

**COSTS OF LIVING AND COPING STRATEGIES AMONG HOUSEHOLDS IN PERAK  
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The ultimate aim of development is to improve the wellbeing or quality of life of the people, particularly with regards to basic necessities of life such as shelter, food, education and health. Improvement in quality of life, however, cannot be achieved by focusing solely on increasing income of the people. Cost of living also plays an important role in affecting the wellbeing of the people. Indeed, rising cost of living could upset the gains that are made in terms of income and material wealth, and consequently could result in worsening quality of life of the people.

Currently, rising costs of living is one of the major issues confronting Malaysians, particularly the poor and the lower income group. The removal of fuel subsidy, depreciating ringgit and introduction of the goods and services tax (GST) are among the factors that may have caused the rise of cost of living. On the other hand, income or wages are generally low and stagnant in Malaysia. In these situations, people are facing with great pressures as they may find it difficult to sustain and maintain their quality of life. Therefore, investigation on how cost of living effect the wellbeing of households as well as their coping strategies might be worthwhile.

Investigation on the coping strategies seems important since coping strategies may indicate the level and severity of the problem to the people. A clear understanding on the impact and their coping strategies perhaps will shed some lights and inform policy makers in designing appropriate and effective policies to mitigate the pressures of rising costs of living on the people. Towards this end, this paper examines the impact of rising cost of living, the severity of the impact, and the coping strategies adopted by the people facing with rising cost of living. In our analysis, we employ primary data gathered through a survey among households in Perak Darul Ridzuan, Malaysia.

**Recommendations**

- Control price rise for main exp. categories
  - groceries, vehicle instalments & transportation
  - Vehicle instalments: not much can be done, interest rate is already low
  - Transportation: something can be done on fuel price
  - Groceries: much can be done on price regulation
- Control price rise for g&s with asymmetric info
  - car maintenance & repair
  - medical treatment (general & dental)
- Increase productivity
  - division of labour / specialization
  - comparative advantage: if people do what they do best, then productivity will increase
  - managing human resources effectively: matching skills to jobs

**Tindakan**

- Telah dibentangkan di Seminar Penyelidikan Tahunan IDR Ketiga (ke-3) dan Keempat (ke-4) yang telah diadakan masing-masing pada tahun 2016 dan 2017.