyle modifications, such as reducing leisure expenditure, adjusting consumption, prioritising essentials like education, and taking on extra jobs. Assistance-based strategies include seeking financial and social support from family, friends, and institutions. The study underscores that middle-income households face significant financial pressures, often adopting strategies similar to those of low-income groups. These highlight the need for policymakers to address the challenges by expanding financial support mechanisms. Recognising the critical role of the middle-income group in economic development is essential to balanced growth and reducing the impact of rising living costs.*

**Keywords:** Cost of living; Middle-income households; Household economics; Coping strategies; Behavioural coping

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## 1. Introduction

Rising living costs significantly impact the choices made by households, especially in terms of consumption. Families with limited financial resources face pressure to change their coping strategies in response to economic uncertainty. Those with stagnating or low incomes must adapt to these challenges, which affect their well-being and can potentially lead to lasting financial consequences (Guenette, 2020). Economic instability influences behaviour and has psychological effects, requiring individuals and households to find ways to navigate risk and vulnerability. The increasing cost of living reduces purchasing power, limits choices and the fulfilment of needs, and affects overall quality of life and well-being. It also leads to increased debt and credit levels, significantly impacting living standards. In Malaysia, this rise can be attributed to higher food prices, the removal of government subsidies, and new taxes on goods and services (BNM, 2016; Nurul Shahnaz et al., 2020). Economic shocks, including food, fuel, and banking crises, have adversely affected households across different income levels.

This study examines the effects of rising living costs on urban middle-income households and their coping methods before 2019. In this study, the increasing cost of living denotes the gradual increase in living costs in Malaysia from 2016 to 2018, as reflected in the Consumer Price Index (CPI). The cost of living encompasses households' expenses for goods and services, including car and housing loan payments. It is influenced by income, demographics, family structure, and location, which affect price changes. This impacts households differently based on their consumption patterns, making the CPI a general approximation of living cost increases despite its limitations (BNM, 2016). Rising trends threaten individual and household well-being and impact their quality of life. Slow income growth is outpaced by rapid price increases, especially for urban households. The combination of rising prices and stagnant wages makes managing consumption challenging. This significantly affects living standards, prompting households to adjust coping strategies based on their resources, which can severely impact those with limited financial means.

Faced with such challenges, the stress levels and coping strategies of individuals vary based on their capabilities and resources, as coping is dynamic and influenced by specific circumstances. People employ

various strategies to manage challenges like rising living costs, drawing on resources such as health, energy, skills, and support systems. Key factors affecting these strategies include gender, age, education, and income. The psychological and behavioural impacts of the stresses or shocks experienced can significantly affect and alter coping strategies. Therefore, the present study investigates the behavioural coping strategies of urban middle-income households in Klang Valley.

## **2. Literature Review**

The rising cost of living can cause significant stress for individuals and families, especially in lower socio-economic groups. They often experience more emotional suffering and psychological disorders due to less effective coping strategies and fewer resources compared to wealthier households, who can better absorb economic shocks and recover more quickly due to their substantial assets (Greenglass et al., 2014; Tran, 2015). Heltberg et al. (2012) introduce three initial responses to the 2008 economic crisis: asset-based coping, behaviour-based coping, and assistance-based coping.

Individuals and households use asset-based coping strategies to manage stress and financial shocks. These include selling assets, obtaining loans from formal lenders, microfinancing, and family or friends, and utilising common property resources for food and fuel. Borrowing from both formal and informal sources is a common choice during challenging times (Bidani et al., 2012; Heltberg et al., 2015; Mawejje, 2019; Ngenoh et al., 2018; Nikolaski et al., 2018). Increased borrowing is essential for households facing rising living costs. With limited liquid assets, individuals rely on microfinance institutions, local lenders, and friends or relatives to manage financial shocks (Akter & Basher, 2014; Heltberg et al., 2012; Ahmed et al., 2021). The choice between formal and informal borrowing often depends on credit access. Financial inclusion enhances household resilience, enabling them to rely on loans from formal institutions like banks to mitigate the impact of financial shocks, such as accessing additional credit for consumption smoothing (Ngenoh et al., 2018; Wong et al., 2023). While formal borrowing provides structured support, households turn to informal borrowing when they have limited access to the credit market (Mawejje, 2019). Low- and middle-income households choose informal borrowing, such as financial help from family and friends and unsecured credit, as coping strategies (Akter &

Basher, 2014; Pradhan & Mukherjee, 2018). Additionally, informal credit helps households cope with shocks, minimising the risk of poor responses like selling assets that harm future earnings (Heltberg et al., 2015).

Changes in money management are also reported, including adjustments to savings habits, the use of savings and insurance, and delays in payments (Lawlor et al., 2019; Ngenoh et al., 2018; Nikolaski et al., 2018; Rusli et al., 2019). Using saving as a coping strategy mitigates the impact of both covariate and idiosyncratic shocks (Ansah et al., 2020; Pradhan & Mukherjee, 2018). Additionally, some choose to withdraw money from retirement savings (Ghilarducci et al., 2016). In managing consumption, others choose to sell off productive assets (Heltberg et al., 2015; Ngenoh et al., 2018). Doss et al. (2018) find that individuals and households often sell or pawn assets, like gold, to cope with economic shocks. Wealthier households also tend to use this strategy, leveraging their assets to manage consumption.

Behaviour-based coping strategies focus on reducing consumption and changing spending habits, especially in education and health, to address economic shocks. Households commonly respond to rising living costs by cutting food spending. This often involves reducing expenditure on staple foods, consuming less, opting for lower-quality options, and selecting more affordable, preferred foods (Akter & Basher, 2014; Bidani et al., 2012; Norhasmah et al., 2010; Ismail et al., 2023). Households also reduce food consumption and cut other less critical expenses to cope with shocks, such as vacations, clothing, and school-related costs (Ajefu, 2017; Akter & Basher, 2014; Devlin-Foltz & Sabelhaus, 2016; Heltberg et al., 2012). Some households cope by cutting education expenses, including withdrawing children from school, due to financial issues (Lawlor et al., 2019; Yeung, 2013). Another significant expenditure cut by households facing difficulties is on health (Weller, 2018). Households also turn to increasing their labour supply to increase their household income (Ansah et al., 2020; Bidani et al., 2012; Heltberg et al., 2015; Nikolaski et al., 2018). This includes participation from both men and women, and in some cases, children being forced into the labour market (Lawlor et al., 2019; Pradhan & Mukherjee, 2018). This strategy includes getting second jobs, increasing working hours, and diversifying income. In some cases, illicit work is chosen, such as sex work, drug dealing, theft, and other crimes.

Assistance-based coping strategies involve seeking help from various sources, including the government, NGOs, religious organisations, relatives, friends, and the community. This support can be financial or moral, such as caring for children or providing emotional support. Many studies highlight local safety net programmes, like cash transfers, food for work, food stamps, and school feeding initiatives (Bidani et al., 2012; Costa et al., 2013; Doss et al., 2018; Nikolaski et al., 2018). Doss et al. (2018) find that despite social insurance and assistance availability in Ecuador, Ghana, and India, the use of formal government aid remains low, with financial support primarily coming from family and friends. This finding aligns with studies by Heltberg et al. (2015), Lawlor et al. (2019), and Ngenoh et al. (2018). Given the limitations of government assistance, informal support networks, especially among female-headed and non-poor households, play a crucial role (Nikolaski et al., 2018). Help was also sought by sending children to relatives and friends. Previous studies primarily focus on low-income households, neglecting middle-income groups facing rising living costs. Limited assistance and income stagnation affect their consumption, investment, and well-being, necessitating policies addressing their economic, social, behavioural, and psychological challenges.

The rising cost of living creates financial pressures that contribute to stress and anxiety, driving the need for coping strategies. While many studies often focus on low-income groups, middle-income households also experience financial strain, impacting their stability and well-being. Understanding their coping strategies is essential, as their economic role is crucial for sustaining growth. This study employs the framework by Heltberg et al. (2012) to examine the coping strategies middle-income households adopt in the event of a higher cost of living. This framework, which categorises behaviour-based, asset-based and assistance-based strategies, guides this study in exploring the behavioural element of households' coping strategies.

### **3. Research Methodology**

#### ***3.1 Research design***

This study employs a qualitative method with a case-study design to capture the detailed experiences of the participants regarding the increasing cost

of living and coping strategies among urban middle-income households in Klang Valley. By examining the situation in its natural setting, this study explores the diverse realities these households face and the complexity of socio-cultural and socio-economic aspects.

### ***3.2 Population and sampling procedure***

This study focuses on middle-income households in Klang Valley earning between RM3,900 and RM8,300 monthly, categorised as the middle 40% (M40) by the Department of Statistics Malaysia (DOSM) in 2016. Eight participants (four men and four women) from middle-income households in Klang Valley were selected through purposeful sampling with a criterion sampling technique. Qualitative case studies require small samples to avoid data redundancy, ensuring rich, in-depth insights; the eight participants chosen for this study balance depth and sufficiency (Creswell & Poth, 2018; Merriam & Tisdell, 2016). The section criteria include: household income between RM3,900 and RM8,300, residing in the Klang Valley, and a mix of men and women representing the key Malaysian ethnicities, Malay, Chinese, and Indian.

### ***3.3 Data collection***

The researcher conducted in-depth interviews with semi-structured questions to gather primary data on participants' experiences with the increasing cost of living and their coping strategies. Before the interview session, a few phone calls and other communications were made between the researcher and participants to establish trust and discuss interview logistics. Informed consent forms were provided to allow for audio recording. The participants' real identities were protected to ensure their confidentiality, with their actual names replaced with pseudonyms. The semi-structured interview protocol began with broad introductory questions, followed by detailed inquiries and sub-questions tailored to ensure understanding and extract detailed information. After the interview, the data were transcribed into audio verbatim, organised, and coded. The preliminary analysis of the data for the member-checking procedure was discussed with the participants to gain feedback and to enhance the validity and reliability of this study.

### **3.4 Data analysis**

The data analysis involved gathering information from interviews, observations, and field notes. Audio recordings were transcribed immediately after each interview using Microsoft Word, ensuring accurate capture of details. The study used Atlas.ti versions 8 and 9 for qualitative data analysis. Member-checking using the preliminary analysis was conducted to validate findings. The process continues with data analysis and coding, leading to the emergence of key themes. The analysis process was grounded in deductive coding, the codes were refined and categorised using axial coding. These categories were used to generate relevant themes. Thematic analysis identifies patterns and meanings in qualitative data. Finally, the findings are compiled and reported, offering a comprehensive interpretation of the study's results while ensuring the rigour and accuracy of the analysis.

## **4. Findings**

This section discusses the behavioural coping strategies to deal with the increasing cost of living adopted by middle-income households in the Klang Valley. It is divided into three sub-sections: asset-based, behaviour-based, and assistance-based.

### **4.1 Asset-based coping strategies**

Three types of asset-based coping strategies were adopted by the participants when dealing with challenges arising from the increasing cost of living: the use of savings and assets, relying on credit from financial institutions, and delaying payment.

#### *4.1.1 Use of savings and assets*

Based on the information gathered from the participants in this study, it was found that the use of savings was the most common asset-based coping strategy for dealing with financial challenges. The participants consider dipping into their savings as the easiest and fastest strategy to tackle such situations. Most of the participants indicate that they continue to allocate a portion of their income to fulfil their needs in the future. However, the

amount or proportion of their savings has decreased to support current consumption and needs. For example, Madam Hani admits that she has reduced her savings to accommodate her current expenditure and consumption. This sentiment was echoed by Mr Jamal when discussing his saving patterns:

*Less saving [pause]. For example, last time, we saved RM200. We reduced the savings to RM100. However, for our savings through salary deduction, we do not take it out—RM50. I just set it aside. (PF/Active/Asset/Savings/Jamal/31)*

Apart from that, Madam Aida's experience highlights the challenge of saving when expenses exceed income. According to the life-cycle theory, savings should increase with rising income (Dornbusch et al., 2018). However, in reality, many individuals, including Madam Aida, prioritise covering essential expenses like bills, loans, and daily necessities. Madam Aida explained how she carefully records her budget, her realisation that her total expenses exceed her income. Although she intends to save by earning extra income through business, the shortfall in her budget means she has to use that income to cover her expenses instead. This reflects the struggle of wanting to save but having to use available resources to meet financial demands.

For Madam Jen, her experience demonstrates how savings function as a financial buffer. While saving is typically associated with building future security, she reveals that her savings are primarily used to meet her current financial needs. Her statement suggests that although she has managed to save, those funds are not solely reserved for future use, but are actively drawn upon to cover daily expenses. This implies that in the absence of significant financial obligations, savings can serve as a flexible resource for managing immediate financial demands.

*Because I have been saving so far for me, I do not have the commitment [housing loan]. As you know, I have not bought a house yet. So, no commitment. I save the money so the money can still cover the expenses. (PF/Active/Asset/Savings/Jen/22)*

Urban middle-income households also utilise asset accumulation, like gold bars and jewellery, to smooth out consumption alongside savings, leveraging

their stable incomes. Mr Ady and Mr Jamal collect gold jewellery for their wives when they have extra money. Mr Ady pawns the jewellery for cash during financial strain, while Mr Jamal relies on the pawnshop to pay his children's nursery fees until he began working part-time as a Grab e-hailing driver. He says that he feels relieved when he is able to retrieve his wife's gold jewellery:

*No more. Now, no more [pause]. Alhamdulillah now no more. Just once, before I did Grab, it was a terrible time. I cannot cover my children's nursery fees for two months. So, I pawned the jewellery. However, it was redeemed already. (PF/Active/Asset/Pawn/Jamal/34)*

#### *4.1.2 Relying on credit from financial institutions*

Credit facilities are used to smooth current consumption, thus ensuring greater stability in life, particularly for higher-income households. While most participants had loans from banks for houses and vehicles, Madam Hani and Mr Nathan rely on credit card facilities for their daily expenses. Madam Hani uses her credit card, but waits until the end of the month or the following month to pay off her balance. Similarly, Mr Nathan uses his credit card for petrol and grocery purchases. Mr Ady relies on loans for his motorcycle and personal loans from the Malaysian National Co-operative Movement (Angkasa).

*Sometimes, I do not have enough money, no money to refuel. I need to pay by credit card. For example, I go to the supermarket to buy groceries. I use a Mastercard [credit card], then when I get my salary, if I use five hundred [ringgit], I pay it back straight away. (PF/Active/Asset/Credit/Nathan/24)*

#### *4.1.3 Delaying payment*

Delaying payments can serve as an asset-based coping strategy. Participants report relying on loans from banks and cooperatives to acquire assets like houses and cars. The rising costs of basic needs and unstable oil prices influence household strategies, but stable monthly income and savings

help them manage expenses effectively. While most participants manage their finances effectively, some struggle with payments. For example, Mr Jamal postponed his daughter's nursery fee for months due to unexpected Eid expenses. Similarly, Madam Hani and Mr Nathan delayed credit card payments, and Madam Aida faced challenges repaying a loan from a friend, which strained their relationship. This indicates that delaying payment is a strategy used by urban middle-income households when faced with financial difficulties.

*Do you know that I only borrowed money for a while when I struggled? I want to do business. I want to buy things, want to buy things, for a lot of profit. "Can I borrow your money? I will pay in two weeks. Since I can sell all the stuff in two weeks. In another two weeks, they [buyers] will pay. I want to borrow for a while because I want to buy a lot". She gave it to me. I told her I would pay on the thirtieth. Third, I cannot pay. Ha! It is hard to be friends. Just once, you do not want to give. She knows that I have a problem. But I will remember that forever. Until now, I never asked her, even though she did offer. (PF/Active/Asset/DP/Aida/23)*

## **4.2 Behaviour-based coping strategies**

There are two types of behaviour-based coping strategies. One strategy involves adjustments in participants' behaviour when dealing with the rising cost of living: lifestyle modification and labour.

### *4.2.1 Lifestyle modification*

Lifestyle modification in this study involves changes in consumption and spending behaviour, requiring participants to adapt to new lifestyles. Mr Ady is worried about his slow income growth and rising grocery costs, which make it hard to meet household needs. He also feels financial pressure from his children's education expenses:

*Let us say RM50 per week, and one month is RM200. Haa! That is only for wet market expenses. It is not the dry ones yet [other groceries]. That is all, not including the expenses for my children.*

*But it is still okay. Moreover, the salary is too slow. Just a slight increase. It is still acceptable and stable. Now, it is okay, but last time, I struggled, and my daughter was still in university. Haa, sometime in the middle of the month, she called, 'I need a book, Bah [Dad]'. Her books are not cheap. Not like ours. Thicker, RM100 and more, RM80 and more. The lecturer told them not to photocopy. Buy the original copy. What to say? I need to buy a new one. I tried. I really observed it, madam. Really. It is really heavy [burdened]. (PF/Active/Bhvr/LM/Ady/17)*

Participants alter their spending habits by managing expenses more carefully, choosing cheaper products, and taking advantage of sales. Eight participants report selecting grocery stores and shops based on lower prices in response to rising living costs. Consequently, comparing prices before purchases is common, with participants using newspapers, flyers, and social media platforms like Facebook for this purpose. Some participants, including Madam Aida, Mr. Ady, and Madam Zila, frequently compare supermarket prices. Madam Hani uses the SmartShopper app on her smartphone to find lower prices for her family's necessities, especially diapers and formula milk for her son. The following quotations illustrate these behaviours:

*I chose [shops], Madam. I chose the shops. Shops and everything, because the price is not the same. If the price is high, do not buy at that shop. Sometimes, the prices at these stores vary for the same item. Sometimes, the price is high at a particular shop because of the rent. (PF/Active/Bhvr/LM/Shop/Ady/49)*

*I always go to Aeon Big [supermarket chain] and Hero Market [supermarket chain]. Just nearby. Cheap! My son only wears Drypers [diaper brand] because there is one shop selling cheap [Drypers]. (PF/Active/Bhvr/LM/Shop/Jamal/21)*

*When it is cheap, I can buy extra of my son's formula milk and diapers during the sale. I have downloaded the apps [smartphone application]. We can check the milk price, where and when it is cheap, then I will buy extra. SmartShopper [smartphone app] will list any cheap item. (PF/Active/Bhvr/LM/Shop/Hani/28)*

Selecting shops goes beyond just buying groceries. Mr. Nathan highlights the need to be careful with food spending, especially for lunch. He finds RM5 to be too expensive and plans to avoid that restaurant in the future. In contrast, Mr Tan, who spends RM7 daily and relies on his wife for expenses, chooses reasonably priced places, often opting for an Indian Muslim restaurant near his workplace:

*My Malay friend went to eat nasi lemak. He paid RM7, RM8. I asked again, how much, ah, RM8? Sometimes I went to some area for operation [working], then had lunch, for RM5, RM6. I pay. Then, I never go to that restaurant again. Surrender. (PF/Active/Bhvr/LM/Shop/Nathan/10)*

*Like Mamak [Indian Muslim restaurant], because all my colleagues will also find a cheaper place to eat lunch, I will not spend too much. I am looking for Mamak. But sometimes not enough to eat. I do not dare to take chicken dishes... (PF/Active/Bhvr/LM/Shop/Tan/36)*

This study notes changes in clothing purchasing habits alongside shifts in food spending. Madam Hani buys clothes from a specific brand for her son only during sales, as she values the fabric quality. Mr. Tan only wears his company uniform, while his wife often wears second-hand clothes from friends to save money. Mr. Jamal buys new clothes for special occasions, but shops at night markets for everyday items for his children:

*I never bought GAP [brand]. I buy [pause]. I just buy ordinary clothes. If Mothercare [brand] is having a sale, I will buy. It is around RM30. So, even though we wash using a washing machine, it will not get damaged. (PF/Active/Bhvr/LM/Cloth/Hani/29)*

*I will buy clothes for events like Eid... In other months, I will buy 'normal' clothes. Clothes at night markets or during sales. (PF/Active/Bhvr/LM/Cloth/Jamal/33)*

The participants also have to adjust their spending habits by cutting non-essential expenses. For example, Madam Jen recognises that her spending

on beauty products needs to decrease to prioritise more important financial obligations. Similarly, Mr Tan and his wife allocated a significant portion of their income for migration, prompting him to refrain from alcohol to manage their budget better:

*I noticed those make-up right, like foundation, even RM120 to RM135, but it can last for me, it lasted for six months. Last time I used Tarte [brand]. MAC [brand] also. It was getting expensive. So now, I cut costs. I use Revlon. Twenty-four-hour sale for the Chinese New Year. I bought one bottle for RM38. So, I cut costs. (PF/Active/Bhvr/LM/NonE/Jen/15)*

*I was a heavy drinker, but I have stopped already [long pause]. After returning to Malaysia, my financial situation does not allow me to do so, I quit the bad habit. (PF/Active/Bhvr/LM/NonE/Tan/21)*

The study noted several lifestyle adjustments made for financial reasons. Madam Hani and Mr Tan mention spending more time at home and dining out less frequently to save money. Also, they only go out when invited by friends to reduce transportation costs and other expenses:

*We do not want to waste petrol or go out [pause]. If others [friends] go out, we will follow them. (PF/Active/Bhvr/LM/NonE/Tan/35)*

Reducing dining out is one lifestyle modification strategy. Madam Hani and Mr Nathan rarely eat out, and Mr Nathan has stopped taking his family out for dinner monthly due to financial concerns. Mr Ady, who works in Putrajaya, returns home for lunch daily to save money. Meanwhile, Madam Zila and her colleagues bring leftovers from home for office lunches:

*Haa, once a month. During payday, we will go out. However, now it is getting less. No more. We arranged everything. Like this, budget for this, budget for food. We must follow. Even if it is difficult, we must follow. If there is no budget, it is terrible. (PF/Active/Bhvr/LM/DineOut/Nathan/19)*

*I cook, then WhatsApp [smartphone app] them [colleagues] at night... 'Kak Zila will bring food for lunch!' So other colleagues will bring theirs also, so we do not have to go out for lunch. Can save. If we cook, we can save at least RM5. Sometimes, we cook extra rice, and others bring their leftover food. (PF/Active/Bhvr/LM/DineOut/Zila/28)*

As discussed, households are generally forced to rely on behaviour-based coping strategies and alter their consumption and spending behaviour, leading to changes in their overall lifestyle. This notably impacts their most crucial needs, such as food consumption and other expenditures. To save on food expenses, Madam Aida only dines out on special occasions, uses less oil in her cooking, and buys expensive vegetables only when on sale. Mr Ady manages his family's food choices by being selective, avoiding costly items, and shopping when prices are lower:

*Haa. I always told my children. If we want to cook a vegetable soup, for example, we only cook with onions and black pepper. That is how to save money. Try to go to Giant [supermarket] food section this week for cabbage and broccoli. If not, I cannot afford the expensive broccoli. (PF/Active/Bhvr/LM/Food/Aida/20)*

*I still eat, madam. Eating is important. Oh, no! No! It is not up to not eating. As I said earlier, if we want to eat good food, we check our wallets. No, for example, you want to eat crabs all the time. It is expensive! Just have it once a month. It does not mean that you cannot eat at all. (PF/Active/Bhvr/LM/Food/Ady/48)*

*Not only soy sauce, 'petai' [bitter beans] too! Last time, 'petai' was RM2 of RM3. I went to the night market yesterday, and it was Rm10! Haa, the petai price is also increasing now. Eh! I do not eat now. When the price goes down, then I will buy. (PF/Active/Bhvr/LM/Food/Ady/57)*

One effective way to reduce food expenses is by bringing meals from home. For instance, Mr Nathan saves money because his wife prepares meals for him. He recognises the importance of limiting weekly grocery purchases.

Mr Tan, whose wife manages their finances, has a daily lunch budget of RM7, which only allows him to dine at a nearby affordable Indian restaurant, forcing him to be selective with his food choices. Similarly, Mr Jamal tries to cut his food expenses by carefully choosing where to eat, which is influenced by the high living costs in Putrajaya. They told the researcher:

*It is getting less [food expenditure]. Last time, she [wife] bought 1 kg madam, [now] a half kilo only. What to do? (PF/Active/Bhvr/LM/Food/Nathan/22)*

*I do not keep so much money in my pocket. For one day, I will take [pause]. My wife will give me RM7 for my lunch. The company provides breakfast, such as bread and Maggi [instant noodles]. Like Mamak [an Indian restaurant]. Because all my colleagues will also find a cheaper place to eat lunch, I will not spend too much. I am looking for Mamak [an Indian restaurant]. But sometimes not enough to eat. I do not dare to take chicken dishes. (PF/Active/Bhvr/LM/Food/Tan/36)*

*Mamak [Indian restaurant]. With [pause]. Like Thai Tomyam Kung Ayer@8 [restaurant] is seldom, I always visit the tomyam restaurant in Sungai Merab. Gate One Kitchen [restaurant] is cheaper. Better than this. Here, a little bit expensive. (PF/Active/Bhvr/LM/Food/Jamal/22)*

The study highlights various strategies for managing food consumption, such as limiting portion sizes, choosing lower-quality or less preferred items, and selecting budget-friendly brands. For instance, Madam Zila opts for affordable brands, while Madam Aida minimises cooking oil usage and reuses it, saving money but compromising on quality:

*Sometimes, I will compare. I will compare. I choose a brand, but sometimes I think, 'Ohh, this is cheaper!' Then I will take that. (PF/Active/Bhvr/LM/Food/Zila/35)*

*For example, I want to cook soup. I must use a lot of cooking oil to make a good soup. Heat the onion. Onions, white, and ginger,*

*all sauteed. When it smells good, set it aside. Put the oil in another container, then use that oil to fry fish. Then, I can save how we want to save. For example, tomorrow morning, we want to cook fried rice. I keep the oil. The oil is not black [changing colour] yet, so we know our oil. Okay then, if you want to save more oil, do not fry using much oil. Or just boil the food, right? (PF/Active/Bhvr/LM/Food/Aida/19)*

A crucial lifestyle change in coping with economic hardship is education. Although no school or college withdrawals were reported, participants expressed concerns about educational costs. Mr. Ady worries about expenses like books, while Madam Zila faces a challenge paying her daughter's tuition due to not securing a scholarship. Additionally, Madam Hani chose her son's nursery based on affordability. This underscores the significant impact of financial constraints on educational decisions:

*Because of the fee, this is the cheapest here. No registration [fee]. The rest, when I called, was more than RM1,000 for registration. Monthly is around RM500. More than RM500, RM400. This is the cheapest. And the nearest to my house. (PF/Active/Bhvr/LM/Edu/Hani/31)*

#### 4.2.2 Labour

In this study, the behaviour-based coping strategy of changing work hours or taking part-time jobs is referred to as labour. Mr Nathan increased his working time by seven hours to cover his housing and car expenses, often arriving home near midnight. In contrast, Madam Aida sells honey and water filters, while Madam Jen is a Public Mutual unit trust and real estate agent. Mr. Jamal does part-time e-hailing driving for flexibility to supplement his government clerk position and support his family. These examples illustrate their proactive responses to financial challenges by seeking additional income sources and adjusting work schedules:

*Finish work at 11 pm. Usually, I work from seven to four hours, and that OT [overtime] is four to 11 hours. I work seven hours a day. I need to do that, and then I can pay for my car and home loans.*

*If not, I cannot. Forced to work during the weekend. Weekend, Saturdays for 30 days. If I am tired, I will take a leave. (PF/Active/Bhvr/Labour/Nathan/6)*

*Now, I am doing the e-hailing. I do Uber and Grab. I go home [after work], then I go out from 8 pm at night to 1 am. (PF/Active/Bhvr/Labour/Jamal/14)*

This study notes women's contributions to household income in the informal sector. Mr Ady's wife cares for their neighbours' children, while Mr Nathan's wife is a babysitter for an expatriate family. These examples highlight women's active roles in supporting their families financially:

*My wife helps me. She looks after the baby [pause]... She takes care of three kids. For one kid, she gets RM300, so she gets RM900; haaa, that is ok, too. (PF/Active/Bhvr/Labour/Ady/41)*

*My wife has to work for extra income. She earns around RM2,000 so that we can eat KFC [restaurant] or anything. My salary is mainly to pay the debt. (PF/Active/Bhvr/Labour/Nathan/12)*

In conclusion, this study identifies two types of active coping strategies adopted by the participants from urban middle-income households in Klang Valley: asset-based and behaviour-based coping strategies. Asset-based coping strategies involve using savings and assets to cope with current consumption, relying on credit from financial institutions, and delaying payments of bills and debts. On the other hand, behaviour-based coping responses involve lifestyle modifications like changes in consumption patterns and spending behaviour, as well as adjustments in employment practices or labour.

### **4.3 Assistance-based coping strategies**

Another coping strategy in this study is assistance-based responses, in which guidance, advice, assistance, and information about the stressor were sought. In this study, participants indicate that they rely on family and friends for support, financial assistance, and other assistance such as childcare. For

instance, Madam Aida has sought instrumental help from her network to address her financial challenges, particularly from her friends. However, she feels regret as she recalls a specific incident in which she could not return the money borrowed from a friend:

*Do you know that I only borrowed money for a while when I struggled? I want to do business. I want to buy things, want to buy things, for a lot of profit. 'Can I borrow your money? I will pay in two weeks. Since I can sell all the stuff in two weeks. In another two weeks, they [buyers] will pay. I want to borrow for a while because I want to buy a lot.' She gave it to me. I told her I would pay on the 30th. Thirtieth, I cannot pay. Ha! It is hard to be friends. Just once, you do not want to give. She knows that I have a problem. But I will remember that forever. Until now, I never asked her, even though she did offer. (PF/Support/Instrumental/Aida/23)*

Mr Ady also mentions financial assistance from relatives. While he typically does not rely on his family for support, there are occasions when he needs to borrow money from them. Usually, he requires financial assistance from his younger brother, who works as a construction contractor:

*Hmmm, I am not. Each of our siblings also has their own family. I seldom ask for help from my siblings unless I am so desperate. Like my younger brother, I just met him, but only if I am desperate. But that is not a loan. He is rich. He is a contractor. RM200 to RM300 is nothing. If I need it, there is my brother. He is generous. All my siblings are ok. It is just me, madam. I do not know. (PF/Support/Instrumental/Ady/53)*

Mr Tan has received various forms of assistance while working in Petaling Jaya. He left his car in Kuching, uses his friend's vehicle, and rents a small house on their property. His wife's family cares for their child in Sarawak, helping them save on nursery fees and reducing overall expenses in the high-cost Klang Valley:

*My son is in Sarawak. To save money [pause]... if we take him together, we need to spend more. Then, we cannot save. Because*

*the expenses here are higher than in Sarawak... So, if we add one more person here, then we 'die' [cannot survive]... (PF/Support/Instrumental/Tan/18)*

Government assistance for middle-income households in times of economic difficulties is minimal, as observed in this study. Apart from scholarships for their children, such as those received by Mr Ady and Madam Zila, participants primarily rely on assistance from family and friends. Despite facing challenges in meeting their financial needs due to sticky income, tax obligations, limited resources, reduced savings, and increased living costs due to higher prices for goods and services, they did not receive significant financial aid targeted at their demographic. As a result, middle-income households in Klang Valley are forced to find alternative solutions and rely on their social networks, such as family and friends, to navigate the challenges posed by the increasing cost of living. Table 4.1 summarises the findings of this study.

**Table 1:** Behavioural coping strategies

Theme	Sub-theme
Asset-based	Use of savings and assets
	Relying on credits from the financial institution
	Delaying payment
Behaviour-based	Lifestyle modification
	labour
Assistance-based	Financial support
	Instrumental support

## 5. Conclusion

This study reports the behavioural coping strategies adopted by middle-income households in Klang Valley with the increasing cost of living, which includes asset-based, behaviour-based, and assistance-based responses. Asset-based coping strategies involve selling or pawning assets, using savings and savings modification, changing money management, delaying payment, relying on credit from financial institutions, and income diversification to face the challenges of the high cost of living. Savings and assets are used to smooth out consumption. Urban middle-income

participants who usually have a stable income engage in asset accumulation activities, including collecting gold and jewellery. Asset-based coping strategies also rely on credit from financial institutions, such as credit cards, to smooth consumption. In addition, the characteristics of the middle-income households in this study increase financial inclusion for this group, thus widening access to financial services, particularly credit from formal institutions. Another asset-based coping strategy is delaying payments. The participants in this study depend on loans and credit from formal financial institutions, but some participants admit they face difficulties paying their loans and other commitments. These strategies are adopted when the participants have insufficient resources to cover their necessities, such as food, thus pushing them to delay their debt payments.

The second strategy is behaviour-based coping, including lifestyle modification and labour. Lifestyle modification describes changes in consumption and spending patterns, including adjustments in food expenditures. Reducing food consumption and expenditure, limiting the quantity and quality of food intake, and buying less expensive and less preferred food products are some of the coping strategies employed. The findings also showed that urban middle-income households need to modify their behaviour, such as not going out, not eating out or reducing the frequency of eating out, limiting clothing purchases, and not spending money on vacations. Another lifestyle modification in dealing with economic hardship is education. From the interviews, the participants view education as very important and, therefore, are forced to sacrifice other expenditures. Participants in this study also adopt another significant behaviour-based coping response, namely increasing their labour supply. Urban middle-income households are increasing work hours or taking up part-time jobs and businesses. The last coping strategy identified in this study is assistance-based strategies. As the findings show, urban middle-income households rely on family and friends for financial help. Therefore, aid for this income group should be widened to cover all middle-income households, and removing the income capping in assisting this group would be beneficial.

While many studies focus on poor households, the middle-income households in this study exhibit similar patterns in dealing with the rising cost of living. In addition, the participants also report adjusting their consumption and spending on food to cope with increasing prices. Therefore, it is critical to monitor the impact of increasing living costs, not only on

people experiencing poverty, but also on the middle-income group to achieve balanced growth across income groups, especially as this group is undeniably critical to economic development. The findings emphasise that the often-overlooked middle-income group faces challenges similar to low-income households. Policymakers must consider the diverse needs of this demographic to foster balanced economic growth.

To enhance the financial resilience of middle-income households, this study recommends that social protection mechanisms should be expanded to include all subgroups within the M40 classification, rather than solely targeting the lower-income segment. Eligibility for financial assistance should be revised to accommodate a broader range of middle-income earners, with targeted subsidies in housing, utilities, healthcare, and education to alleviate financial strain. Strengthening financial inclusion through improved access to affordable and tailored financial services is imperative. Additionally, policies must address evolving financial behaviours, coping strategies, and the rising cost of living. A comprehensive approach, incorporating pension reforms, labour market interventions, and social safety nets, is essential to support urban middle-income households facing economic pressures. Collaboration between policymakers and financial institutions is crucial in fostering long-term financial stability and ensuring a resilient middle class. By doing so, they can enhance resilience against financial pressures that affect individuals across all income levels, ensuring that each segment of society can thrive and contribute to a more stable and equitable economy.

Future research can expand the sample size by including a wider geographical coverage across various regions and urban areas in Malaysia. Additionally, incorporating other income groups, such as low-income (bottom 40%, B40) and high-income (top 20%, T20) households, would provide a more comprehensive analysis. This study focuses solely on urban middle-income M40 households; thus, including all income groups in future research would enable a comparative analysis of coping strategies, offering deeper insights into financial behaviours across different socio-economic segments in Malaysia.

## **CRedit author statement**

**Nor Hasniah Kasim, Siti Hajar Abu Bakar Ah, Roza Hazli Zakaria:** Conceptualisation, Design of methodology, Writing – Original draft preparation and editing. **Nor Hasniah Kasim:** Data collection. **Nor Hasniah Kasim:** Formal analysis.

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