

Lifestyle Priorities and Homeownership Decisions among *Malaysian Civil Servants: A Behavioural Finance Perspective*

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Abstract

The rising cost of living and property prices in Malaysia have intensified housing affordability challenges among civil servants. This quantitative cross-sectional study examines how lifestyle spending priorities, psychological and social factors, and perceived barriers and opportunities influence financial wellbeing and homeownership status, with financial management tested as a mediating mechanism. Data were collected through an online survey of 411 Malaysian civil servants and analysed using descriptive statistics, Pearson correlation, multiple regression, binary logistic regression, and Hayes's PROCESS macro with 5,000 bootstrap samples. The results show that 48.7% of respondents owned a home, while the largest income group earned RM3,000–RM4,999 per month. Financial management showed the strongest association with homeownership odds (OR = 2.18), whereas lifestyle spending priorities were negatively associated with homeownership (OR = 0.71). The financial wellbeing model explained 68.7% of the variance, while the homeownership model explained 29.4%. Mediation analysis indicated that financial management transmitted the effects of lifestyle spending priorities and perceived barriers and opportunities to both financial wellbeing and homeownership, while the indirect effects of psychological and social factors were less consistent. The findings support Mental Accounting Theory and Behavioural Finance Theory by showing that stable employment alone does not automatically translate into housing attainment when spending priorities, savings discipline, and perceived barriers shape the pathway to ownership. The study suggests that housing policy for civil servants should combine structural housing support with targeted financial management interventions.

Keywords: Behavioural finance, Malaysian civil servants, Financial management, Financial wellbeing, Homeownership

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1.0 INTRODUCTION

Housing affordability has emerged as a critical challenge for middle-income households worldwide, and Malaysian civil servants face particular pressures from stable, yet modest incomes set against rising property prices (Subramaniam et al., 2024). Recent Malaysian affordability evidence places housing costs above the conventional 3.0 median multiple benchmarks, indicating persistent affordability pressure for middle-income households (Bank Negara Malaysia, 2023; Subramaniam et al., 2024). This affordability gap forces many civil servants to balance immediate lifestyle needs with long-term homeownership goals.

The relationship between lifestyle spending decisions and long-term financial goals such as homeownership represents an important area of behavioural finance research (Tan, 2021). While traditional economic models assume rational decision-making, empirical research demonstrates that psychological factors, social influences, and cognitive biases play a central role in shaping the financial habits that determine financial wellbeing and homeownership potential (Singh et al., 2023). These dual outcomes are particularly significant for civil servants, as financial wellbeing affects their daily quality of life and workplace productivity (Sabri & Aw, 2020), while homeownership represents long-term financial security and wealth accumulation. Civil servants represent a useful population for examining behavioural finance factors in housing decisions because their employment stability minimises income-uncertainty effects, while their middle-income status places them at the centre of Malaysia's housing affordability challenges.

Despite various government housing programmes, Malaysian civil servants face persistent challenges in achieving financial wellbeing and homeownership success. Recent evidence on the *Program Perumahan Penjawat Awam Malaysia* (PPAM) similarly indicates that programme effectiveness depends not only on housing provision, but also on awareness, accessibility, implementation, features, and user satisfaction among public servants (Ab Wahid et al., 2025). National statistics reported that 76.5% of Malaysian households owned their living quarters in 2022 (Department of Statistics Malaysia, 2023), yet many civil servants still struggle to translate stable employment into financial wellbeing and homeownership success due to competing financial priorities and behavioural factors (Abdul, 2022). The central

challenge involves understanding how lifestyle spending choices influence both immediate financial wellbeing and long-term homeownership objectives, as the behavioural processes driving these financial decisions remain poorly understood. Many aspire to own property, but a substantial share of discretionary income may be allocated to lifestyle-related expenditure such as vehicles, technology, entertainment, and social activities, which can limit the capacity to save for a home.

Muhammad Zamri et al. (2021) identify financial capability as the crucial factor shaping housing preferences among young civil servants, more important than neighbourhood quality or location. However, limited research has examined how lifestyle spending priorities simultaneously affect financial wellbeing and homeownership outcomes within this population. Although prior studies have linked behavioural biases and financial behaviour to housing and financial wellbeing decisions (Mahdzan et al., 2023; Singh et al., 2023; Tan, 2021), the mediating role of financial management among Malaysian civil servants has received limited empirical attention. This study addresses these gaps by examining how lifestyle priorities, psychological and social factors, and perceived barriers and opportunities influence civil servants' financial wellbeing and homeownership status, using financial management as a mediating mechanism and age and income as control variables. The findings are intended to guide targeted housing policy and financial literacy initiatives that address both behavioural and structural barriers to sustainable homeownership.

This study therefore asks how financial management mediates the relationship between behavioural factors and financial outcomes among Malaysian civil servants. Financial management is hypothesised to mediate the effects of lifestyle priorities, psychological and social factors, and structural barriers and opportunities on financial wellbeing and homeownership achievement.

■ 2.0 LITERATURE REVIEW

Lifestyle spending priorities refer to everyday allocation decisions between present consumption and future financial goals, including savings for housing (Fernandes et al., 2014; Xiao & Porto, 2017). In Malaysia, these priorities are shaped not only by individual preferences but also by social and cultural expectations. Ceremonial and social obligations, for example, may create financial pressure by encouraging spending that competes with longer-term goals such as savings, debt reduction, and housing preparation (Nik Maheran Nik Muhammad, 2024). For civil servants, who generally receive stable but modest salaries, repeated allocation of income to lifestyle-related expenditure may reduce the resources available for down-payment accumulation, mortgage readiness, and other housing-related commitments. Lifestyle spending choices can therefore weaken the capacity of Malaysian civil servants to pursue homeownership, even when their employment status appears financially secure.

Financial behaviour among civil servants also reflects psychological and social influences. The Theory of Planned Behaviour explains that attitudes, subjective norms, and perceived behavioural control shape individual choices (Ajzen, 1991). In the financial domain, these influences affect how individuals prioritise consumption, saving, borrowing, and long-term planning. Among civil servants, social expectations and household obligations may interact with stable but modest income structures, shaping how individuals organise their financial priorities (Mahdzan et al., 2023; Mahfuzur Rahman et al., 2021). These pressures are also linked to mental accounting, where individuals separate funds into different psychological categories, sometimes prioritising short-term spending over long-term commitments (Thaler, 1985). Social comparison further reinforces these tendencies, as individuals may benchmark their lifestyle, consumption, or housing choices against peers (Festinger, 1954). Together, these psychological and social factors create decision-making environments that influence both immediate financial wellbeing and long-term homeownership preparation.

Civil servants in Malaysia also face structural constraints when buying a home. Many prospective buyers do not have sufficient savings to cover a 10% down payment, and some financing arrangements may require as much as 20% (Bank Negara Malaysia, 2023). Applying for home financing also involves documentation, eligibility checks, and assessment of repayment capacity. Lenders typically consider income stability, debt commitments, and affordability, while affordable homes in popular urban areas remain scarce (Subramaniam et al., 2024). These constraints reflect wider systematic gaps in Malaysia's affordable housing schemes, including supply-demand mismatch, rising prices, delivery delays, and limitations in scheme delivery and management (Willis & Mohsin, 2025). At the same time, civil servants may access public-sector housing financing facilities administered by the Public Sector Home Financing Board (LPPSA), including facilities for completed houses, houses under construction, refinancing, and renovation (LPPSA, 2024). However, such facilities do not fully remove affordability, savings, and eligibility constraints. Access to finance may improve the pathway to ownership, but it does not automatically ensure that households are financially prepared for long-term housing commitments.

Financial management is therefore central to understanding how behavioural and structural factors translate into financial outcomes. It refers to the knowledge and skills needed to plan, execute, and monitor personal financial decisions, linking lifestyle choices to financial outcomes (Xiao & Porto, 2017). Fernandes et al. (2014) show that budgeting, saving, debt management, and goal-setting are associated with better financial outcomes, suggesting that strong financial management can partly offset income limitations. In the context of Malaysian civil servants, effective financial management may help individuals organise savings, manage housing debt, and build homeownership funds while preserving emergency reserves. This is important because housing decisions require sustained preparation rather than a single financial decision. A household may have stable employment and access to financing, yet still struggle to accumulate sufficient upfront savings or maintain repayment capacity if financial management practices are weak.

Financial wellbeing provides another important link between spending priorities and homeownership decisions. It refers to how secure individuals feel about their finances, how satisfied they are with their financial situation, and how confident they are in meeting current and future obligations. Mahdzan et al. (2023) report that financial distress remains widely observed among Malaysian employees, with implications for civil servants. Sabri and Aw (2020) link financial stress with workplace productivity, while Ahmad et al. (2022) show that stress among public service employees is shaped by organisational and job-demand factors. Together, these studies suggest that financial wellbeing matters not only for personal living conditions but also for work-related functioning. For civil servants, financial strain may therefore affect both household stability and broader occupational performance.

Homeownership remains a major financial milestone because it provides residential security and an opportunity for wealth accumulation (Zulkifli & Ismail, 2023). Muhammad Zamri et al. (2021) show that, among young Malaysian civil servants, financial capability is the foremost driver of housing decisions, exceeding neighbourhood quality or location in importance. Their findings suggest that homeownership challenges among civil servants cannot be explained by preference alone; they are closely linked to financial readiness, affordability, and the ability to convert stable employment into housing attainment. Although public-sector financing facilities can support access to housing finance, civil servants may still struggle with down-payment preparation, repayment capacity, and long-term affordability (Bank Negara Malaysia, 2023; LPPSA, 2024; Subramaniam et al., 2024). Stable employment may improve perceived creditworthiness, yet modest incomes relative to property prices continue to constrain the homeownership pathway.

Age and income are also important control variables in this relationship. Age reflects life-stage priorities, with homeownership motivation often increasing after age 30 among Malaysian civil servants (Abdul, 2022). Income, shaped by service grade and tenure, directly affects saving capacity, repayment ability, and the trade-off between current consumption and housing preparation (Mahdzan et al., 2023). Higher-earning civil servants are more likely to align lifestyle spending with homeownership goals, while lower-income employees face sharper pressure between present needs and future ownership.

Although existing studies have examined lifestyle spending, financial behaviour, financial wellbeing, and housing preferences, fewer have examined how these elements operate together among Malaysian civil servants. Most studies treat financial wellbeing and homeownership separately, while the mediating role of financial management remains under-examined. This study addresses that gap by investigating how lifestyle priorities, psychological and social factors, and perceived barriers and opportunities influence both financial wellbeing and homeownership status, with financial management treated as the mediating mechanism and age and income included as control variables.

3.0 THEORETICAL FOUNDATION AND CONCEPTUAL FRAMEWORK

This study draws on Mental Accounting Theory and Behavioural Finance Theory, two complementary behavioural economics perspectives that offer insight into the financial decision-making processes of civil servants. Mental Accounting Theory (Thaler, 1985) holds that people mentally separate their financial resources into different "accounts" based on the origin or purpose of each fund. While such cognitive partitioning can aid budgeting and decision-making, it can also produce suboptimal outcomes when individuals fail to evaluate their overall financial circumstances. Applied to Malaysian civil servants, this theory describes the tendency to reserve funds for immediate consumption, such as socialising or electronic purchases, while long-term goals such as housing or retirement savings receive insufficient attention.

Building on Kahneman and Tversky's (1979) foundational work, behavioural finance theory sheds light on systematic deviations from rational decision-making. Present bias, for instance, leads individuals to favour immediate rewards over more substantial long-term benefits; loss aversion means that the distress associated with a loss outweighs the satisfaction of an equivalent gain; and status quo bias reflects a persistent preference for existing conditions even when change could yield better outcomes. In homeownership contexts, these biases can strongly influence decision-making, as the immediate burden of loan repayment or saving for a down payment typically appears larger than the promise of future financial stability and wealth building, leading some potential purchasers to postpone or abandon homeownership decisions.

Drawing on these theoretical foundations, the conceptual framework for this study (Figure 1) positions financial management as a mediating mechanism that links three antecedents, lifestyle spending priorities, psychological and social factors, and perceived barriers and opportunities, to two outcomes: financial wellbeing and homeownership status. Age and income are included as control variables in all analyses.

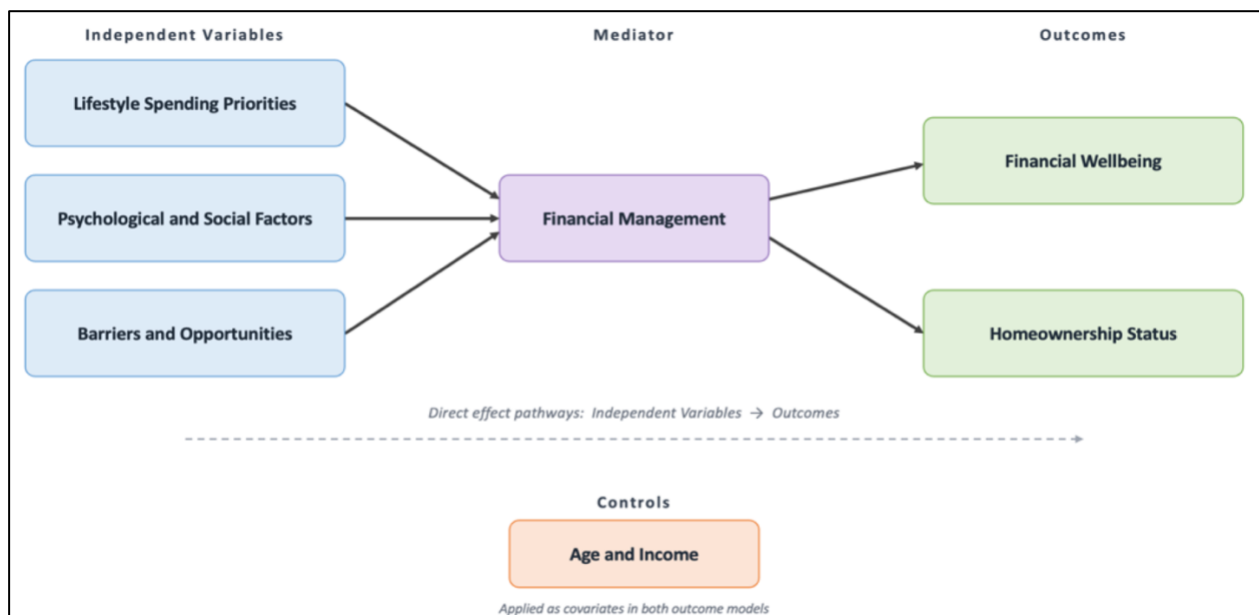


Figure 1 Conceptual framework of the study
(Source: Author's own work, 2025)

■4.0 METHODOLOGY

This study employed a quantitative cross-sectional survey design to examine how lifestyle spending priorities, psychological and social factors, and perceived barriers and opportunities influence two outcomes, financial wellbeing and homeownership status, among Malaysian civil servants, with financial management posited as a mediator and age and income as control variables.

The study targeted Malaysian civil servants across multiple ministries and departments. A convenience sampling strategy was used to obtain responses from different service grades, age groups, and geographical locations. Based on Krejcie and Morgan's (1970) sample size guideline for large populations, a minimum sample of approximately 384 respondents was considered adequate. The online survey was distributed through Google Forms over a four-week period from March to April 2025, yielding 411 valid responses. The sample included respondents across service grades, age groups, and geographical locations, although the convenience sampling approach limits the generalisability of the findings to the broader Malaysian civil-servant population.

Each construct was measured using a structured five-item scale anchored on a five-point Likert-type response format ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The construct scores were treated as observed composite measures in the regression and mediation analyses. Homeownership status was coded 1 = owns home and 0 = does not own home. Age and income categories were recoded to midpoints for use in regression analyses.

Data were analysed in SPSS 28.0. Internal consistency was assessed via Cronbach's alpha, and descriptive statistics were generated. Pearson correlations were computed among all constructs to examine bivariate relationships and assess multicollinearity concerns. Multiple regression analyses were undertaken to investigate predictors of both dependent variables: ordinary least squares regression for financial wellbeing (continuous variable) and binary logistic regression for homeownership status (binary variable) to estimate odds ratios and confidence intervals.

Mediation analyses were conducted using Hayes's PROCESS macro (Model 4) with 5,000 bootstrap samples (Hayes, 2018). PROCESS was selected over a partial least squares structural equation modelling (PLS-SEM) approach because the analytical objective was to test mediation using observed composite scores rather than to estimate a full measurement and structural model with latent variables. PROCESS provides ordinary least squares and logistic regression-based mediation with bias-corrected bootstrapped confidence intervals for indirect effects, which is appropriate for the present sample size and for models that include a binary outcome (homeownership status). It also offers a parsimonious and replicable framework for testing single-mediator models without the additional model-fit and convergence requirements associated with PLS-SEM.

Separate mediation models were estimated for each dependent variable, examining whether financial management mediates the relationships between the three independent variables and the outcomes. Given their established associations with homeownership in prior research (Brown & Lafrance, 2013), age and income were included as control variables in all analyses. Bootstrapped 95% confidence intervals were generated for all indirect effects; an indirect effect was considered significant if its confidence interval did not include zero.

■5.0 RESULTS

5.1 Respondent Profile and Reliability

Cronbach's alpha coefficients (Table 1) confirmed that all constructs exhibited good to excellent internal consistency: lifestyle spending priorities ($\alpha = 0.82$), psychological and social factors ($\alpha = 0.79$), barriers and opportunities ($\alpha = 0.76$), financial management ($\alpha = 0.84$), and financial wellbeing ($\alpha = 0.87$). All values were comfortably above the 0.70 benchmark (Nunnally, 1978), supporting confidence that the measures reliably captured the intended dimensions.

Table 1 Cronbach's alpha for each construct

Construct	Cronbach's α
Lifestyle Spending Priorities	0.82
Psychological and Social Factors	0.79
Barriers and Opportunities	0.76
Financial Management	0.84
Financial Wellbeing	0.87

(Source: Author's own work, 2025)

Among the 411 civil-servant respondents, 69.6% were female. The selected respondent profile shows that 36.0% were aged 30-39 and 37.0% were aged 40-49 (Table 2). A majority (66.4%) occupied Grade 1-8 positions, 41.1% reported a monthly income of RM3,000-RM4,999, and the homeownership rate was 48.7%. Because Table 2 reports selected profile categories rather than the full distribution of every category, the findings should be interpreted in light of the under-representation of junior (under 30) and senior (50+) personnel. Despite steady employment and moderate incomes, fewer than half of respondents owned their homes, pointing to persistent structural and behavioural factors, including down-payment requirements and loan qualification criteria, that may impede homeownership even among stably employed civil servants.

Table 2 Selected respondent profile (N = 411)

Variable	Category	n	%
Gender	Female	286	69.6
	Male	125	30.4
Age (years)	30–39	148	36.0
	40–49	152	37.0
Service Grade	Grades 1–8	273	66.4
	Management & Professional	124	30.2
Monthly Income (RM)	3,000–4,999	169	41.1
Homeownership Status	Own home	200	48.7

(Source: Author's own work, 2025)

5.2 Correlation Analysis

Pearson correlation analyses (all $p < 0.01$) revealed significant associations among the five primary constructs while suggesting that multicollinearity was unlikely to be severe, as no correlations exceeded 0.80 (Table 3). The strongest relationship emerged between lifestyle spending priorities and psychological and social factors ($r = 0.742$), suggesting that these dimensions capture related yet distinct facets of financial behaviour. Barriers and opportunities correlated substantially with financial management ($r = 0.627$) and financial wellbeing ($r = 0.672$), underscoring the influence of perceived obstacles and supports on financial outcomes. Most notably, financial management and financial wellbeing exhibited a robust positive correlation ($r = 0.797$), aligning with theoretical expectations that sound financial practices enhance overall wellbeing.

The strong correlation between lifestyle spending priorities and psychological and social factors is consistent with behavioural finance arguments that financial decisions are shaped by present-oriented preferences, social comparison, and mental allocation processes (Festinger, 1954; Thaler, 1985). Similarly, the high association between financial management and financial wellbeing mirrors Mahfuzur Rahman et al.'s (2021) results on financial behaviour as a key antecedent of wellbeing.

Table 3 Pearson correlation matrix

Variable	1	2	3	4	5
1. Lifestyle Spending Priorities	1.000	0.742	0.170	0.147	0.232
2. Psychological and Social Factors	0.742	1.000	0.303	0.231	0.277
3. Barriers and Opportunities	0.170	0.303	1.000	0.627	0.672
4. Financial Management	0.147	0.231	0.627	1.000	0.797
5. Financial Wellbeing	0.232	0.277	0.672	0.797	1.000

Note. All correlations significant at $p < 0.01$.

(Source: Author's own work, 2025)

5.3 Regression Results

The multiple regression model for financial wellbeing explained a substantial portion of variance, $R^2 = 0.687$, $F(6, 404) = 149.32$, $p < 0.001$ (Table 4), indicating that the predictors collectively provide a strong account of individuals' perceived financial wellbeing.

Table 4 Direct effects on financial wellbeing

Predictor	β	SE	t	p	95% CI
Age (control)	0.089	0.043	2.07	0.039	[0.004, 0.174]
Income (control)	0.112	0.041	2.73	0.007	[0.031, 0.193]
Lifestyle Spending Priorities	-0.145	0.039	-3.72	< 0.001	[-0.222, -0.068]
Psychological and Social Factors	0.098	0.042	2.33	0.020	[0.015, 0.181]
Barriers and Opportunities	0.234	0.038	6.16	< 0.001	[0.159, 0.309]
Financial Management	0.512	0.045	11.38	< 0.001	[0.423, 0.601]

(Source: Author's own work, 2025)

Both control variables demonstrated significant positive effects on financial wellbeing. Age ($\beta = 0.089$, $p = 0.039$) and income ($\beta = 0.112$, $p = 0.007$) indicated that older and higher-earning civil servants reported better financial wellbeing, consistent with life-cycle theory (Modigliani & Brumberg, 1954). These results indicate that, although demographic and attitudinal factors meaningfully contribute to financial wellbeing (Zulkifli & Ismail, 2023), behavioural practices and contextual enablers exert a more pronounced influence (Singh et al.,

2023). Interventions that strengthen personal financial management skills and address structural barriers are therefore likely to produce the largest gains in civil servants' financial wellbeing.

The binary logistic regression model predicting homeownership status (Table 5) was statistically significant, $\chi^2 = 89.45$, $p < 0.001$, explaining approximately 29.4% of the variance (Nagelkerke $R^2 = 0.294$).

Table 5 Direct effects on homeownership

Predictor	OR	SE	z	p	95% CI
Age (control)	1.42	0.185	2.67	0.008	[1.10, 1.84]
Income (control)	1.58	0.196	3.64	< 0.001	[1.25, 2.01]
Lifestyle Spending Priorities	0.71	0.089	-2.85	0.004	[0.56, 0.90]
Psychological and Social Factors	0.94	0.115	-0.51	0.610	[0.74, 1.19]
Barriers and Opportunities	1.15	0.132	1.21	0.226	[0.92, 1.44]
Financial Management	2.18	0.287	5.92	< 0.001	[1.71, 2.78]

(Source: Author's own work, 2025)

Control variables behaved as anticipated: higher age was associated with increased odds of homeownership (OR = 1.42, $p = 0.008$), and higher income levels raised the odds by 58% (OR = 1.58, $p < 0.001$). Older and better-paid civil servants were therefore more likely to own homes, consistent with life-cycle theory and prior housing research (Brown & Lafrance, 2013). Although age and income significantly predicted homeownership, their effect sizes were smaller than that of financial management (OR = 2.18). In this model, financial management showed a stronger association with the odds of homeownership than did the demographic controls, indicating that behavioural practices play a particularly important role in civil servants' homeownership outcomes.

5.4 Mediation Analysis

Mediation analyses using Hayes's PROCESS macro (Model 4) with 5,000 bootstrap samples examined whether financial management mediated the relationships between the antecedent variables and the two outcomes. Bootstrap mediation indicated significant indirect effects for lifestyle spending priorities and barriers and opportunities on both outcomes, while the indirect effects of psychological and social factors were less consistent (Tables 6 and 7).

Table 6 Indirect effects on financial wellbeing through financial management

Independent Variable	Indirect Effect (ab)	SE	95% CI
Lifestyle Spending Priorities	-0.160	0.04	[-0.24, -0.08]
Psychological and Social Factors	0.061	0.03	[0.00, 0.12]
Barriers and Opportunities	0.187	0.04	[0.11, 0.27]

(Source: Author's own work, 2025)

Table 7 Indirect effects on homeownership through financial management

Independent Variable	Indirect Effect (ab)	SE	95% CI
Lifestyle Spending Priorities	-0.098	0.03	[-0.16, -0.04]
Psychological and Social Factors	0.039	0.02	[-0.01, 0.09]
Barriers and Opportunities	0.121	0.04	[0.05, 0.20]

(Source: Author's own work, 2025)

Financial management thus emerged as a key mediating mechanism through which structural perceptions (barriers and opportunities) and spending priorities (lifestyle spending) translated into financial wellbeing and homeownership outcomes. The inconsistent indirect effects for psychological and social factors suggest that, to improve civil servants' financial outcomes, targeted interventions focused on building money-management skills and addressing structural obstacles are likely to be more effective than interventions focused exclusively on social or psychological dimensions.

6.0 DISCUSSION

These findings provide empirical support for both Mental Accounting Theory and Behavioural Finance Theory in the Malaysian civil-servant context. The result that greater emphasis on lifestyle spending was associated with reduced odds of homeownership (OR = 0.71) is consistent with Thaler's (1985) Mental Accounting framework: by allocating separate "budgets" for immediate consumption, civil servants may systematically underfund their long-term "accounts" earmarked for homeownership. Civil servants who prioritise lifestyle spending appear to mentally segregate these expenditures from homeownership savings, leading to suboptimal financial allocation despite stable incomes.

Financial management's mediating role reinforces the central claim of behavioural finance that individuals systematically deviate from purely rational decision-making. The pattern of results is consistent with the behavioural-finance proposition (Kahneman & Tversky, 1979) that present bias may lead civil servants to favour immediate lifestyle gratifications, such as vehicles, gadgets, or entertainment, over the long-term benefits of homeownership. The strong association between financial management and homeownership ($OR = 2.18$) indicates that those who counteract these behavioural tendencies through disciplined financial practices are more likely to achieve homeownership goals. Loss aversion and status quo bias may further contribute to delayed action: the immediate burden of saving for a down payment or committing to long-term repayment can feel more salient than the future benefits of ownership, reinforcing inertia in housing decisions.

The mediation analysis indicated that financial management is a crucial pathway through which lifestyle priorities and perceived structural conditions influence financial wellbeing and homeownership. The two mediation pathways suggest that effective interventions should simultaneously target short-term spending habits and core financial management skills. This finding is consistent with the view that behavioural influences play an important role alongside traditional economic determinants in housing decisions (Singh et al., 2023; Tan, 2021).

The significant indirect effect of barriers and opportunities also suggests that structural conditions shape outcomes partly through their influence on financial management. When civil servants perceive housing access as difficult, expensive, or administratively demanding, these perceptions may affect how they organise savings, manage debt, and prepare for ownership. This interpretation is consistent with evidence that housing affordability pressures in Malaysia are shaped by income constraints, financing capacity, and access to suitable housing options (Bank Negara Malaysia, 2023; Subramaniam et al., 2024). It also aligns with prior work showing that financial capability and financial behaviour influence housing preferences and financial wellbeing among Malaysian households and civil servants (Mahdzan et al., 2023; Muhammad Zamri et al., 2021). Behavioural interventions should therefore not be treated as substitutes for structural housing support; rather, they work best when paired with accessible financing, clearer information, and realistic affordability pathways, including public sector housing financing facilities such as those administered by the LPPSA.

7.0 CONCLUSION AND RECOMMENDATIONS

This study found that Malaysian civil servants face a range of impediments to homeownership that extend beyond income. Although they recognise the importance of property ownership, their daily financial decisions significantly affect their capacity to attain housing. Financial management emerged as the most influential factor associated with homeownership in the present model, showing a stronger association than income alone. This finding is consistent with prior evidence that financial behaviour, financial capability, and financial wellbeing play important roles in shaping household financial outcomes (Mahdzan et al., 2023; Mahfuzur Rahman et al., 2021).

The analysis indicates that prioritising immediate lifestyle expenditure poses a real barrier to homeownership. Even after controlling for income and demographic differences, civil servants who directed their resources toward short-term consumption showed markedly lower homeownership rates. Conversely, those with stronger financial management practices were better positioned to overcome these behavioural challenges and achieve more favourable housing outcomes. This supports the behavioural finance argument that financial decisions are shaped not only by income capacity but also by cognitive tendencies, present-oriented preferences, and financial management behaviour (Kahneman & Tversky, 1979; Thaler, 1985; Xiao & Porto, 2017).

The findings suggest that strong financial management links everyday spending decisions to successful homeownership. Efforts to raise homeownership rates among civil servants should therefore go beyond boosting incomes or expanding housing schemes; they should also include measures that strengthen financial decision-making and money-management skills. This is particularly relevant because housing affordability pressures in Malaysia remain closely connected to income constraints, financing capacity, and the ability of households to sustain long-term housing commitments (Bank Negara Malaysia, 2023; Subramaniam et al., 2024).

The findings underscore the need for tailored financial literacy programmes. Such programmes might include sessions on recognising and overcoming reluctance toward long-term loans, hands-on tools comparing the cumulative costs of renting versus buying over time, and practical workshops on managing the risks associated with housing finance. By targeting these behavioural barriers, such programmes can more effectively support civil servants in moving toward homeownership. This recommendation aligns with prior evidence that financial education and financial capability can improve financial satisfaction and downstream financial behaviour (Fernandes et al., 2014; Xiao & Porto, 2017).

Policymakers can also strengthen housing programmes by incorporating insights into how civil servants make financial decisions. Possibilities include offering repayment structures tailored to different income levels, providing down-payment assistance for lower-income civil servants to ease the upfront cost burden, and developing savings-linked housing support that encourages disciplined preparation for ownership. These measures should complement, rather than replace, existing public sector housing financing facilities such as those administered by the LPPSA, which remains central to housing financing access for Malaysian civil servants. By aligning programme features with how civil servants make financial decisions, structural improvements can address the behavioural and economic barriers that prevent many from achieving homeownership.

This study has several limitations. The cross-sectional design cannot capture behavioural changes over time or establish definitive causal relationships. Self-report data may be subject to social desirability bias, particularly regarding financial management. The study does not account for regional variations in house prices and cost of living that may influence homeownership decisions, and the data were collected at a single point in time, which may not reflect the effects of recent policy or economic changes. Convenience sampling further limits generalisability beyond the sample.

To deepen understanding of civil servants' financial behaviour, future studies may consider longitudinal designs that follow civil-servant cohorts and track the evolution of their financial decisions across careers; experimental designs that test the effectiveness of behavioural interventions for increasing homeownership rates; geospatial analyses that examine regional variations in financial behaviour and

homeownership rates; qualitative studies that explore the motivations and barriers civil servants encounter when making homeownership decisions; and policy analyses that assess the effectiveness of existing government housing programmes and recommend improvements.

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Conflict of Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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