

The Cost of Living in Early Childhood Education and Care (ECCE): Financial Constraints among Low (B40) and Medium Income Group (M40) in Kuala Lumpur, Malaysia

Zarina Kassim*¹, Hainnuraqma Rahim ², Sharul Shahida Shakrein Safian ³, Nurfahiratul Azlina Ahmad⁴

¹Department of Logistic Management and Business Administration, Faculty of Defence Studies and Management, National Defence University of Malaysia

²Faculty of Business and Management, Universiti Teknologi MARA, Cawangan Alor Gajah, 78000 Melaka, Malaysia

³Faculty of Business and Management, Universiti Teknologi MARA, Cawangan Puncak Alam, 42300 Selangor, Malaysia

⁴Academy of Contemporary Islamic Studies (ACIS), Universiti Teknologi MARA, Cawangan Pulau Pinang, 13500 Permatang Pauh, Pulau Pinang, Malaysia

*Corresponding author Email: *zarina.kassim@upnm.edu.my

Article History:

Received: 12-01-2025

Revised: 15-02-2025

Accepted: 01-03-2025

Abstract:

The issue of Early Childhood Care and Education (ECCE) has lately resurfaced as a prominent concern among Malaysian. Many couples worried that they won't be able to afford the cost of ECCE for their children with the rising of cost of living. Consequently, many couple planned to not have children or just have one or two children. Therefore, this study tries to analyse the financial stress and depression among parents from low-income (B40) and middle-income groups due to paying the cost ECCE for their children. A quantitative study was conducted on multidimensional financial stress scale consists of 20 items and eight items represent the financial ability for parents to pay for ECCE. A total of 342 responses were used in exploratory factor analysis and 387 responses were used in the confirmatory factor analysis. Correlation analysis shows that there is a positive significant relationship financial constraint among B40 and M40 parents to paying the cost of ECCE. This shows that the financial stress related to the cost living in ECCE is a real concern among B40 and M40 parents nowadays. The implications are that the government has to provide child care financial assistance such as vouchers, certificates, or subsidies and make ECCE fees more affordable to help families with low-income pay for child care.

Keywords: Cost of living; Early Childhood Care and Education; Financial stress; Depression; B40 and M40

1 Introduction

The phenomenon of rising prices of goods and services every year caused by various factors such as dependence on the global economy and food security crisis has caused low-income communities to experience a cramped life until the phenomenon of urban poverty exists. However, issues related to the cost of living in ECCE have received less attention from researchers. Hence, this research was to determine relationship between financial stress and depression among B40 and M40 parents to paying the cost of ECCE. Stress is a person's physical, emotional, and mental response to any change or demand. When stress is viewed from a family perspective, the scope of discussion will be wider to include every family member experiencing stress, coping and family management methods to stress.

In the scope of this study, stress refers to financial stress among parents in meeting the cost of living in Early Childhood Education and Care (ECCE).

According to the National Family Policy stated by the National Population and Family Development Board (LPPKN), the family is a basic social unit that provides human resources to ensure the continuity of future generations. The family plays an important role as an institution in providing a field to produce human capital. Therefore, the family institution needs to be strengthened in order to achieve physical, mental, psychological, emotional, economic and social well-being among family members. The family is a unit with a hereditary relationship that shares the same experiences, issues and challenges in life, so the stresses that exist will be indirectly shared with family members. Nurul Naimah and Mohd Yusri (2018) stated that family stress refers to the imbalance between the family's demands and ability to meet these needs. Nowadays, economic instability, especially the increase in the price of goods and services, has a significant impact on the low-income (B40) and middle-income (M40) groups. These two groups are very vulnerable to high risks when there is economic pressure in a country.

Low income is one of the factors that causes mental problems among parents (Zakaria et.al 2024). This problem is more severe if parents have many children. Financial stress will occur if there is an imbalance between the demands and the ability of the family to meet these demands. Nowadays, economic instability has led to an increase in the price of goods and services including all children's necessities such as food, clothing, drypers and the cost of ECCE for their children. According to Mohamad et al., (2020) financial problems or experiences such as low income, increased debt burden, bankruptcy, not having enough savings can increase financial stress and affect an individual's financial well-being. Financial stress that occurs among parents can have a negative impact on children such as physical, emotional abuse and so on (Mohd Zahir & Aiman Hakimi, 2022).

In fact, financial stress also indirectly prevents parents, especially from low-income families, from fully carrying out their responsibilities such as lack of time to focus and attention on their children, failure to control their children's discipline, lack of necessary support and lack of interaction with their children. This condition will also affect the social, mental and cognitive development of children. A study by Norsaleha et al (2019) found that financial problems are one of the 19 factors in the occurrence of child abuse cases in Malaysia. When finances are not managed properly, children become victims of abuse and neglect especially from the point of view of unsafeguarded human rights.

2 Literature Review

2.1 Cost of Living

The cost of living refers to the minimum budget to purchase a group of goods and services in order to achieve a certain standard of living (Bakar & Ahmad, 2020). Based on this definition, the issue of rising cost of living can be related to two main things, namely income level and expenditure that affect the economic well-being of households. If household income increases more slowly than the increase in the price of goods, this causes households to have to spend more to buy the same goods. Changes in spending patterns indirectly impact household living costs (Abdul Wahab, Shahiri, Mansur & Zaidi, 2018).

Throughout 2023, Malaysia has been grappling with the rising cost of living which has caused anxiety in various walks of life. This is due to the phenomenon of increasing prices of goods and services that exceed normal levels, especially in urban areas. It is well known that the factors that trigger the issue

of rising cost of living are due to the food security crisis following the dependence on imported food (Ibrahim & Mazlan, 2021). However, the fact is that it is not only the price of food that is the cause of the rising cost of living. The cost of owning children also affects the increase in the cost of living for households in Malaysia. Especially parents who have many children and live in urban areas. Starting from the issue of the cost of living, this will certainly have an impact on the quality and standard of living of parents and children in the country.

In Malaysia, ECCE began to expand in general to obtain education after independence. The main target for ECCE at that time was among children from poor families from various races such as Malays, Chinese and Indians. The concept of ECCE in Malaysia is based on two stages based on the age level of the child, the first stage is Nursery or Nursery referring to children under 4 years old. The second stage is Preschool or Kindergarten for children aged 4 to 6 years. Kindergarten is actually an acronym for Taman Didikan Kanak-kanak. For the Department of Community Development (KEMAS) and the Unity Department, they named the early childhood programme as Taman Bimbingan Anak or Tabika for short. However, nowadays the admission of children to KEMAS is limited and the government prefers the parents who are really poor and needy, however, subject to the numbers of availability.

If the children do not get a place in KEMAS, parents have no choice and need to send their children to ECCE which is more expensive due to the different learning concept. Public nurseries offer cheaper fees than private ones. Private ECCE is said to have quality in terms of infrastructure with different learning concepts. In fact, according to Abdullah A. (2018), the personality formed at an early stage has been proven by researchers in the field of psychology and ECCE can remain until adulthood. Because of this, there are few parents who are willing to send their children to private ECCE even if it is beyond their means. This is because today's parents want the best for their children. Among the famous private ECCE brands that are preferred by parents in Malaysia are Little Caliph, Genius Aulad, Brainy Bunch (Islamic Montessori), Smart Reader Kids, CIC Tadika (Children Islamic Centre), and PASTI (Pusat Asuhan Tunas Islam). There are a few mothers who are willing to quit their jobs simply because they don't want to bear the expensive cost of ECCE, especially for those who have many children. This situation has an impact on women's participation in economic activities (Wahab, Masren & Abdullah 2023).

2.2 Financial Stress

The struggling in life is inevitable for parents who do not have a regular income or low income due to the low level of education (Fatimawati, Badiozaman, Mahdi & Bakri, 2021). Parents' financial problems are becoming chronic because they do not have any form of savings (Siti Marziah Zakaria et al., 2019). Financial well-being is affected by the number of dependents in the household, which can lead to poor families. This situation explains that, the larger the number of dependents, the higher the amount of expenses required and will cause financial well-being to be more critical. A study by Arshat, Pai and Ismail (2018) on parents in the low-income B40 group who have at least one child aged three to six years found that respondents experienced economic, emotional stress and parenting pressure. The study proved that low income negatively affects the psychological aspects of individuals and family well-being.

Furthermore, low-income parents are prone to depression and increased psychological stress especially when having young children due to the need to meet basic family needs such as food and drink, transportation to school or training, healthcare and the rising cost of education (Ra & Gang, 2016; Younis & Eberhardt, 2024). Rahman, Isa, Masud, Sarker & Chowdhury (2021) stated that financial

behavior dan financial literacy has a positive influence on financial well-being, while financial stress has a negative impact on the financial well-being of poor urban communities. The study was conducted on 421 respondents comprising the B40 income group in the Klang Valley area, Malaysia. The stress that occurs in the family has a negative impact that causes the collapse of the family institution. In turn, strained and poor-quality family relationships can affect a child's development (Ambert, 2020). A family that is stressed and often fights, fights, is not friendly, does not pay attention to children, there is death and separation will bring a state of emotional disorder in children (Umberson & Thomeer, 2020).

The problem of financial stress, which has a positive relationship with the cost of living for young children, does not only occur in Malaysia but also in other countries (Robillard et al. 2020; Choi et.al 2020). Therefore, governmental intervention is a must to make sure that low-income parents can earn a reasonable amount of money to raise their children with adequate education. Besides, a supportive economic policy is necessary to help to manage their financial well-being by providing more ECCE from government. The government is also required to offer training on financial well-being because the findings indicate that the B40 income groups encounter financial stress in raising their children.

3 Methodology/Materials

3.1 A survey design was used in this study. Questionnaires were distributed to the respondents who are parents who have small children between 0 and twelve years old. A total of 342 responses were used in exploratory factor analysis and 387 responses were used in the confirmatory factor analysis. Financial stress scale consists of 20 items and eight items represent the financial ability for parents to pay for ECCE. Guan et. Al (2022) stated that the financial exposure in the reviewed studies can be divided roughly into two categories which is personal financial depress or household financial depress which include income, assets or wealth, debt or hardship. Financial hardship was defined as difficulties in meeting the basic requirements of daily life due to a lack of financial resources. Table 1 shows the results from confirmatory factor analyses based on the criteria that are generally accepted in academic reports (Kline, 2011). After the researcher examined the items, it was found that the contents of the items were appropriate and did not need to be removed.

Table 1: Confirmatory Factor Analysis

No.	Financial Anxiety Scale ($\alpha = .95$)	Factor Scores
FA1	I feel anxious about my financial situation.	0.71
FA2	I have difficulty sleeping because of my financial situation.	0.82
FA3	I have difficulty concentrating on my school/or work because of my financial situation.	0.84
FA4	I am irritable because of my financial situation.	0.76
FA5	I have difficulty controlling worrying about my financial situation.	0.87
FA6	My muscles feel tense because of worries about my financial situation.	0.91
FA7	I feel fatigued because I worry about my financial situation.	0.88
	Financial Stress Scale ($\alpha = .95$)	

FS8	I feel stress about my personal finances in general.	0.92
FS9	I worry about being able to fulfil monthly financial commitment.	0.87
FS10	I worry about having enough money to pay for daily expenses.	0.89
FS11	I feel stress thinking about the total amount of money that I owe.	0.75
FS12	I feel stress thinking about my credit card debt.	0.79
FS13	I feel helpless in dealing with the financial problems in my life.	0.81
	Financial Difficulty Scale ($\alpha = .95$)	
FD14	I could not pay electricity, gas or telephone bills on time.	0.86
FD15	I could not pay the mortgage or rent on time.	0.76
FD16	I pawned or sold something.	0.79
FD17	I went without meals.	0.83
FD18	I was unable to heat home.	0.80
FD19	I asked for financial help from friends or family.	0.74
FD20	I asked for help from welfare/community organizations.	0.82
	Financial Ability Scale ($\alpha = .95$)	
DV21	The cost of paying ECCE is expensive and increasing but I can still afford it.	0.71
DV22	The cost of paying ECCE does not strain my finances every month.	0.69
DV23	The cost of paying ECCE is lower than paying my home commitment.	0.64
DV24	The cost of paying ECCE is lower than paying my transportation cost.	0.78
DV25	The cost of paying ECCE is lower than my family's monthly food and drink expenses.	0.83
DV26	I never felt worried about paying for ECCE.	0.94
DV27	I never worry if the income is not enough to meet the needs of the rest of the family due to paying ECCE.	0.72
DV28	I have never felt stressed about the cost of paying for ECCE.	0.88

A total of 387 self-administered questionnaires were distributed to the low-income and medium-income groups of parents in various background. The quantitative approach in this study uses cross-sectional questionnaire instruments. This means that data is collected only once from the sample at any one time. In this study inferential statistics were carried out using the correlation test. Pearson's correlation analysis is used to look at the relationship between two or more variables, but does not mean giving a causal relationship between the variables.

4 Results and Findings

Pearson Correlation Analysis is used by making an assessment of the strength of the relationship between two variables using the correlation coefficient (r). The value of the correlation coefficient is a relative value in indicating the strength scale between strong (1) to weak (-1). This analysis is carried out after the researcher completes the pre-requisites that need to be complied with. In this study,

Pearson Correlation analysis is used to identify whether there is a relationship between financial stress and depression among B40 and M40 parents to paying the cost of ECCE.

Table 2: Result of Pearson Correlation

Variable(s)	Financial Ability
Financial Anxiety	$r = 0.50$
Financial Stress	$r = 0.64$
Financial Difficulty	$r = 0.63$
Relationship Strength	Strong

The results of Pearson's correlation coefficient are shown as in Table 2 which shows that there is a positive and significant relationship of financial constrains (financial anxiety, financial stress and financial difficulty) and financial ability to paying the cost of ECCE among B40 and M40 parents. There is a positive significant relationship financial constraint among B40 and M40 parents to paying the cost of ECCE. The correlation coefficient value indicates a strong relationship of Financial Anxiety ($r=0.5$, $p<0.01$), Financial Stress ($r=0.64$, $p<0.01$), and Financial Difficulty ($r = 0.63$, $p<0.01$).

5 Conclusion

The issue of the cost of living has become a major concern affecting Malaysian households especially for low-income parents. Recently, Malaysians are worried about the cost of childcare and early childhood education, forcing them to plan accordingly for the number of children based on their respective capabilities. If this situation persists, Malaysia will face demographic imbalances as well as population survival in the future. For the low-income and medium-income groups of parents, their struggling to raise their children will be affected their emotion and mental well-being. The stress that occurs in the family has a negative impact on the emotions, psychology and mentality of family members. Other effects such as social problems, poor quality family relationships and disturbed psychological development of children. Therefore, a positive coping strategy is needed to better manage family stress. Hence, the implications are that the government has to provide child care financial assistance such as vouchers, certificates, or subsidies and make ECCE fees more affordable to help families with low-income pay for child care.

References

1. Abdullah, A. (2018). Kajian perbandingan terhadap isu dan perhatian dalam pendidikan awal kanak-kanak di Malaysia dan Jepun. *Jurnal Al-Sirat*, 1(17), 150-172.
2. Abdul Wahab, M.,A. Shahiri, H.I., Mansur, & Zaidi, M.A.S (2018). Kos Sara Hidup Tinggi di Malaysia: Pertumbuhan Pendapatan Isi Rumah yang Perlahan atau Taraf Hidup yang Meningkatkan? *Jurnal Ekonomi Malaysia* 52(1) 2018 117 – 133 <http://dx.doi.org/10.17576/JEM-2018-5201-10>
3. Ambert, A. M. (2020). *Parents, children, and adolescents: Interactive relationships and development in context*. Routledge.

4. Arshat, Z., Pai, F. S., & Ismail, Z. (2018). Keluarga B40: Tekanan dan kekuatan B40 family: Stress and strength. *Journal of Advanced Research in Social and Behavioural Sciences Journal Homepage*, 10(1), 91-102.
5. Bakar, N. F. A., & Ahmad, M. (2020). Mengenalpasti faktor imej kedai (KR1M) dalam mempengaruhi pengurusan kos sara hidup: Identify the factor of store image (KR1M) in affecting consumer management in cost of living. *EDUCATUM Journal of Social Sciences*, 6(2), 1-9.
6. Choi, S. L., Heo, W., Cho, S. H., & Lee, P. (2020). The links between job insecurity, financial well-being and financial stress: A moderated mediation model. *International Journal of Consumer Studies*, 44(4), 353-360.
7. Fatimawati, I., Badiozaman, A., Mahdi, A., & Bakri, H. M. (2021). Stress in digital environment: The importance of digital wellbeing.
8. Ibrahim, A. Z., & Mazlan, N. N. (2021). *Covid-19: Jaminan Bekalan Makanan B40* (UUM Press). UUM Press.
9. Rahman, M., Isa, C. R., Masud, M. M., Sarker, M., & Chowdhury, N. T. (2021). The role of financial behaviour, financial literacy, and financial stress in explaining the financial well-being of B40 group in Malaysia. *Future Business Journal*, 7, 1-18.
10. Ra, J. S., & Gang, M. (2016). Depression moderates between physical activity and quality of life in low-income children. *Applied Nursing Research*, 29, e18-e22.
11. Robillard, R., Saad, M., Edwards, J., Solomonova, E., Pennestri, M. H., Daros, A., ... & Kendzerska, T. (2020). Social, financial and psychological stress during an emerging pandemic: observations from a population survey in the acute phase of COVID-19. *BMJ open*, 10(12), e043805.
12. Siti Marziah Zakaria, Nurul Shafini Shafuridin, Noremy Md. Akhir, Suzana Mohd Hoesni, dan Jamiah Manap. (2019). *Cabaran Hidup Ibu Tunggal: Kesan Terhadap Kesejahteraan Emosi*. *Internatiol Journal Of Education Psychology and Counseling*. Fakulti Sains Sosial dan Kemanusiaan, UKM, Bangi, Selangor.
13. Umberson, D., & Thomeer, M. B. (2020). Family matters: Research on family ties and health, 2010 to 2020. *Journal of Marriage and Family*, 82(1), 404-419.
14. Wahab, N. A., Masren, S. N. A. B., & Abdullah, M. B. (2023). *1068-Inisiatif Pemerksaan Wanita Dalam Sektor Ekonomi Dan Pekerjaan Di Malaysia: Tinjauan Awal*.
15. Younis, S., & Eberhardt, J. (2024). Heat or Eat: Exploring the Impact of the Cost-Of-Living Crisis on Single parents' Mental Wellbeing in the United Kingdom. *Journal of Poverty*, 1-25.