

## **FACTORS CONTRIBUTING TO THE RISING COST OF LIVING FOR GROUP M40 IN MALAYSIA** (*Faktor Kenaikan Kos Sara Hidup Golongan M40 di Malaysia*)

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### *ABSTRACT*

The rising cost of living is an increasingly pressing issue for every household in Malaysia. The middle-income group (M40) is also affected by the growing culture of indebtedness among them. This study examines the causes of the increased cost of living for this group based on two main factors: inflation and spending patterns. The trend in income growth and inflation is also observed and compared from year to year. This study found that inflation or the increase in prices of goods is almost always higher than income growth, making it difficult for the earned income to cover the cost of living. Meanwhile, for spending patterns, multiple regression analysis is conducted to identify the relationship between the demographic of M40 households and essential spending on food, transportation, and housing. The demographic factors considered are monthly income, household size, urban or rural location, and state. The relationship of the log-log linear regression model between spending and income indirectly illustrates the rigidity of essential spending for this group in relation to their income. Additionally, the rigidity of spending for all three essential items are normal. Household size, urban location, and state do not show a high regression factor, thus not significantly affecting their cost of living. Therefore, inflation was found to have a greater impact on the cost of living for the M40 group than their spending patterns.

*Keywords:* middle-income group; M40; cost of living; factors; inflation; spending patterns

### *ABSTRAK*

Kos sara hidup merupakan isu yang semakin merunsingkan setiap ahli isi rumah di Malaysia. Golongan yang berpendapatan sederhana (M40) turut terkesan sehingga meningkatkan budaya berhutang di kalangan mereka. Kajian ini meneliti punca kepada peningkatan kos sara hidup golongan ini berdasarkan dua faktor utama iaitu inflasi dan juga corak perbelanjaan. Tren pertumbuhan pendapatan dan juga inflasi dilihat dan dibandingkan dari tahun ke tahun. Hasil kajian ini mendapati inflasi atau kenaikan harga barang hampir sentiasa lebih tinggi berbanding pertumbuhan pendapatan yang menyebabkan gaji yang diperoleh sukar untuk menampung kos sara hidup. Sementara itu, bagi corak perbelanjaan, analisis regresi berganda dilakukan bagi mengenal pasti hubungan demografi isi rumah M40 dengan perbelanjaan keperluan asas iaitu makanan, pengangkutan dan juga perumahan. Faktor demografi yang diambil kira adalah pendapatan bulanan, saiz isi rumah, lokasi bandar atau luar bandar dan juga negeri. Hubungan model regresi linear log-log di antara perbelanjaan dan juga pendapatan secara tidak langsung menggambarkan keanjalan perbelanjaan keperluan bagi golongan ini terhadap pendapatan mereka. Hasil kajian ini mendapati, keanjalan perbelanjaan bagi ketiga-tiga barangan keperluan asas adalah normal. Faktor saiz isi rumah, lokasi bandar dan juga negeri tidak menunjukkan hubungan koefisien regresi yang tinggi dan tidak memberi kesan kepada kos sara hidup mereka. Oleh itu, inflasi telah mempengaruhi kos sara hidup golongan M40 berbanding corak perbelanjaan mereka.

*Kata kunci:* golongan berpendapatan sederhana; M40; kos sara hidup; faktor; inflasi; corak perbelanjaan

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