

**FACTORS THAT INFLUENCE SAVING HABITS AMONG GEN Y:  
CASE STUDY ON STUDENTS OF POLITEKNIK SULTAN AZLAN SHAH**

**By**

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## ABSTRAK

Tujuan kajian ini adalah untuk mengkaji hubungan di antara faktor-faktor yang mempengaruhi tabiat menyimpan di kalangan Gen Y (pelajar Politeknik Sultan Azlan Shah). Kajian ini melibatkan empat (4) jabatan yang berbeza di Politeknik Sultan Azlan Shah iaitu Jabatan Perdagangan, Jabatan Kejuruteraan Mekanikal, Jabatan Kejuruteraan Elektrik dan Jabatan Kejuruteraan Awam. Objektif kajian adalah untuk mengenalpasti tabiat menyimpan Gen Y (pelajar di Politeknik Sultan Azlan Shah) dan untuk mengenalpasti faktor-faktor yang paling berpengaruh sama ada di kalangan celik kewangan, hubungan sosial bersama ibu bapa, pengaruh rakan sebaya serta kawalan diri. Kajian ini menggunakan tabiat menyimpan sebagai pembolehubah bersandar manakala pembolehubah bebas yang digunakan adalah celik kewangan (fl), hubungan sosial bersama ibu bapa (ps), pengaruh rakan sebaya (pi) dan kawalan diri (sc). Ujian Pekali Korelasi telah digunakan untuk mengkaji hubungan signifikan antara pembolehubah bebas dengan pembolehubah bersandar. Keputusan menunjukkan bahawa hubungan sosial dengan ibu bapa memainkan peranan yang paling penting dalam mempengaruhi tabiat menyimpan di kalangan pengaruh Gen Y, dan yang paling lemah adalah kawalan diri.

kata kunci: Gen Y, tabiat penjimatan, celik kewangan, pengaruh rakan sebaya, hubungan sosial dengan ibu bapa, kawalan diri

## ABSTRACT

The purpose of this study is investigating the significant relationship between factors that influence saving habits among Gen Y (students of the Politeknik Sultan Azlan Shah). This study was performed on four (4) different department in Politeknik Sultan Azlan Shah which are Commerce Department, Mechanical Engineering Department, Electrical Engineering Department and Civil Depart Department. The objective of this study is to investigate the saving habits of Gen Y (students at Politeknik Sultan Azlan Shah) and to identify which factors will be the most influential among financial literacy, parental socialization, peer influence and self control. The study used saving habits as a dependent variable and the independent variables used are financial literacy (fl), parental socialization (ps), peer influence (pi) and self control (sc). Person Correlation Coefficient analysis has been applied to examine the significant relationship between independent variables with dependent variables. The results show that Parental Socialization played the most important roles in influence saving habits among Gen Y, and the weakest is self control.

Keywords: Gen Y, saving habits, financial literacy, peer influence, parental socialization, self control

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## **LIST OF ABBREVIATIONS**

<b>PSAS</b>	<b>:</b>	<b>Politeknik Sultan Azlan Shah</b>
<b>SH</b>	<b>:</b>	<b>Saving Habits</b>
<b>FL</b>	<b>:</b>	<b>Financial Literature</b>
<b>PS</b>	<b>:</b>	<b>Parental Socialization</b>
<b>PI</b>	<b>:</b>	<b>Peer Influence</b>
<b>SC</b>	<b>:</b>	<b>Self-Control</b>
<b>AKPK</b>	<b>:</b>	<b>The Credit Counseling and Debt Management Agency</b>

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction**

Chapter one aims to explain the overview of the research topic. The background of the study is stated initially and problem statement has been clarified accordingly, followed by defining research objective, research questions, built up hypotheses and also discussed on the significance of this study. At the end, this chapter is concluded an outline of each chapter of this research.

### **1.2 Background of the Study**

The financial industry is an essential and very important which act as the backbone in our economy. In order to ensure the readiness of Malaysia's financial market players, the authority body, such as Bank Negara Malaysia and Finance Ministry need to identify and develop the framework of banking and financing facilities in order ensure the capabilities of related financial institutions to achieve Wawasan 2020. According to Bank Negara Malaysia (2014), the financial market players consisted of 27 of local and foreign commercial banks, 16 of Islamic banks, 5 of International Islamic banks, 15 of investment banks and 2 of other financial institutions in Malaysia. With the big numbers

of market player, it is quite tough competition in the financial industry in order to gain the confidence and market share. It is necessary for financial establishments in Malaysia to develop and strengthening their infrastructures, facilities and trusted services. This is also to ensure that they are ready to serve the nations' financial system as a whole (Lim, Sia, & Gan, 2011).

Nonetheless, to success in performing their role as financial institutions, most of the market players seem to attract Generation Y attentions' as Gen Y is becoming to be main contributor and expected to be fully involved in financial activities by year 2020 and onwards. Due to the uniqueness of Gen Y, financial institutions need to identify the factors influence saving habits of Gen Y. Gen Y also known with their highly involvement with technology (IT savvy), mobile application, tablets, love to try on new things, and love to make the express decision, and they also known as easily spend their money on unnecessary item (Shevlin, 2009).

### **1.3 Problem Statement**

Saving is an important tool to live a life, especially in the modern world, with high technology devices around. Someone with good saving habits normally will be able to manage his or her financial even with lower income, and compared to those who got higher paid salary, but if they don't know how to spend and save accordingly, this will give bad impact in their financial management skills, and worst case scenario will lead them to have bad debt. Saving also important to cater their needs during an emergency, such as accidents, pay their hospital bills, death of breadwinner and other unexpected

thing, and this may lead them to suffer financial problem. In order to make it in the actual world, students in the university are advised to save some money in hand, which can help during facing any difficulty which related to their financial (Norasikin, Norailis, Nurazalia, Rosnia, & Siti Nurulhuda, 2012).

Everybody can learn about how they can save their money, but without proper practice and guideline, furthermore with their bad habits on their spending, this will expose them to face difficulty to save their money. Saving habits can be learnt even from their childhood, and with good awareness and guideline which were fed by their parents. The habit can be exercised throughout their lifetime, initiating at an early age, during their schooling period, higher educational, and can be held along until they sustain their own income, live their own spirit, having own family and to during their retirement.

Otto (2012) highlighted that parents can help to develop skills of saving, and guide their children on the importance of saving their money. Yet, even with saving experience through their childhood, it is doubtful whether Gen Y can practice what have been learnt or not.

Financial institutions keep on promoting on the advantages, benefits and returns if consumer save or invest money via their facilities and services. From time to time, the financial institutions will be coming out with varieties of products and services to provide and attract all Malaysian. In this field, researcher will concentrate on Gen Y, which is going to be the primary focus. To market nowadays, most of the financial institutions are trying to attract Gen Y by offering products or services such as KWIK

Account by CIMB and MACH by Hong Leong Bank. These products were specially developed and designed for Gen Y. Nevertheless, the more products for Gen Y, the more risky the financial institution and also Gen Y will get affected.

Prime Minister of Malaysia, Datuk Seri Najib Tun Razak reminded that young generation need to manage their finances and also invests wisely for their own future. Even though the percentage of insolvency is still low among Gen Y, however, there will be an impact in future as Gen Y just started to build up their career and also their future (Bernama, 2014).

Table 1.1:

*Malaysia's Population Year 2010*

<b>Age Group</b>	<b>Malaysia</b>	<b>Non-Malaysian</b>	<b>Total</b>	<b>Percentage</b>
<b>0-14</b>	9,165,043	687174	9,8522,217	32%
<b>15-29</b>	7,577,262	361,369	7,938,631	25%
<b>30-44</b>	5,862,718	721,608	6,584,326	21%
<b>45-59</b>	4,168,906	285,780	4,454,686	14%
<b>60-74</b>	1,707,512	52,929	1,760,441	6%
<b>75 &amp; above</b>	537,354	14,970	552,324	2%

Source: Economic Planning Unit Malaysia 2010

With a population just about 31 million around the world, Gen Y, aged between 15-29 years old seem to contribute to 25% of the population in Malaysia for the year 2010



(EPU, 2014). Thus, with this high percentage, researcher find that it is important to study the power and ability of Gen Y in affecting Malaysia's financial industry due to the ability of Gen Y to use the products and services. The reason why researcher includes age of 15 years old, since nowadays it looked like they may contribute to less probability, but going forward, this group will be getting older, and they hold the ability to plan and influence the financial industry in the future. Thus, it is necessary for the financial institutions to give an attention to this group starting from as early as age of 15 years old.

(Christina & Irwan, 2010) discovered that Gen Y can't afford to purchase meals, pays their student fees, purchase books and clothes and they can't concentrate on their studies. This also indicates that Gen Y is having trouble to plan wisely on their financial and having difficulty to manage their money especially without proper financial skills.

Oracle (2010) believed that Gen Y love to buy unneeded things and proud of having credit cards and loans. This makes them an important segment for banks to explore and to gain more profit. Gen Y will continuously apply for credit card, enter into debit card facilities and loans which are more flexible and suits their needs. This trigger that the ability of Gen Y to save their money, as the offer of having debt is so simple with the facility to buy things they can't even afford it. However, another problem may arise for because of this, total cases of bankruptcy will increase; therefore financial institutions and policy maker need to come out with effective strategies to prevent bad debt as this will lower bank profit as well.

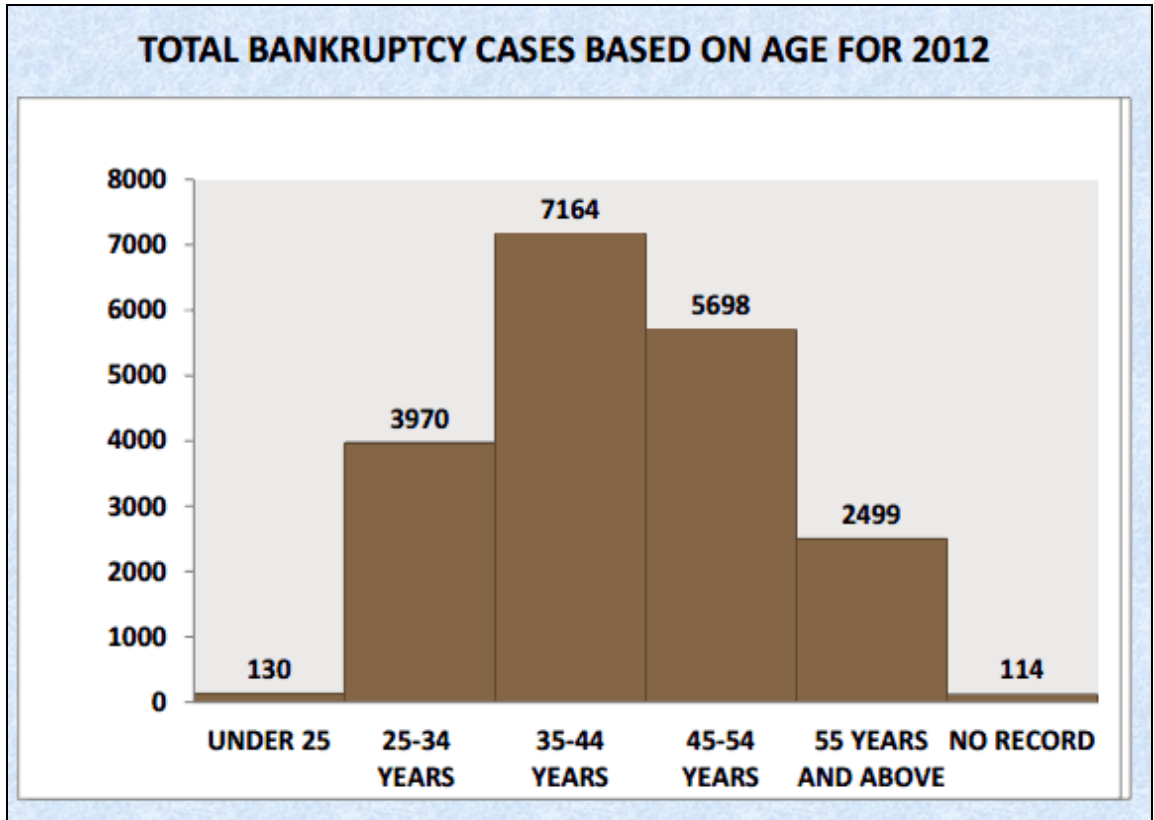


Chart 1.1

*Total Bankruptcy Cases Based on Age for 2012 (Malaysia)*

Source: Malaysia Department of Insolvency (2013)

Based on information attained from the Malaysia Department of Insolvency, 4,100 cases of Gen Y have been reported as bankruptcy in Malaysia in the year 2012 alone (MDI, 2014). This information gave negative indicators on Gen Y especially in their ability to manage their saving and spending. This finding also well supported by (Corinna, Tina, & Rosmini, 2004) that doubt the ability to exercise good financial management was prior to lack of financial management knowledge while studying. Students normally not practiced good cash management as they had an allowance from their parents and the awareness of financial management is really depressed.

Gen Y also purposely spends their money on unnecessary items such as IT gadget, car accessories, entertainments, fashions and other particulars, and this will lead them to financial troubles. This statement also well supported by Prof. Dr. Laily Paim from UPM (Utusan Online, 2012) which claimed that it is common nowadays that student at higher educational level don't practice good financial management. It is important to give attention as this will result more bankruptcy among Gen Y in the near future. Wan Norliza (2014) also reported that more than 41 Malaysians aged between 21 to 40 years old declared bankrupt everyday in Malaysia due to lack of knowledge in financial management. This also indicated that the inability of them plan their money by paying their debt, and whether they have any saving or non.

With the increasing numbers of bankruptcy in Malaysia, Bank Negara Malaysia came out with the initiative step to set up AKPK or The Credit Counseling and Debt Management Agency, in the year 2006. AKPK located at Maju Junction, Kuala Lumpur. The primary function of AKPK is to help those who are experiencing trouble with their finances, and to be more focus to aid those who are involved with debt troubles. AKPK acts as consultant, offers guidance and assistance on debt management. AKPK also helping the community by providing financial counseling services to public to overcome their financial problems since nowadays many Malaysians were having serious debt problems. Those who are experiencing the problems need to contact AKPK, and from there they will be assisted accordingly. AKPK will be the middle person between consumer and financial institutions in arranging payment of debts.

However, AKPK not only offered guidance and assistance for those who already in trouble, but they also provide financial education to public, schools, universities and others whereby they can be invited to give talks on awareness of good financial skills (AKPK, 2014).



Chart 1.2

### *Reasons for Default/ Debt Problems*

Source: Elizabeth (2014). As Living Costs Spike, More Malaysians Seek Help From Debt Counseling Centre

According to AKPK, as at 31 December 2013, the poor financial planning contributed highest percentage from those who look for guidance from AKPK which is 22.8% (above chart refers). This is followed by defaults or debt problem related to high medical

expenses (18.1%), failure or slowdown in business (15.3%), lost control on the usage of credit cards (11.1%), lost job or retrenched (11.1%) and other reasons.



Chart 1.3

*Type of Debt as at December 2013.*

Source: Elizabeth (2014). As Living Costs Spike, More Malaysians Seek Help From Debt Counseling Centre

Based on the type of debt, as at December 2013, under the category of types of debt, the majority of the debts was mainly contributed by debt in credit card which is 5%, followed debt in personal loan, 1.9 %, 1.7% of housing loans and 1.7% on hire purchase loans. This is also alarm need to perform saving habits among Gen Y, as Gen Y loves credit card.

With the information provided by AKPK, on poor financial planning, and varieties of debt which caused Malaysians to seek help or help from AKPK, the rising numbers of bankruptcy among Gen Y forces the researcher to focus on the factors which influence saving habits by Gen Y.

Thus, the researcher suggested that small children should be taught about cash management at an early stage, so that it will be applied once they pursue their studies. It is clearly stated that if they lack of financial literacy, this will influence their saving habits and this will give an impact while studying.

Instead of financial skills management or financial literacy, researcher aims to explore more on other factors that will give an impact on the saving habits, but to be more focus on students of Politeknik Sultan of Azlan Shah, Behrang. The researcher also have identified factors such as parental socialization, peer influence and self-control as the other influencing factors which affect their saving habits.

This study will be performed to identify multiple factors that are affecting Gen Y, students' saving habits and no study has been performed on Politeknik Sultan Azlan Shah's students before. Therefore, the study was based on the Theory of Planned Behavior and applied in investigating the factors that influence saving habits of Gen Y (students in Politeknik Sultan Azlan Shah, Behrang).

## 1.4 Research Question

Research questions being asked to see the overall relationship between the dependent variables (financial literacy, parental socialization, peer influence and self-control) and the independent variable (saving habits) of Gen Y (students at Politeknik Sultan Azlan Shah).

- i. Is there any significant relationship between saving habits and financial literacy of Gen Y (students of Politeknik Sultan Azlan Shah).
- ii. Is there any significant relationship between saving habits and parental socialization of Gen Y (students of Politeknik Sultan Azlan Shah).
- iii. Is there any significant relationship between saving habits and peer influence of Gen Y (students of Politeknik Sultan Azlan Shah).
- iv. Is there any significant relationship between saving habits self-control of Gen Y (students of Politeknik Sultan Azlan Shah).

## 1.5 Research Objective

The objective of this research is to investigate the saving habits of Gen Y (students at Politeknik Sultan Azlan Shah) and to identify which factors will be the most influential among self-control, parental socialization, parental socialization and peer influence.

Hence, researcher finding was mainly focused on a study on the factors that contributed to their saving habits.

- i. To determine the relationship between saving habits and financial literacy among Gen Y (students of the Politeknik Sultan Azlan Shah).
- ii. To investigate the relationship between saving habits and parental socialization among Gen Y (students of the Politeknik Sultan Azlan Shah).
- iii. To analyze the relationship between saving habits and peer influence among of Gen Y (students of the Politeknik Sultan Azlan Shah)
- iv. To examine the relationship between saving habits and self-control among Gen Y (students of the Politeknik Sultan Azlan Shah).



## **1.6 Significance of the Study**

This study was performed to identify the factors that influence saving habits among Gen Y (students of Politeknik Sultan Azlan Shah), also with the purpose to create the awareness of how important to introduce and enhance Gen Y's financial management skills. Therefore, students need to practice their own financial management. This will help them to control their own cash flow on saving habits after they have been graduated.

The researcher also determined the core problems of bad saving habits. Through the findings, the higher learning institution, educators, authority bodies and regulator (BNM) will be able to develop programs of management skills, relevant courses, seminar or workshop and other strategies which can help Gen Y (students of the Politeknik Sultan Azlan Shah in managing their money and indirectly can help them to practice their saving habits). In order to get students to lease their burden on their financial, the student must be well informed on how to manage their own personal financial management.

With the information gained also, provided the output or finding can give clear pictures to the financial institutions in Malaysia on how to create and design the credit strategies for Gen Y (Lim, Sia, & Gan, 2011), and instead of they also can develop more marketing strategies to attract youngsters or young graduates (Gen Y) to practice their saving habits while studying and to be continued once they are in employment.

A researcher also expected the competition among financial institutions will be increased and this will boost up the competitiveness of retail banks and indirectly the products will be improved and will attract more Gen Y to save with financial institutions. With the results, hope will benefit the institution before giving loans or credit card and other services only to those who are not blacklisted. This is also to ensure to decrease the number of Gen Y from being bankrupted.

Other than that, come across the researchers' attention on saving habits of Gen Y, and this study can give an input to other researchers to explore more on this topic. Findings from this study, also furnished the reason of why and how parents can act upon their kids to keep their money at an early age. Via proper education, effective guidance can be designed in order to enhance children's knowledge on financial management. It is important for parents to create early awareness of financial literature among their children.

## **1.7 Scope of Study**

### **1.7.1 Gen Y**

The generation who born within 1980s to middle of 1990s is known as or Gen Y. Gen Y was named based on Gen X, the generation preceded them. Not only known as Gen Y, they also normally identified as a millennial, iGen or net generation, echo boomers or internet generation. Gen Y also can be described as anyone born between 1979 to 2000 by Aite Group (Shevlin, 2009), or those between ages 12 and 31 according to

Schwanhausser & Kenderski (2010) and based on Oracle (2010) their age are between 18 to 31 years old. Gen Y, known as echo boomers as Gen Y actually are children of parents, those who born during baby boomers (after the second world war). Gen Y also known with high numbers of births, from their parents, which are from the Boomer Is and most of the Boomer IIs.

### **1.7.2 Polytechnic Students**

Polytechnics are one of high educational institutions which are fully funded by the federal government of Malaysia. Currently, all over Malaysia, there are 24 conventional polytechnics, 3 premier polytechnics and 3 metro polytechnics which were in operations. As of the year 2010, there were 18,849 students in certificate level, 71,320 at diploma levels and 110 students at advanced diploma level studying at polytechnics in Malaysia (MOE, 2014).

The target respondents in Politeknik Sultan Azlan Shah enrolled in different courses of study, business and non-business. Since they are different in personality and family background, a researcher can expect the result to be generalized and accurately, be obtained from this research. It has also come across the researcher's mind to study the saving habits among polytechnic students as the finding of a study by (Leila, Laily, Maimunah, Sharifah Azizah, & Jariah, 2011) identified that students from public and private university students in Malaysia is having financial problem due to lack of financial knowledge and don't have the proper skills for effective financial management.

### **1.7.3 Financial Management**

An article titled '10 ways to be good in financial Management as students' (SIDC, 2011) give suggestions on ways on how the student can be a good financial management. Students are advised to save 10% of their monthly allowance received in their saving account. Other than saving their money, they are advised to make use of their student's card in order to enjoy the benefit. By utilizing the student's card they can enjoy special discount offered on foods, books, transportation and others. Students too can practice comparing prices before getting any purchase especially on expensive items.

Knowledge of good financial management among the students will give an advantage to the students. So, even they are on study loan, they can practice their financial management. Indirectly, this can aid the students to be more responsible by planning their own financial management, and will deflect them from being bankrupt. The awareness also important to Gen Y, and even for the students who are not under study loan as to make them understood that the important to have a good spending habit, as this will facilitate their life as to maintain their priority on their studies.

Based on research done by Leila, Laily, Maimunah, Sharifah Azizah, & Jariah (2011) revealed that most of the students only have an average level of knowledge in managing their money and only 5% of students are financially skilled. This triggers the necessity of the researcher to study the factors which influence on saving habits of Gen Y (students' at Politeknik Sultan Azlan Shah) as well.

## **1.8 Operational Terms**

Definition of the term will be used as references to further explain on the terms which widely used in this study, which will assist the related or any interested party to understand further about this research. According to Longman (2004), definition, term is a combination of sentences or phrases which can help to describe what a word mean.

### **1.8.1 Gen Y**

A generation can be best defined as a group of people or society which about the same age or within one particular group of age (Longman, 2004). A generation of people, which born during the 1980s and early 1990s Y normally known as Gen. The generation that preceded them was Gen X, is why this generation known as Generation Y. Gen Y is also known as iGen, net generation, millennial, echo boomers and internet generation. Gen Y in this study represented by students of the Politeknik Sultan Azlan Shah.

### **1.8.2 Students of Politeknik Sultan Azlan Shah**

The student can be best explained by someone who spends time reading, going to classes or attending tutorials in order to gain knowledge about a particular subject (Longman, 2004). Students of Politeknik Sultan Azlan Shah were those who studied in polytechnics, which one of higher educational institutions which are fully funded by the federal government of Malaysia. Currently, all over Malaysia, there are 24 conventional polytechnics, 3 premier polytechnics and 3 metro polytechnics which were in operations.

Polytechnic's students are chosen as they can be better represented as Gen Y as their age is between 18 to 30 years old. Politeknik Sultan Azlan Shah is located in Behrang, Perak.

### **1.8.3 Saving Habits**

Saving habits are a continuous behavior which resulted by the continuous action of saving money and either to be spent in the future or it is a just a saving decision for saving action in order to gain profit (Longman, 2004).

### **1.8.4 Parental Socialization**

Parental socialization is referring to relationship in human society, in this case with parents, and it will influence the behavior of the child, which copied from their particular parents, which resulted the child practicing it continuously (Longman, 2004).

### **1.8.5 Financial Literature**

Financial literacy or financial knowledge, or sometimes known as financial management can be defined as the level of having sufficient personal financial facts or knowledge of financial which will be used to ease the individual financial management. Financial literacy can be used as a guideline to plan on the income and also expenses.

### **1.8.6 Peer Influence**

Peer influence can be best defined as the action of changing according to something, in this case influence of peer or people surrounding who can effect on how someone will behave (Longman, 2004).

### **1.8.7 Self Control**

Self-control can be explained by the action or power of someone to use his ability in order to influence or make someone or something to make or do what you want (Longman, 2004).

## **1.9 Organization of the Dissertation**

The dissertation is the process to find a solution to a problem after the study was done and will be based on particular factors. The dissertation must be carefully organized, systematic, data-based, critical, objective, investigate the identified problem, and which was taken into consideration to find the answer or solution. Therefore, for this study, the researcher needs to organize it accordingly (Sekaran, 2004).

In chapter 1, the researcher will discuss about the background of saving habits among Gen y and other independent variables, identify what are the problem statements, construct relevant research questions and also research objective identification. The researcher also reviewed the most related significance of the study, identified which

scope of study and limitation involved, and to ensure the study was fully organized. All related previous studies will be presented in chapter 2, and relate to the problem statement of this study. The literature review is a very important step as it is needed to identify broad problem area and preliminary information gathering. It is important to identify gaps between this study and previous study, which was done earlier, however on different respondents. In chapter 3, researcher will identify all related methodology to be used. Methodology is the process to collect the information about the subjects in this study by using very systematic way. In this study, researcher used questionnaires for data collection.

Basically, in chapter 4, researcher presented the analysis and finding based on what have been discussed in chapter 3. The researcher used Statistical Package for Social Science (SPSS) version 17 to run the data, proceed with analysis such as reliability analysis, validity analysis, descriptive analysis and also correlation coefficient. Through chapter 5, the researcher concluded and suggested some recommendations based on chapter 4 (analysis and finding). Chapter 5 gave or indicated the results or finding and also discussed on the hypotheses in this study.

## **1.10 Chapter Summary**

Chapter 1 provides background of study for easier reference and clear picture on overview of this research. With the information on the background of the study, the next chapter will discuss further on literature review and theoretical model, and developed framework which will be used for this study.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter highlighted all relevant literature reviews and also explained theory being used in this research. This chapter also discovered on how saving habits affect financial literacy, parental socialization, self-control and peer influence. Proposed framework has been identified and been developed to be used to test of the developed hypotheses.

#### **2.2 Gen Y**

As discussed in chapter 1, Gen Y can be described as anyone born between 1979 to 2000 by Aite Group (Shevlin, 2009), or those between ages 12 and 31 according to Schwanhausser & Kenderski (2010) and based on Oracle (2010) their age are between 18 to 31 years old.

(Deloitte, 2014) defined Gen Y as a generation are independently dependent. Gen Y normally conducts their own research before making any purchases, easily switch to another bank, which offered lower service fees and still referring to their family members in decision making pertaining to their finances. Also known as “DotNet”, Gen

Y is tech-savvy and love technology. Active in social networking, can consider to get involved in group's youth, volunteer program and seek to have a meaningful impact in community program can explain about the differences between Gen Y and other generation (Deloitte, 2014).

A study, which performed by Franze & Schofield (2012) on 1,222 graduate recruits and 684 managers regarding managing Gen Y revealed that Gen Y strongly motivated by money, ambition and expect rapid progress in their career. However, they appreciated high degree of freedom and autonomy in making decisions, while they don't mind taking any job during recession to gain their own income.

### **2.3 Gen Y in Malaysia**

Survey on 'Malaysia's Gen Y unplugged' found that Gen Y is a new generation of human with unique expectations. The study performed on 346 respondents (Generation Y (Gen Y) ) in Malaysia, and only the among PwC employees were polled for this survey conducted in December 2008. (PWC, 2009) mentioned that Gen Y in Malaysia value the cash as bonuses as the most valuable benefit and also willing to get involved with corporate responsibility.

Even Gen Y's Malaysia is willing to work across geographic borders and willing to work flexible hours. Gen Y might be misinterpreted by another generation, however the Gen Y has the potential to lead to the success of the system. Price Water Cooper also

suggested that it is important employers to understand the Gen Y to make things possible.

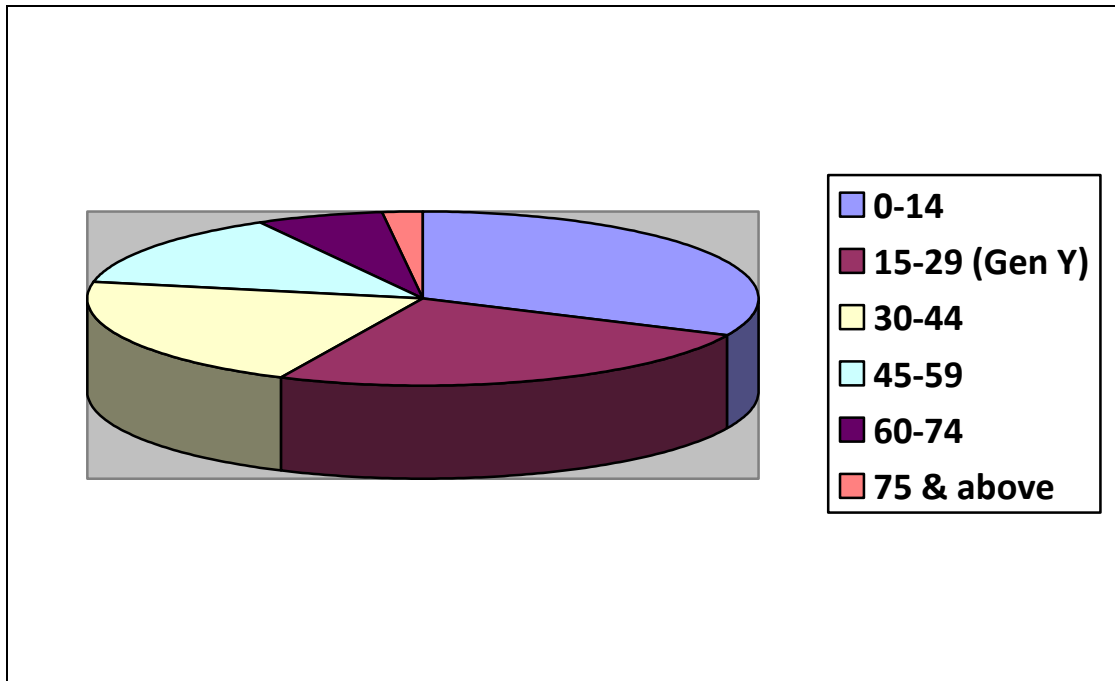


Chart 2.1

*Malaysia Population 2010*

Source: Economic Planning Unit Malaysia 2010

Gen Y, aged between 15-29 years old contributed to 25% of the population in Malaysia for the year 2010 (EPU, 2014). Therefore, with this high percentage, researcher find that it is important to consider the power and ability of Gen Y in affecting Malaysia's financial industry due to the ability of Gen Y to use the products and services.

## 2.4 Gen Y in Politeknik Sultan Azlan Shah

Gen Y in this study are students of the Politeknik Sultan Azlan Shah. Students of Politeknik Sultan Azlan Shah mainly consist of those who were completed their secondary school and aged between 18 to 30 years old. Therefore, they have been chosen as Gen Y in this study. Furthermore, this group has been selected as it is within the researcher's field as researcher works as lecturer at Politeknik Sultan Azlan Shah.

Located in Behrang, Perak, the students of the Politeknik Sultan Azlan Shah were coming from four (4) different departments, Commerce Department, Mechanical Engineering, Electrical Engineering and Civil Engineering. With the total numbers of 3,777 students, the researcher finds they can be better represented as Gen Y in this study.

Table 2.1

*Statistic of Politeknik Sultan Azlan Shah's student.*

<b>Department</b>	<b>No of Students</b>
<b>Commerce</b>	846
<b>Mechanical</b>	1,107
<b>Electrical</b>	924
<b>Civil</b>	900
<b>TOTAL</b>	<b>3,777</b>

Source: *Sistem Pengurusan Maklumat Politeknik Sultan Azlan Shah*

Based on the above statistic, the total number of PSASs' students is 3,777. Out of 3,777 students, 846 students coming from the Commerce Department, 1,107 students coming from the Mechanical Engineering Department, 924 students coming from the Electrical Engineering Department and balance of 846 students are coming from the Civil Engineering Department (SPMP, 2014). As such, research have concluded that the result can assist to indicate the factors influence saving habits Gen Y in Politeknik Sultan Azlan Shah

## **2.5 Saving Habit**

Saving can be explained by a lot of explanation. In financial, saving can best defined as the action of deducting current expenses for a certain time frame, where we can have the balance and also the acts of keep or not to use any money now, with the intention to use it later (Browning & Annamaria, 1996; Warneyrd, 1999).

Thus, saving can be summarized as the action of saving to be spent in the future or it is a just a saving decision for saving action in order to gain profit. In saving action in order to gain profit, this can best defined also as an investment, whereby where money creates money, speculating activities and paying off a mortgage (Warneyrd, 1999).

Even in Islamic teaching, according to Qayyum (2012), someone must spend and save their money wisely. Money is important, therefore they must have some balance after deducted expenses, and to keep some for emergencies. Muslim also are advised to have

a record of expenses, save money by percentage, keep track of the expenses and have a lifestyle change in order to manage their finances.

However, in order to save, young adults or kids must be taught to manage their money wisely. They also must ensure that their money is debt-free and also not from unidentified income's sources (Matters, 2014). It is the parents' responsibilities to ensure that their child is well educated on financial management, have the knowledge to identify the boundaries between *Halal* and *Haram* on money issues, give allowances to kids, tell the *sadaqa*' importance and other tips as well.

Other research, Norasikin, S. et al (2012) found out that half of their respondents agreed that they keep their money in the account for the future use only if they have necessary interest. Therefore, the motive of saving their money also important as indirectly this will discipline themselves to have saving. (Norasikin, Norailis, Nurazalia, Rosnia, & Siti Nurulhuda, 2012) also agreed that education and income level of parents' does not affect more on saving habits on their child. 2,146 questionnaires were distributed among USIM students which came from various family backgrounds more focusing on parent's influence.

Amirtha (2012) revealed based on the purpose of the saving, 25.6% keep money for emergency, 24.1% keep money for investment, 10.9% for vacation 10.9% and 10.4% for a wedding. The study was done on the Malaysia Gen Y aged between 19-32 years old and located in major cities except Sabah, Sarawak and Perlis revealed that average of the Gen Y spent 60% of their monthly income and collected 592 set of questionnaires.

Therefore, the researcher finds that it is important for Gen Y to have saving habits, and also to identify which factors among peer influence, parent socialization, self control and financial literacy is the most influence.

## **2.6 Financial Literacy**

Financial literacy or financial knowledge, or sometimes known as sufficient knowledge of personal finance fact. Financial literacy can be used to ease the individual financial management and was to be an important role in explaining attitudes towards saving (Delafrooz & Laily, 2011). Financial literacy can be used as a guideline to plan on the income and also expenses (Matters, 2014).

Corinna, Tina, & Rosmini (2004) highlighted that the needs of cash flow management among student are very low, due to lack of financial management knowledge as the majority of the respondents irregularly practiced cash management. Thus, the researcher suggested that small children should be taught about cash management at an early stage, so that it will be applied once they pursue their studies.

Nor Afizah (2007) also demonstrated that education still important in their financial aspects, however the respondents need to improve their knowledge in financial management. This study was performed on 77 respondents which were coming from students of financial management (first and second year) of *Fakulti Pendidikan UTM*.

Christina & Irwan (2010) identified that the financial problem will impact the students, which they cannot give full attention while studying due to cannot afford to buy foods,

clothes, books and pay their fees. Almost 78% of the respondent mentioned that they could not afford to buy a reference book. Due to facing financial problem, 50.8% of the respondent have to work during their semester break in order to ensure they have enough money to buy books and paying their student fees. The researcher also agreed that most perceptions received that study at higher education institutions will involve a big amount of money. It shows the importance of student loan with better financial management skills. The study was done on 118 respondents from *kolej 17 UTM kampus*.

Poor financial literacy will be resulted from inappropriate of personal financing understanding. People with poor financial literacy more likely don't know how to manage their finances. Therefore, the researcher finds it is important to have financial education, especially during study time as financial industry or marketplaces are becoming more complicated. Gen Y also needs to make important personal financial decisions which will reflect their future, Jorgensen, B. L. (2007). The College Student Financial Literacy Survey (CSFLS) was created to collect data from 462 respondents of varieties public, private research and non-research universities across six different states in America. Family resource management and social learning theory have been used for reference in this study. Many earlier research finds financial literacy to be more important factors in influence saving habits, and come across the researcher attention to study on Gen Y on their saving habits.



## **2.7 Parental Socialization**

In previous studies, Otto (2012) highlighted it is important to differentiate between children, the adolescent, and the adult economic world and give guide the child on saving theories by showing a good pattern of saving habits. She also mentioned that skills of saving can be developed via the relationship between children and parents, and to be learnt early in life. Otto's theoretical framework was developed based on Katona's (1975) theory of saving, which used to assume the saving habits among the respondents. Parents can use their authoritative power to force their child to save money, provided they, themselves also successful at saving (Otto, 2009). The research was conducted on 290 students from two colleges which are Exmouth Community College and Clyst Vale Community College in United Kingdom.

Friedline, T. L. et al (2011) also agreed that by starting saving money at an early age will lead the likelihood of saving in the future, and also result in having more money saved. Once child began to save money, this will be carried on in their adulthood. It means the old someone getting, the more money he will save in his saving accounts. Therefore, researcher concluded that parental socialization be the main factor in influence saving habits, however, in this study, Gen Y no longer stayed with their parents. Therefore, it has provided the ability to study on the parental socialization on Gen Y.

## 2.8 Peer Influence

Chai, et al (2012), proved that there is a positive relationship between saving habits and peer influence. Furthermore, it is evidently proved that saving habits were positively related with self-control. This research was done on 420 respondents from four public universities (UM, UUM, USM, UPM) and two private universities (UTAR, MMU). Theory of Planned Behavior was used in this research to explain the relationship between dependent variable and independent variables.

Jorgensen, B. L. (2007) indicated that peer influence to be considered as another main factor which needs to be studied as the respondents who do not stay with their parents are likely being attracted with their peer. However result revealed that differences were not found in financial knowledge, attitudes, and behaviors based on level of peer influence. Therefore, financial knowledge, attitude and behavior do not reflect on their financial literacy. The majority of the participants, 80%, ( $n=366$ ) were between the ages of 18 and 22. The respondents of this study can be defined as Gen Y as age ranges of the respondents are between as 96 % age between to 29 years old. Since for this study, Gen Y has been highly communicated and stayed with their peer, it is important to examine whether the peer influence will be the main factor on saving habits.

## **2.9 Self Control**

Esenvalde (2011) through previous study proved that saving habits are positively associated with peer influence. The study performed on 272 respondents which completed through online questionnaires.

Rha, Montalto, & Hanna (2006) through their study mentioned that household saving behavior was strongly influenced by their self control. Household spend less of their income have a high level of self control. The study investigated differences in financial and social-demographic characteristics between saver and non-saver, using behavioral life cycle theory (BLC).

Self-control is the ability to identify and control his or her emotions and desires. It can be explained by action of self-effort, routine of discipline, and ability to delay gratification. (Otto, 2009) demonstrated the necessity to investigate the measurement which can help to enhance the understanding and also to predict saving during adolescence. The study also revealed that young adult likes to spend a lot and can't resist temptation especially involved with unnecessary things. Self-control of saving also can be developed through the influence by parents at an early age. While Gen Y in Politeknik Sultan Azlan Shah no longer staying with their parents, self control will be the main factor to predict whether it will influence saving habits of Gen Y or not.

## 2.10 Theory Planned Behavior

Theory of Planned Behavior (TPB) which was proposed by Isaac Ajzen in the year 1991 being used in this research. Three main concepts will be involved are Perceived Behavioral Control, Subjective Norms and Behavioral Beliefs. According to Ajzen (1991), the behavior of interest can expect outcomes from its action known as behavioral belief. A behavioral belief can produce the outcome through probability. The evaluation of each outcome will contribute whether it will be negative or positive.

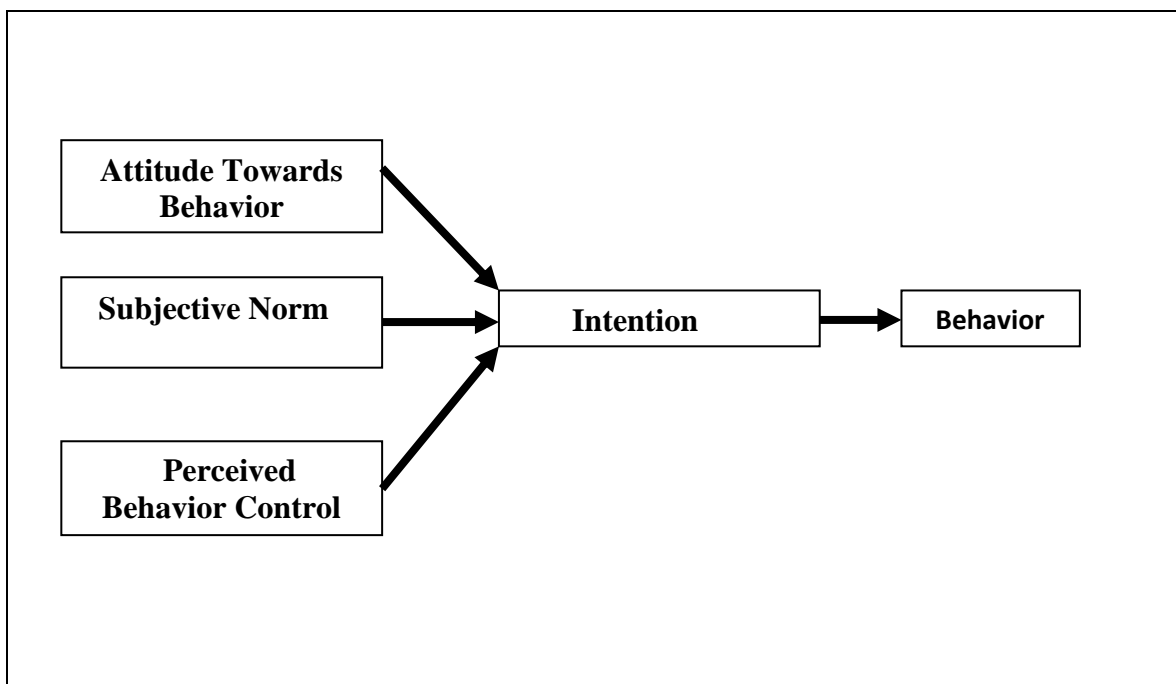


Chart 2.2

*Theory Planned Behavior* (Ajzen, 1991)

Subjective norm is the perceived social relationship and whether it will contribute to the attitude or not. The relationship will be coming from parents, spouse, peers and colleagues. Perceived behavioral is the ability to control another person's perception of another person's ability to perform a given behavior or not. It is also included the intention of someone to act is predicted by the perceived either it is easy or difficult of performing the behavior and it is assumed to reflect based on previous experience.

## **2.11 Hypotheses Development**

### **2.11.1 Financial Literacy and Saving Habits**

Financial literacy is associated with the knowledge of financial management of the individual. Financial literacy can be explained with the financial knowledge and also financial skill which reflected the ability to use the knowledge to plan and decide on financial matter. Students who received student loan should be able to manage their money wisely, however, still they encounter financial problems due to lack of financial literacy. It will be helpful as with information about student's financial literature, it can be used by policymaker and financial planners to developed certain strategies or programs to help student with their financial skill problem (Leila, Laily, Maimunah, Sharifah Azizah, & Jariah, 2011). Sabri & Macdonald (2010) demonstrated that saving habits can be influenced by good financial management. Thus, to seek the relationship between saving habits and financial literacy of Gen Y, below hypothesis has been developed.

H1: There is a significant relationship between saving habits and financial literacy of Gen Y (students at Politeknik Sultan Azlan Shah).

### **2.11.2 Parental Socialization and Saving Habits**

(Jorgensen, Mezzaros, Allen, & Hayhoe, 2007) revealed that by practicing early financial decision via learning through parents make it difficult to break the habits. This explained that the importance of the relationship between kids and parents, which will cause the habits to be practiced throughout their entire life. Otto (2009) also proved that a young adult will develop saving habits prior to have a good relationship with their parents. However, it is also depends on the parenting style whereby the process of will helps the development of saving habits. Norasikin, Norailis, Nurazalia, Rosnia, & Siti Nurulhuda (2012) also agreed the importance of early awareness of financial knowledge to parents, which can help to create awareness among young adults especially about their obligation on their student loan. Other than that, financial difficulties facing due to lower household income will gave an experience of financial knowledge among young adult. However, young adults who received saving from parents, not necessarily owned saving accounts compared to those who don't receive any saving from their parents (Friedline, Elliot, & Nam, 2011). Therefore, to test on the relationship between saving habits and parental socialization of Gen Y, below hypotheses has been developed.

H2: There is a significant relationship between saving habits and parental socialization of Gen Y (students at Politeknik Sultan Azlan Shah).

### **2.11.3 Peer Influence and Saving Habits**

The child will have a strong relationship with their parents as they need attention from time to time to live a life. However, once they are getting older, they will get started living their own life. As their life perspective is getting wider young adult life no longer at home only. Young adult will be having peer either at their school, workplace, college and new relationship developed. Thus, they will be less dependent on their parents, and more rely on their peer influence (Otto, 2009). Financial socialization process among students through communication, observation and interaction with their peer also can assist to enhance their saving habits (Chai, Chia, Fong, Lew, & Tan , 2012).

H3: There is a significant relationship between saving habits and peer influence of Gen Y (students at Politeknik Sultan Azlan Shah).

### **2.11.4 Self-Control and Saving Habits**

Self-control is an important factor to determine an individual saving and spending habit. This is proven through economic and also psychological literature according to Warneyd (1999). But Moffitt, et al. (2010) identified that children with low self-control are not a good financial planner because they can't plan their spending and saving wisely. This study also revealed that the differences between children in their self-control can predict how they will become as an adult in the future. Hence, the hypothesis have been developed to identify the relationship between saving habits and self control of Gen Y.

The person who able to practice self-control through childhood experience would be able to save more compared to those without childhood experience (Lim, Sia, & Gan, 2011).

H4: There is a significant relationship between saving habits and self-control of Gen Y (students at Politeknik Sultan Azlan Shah).

## **2.12 Chapter Summary**

From the literature review, all the related literature review regarding this study such as saving habits as dependents variable, and financial literature, parent socialization, peer influence and self-control have been identified accordingly. From this literature review, the researcher can identify the gap between previous study and this study, and basically can give a clear picture of the problem statement. Research framework also been identified as the reference or background of this study.



## **CHAPTER 3**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter explained the methodology and design which have been used for data collection and processed. It can be explained through research design, methods of data collection, sampling design, instruments being used, construct measurement, processing of data and also the methodology used for data analysis.

#### **3.2 Theoretical Framework**

For this research, researcher relate the attitude towards behavior and perceived behavioral control in order to relate to how financial literacy predicts Gen Y' saving habits. Normally a student with good financial management skills will perceive good practice of saving, and facing difficulty if they do not save their money.

Therefore, this behavioral belief will guide Gen Y to form positive attitude towards saving. With good financial skill management, Gen Y can plan their saving and spending. To explain on self-control, high level of self-control students' on their saving

habit, researcher will be using perceived behavioral control. It means perceiving behavior control will guide them through their desire and self-discipline.

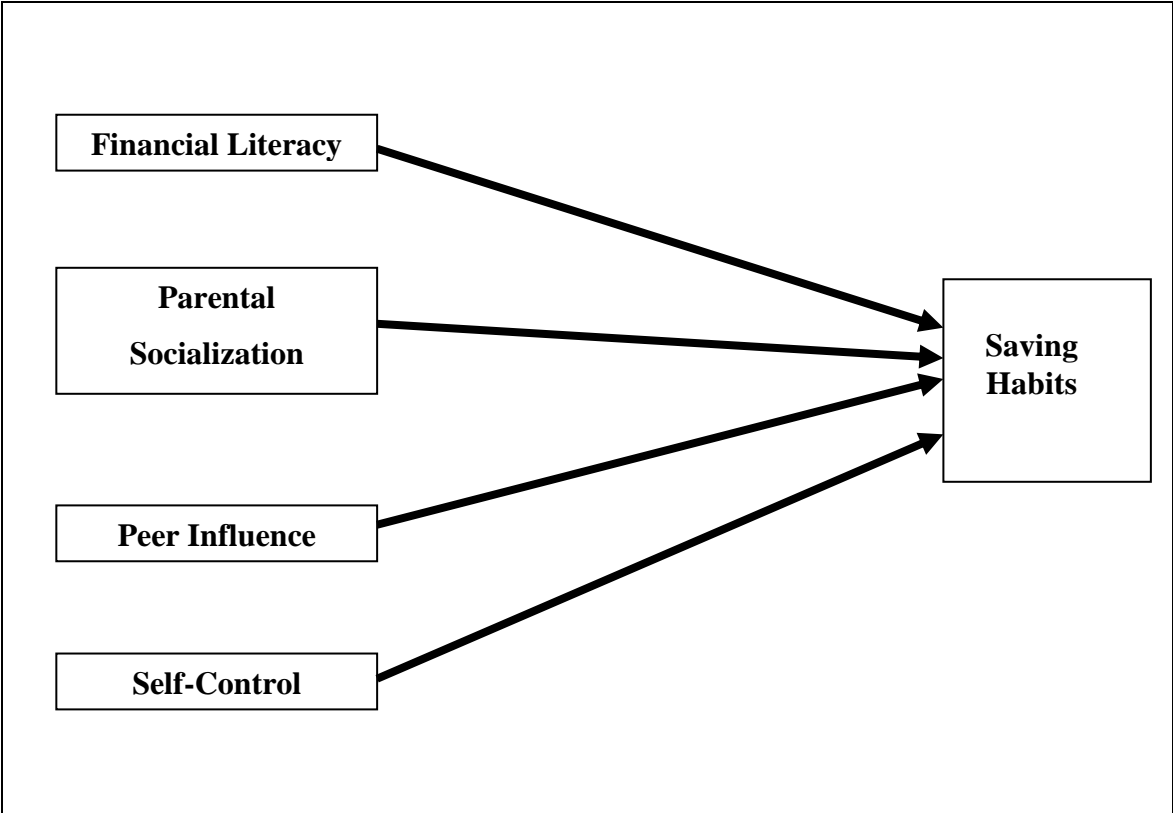


Chart 3.1

*Theoretical Framework*

Subjective norm also will be used on why and how parents and peer influence play their roles in affecting the students' saving habit. Social pressure will be coming from friends and parent. Therefore, theoretical framework has been adapted based on (Lim, Sia, & Gan, 2011).

### **3.3 Research Design**

In research design, after identification of the problem statements, after the framework had been developed, researcher will focus on research design. Research design will involve all related series of rational decision-making choices (Sekaran, 2004). Quantitative data collected through questionnaires which are distributed among respondents to seek their respond regarding parental socialization, peer influence, self-control, financial literacy and saving habits.

### **3.4 Population and Sampling**

#### **3.4.1 Population**

Population is referring to the subject of interest, group of people, other relevant subjects that the researcher wishes to study on (Sekaran, 2004). A study was done on students of the Politeknik Sultan Azlan Shah. This population is being used as it is best represented on the Gen Y as most of them were aged between 18 to 29 years old). For this research, total population (students of Politeknik Sultan Azlan Shah's in Behrang) Perak is 3,777, for semester of December 2013. Furthermore the students were coming from different course of study (business and non-business).

Based on the statistic as above, the total number of PSASs' students is 3777. Out of 3777, 846 students coming from the Commerce Department, 1107 students coming from the Mechanical Engineering Department, 924 students coming from the Electrical Engineering Department and balance of 846 students are coming from the Civil Engineering Department.

### 3.4.2 Sampling Size

350 students are considered to be representative and considered as the minimum sample size at a confidence level according to Krejcie Morgan formula (Sekaran, 2004). The number of students in the Politeknik Sultan Azlan Shah is not significant to represent the entire population.

Table 3.1

*Distribution of Questionnaires*

<b>Department</b>	<b>No of Students</b>
<b>Commerce</b>	81
<b>Mechanical</b>	103
<b>Electrical</b>	86
<b>Civil</b>	80
<b>TOTAL</b>	<b>350</b>

The sample size was distributed accordingly to the number of percentage referring to the total population of students in the Politeknik Sultan Azlan Shah.

### **3.4.3 Questionnaire Design**

In sampling design, the process will be divided into three parts, firstly using personal characteristics such as gender, age, business or non business background, secondly examines on their financial literacy, peer influence and parental socialization, and thirdly how they're saving habits influence by financial literacy, peer influence and parental socialization (Sekaran, 2004).

The stratified random sampling technique is being used by the researcher to collect data. Therefore, the questionnaires distributed to the Politeknik Sultan Azlan Shah students in the amount equal to the sample size of 350 respondents. At first students will be divided into four different departments, which are one business department, and another three are non business department. Then 81 samples will be distributed randomly to the business's department, and another 269 will be distributed randomly within non-business departments (Sekaran, 2004).

### **3.5 Measurement of Variables/ Instrument**

Method of collecting data was performed via self-administrated questionnaire. Primary Data will be used in this study Questionnaires from various past studies have been adapted which are related to this topic. Questionnaires have been divided into sections A

and B. Section A, consist of demographic profiles and in section B, 1 dependent variable and 4 independent variables will be asked.

All variables constructed in section B was based on the proposed theoretical framework and using Likert scale measurement (Sekaran, 2004). (Appendix A)

Nominal and ordinal types of level measurement scales being used. Nominal scale used for categories which can be grouped into categories. While ordinal used for questions which need to be answered by ranking (Sekaran, 2004). The survey also consists of 38 content questions as well as 8 personal characteristic items and took approximately around 8-15 minutes to be completed by the respondents.

### **3.5.1 Demographic Profiles**

In section A, six questions have been asked such as gender, age, marital status, race, and course of study, ownership of saving account and also whether the respondents engage in any part time job in nominal scale. Two questions being asked and applied to question on age group and allowance received, which contain “less than” and ‘greater than’ measurement.

## Section A: Demographic Profile

Please indicate (/) in the appropriate information about yourself. Each question should only have ONE answer.

1. Gender

Male

Female

2. Age

18 and below

19-20

21-22

23 and above

3. Marital status

Single

Married

4. Race

Malay

Indian

Chinese

Others

5. Course of study

Business

Non-business

6. How much is your monthly allowance?

RM0 ≤ RM200

RM201 ≤ RM500

More than RM500

7. Do you own any saving accounts?

Yes

No

8. Do you engage in a part-time job?

Yes

No

### 3.5.2 Financial Literacy

To measure the independent variables, the interval scale measurement being used, and measure through five-point Likert scale ranging from strongly disagree (1), disagree (2), neutral (3), agree (4) and to strongly agree (5).

Seven questions which mainly adapted from Hira and Loibl (2005) and Cude, et al. (2006) and being used by Chai, et al. (2012). These questions are mainly adopted, designed to gain information on level of respondents on their financial literacy knowledge. Higher scale will indicate higher knowledge.

strongly disagree (1)	disagree (2)	neutral (3)	agree (4)	strongly agree (5).
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No	Questions
1	I have knowledge on how to invest my money. <i>Saya mempunyai pengetahuan tentang cara untuk melabur wang saya.</i>
2	I know how to manage my credit use. <i>Saya tahu bagaimana untuk menguruskan wang saya.</i>
3	I have a very clear idea of my financial needs during retirement. <i>Saya mempunyai idea yang jelas tentang keperluan kewangan saya semasa persaraan.</i>
4	I am able to maintain financial records for my income and expenditure. <i>Saya mampu menyimpan rekod kewangan bagi pendapatan dan perbelanjaan saya.</i>
5	I'm not facing any difficulty in managing my money. <i>Saya tidak mempunyai sebarang masalah dalam menguruskan wang saya.</i>
6	I have knowledge of financial instruments (e.g. bonds, stock, T-bill, future contract, option and etc).



	<i>Saya mempunyai pengetahuan mengenai instrumen kewangan (contohnya bon, stok, kotrak masa depan, opsyen dan lain-lain).</i>
7	I can prepare my own weekly (monthly) budget. <i>Saya berkebolehan menyediakan perancangan mingguan (bulanan).</i>

### 3.5.3 Parental Socialization

Eight questions have been adapted from Otto (2009), and being used by Chai, et al. (2012), to test the relationship between respondents their parental socialization and saving habits. The influence of parental socialization towards saving habits can be measured through the higher scale of indication.

strongly disagree (1)	disagree (2)	neutral (3)	agree (4)	strongly agree (5).
-----------------------	--------------	-------------	-----------	---------------------

No	Questions
1	My parents are good example for me when it comes to money management. <i>Ibubapa merupakan contoh yang baik bagi saya dalam hal pengurusan wang.</i>
2	I always talk about money management with my parents. <i>Saya selalu bercakap tentang pengurusan wang dengan ibubapa saya.</i>
3	It's good when my parents control my spending. <i>Ia adalah baik apabila ibubapa mengawal perbelanjaan saya.</i>
4	It's a good thing to ask my parents to keep hold of my money sometimes to help me save. <i>Ia satu perkara yang baik untuk meminta ibubapa saya untuk kadang-kadang memegang wang saya untuk membantu saya menyimpan.</i>
5	My parents are proud of me for saving. <i>Ibubapa saya berbangga dengan saya kerana menyimpan.</i>
6	I appreciate it when my parents give me advice about what to do with my money. <i>Saya menghargai apabila ibubapa saya memberi nasihat mengenai apa yang perlu dilakukan dengan wang saya.</i>

7	I save money because I don't think my parents should pay for things I don't really need but like. <i>Saya menyimpan kerana saya tidak rasa bahawa ibubapa saya harus membayar untuk barangan yang saya suka tetapi bukan barang keperluan.</i>
8	Saving is something I do regularly because my parents wanted me to save when I was little. <i>Menyimpan adalah sesuatu yang kerap saya lakukan kerana ibubapa saya telah mahu saya menyimpan semasa saya kecil.</i>

### 3.5.4 Peer Influence

Five questions adapted from Otto (2009), and being used by Chai, et al. (2012), which to rate the extent of whether the respondents being influenced by their peers in saving habits. Again, the higher the rating, the higher of peer influence in saving habits.

strongly disagree (1)	disagree (2)	neutral (3)	agree (4)	strongly agree (5).
-----------------------	--------------	-------------	-----------	---------------------

No	Questions
1	As far as I know, some of my friends regularly do save with a saving account. <i>Setakat yang saya tahu, rakan-rakan saya selalu menyimpan dalam akaun simpanan.</i>
2	I always discuss about money management issue (saving) with my friends. <i>Saya sentiasa berbincang mengenai isu pengurusan wang (simpanan) dengan rakan-rakan saya.</i>
3	I always compare the amount of saving and spending with my friends. <i>Saya selalu membandingkan jumlah simpanan dan perbelanjaan dengan rakan-rakan saya.</i>
4	I always spend my leisure time with friends. <i>Saya sentiasa menghabiskan masa lapang saya dengan rakan-rakan.</i>
5	I am always involved in money spending activities with friends. <i>Saya sentiasa terlibat dalam aktiviti-aktiviti perbelanjaan wang dengan rakan-rakan.</i>

### 3.5.5 Self-Control

To examine the relationship in self-control, ten questions were adapted from North Central Research Project 1013 (2007), Otto (2009), and Esenvalde (2011) and being used by Chai, et al. (2012). The higher the responsive means higher self control in respondents' saving habits. However, to run the test and analysis, the questions will be reversed coding as it being asked in negative structure.

strongly disagree (1)	disagree (2)	neutral (3)	agree (4)	strongly agree (5).
-----------------------	--------------	-------------	-----------	---------------------

No	Questions
1	I don't save, because I think it's too hard. <i>Saya tidak menyimpan, kerana saya rasa ianya terlalu sukar.</i>
2	I enjoy spending money on things that aren't practical. <i>Saya suka membelanjakan wang untuk perkara-perkara yang tidak praktikal.</i>
3	When I get money, I always spend it immediately (within 1 or 2 days). <i>Apabila saya dapat wang, selalunya saya akan berbelanja dengan segera (dalam masa 1 atau 2 hari).</i>
4	"I see it, I like it, I buy it" describes me. <i>"Saya lihat, saya suka, saya membelinya" menerangkan saya.</i>
5	"Just do it" describes the way I buy things. <i>"Beli saja lah" menerangkan cara saya membeli sesuatu.</i>
6	"Buy now, think about it later" describes me. <i>"Beli sekarang, berfikir mengenainya kemudian" menerangkan saya.</i>
7	I'm easily attracted by the lure. <i>Saya mudah tertarik dengan umpanan.</i>

8	I always failed to control myself from spending money. <i>Saya selalu gagal mengawal diri daripada membelanjakan wang.</i>
9	When I set saving goals for myself, I rarely achieve them. <i>Apabila saya menetapkan matlamat menyimpan untuk diri sendiri, saya jarang mencapainya.</i>
10	I am more concerned with what happens to me in the short run than in the long run. <i>Saya lebih prihatin dengan apa yang akan berlaku kepada saya pada jangka pendek berbanding jangka masa panjang.</i>

### 3.5.6 Saving Habits

To measure dependent variable, eight questions being asked which also adapted from Chai, et al., (2012). Again, a higher rate will demonstrate their level of practice on saving habits.

strongly disagree (1)	disagree (2)	neutral (3)	agree (4)	strongly agree (5).
-----------------------	--------------	-------------	-----------	---------------------

No	Questions
1	I put money aside on a regular basis for the future. <i>Saya menyimpan secara tetap untuk masa hadapan.</i>
2	In order to save, I often compare prices before I make a purchase. <i>Dalam usaha untuk menyimpan, saya sering membandingkan harga sebelum saya membuat sebarang pembelian.</i>
3	In order to save, I often consider whether the real necessity exists before I make a purchase. <i>Dalam usaha untuk menyimpan, saya sering mengambil kira sama ada terdapat keperluan sebenar sebelum saya membuat pembelian</i>
4	In order to save, I always follow a careful monthly budget. <i>Dalam usaha untuk menyimpan, saya sentiasa mengikuti bajet bulanan yang dibuat dengan cermat.</i>

5	I always have money available in the event of emergency. <i>Saya sentiasa mempunyai wang sekiranya berlaku kecemasan.</i>
6	In order to save, I plan to reduce my expenditure. <i>Dalam usaha untuk menyimpan, saya bercadang untuk mengurangkan perbelanjaan saya.</i>
7	I save to achieve certain goals. <i>Saya menyimpan untuk mencapai matlamat-matlamat tertentu.</i>
8	I save until the end of my semester. <i>Saya menyimpan sehingga akhir semester saya.</i>

All of these questions have been adapted, also, been translated to Bahasa Melayu in order for better understanding by the respondents (Gen Y, students of the Politeknik Sultan Azlan Shah).

### **3.6 Pilot Test**

A pilot has been tested to obtain whether the respondents can understand easily and answer the questionnaires or not (Sekaran, 2004). A set of thirty questionnaires has been distributed randomly. The reliability, validity and also Pearson Correlation Coefficient also been performed.

### **3.7 Techniques of Data Analysis**

The researcher performed a few tests, analysis or techniques for data analysis in this study. A pilot test was tested on 30 respondents, students at Politeknik Sultan Azlan Shah, and distributed earlier before distributing to target respondents (350). According

to Chua (2006), pilot test or pilot study, is a mini test which performed before the exact research took place. Pilot test can assist the researcher to identify the analysis, validity and reliability of the measurement used. For pilot test analysis, the test only is performed on reliability analysis, validity analysis and Pearson Correlation Coefficient analysis.

Then, after that 350 questionnaires have been distributed to target respondents. The processes of pilot testing and data collections were done in one month (February, 2014).

### **3.7.1 Reliability Analysis**

Reliability test will be performed by using Cronbach's Alpha. This test will indicate how well the items positively correlated to one another. If the result of Cronbach's alpha is close to 1, it means the internal consistency reliability is higher (Sekaran, 2004). The test was performed on pilot test of 30 respondents, and for all constructs the result is exceeding the minimum alpha value of 0.6, and this has meant the scale given is reliable. This is well supported by Sekaran (2004), if the reliabilities are over 0.80 can be considered as good, those in the 0.70 range are acceptable and if less than 0.6 can be considered to be poor. Results for three independent variables, except for parental socialization are ranged above 0.70. However to get better results on parental socialization's Cronbach's Alpha, item 5 and item 7 have been excluded. This resulted parental socialization's Cronbach's Alpha is more than 0.70. Based on this pilot test, the researcher can proceed with this study on the respondents of 350.

Table 3.2

*Summary of Reliability Statistics – pilot test*

<b>CONSTRUCT</b>	<b>CRONBACH'S ALPHA</b>	<b>NUMBER OF ITEMS</b>
<b>Financial Literature</b>	0.820	7
<b>Peer Influence</b>	0.805	5
<b>Parental Socialization</b>	0.712	6
<b>Self Control</b>	0.954	10
<b>Saving Habit</b>	0.871	8

Source: Developed for the research

### 3.7.2 Validity Analysis

As per Hair Jr, Black, Babin, & Anderson (2010) to test for the significance correlations among at least some of the variables, the Bartlett's Test of Sphericity will be used. Is a statistical test to see the presence of correlation among the variables, and. If (sig<0.05) indicates that sufficient correlations exist among the variables.

Table 3.3

Summary of Validity Analysis (pilot test) - KMO and Bartlett's Test

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</b>		<b>.660</b>
<b>Bartlett's Test of Sphericity</b>	<b>Approx Chi-Square</b>	<b>24.877</b>
	<b>df</b>	<b>10</b>
	<b>Sig</b>	<b>0.001</b>

From the above table, we can see that Bartlett's Test of Sphericity the result shown is significant as it is more than 0.000. Result in the KMO measure of sampling of the variables used in this research is 0.660 which is greater than 0.60. It means this measurement used is valid as ( $>0.60$ ), and this is well supported by Mohd (2011). This validity analysis was performed on 30 respondents as a pilot test.

### **3.7.3 Descriptive Statistics: Frequency Distributions**

Frequency distributions have been performed through descriptive statistics in order to obtain data of demographic profiles (Sekaran, 2004).

### **3.7.4 Descriptive Statistic: Measures of Central Tendencies**

A result such as maximum, minimum, means, standard deviations and variance can be obtained through descriptive statistic using measures of central tendencies (Sekaran, 2004). The researcher also will use skewness and kurtosis to describe the distribution of data. Hair Jr, Black, Babin, & Anderson (2010) mentioned that "peakedness" or "flatness" of the distribution compared with the normal distribution (also known as the height of the distribution) can explain the kurtosis. While skewness can be used to describe the balance of the distribution.

Therefore, we can conclude the data can be considered as normal in shape if the skewness a kurtosis value turns out to be in between -1.0 and +1.0 (Huck, S. W., 2012).



### 3.7.5 Hypotheses Testing: Pearson Correlation Coefficient

The strength and direction between two different variables can be analyzed using linear relationship Correlation analysis (Pallant, 2005). Pearson Correlation Coefficient analysis will be used to test of the hypotheses of this study.

Table 3.4

*Pearson Correlation Analysis (Pilot Test)*

		<b>Saving Habits</b>
Financial Literacy (FL)	Pearson Correlation	.417*
	Sig. (2-tailed)	.022
	N	30
Parental Socialization (PS)	Pearson Correlation	.412*
	Sig. (2-tailed)	.024
	N	30
Peer Influence (PI)	Pearson Correlation	.306
	Sig. (2-tailed)	.100
	N	30
Self Control (SC)	Pearson Correlation	.175
	Sig. (2-tailed)	.354
	N	30

Saving Habits (SH)	Pearson Correlation	1
	Sig. (2-tailed)	
	N	30

\*. Correlation is significant at the 0.05 level (2-tailed).

In table 3.5, Pearson Correlation Analysis was performed on pilot test of 30 respondents. All independent variable are positively associated with the dependent variable (Saving Habits). Financial Literature (FL) has the strongest correlation with Saving Habits (SH) ( $r=0.417$ ), followed by Parental Socialization (PS) ( $r=0.412$ ) and, Peer Influence (PI) ( $r=0.306$ ) and Self Control (SC) ( $r =0.175$ ). Based on the correlation analysis, we can accept all hypotheses as the p values are less than 0.05 except for Self Control and Peer Influence, which the is not accepted as p value is more than 0.05. (See Appendix E)

### 3.8 Chapter Summary

In chapter three, research framework will be identified to be the base for this study. Hypotheses of this study have been constructed in order to align with research objective. Researcher also have identified the related research design and which measurement of variable or instruments to be used. At the end, the researcher has identified the technique of data analysis, which the finding to be presented in chapter 4.

## **CHAPTER 4**

### **ANALYSIS AND FINDING**

#### **4.1 Introduction**

In this chapter, the questionnaires of 350 of the respondents are processed and analyzed using SPSS version 17. Descriptive analysis, reliability test, validity test and Pearson Correlation Coefficient Analysis used to get the results of this study.

#### **4.2 Reliability Analysis**

The Cronbach's alpha test was performed on 350 respondents, and for all constructs is exceeding the minimum alpha value of 0.6 except financial literacy (0.551). Item no 2, under financial literacy has been excluded, the Cronbach's Alpha is above 0.7, and this means the scale given is reliable.

Table 4.1

*Summary of Reliability Statistics on 350 Respondents*

<b>CONSTRUCT</b>	<b>CRONBACH'S ALPHA</b>	<b>NUMBER OF ITEMS</b>
<b>Financial Literature</b>	0.706	6
<b>Peer Influence</b>	0.630	5
<b>Parental Socialization</b>	0.842	8
<b>Self Control</b>	0.900	10
<b>Saving Habit</b>	0.826	8

### 4.3 Validity Analysis

Table 4.2

*Summary of Validity Analysis: KMO and Bartlett's Test*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.638
Bartlett's Test of Sphericity	Approx Chi-Square	300.604
	df	10
	Sig	0.000

Based on validity on 350 respondents, from the above table, we can see that Bartlett's Test of Sphericity is significant as equal to 0.000 and that the Kaiser-Meyer-Olkin measure of sampling of the variables used in this research is 0.638 which is greater than 0.60 and this is well supported by Mohd (2011).

#### 4.4 Descriptive Statistics: Frequency Distributions for Demographic Profile

Frequency distributions have been performed through descriptive statistics in order to obtain data of demographic profiles (Sekaran, 2004). Below are the finding on descriptive statistic performed using interdependent T-Test.

Based on table 4.3 (as shown below) 350 of the respondents answered all demographic questions in part A.

Table 4.3

*Statistic of Total Respondents on Demographic Profile.*

Statistics									
		Gender	Age	Marital Status	Race	Course of Study	Allowance	Saving Accounts	Part Time Job
N	Valid	350	350	350	350	350	350	350	350
	Missing	0	0	0	0	0	0	0	0

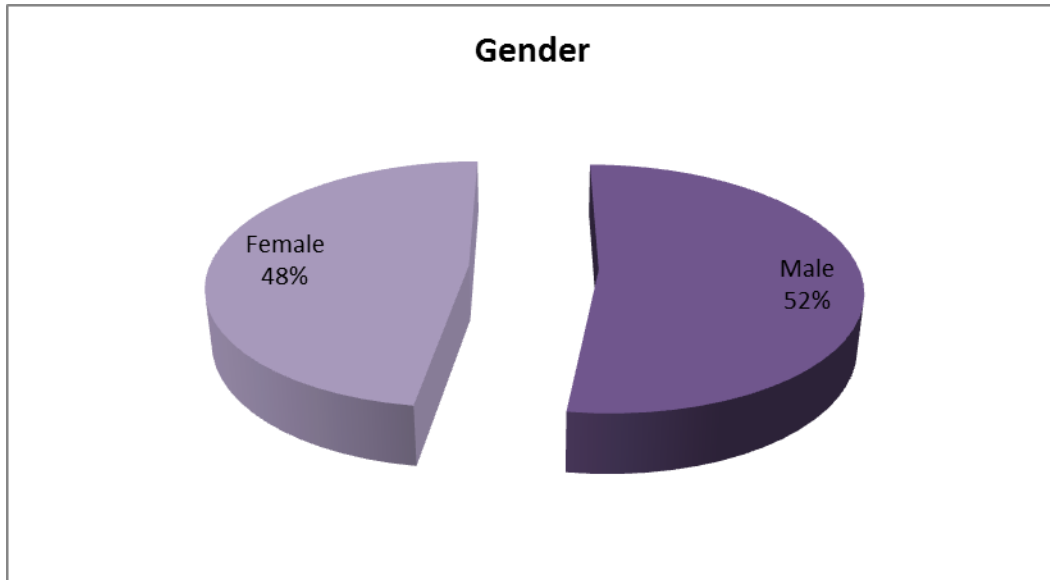


Chart 4.1  
*Gender*

Based on chart 4.1, shows that the majority of the respondents are male (52.3%), and only 47.7% of the respondents are female. (Appendix C).

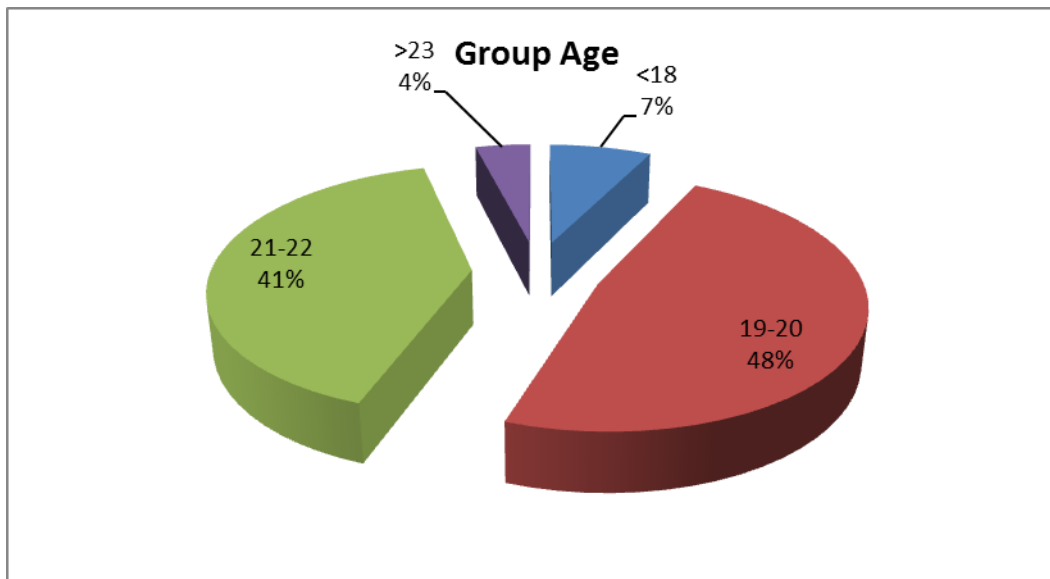


Chart 4.2  
*Group Age*

Based on chart 4.2, for group of age, the majority of the respondents falls under the age group of 19 to 20 (48%) followed by age 21-22 (40.6%), 7.4 % of group age less than 18 and only 4% age more than 23 years old. (Appendix C)

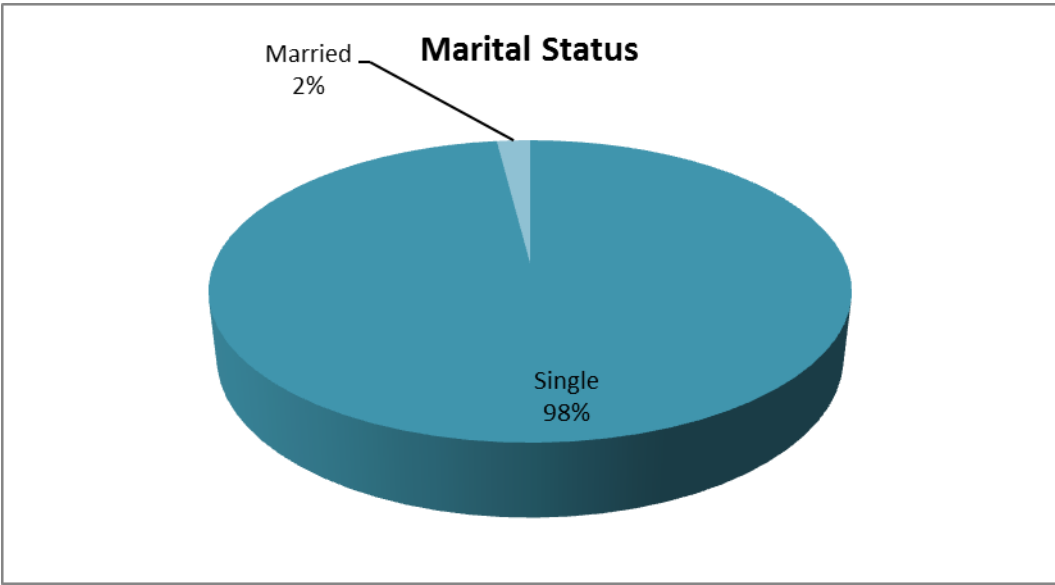


Chart 4.3

*Marital Status*

Based on chart 4.3, 98% of the respondents are still single, and only 2% are married. (Appendix C)

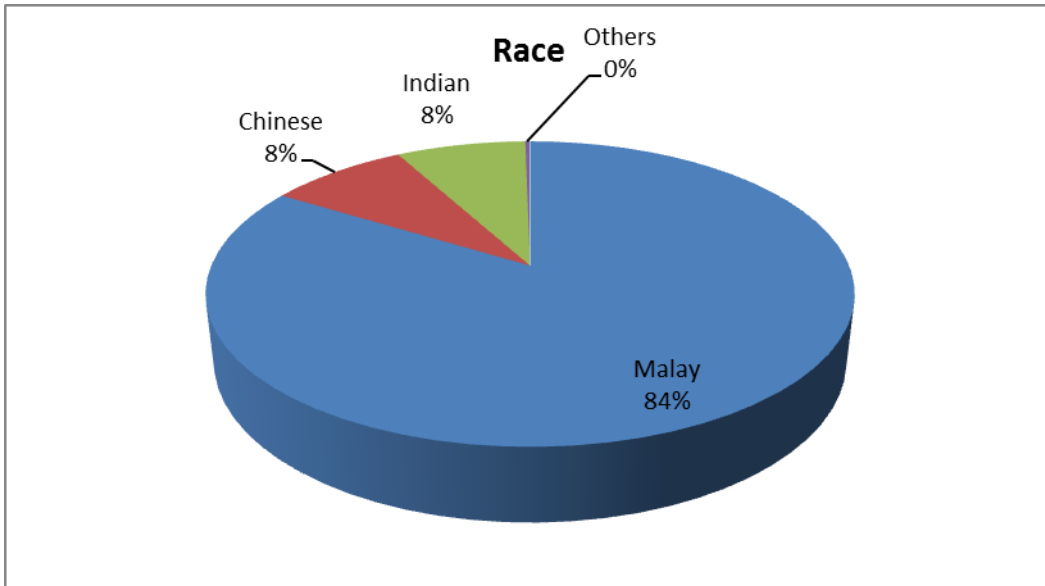


Chart 4.4

*Race*

According to chart 4.4, 84% of the respondents are Malay, 8% are Chinese, 8% are Indian and only 0.3% are from other race. (Appendix C).

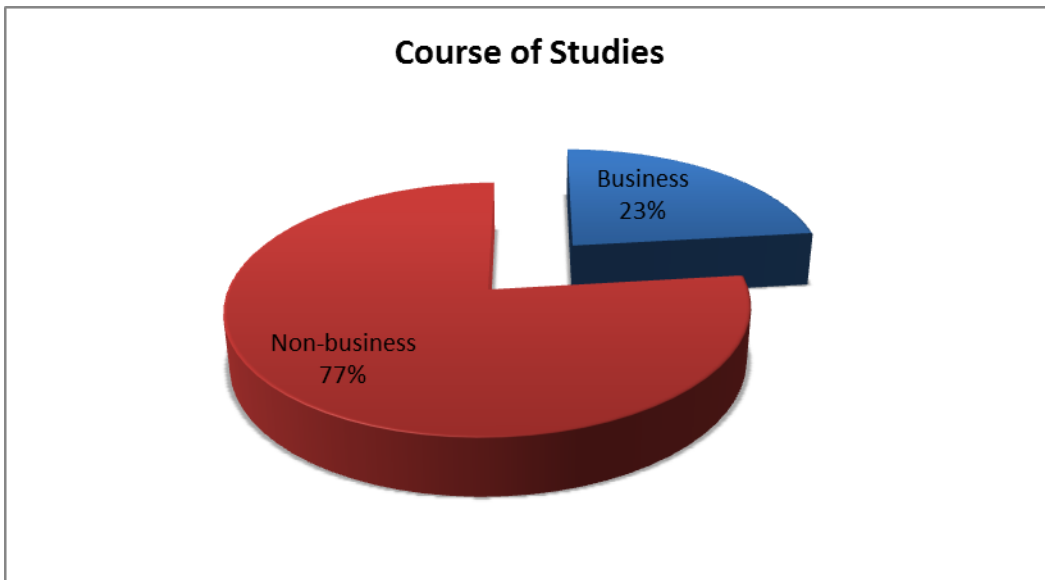


Chart 4.5

*Course of Study*



Based on chart 4.5, the majority of the respondents are non-business's background (76.3%), and only 23.7% are from business background's respondents (Appendix C).

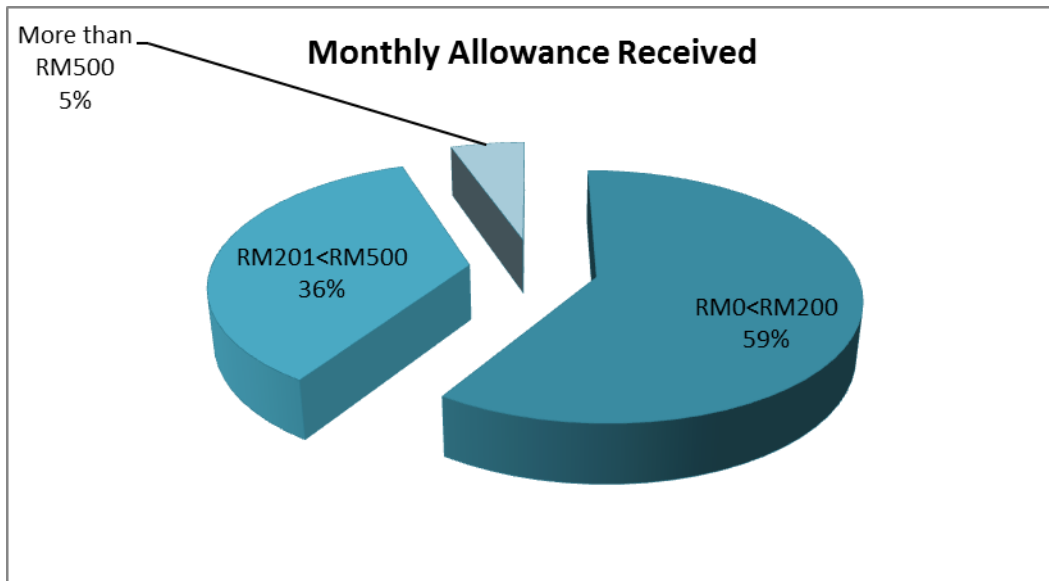


Chart 4.6

*Monthly Allowance*

From chart 4.6, we can see that 59.1% of the respondents received allowance between RM0 < RM200, 35 % of the respondents received RM201 but less than RM500, and only 5.4% received a monthly allowance more than RM500. (Appendix C).

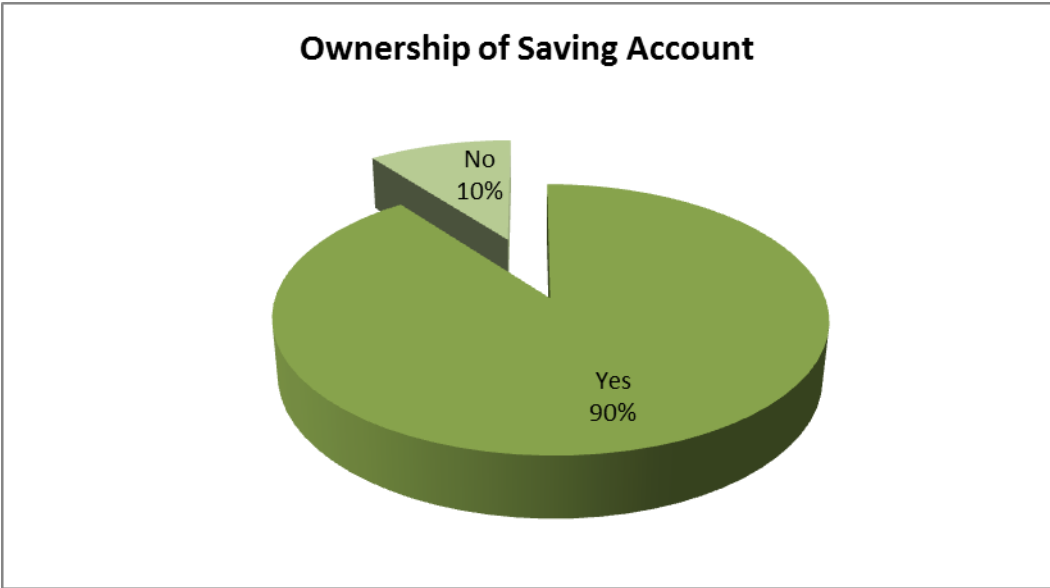


Chart 4.7  
*Ownership of Saving Account*

From chart 4.7, we can see that only 10.3% of the respondents don't have any savings accounts; however, another 89.7% have saving accounts (Appendix C).

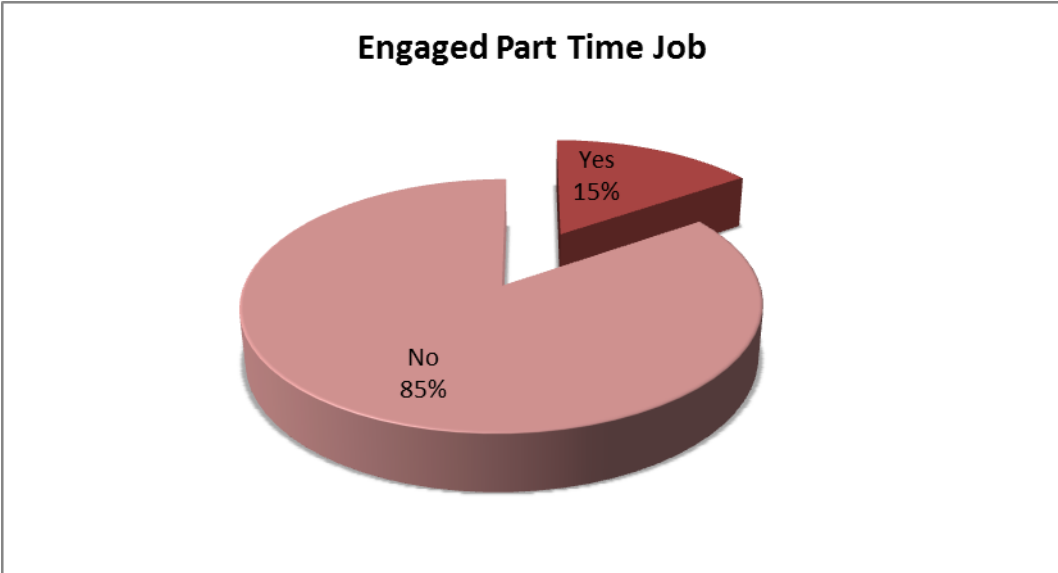


Chart 4.8  
*Engaged Part Time Job*

From chart 4.8, only 15.4% of the respondents or 54 respondents engaged in part time job while the rest of 84.6% don't engage any part time job (Appendix C).

#### 4.5 Descriptive Statistic: Measures of Central Tendencies

Table 4.4

*Descriptive Statistic for Financial Literacy*

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness	Std. Error	Kurtosis	Std. Error
<b>I have knowledge on how to invest my money. (FL1)</b>	350	3.6114	0.81384	-0.877	0.13	0.906	0.26
<b>I have a very clear idea of my financial needs during retirement.(FL3)</b>	350	3.5086	0.74456	-0.302	0.13	0.391	0.26
<b>I am able to maintain financial records for my income and expenditure. (FL4)</b>	350	3.4229	0.86878	-0.433	0.13	-0.473	0.26
<b>I'm not facing any difficulty in managing my money. (FL5)</b>	350	3.3171	0.94216	-0.134	0.13	-0.496	0.26
<b>I have knowledge on financial instruments (e.g. bonds, stock, T-bill, future contract, option and etc).(FL6)</b>	350	3.1429	0.95883	-0.289	0.13	-0.78	0.26

<b>I can prepare my own weekly (monthly) budget. (FL7)</b>	350	3.4114	0.90328	-0.484	0.13	-0.361	0.26
<b>Valid N (listwise)</b>	350						

Table 4.4 shows highest mean for Financial Literacy are at 3.6114 (FL1), and the lowest mean at 3.1429 (FL6). For standard deviation, the highest score is at FL6 (0.95883) and the lowest score at FL2 (0.74456). All of the questions are negatively skewed, and are positive kurtosis except for FL4, FL5, FL6 and FL7 (See Appendix D).

Table 4.5

*Descriptive Statistic for Parental Socialization*

<b>Descriptive Statistics</b>							
	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>		
	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Std. Error</b>	<b>Statistic</b>	<b>Std. Error</b>
<b>My parents are good example for me when it comes to money management.(PS1)</b>	350	4.0029	0.75131	-1.269	0.13	3.297	0.26
<b>I alid always talk about money management with my parents.(PS2)</b>	350	3.7086	0.88973	-0.425	0.13	-0.376	0.26
<b>It's good when my parents control my spending.(PS3)</b>	350	3.5943	1.0522	-0.332	0.13	-0.879	0.26

<b>It's good thing to ask my parents to keep hold of my money sometimes to help me save.(PS4)</b>	350	3.7543	0.91918	-0.673	0.13	0.378	0.26
<b>My parents are proud of me for saving.(PS5)</b>	350	3.72	0.90614	-0.579	0.13	-0.079	0.26
<b>I appreciate it when my parents give me advice about what to do with my money.(PS6)</b>	350	3.8457	0.88228	-0.6	0.13	0.018	0.26
<b>I save money because I don't think my parents should pay for things I don't really need but like.(PS7)</b>	350	3.7743	0.9593	-0.788	0.13	0.189	0.26
<b>Saving is something is do regularly because my parents wanted me to save when i was little.(PS8)</b>	350	3.7286	0.81394	-0.49	0.13	0.197	0.26
<b>Valid N (listwise)</b>	350						

Table 4.5 shows highest mean are at 4.029 (PS1), and the lowest mean at 3.5943 (PS3). For standard deviation, the highest score is at PS3 (1.0522) and the lowest score at PS1 (0.75131). All of the questions are negatively skewed. All questions also are positively kurtosis except for PS2, PS3 and PS5. (See Appendix D)

Table 4.6

*Descriptive Statistic for Peer Influence*

<b>Descriptive Statistics</b>							
	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>		
	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Std. Error</b>	<b>Statistic</b>	<b>Std. Error</b>
<b>As far as is know, some of my friends regularly do save with a saving account.(PS1)</b>	350	3.2914	0.87675	-0.219	0.13	-0.823	0.26
<b>I always discuss about money management issue (saving) with my friends.(PS2)</b>	350	3.18	0.98362	-0.15	0.13	-0.689	0.26
<b>I always compare the amount of saving and spending with my friends.(PS3)</b>	350	3.0371	0.96725	0.021	0.13	-0.311	0.26
<b>I always spend my leisure time with friends.(PS4)</b>	350	3.26	1.04804	0.05	0.13	-1.109	0.26
<b>I am always involved in money spending activities with friends.(PS5)</b>	350	3.1229	1.01241	0.035	0.13	-0.827	0.26
<b>Valid N (listwise)</b>	350						

Table 4.6 shows highest mean are at 3.2914 (PI1), and the lowest mean at 3.0371 (PI3).

For standard deviation, the highest score is at PI4 (1.04804), and the lowest score at PI1

(0.87675). All of the questions are negatively skewed except PI3, PI4 and PI5. All questions also are negatively kurtosis. (See Appendix D)

Table 4.7

*Descriptive Statistic for Self-Control*

<b>Descriptive Statistics</b>							
	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>		
	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Std. Error</b>	<b>Statistic</b>	<b>Std. Error</b>
<b>I don't save, because i think it's too hard.(SC1)</b>	350	3.0686	1.16091	0.297	0.13	-1.186	0.26
<b>I enjoy spending money on things that aren't practical.(SC2)</b>	350	3.0629	1.08469	0.254	0.13	-0.924	0.26
<b>When i get money, i always spend it immediately (within 1 Or 2 days). (SC3)</b>	350	3.2686	1.08487	-0.306	0.13	-0.816	0.26
<b>"I see it, i like it, i buy it' describes me.(SC4)</b>	350	3.12	1.0557	-0.227	0.13	-0.696	0.26
<b>"Just do it' describes the way i buy things.(SC5)</b>	350	3.14	1.0761	-0.198	0.13	-0.671	0.26
<b>"Buy now, think about it later' describes me.(SC6)</b>	350	3.0888	1.06707	0.022	0.131	-0.931	0.26
<b>I'm easily attracted by lure.(SC7)</b>	350	3.1943	1.05818	-0.176	0.13	-0.796	0.26
<b>I always failed to control myself from</b>	350	3.1971	1.04812	-0.251	0.13	-0.76	0.26

<b>spending money.(SC8)</b>							
<b>When i set saving goals for myself, i rarely achieve them.(SC9)</b>	350	2.9514	1.04096	0.235	0.13	-0.773	0.26
<b>I am more concerned with what happens to me in short run than in the long run.(SC10)</b>	350	2.96	1.05635	0.227	0.13	-0.851	0.26
<b>Valid N (listwise)</b>	350						

Table 4.7 shows highest mean is 3.2686 (SC3), and the lowest mean at 2.9514 (SC9). For standard deviation, the highest score is at SC1 (1.16091), and the lowest score at SC9 (1.04096). All of the questions are negatively skewed except SC1, SC2, SC6, SC9 and SC10. All questions also are negatively kurtosis. (See Appendix D)

Table 4.8

*Descriptive Statistic for Saving Habits*

<b>Descriptive Statistics</b>							
	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>		
	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Statistic</b>	<b>Std. Error</b>	<b>Statistic</b>	<b>Std. Error</b>
<b>I put money aside on a regular basis for the future. (SH1)</b>	350	3.4514	0.98218	-0.402	0.13	-0.87	0.26
<b>In order to save, i often compare prices before i make a purchase. (SH2)</b>	350	3.5743	0.92338	-0.395	0.13	-0.435	0.26



<b>In order to save, i often consider whether the real necessity exists before i make a purchase.(SH3)</b>	350	3.6714	0.82791	-0.39	0.13	-0.165	0.26
<b>In order to save, i always follow a careful monthly budget.(SH4)</b>	350	3.3657	0.97708	-0.323	0.13	-0.776	0.26
<b>I always have money available in the event of emergency.(SH5)</b>	350	3.5029	0.882	-0.412	0.13	-0.468	0.26
<b>In order to save, i plan to reduce my expenditure.(SH6)</b>	350	3.7286	0.78892	-0.57	0.13	0.252	0.26
<b>I save to achieve certain goals.(SH7)</b>	350	3.8229	0.77758	-0.637	0.13	0.517	0.26
<b>I save until the end of my semester.(SH8)</b>	350	3.7171	0.8973	-0.728	0.13	0.433	0.26
<b>Valid N (listwise)</b>	350						

Table 4.8 shows highest mean is 3.8229 (SH7), and the lowest mean 3.3657 (SH4). For standard deviation, the highest score is at SH1 (0.98218), and the lowest score at SH7 (0.77758). All of the questions are negatively skewed. All questions also are negatively except SH 5, SH6, SH7 and SH8. (See Appendix D)

#### 4.6 Hypotheses Testing: Pearson Correlation Coefficient

Table 4.9

*Pearson Correlation Analysis*

		<b>Saving Habits</b>
Financial Literacy (FL)	Pearson Correlation	.358**
	Sig. (2-tailed)	.000
	N	350
Parental Socialization (PS)	Pearson Correlation	.529**
	Sig. (2-tailed)	.000
	N	350
Peer Influence (PI)	Pearson Correlation	.251**
	Sig. (2-tailed)	.000
	N	350
Self Control (SC)	Pearson Correlation	.116*
	Sig. (2-tailed)	.030
	N	349
Saving Habits (SH)	Pearson Correlation	1
	Sig. (2-tailed)	
	N	350

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

From table 4.9, based on Pearson Correlation Analysis's which was performed on 350 respondents; we can see that all independent variable are positively associated with the

dependent variable (Saving Habits). The strongest correlation with Saving Habits (SH) is Parental Socialization (PS) ( $r=0.529$ ), Financial Literature (FL) ( $r=0.358$ ) and the second strongest, and followed by Peer Influence (PI) ( $r=0.251$ ) and Self Control (SC) ( $r=0.116$ ). We can accept all hypotheses of this study as the p values are less than 0.05. (See Appendix E)

#### **4.7 Chapter Summary**

In chapter 4, researcher are using SPSS version 17 to process the data. Based on this data, analysis of reliability, validity, descriptive statistic and correlation coefficient test have been used. All of this test can give us the result on demographic profiles and the normality of this research's respondents. Hypotheses developed earlier also tested in Chapter 3. Analysis and finding of this chapter will be summarized in chapter 5.

## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

In chapter 5 based on data analysis in chapter 4, processed data are presented and interpreted. Findings, limitations and further recommendation for further study were discussed. Overview of this finding can give us a clear picture of the result based on the test or analysis performed through SPSS version 17. This finding will be presented in sentences for easier understanding.

#### **5.2 Finding**

##### **5.2.1 Finding on Demographic Profiles**

The descriptive analysis results obtained from chapter four (4) revealed that the majority of the respondents are male (52.7%), and only 47.7% of the respondents are females. Age group of the respondents between 19-20 years old contributed to the highest percentage (48%). On Marital Status result, only 2% or 7 respondents are already married while another 98% are still single.

Almost 83.7% are Malays, followed by Chinese (8.3%), Indian, 7.7% and other race contributed 0.3%. The majority of the respondents are non-business's background (76.3%) and another 23.7% are respondents with business background. Other than that, the majority of respondents received a monthly allowance between RM0<RM200 (59.1%), 35.4% received a monthly allowance within  $RM201 \leq RM500$  and only (5.4%) received allowance more than RM500. However, with the result of the percentage of ownership saving account, 89.7% own saving accounts, but 10.3% of the respondents don't have any savings accounts. And from 350 respondents, only 54 respondents or 15.4% engaged with part time job.

### **5.2.2 Finding on Measure of Central Tendencies**

Based on results showed through the measure of central tendencies analysis, all the variables involved, such as saving habits as the dependent variable; parental socialization, financial literature, peer influence and self-control as independent variables seem to be deemed and normally distributed. This is well supported by Hair Jr, Black, Babin, & Anderson, (2010) which described that "peakedness' or 'flatness" of the distribution compared with the normal distribution (also known as the height of the distribution) also known as kurtosis, while to describe the balance of the distribution, skewness is used.

### **5.2.3 Finding on Reliability Test**

The result shown all constructs are exceeding the minimum alpha value of 0.6 while tested for Cronbach's Alpha, and this has meant the scale given is reliable. In this study, based on 350 respondents, Self Control (SC) reliability test was the highest (0.900), and the lowest in reliability test is Peer Influence (0.630). This means all items in this study (after we excluded item no 2 under financial literacy) are positively correlated to one another.

### **5.2.4 Finding on Validity Test**

Through Validity test, it is indicated that based on the ability of a scale to measure the intended concept which were performed 350 respondents, the result showed that the KMO of sampling adequacy is 0.638. It means this test is valid which is greater than 0.60. The Bartlett's Test of Sphericity is significant as it is at 0.000. This also well supported by Mohd (2011) which mentioned, if the KMO is greater than 0.60 the items constructed are valid.

As per Hair et al. (2010) to perform a statistical test for the presence of correlation among the variables, the Bartlett's Test of Sphericity can be used. To indicate that sufficient correlations exist among the variables, test for the significant correlations among at least some of the variables can be performed and if (sig<0.05).

### **5.2.5 Finding on Inferential Pearson Correlation Coefficients**

To test based on inferential analysis, the Pearson Correlation Coefficient analysis was performed to show that it is evidently positive correlation between and the dependent variable (SH) and the independent variables (FL, PS, PI and SC). Finding showed that based on this study, Parental Socialization (PS) has the strongest relationship with Saving Habit, followed by Financial Literature (FL), Peer Influence (PI) and the weakest relationship is with Self Control. As the p values are less than 0.05 all hypotheses of this study are accepted.

The significance strongest relationship between Saving Habits and Parental Socialization (PS) was well supported by Otto (2009), which claimed that saving habits can be developed through the relationship between child and parents. However, it is contradicted with the study by Leila, Laily, Maimunah, Sharifah Azizah, & Jariah, (2011) which defined financial knowledge as financial information and literacy; and financial literacy supposes to be the main factor to help someone to apply their knowledge in developing their saving habits.

As for Self Control having the weakest relationship with Saving Habits, it was against and contradict with a study which claimed that Self-control is the major factor that creating individual saving and spending habits, either in economics psychological and economic literature (Warneyd, 1999).

### **5.3 Discussions of Major Findings/ Hypotheses Research**

H1: There is a significant relationship between saving habits and financial literacy among Gen Y (students at Politeknik Sultan Azlan Shah).

Based on chapter 4, researcher can conclude that the Saving Habits have a significant relationship with financial literacy of Gen Y (students at Politeknik Sultan Azlan Shah) as ( $p < 0.05$ ). The students with higher financial literacy are more likely to save compared to student without financial literacy, and it is proven through this study.

This also can be supported as the students with financial literacy knows and aware the importance of savings (Cude, et al., 2006), must be taught to manage their money wisely (Matters, 2014) and can help to enhance the ability to handle financial matters (Delafrooz & Laily, 2011). However, according to Masa, et al. (2010) proved that youths are interested in getting involved in savings and are buying assets through initiative for youth around the world. (Schuyler, 2012)

H2: There is a significant relationship between saving habits and parental socialization among Gen Y (students at Politeknik Sultan Azlan Shah).

A significant relationship between parental socialization and Saving Habits among Gen Y (students at Politeknik Sultan Azlan Shah) can be concluded as there is an evidence as ( $p < 0.05$ ). This result also can be supported by finding on



other research which done Friedline, Elliot, & Nam (2011) which identified that the children observing their parents' saving habits. Hence, parental socialization indirectly can develop interest in their children to save money.

H3: There is a significant relationship between saving habits and peer influence among Gen Y (students at Politeknik Sultan Azlan Shah).

The finding also proved that peer influence has a significant relationship with Saving Habits among Gen Y (students at Politeknik Sultan Azlan Shah as  $(p < 0.05)$ ).

However, the results contradicted with the studies which performed by Jorgensen, Mezzaros, Allen, & Hayhoe (2007) which revealed that there is no relationship between saving habits and peer influence. This is may be due to the connection or communication barrier within students and their parents increasing via mobile phones and also internet. Therefore, due to close bonding between students and parents are relatively contributing to the students still prefer to choose their parents as an idol in developing their saving habits.

H4: There is a significant relationship between saving habits and self-control among Gen Y (students at Politeknik Sultan Azlan Shah).

In final independent variable, Self Control, the result revealed that this variance significant relationship with Saving Habits of students at Politeknik Sultan Azlan

Shah as( $p < 0.05$ ). This is supported with finding by Moffit, et al. (2010), which indicated that children with poor self-control are not a good financial planner and those who have good self control can be a good financial planner.

#### **5.4 Limitation of Study**

This study focuses on Malaysian Generation Y age 15 - 29 years old and which are currently studying at Politeknik Sultan Azlan Shah, Behrang, Perak. The data collected are dependent on the sincerity of their saving habits of the participation of respondents. Thus, getting their honest and assistance to respond to the questionnaires sincerity is one of the obstacles.

The researcher encountered a few limitations while performing this study and hope that future researcher can further improve on them. The first limitations are the study was conducted on only 350 out of 3777 students at Politeknik Sultan Azlan Shah. Therefore, it is fewer representatives to be represented as the respondents as the samples drawn are small and limited. Other than that majority of the students are coming out of non-business students, which are from Electrical Engineering Department, Mechanical Engineering Department, and also Civil Engineering Department and most probably they are lack of financial management skills, but most probably they are having saving habits.

The second limitation is the study only focus on the direct relationship of the dependent variable (Saving Habits) with independent variables (Parental Socialization, Self-Control, Peer Influence and Financial Literacy). Therefore, other mediating factors which

give big influence might be missed out by the researcher on the actual behavior which contribute to Saving Habits. Hence, the absence of other mediating factors might affect the accuracy and reliability of the study.

The third limitation, the questionnaire is self-administrated by students themselves. Therefore, the willingness of students to answer it genuinely might be influenced by another factor such as time constraints, the personality of the respondents, language barrier and other factors. So, the reliability of this research might be affected as well.

## **5.5 Theoretical and Practical Contribution of the Study**

This research has provided the finding on the Saving Habits among Gen Y (students of the Politeknik Sultan Azlan Shah). Due to increasing numbers of bad financial literacy among students at a young age, this trigger the researcher to perform this study, as the student practically with the assistance of PTPTN or even without any study loan must have a financial management skills, and indirectly this will assist them to have a very good saving habits.

Thus, this research will provide basic finding and will give an implication on other related parties to do the necessary action to help the student, themselves in managing their money, and also to come out with the necessary tools to in order to identifying the factors affecting polytechnic's students' behavior in saving their money.

Therefore, the finding will give a basic understanding of saving habits to financial institutions in Malaysia, maybe to come with an attractive package of saving accounts in order to attract more savers among students. Other than that, the policy maker can identify the strategies to help and develop more awareness campaign among polytechnic students, so that they will be equipped with knowledge of financial management skills. Indirectly, this also will help to decrease of default of payment by PTPTNs' borrower.

Since there are educational programs which being offered by AKPK, the higher, learning institutions must take the opportunities to educate their students with the financial knowledge with the assistance of AKPK personnel. The Politeknik Sultan Azlan Shah did offer AKPK courses as one of the elective course to the students, but currently only students of Diploma in Business Studies (Commerce Department) have the opportunities to gain the knowledge through this course.

Parents and family members may play important roles in developing and promoting saving habits among their children, as this will give very high impact in their real world as an adult in the future. It is a very good guidance if they can be trained since they are still young; so that they can practice their saving habits once they are getting older, own the money. Without good example by parents, as someone who they trust the most, indirectly will give an experience and will be practiced by the students in their real life.

## **5.6 Recommendation for Future Study**

The researcher would like to recommend that future study to be performed on differences background of students, whether they are coming from rural areas or urban area. Future study also can focus on a different group of polytechnics student base on their location. From the finding perhaps we can see the difference of locality of the students in their saving habits. Other than that, future study also can focus on the differences of factors influence in saving habits on different gender and also different background of studies.

## **5.7 Conclusion**

The study can give us the indicator on which factors affected and can be used to predict the saving habits among Gen Y (students of the Politeknik Sultan Azlan Shah). Thus, the researcher suggested that future researcher to study deeper in these issues as the financial management skills, especially to study on the level of the saving habits among Gen Y at other polytechnics, to see the differences between saving habits behavior between those who still at secondary school and also at higher learning institutions.

With the increasing numbers of bankruptcy among Gen Y, the authorities, policy maker, financial institutions must know how to tackle the root of this problem, and from there, special education program, products on saving, and other related activities can be developed, not only to enhance Gen Y's financial skill, but also to ensure they have enough money to save.

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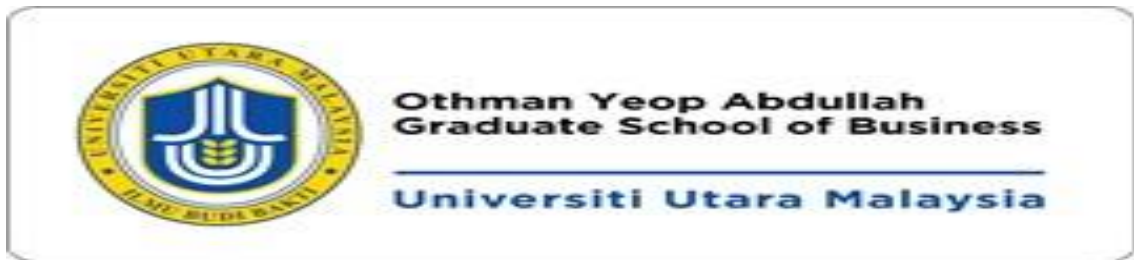
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## **LIST OF APPENDIXES**

- A Questionnaire**
- B Reliability Analysis (Pilot Test)**
- C Validity Analysis (Pilot test)**
- D Reliability Test**
- E Validity Test**
- F Descriptive Analysis: Demographic Profile**
- G Descriptive Analysis: Central Tendencies Measurement**
- H Pearson Correlation Coefficient Analysis**

## Appendix A



### RESEARCH

#### RESEARCH TOPIC:

Factors that Influence Saving Habits of Gen Y: A Study on Politeknik Sultan Azlan Shah Students.

#### Instruction:

There are TWO (2) sections in this questionnaire. Please answer ALL questions in ALL sections.

#### Section A: Demographic Profile

Please indicate (/) in the appropriate information about yourself. Each question should only have ONE answer.

1. Gender  
 Male  
 Female
2. Age  
 18 and below  
 19-20  
 21-22  
 23 and above
3. Marital status  
 Single  
 Married
4. Race  
 Malay  
 Indian  
 Chinese  
 Others
5. Course of study  
 Business  
 Non-business
6. How much is your monthly allowance?  
 RM0 ≤ RM200  
 RM201 ≤ RM500  
 More than RM500
7. Do you own any saving accounts?  
job?  
 Yes       No
8. Do you engage in a part-time  
job?  
 Yes       No

## Section B: Independent and Dependent Variables

Please circle your answer to each statement using 5 Likert scale based on the descriptions provided.

(1)= strongly disagree; (2)= disagree; (3)= neutral; (4)= agree and (5)= strongly agree

Financial Literacy (1 <sup>st</sup> Independent Variable)						
No	Questions	1	2	3	4	5
1	I have knowledge on how to invest my money. <i>Saya mempunyai pengetahuan tentang cara untuk melabur wang saya.</i>	1	2	3	4	5
2	I know how to manage my credit use. <i>Saya tahu bagaimana untuk menguruskan wang saya.</i>	1	2	3	4	5
3	I have a very clear idea of my financial needs during retirement. <i>Saya mempunyai idea yang jelas tentang keperluan kewangan saya semasa persaraan.</i>	1	2	3	4	5
4	I am able to maintain financial records for my income and expenditure. <i>Saya mampu menyimpan rekod kewangan bagi pendapatan dan perbelanjaan saya.</i>	1	2	3	4	5
5	I'm not facing any difficulty in managing my money. <i>Saya tidak mempunyai sebarang masalah dalam menguruskan wang saya.</i>	1	2	3	4	5
6	I have knowledge on financial instruments (e.g. bonds, stock, T-bill, future contract, option and etc). <i>Saya mempunyai pengetahuan mengenai instrumen kewangan (contohnya bon, stok, kotrak masa depan, opsyen dan lain-lain).</i>	1	2	3	4	5
7	I can prepare my own weekly (monthly) budget. <i>Saya berkebolehan menyediakan perancangan mingguan (bulanan).</i>	1	2	3	4	5

(1)= strongly disagree; (2)= disagree; (3)= neutral; (4)= agree and (5)= strongly agree

Parental Socialization (2nd Independent Variable)						
No	Questions	1	2	3	4	5
1	My parents are good example for me when it comes to money management. <i>Ibubapa merupakan contoh yang baik bagi saya dalam hal pengurusan wang.</i>	1	2	3	4	5
2	I always talk about money management with my parents. <i>Saya selalu bercakap tentang pengurusan wang dengan ibubapa saya.</i>	1	2	3	4	5
3	It's good when my parents control my spending. <i>Ia adalah baik apabila ibubapa mengawal perbelanjaan saya.</i>	1	2	3	4	5

4	It's a good thing to ask my parents to keep hold of my money sometimes to help me save. <i>la satu perkara yang baik untuk meminta ibubapa saya untuk kadang-kadang memegang wang saya untuk membantu saya menyimpan.</i>	1	2	3	4	5
5	My parents are proud of me for saving. <i>Ibubapa saya berbangga dengan saya kerana menyimpan.</i>	1	2	3	4	5
6	I appreciate it when my parents give me advice about what to do with my money. <i>Saya menghargai apabila ibubapa saya memberi nasihat mengenai apa yang perlu dilakukan dengan wang saya</i>	1	2	3	4	5
7	I save money because I don't think my parents should pay for things I don't really need but like. <i>Saya menyimpan kerana saya tidak rasa bahawa ibubapa saya harus membayar untuk barangan yang saya suka tetapi bukan barang keperluan.</i>	1	2	3	4	5
8	Saving is something I do regularly because my parents wanted me to save when I was little. <i>Menyimpan adalah sesuatu yang kerap saya lakukan kerana ibubapa saya telah mahu saya menyimpan semasa saya kecil.</i>	1	2	3	4	5

(1)= strongly disagree; (2)= disagree; (3)= neutral; (4)= agree and (5)= strongly agree

Peer Influence (3 <sup>rd</sup> Independent Variable)						
No	Questions	1	2	3	4	5
1	As far as I know, some of my friends regularly do save with a saving account. <i>Setakat yang saya tahu, rakan-rakan saya selalu menyimpan dalam akaun simpanan.</i>	1	2	3	4	5
2	I always discuss about money management issue (saving) with my friends. <i>Saya sentiasa berbincang mengenai isu pengurusan wang (simpanan) dengan rakan-rakan saya.</i>	1	2	3	4	5
3	I always compare the amount of saving and spending with my friends. <i>Saya selalu membandingkan jumlah simpanan dan perbelanjaan dengan rakan-rakan saya.</i>	1	2	3	4	5
4	I always spend my leisure time with friends. <i>Saya sentiasa menghabiskan masa lapang saya dengan rakan-rakan.</i>	1	2	3	4	5
5	I am always involved in money spending activities with friends. <i>Saya sentiasa terlibat dalam aktiviti-aktiviti perbelanjaan wang dengan rakan-rakan.</i>	1	2	3	4	5

(1)= strongly disagree; (2)= disagree; (3)= neutral; (4)= agree and (5)= strongly agree

Self Control (4th Independent Variable)						
No	Questions	1	2	3	4	5
1	I don't save, because I think it's too hard. <i>Saya tidak menyimpan, kerana saya rasa ianya terlalu sukar.</i>	1	2	3	4	5
2	I enjoy spending money on things that aren't practical. <i>Saya suka membelanjakan wang untuk perkara-perkara yang tidak praktikal.</i>	1	2	3	4	5
3	When I get money, I always spend it immediately (within 1 or 2 days). <i>Apabila saya dapat wang, selalunya saya akan berbelanja dengan segera (dalam masa 1 atau 2 hari).</i>	1	2	3	4	5
4	"I see it, I like it, I buy it" describes me. <i>"Saya lihat, saya suka, saya membelinya" menerangkan saya.</i>	1	2	3	4	5
5	"Just do it" describes the way I buy things. <i>"Beli saja lah" menerangkan cara saya membeli sesuatu.</i>	1	2	3	4	5
6	"Buy now, think about it later" describes me. <i>"Beli sekarang, berfikir mengenainya kemudian" menerangkan saya.</i>	1	2	3	4	5
7	I'm easily attracted by lure. <i>Saya mudah tertarik dengan umpanan.</i>	1	2	3	4	5
8	I always failed to control myself from spending money. <i>Saya selalu gagal mengawal diri daripada membelanjakan wang.</i>	1	2	3	4	5
9	When I set saving goals for myself, I rarely achieve them. <i>Apabila saya menetapkan matlamat menyimpan untuk diri sendiri, saya jarang mencapainya.</i>	1	2	3	4	5
10	I am more concerned with what happens to me in short run than in the long run. <i>Saya lebih prihatin dengan apa yang akan berlaku kepada saya pada jangka pendek berbanding jangka masa panjang.</i>	1	2	3	4	5



(1)= strongly disagree; (2)= disagree; (3)= neutral; (4)= agree and (5)= strongly agree

Saving Habits (Dependent Variable)						
No	Questions	1	2	3	4	5
1	I put money aside on a regular basis for the future. <i>Saya menyimpan secara tetap untuk masa hadapan.</i>	1	2	3	4	5
2	In order to save, I often compare prices before I make a purchase. <i>Dalam usaha untuk menyimpan, saya sering membandingkan harga sebelum saya membuat sebarang pembelian.</i>	1	2	3	4	5
3	In order to save, I often consider whether the real necessity exists before I make a purchase. <i>Dalam usaha untuk menyimpan, saya sering mengambil kira sama ada terdapat keperluan sebenar sebelum saya membuat pembelian</i>	1	2	3	4	5
4	In order to save, I always follow a careful monthly budget. <i>Dalam usaha untuk menyimpan, saya sentiasa mengikuti bajet bulanan yang dibuat dengan cermat.</i>	1	2	3	4	5
5	I always have money available in the event of emergency. <i>Saya sentiasa mempunyai wang sekiranya berlaku kecemasan.</i>	1	2	3	4	5
6	In order to save, I plan to reduce my expenditure. <i>Dalam usaha untuk menyimpan, saya bercadang untuk mengurangkan perbelanjaan saya.</i>	1	2	3	4	5
7	I save to achieve certain goals. <i>Saya menyimpan untuk mencapai matlamat-matlamat tertentu.</i>	1	2	3	4	5
8	I save until the end of my semester. <i>Saya menyimpan sehingga akhir semester saya.</i>	1	2	3	4	5

THANK YOU

## Appendix B

### 1-30 REVERSE

#### 1) Scale: Reliability (Financial Literacy)

##### Case Processing Summary

		N	%
Cases	Valid	30	75.0
	Excluded <sup>a</sup>	10	25.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

##### Reliability Statistics

Cronbach's Alpha	N of Items
.820	7

##### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FinancialLiteracy1	21.9333	16.616	.533	.801
FinancialLiteracy2	21.7000	15.114	.530	.803
FinancialLiteracy3	21.7333	16.547	.590	.795
FinancialLiteracy4	22.1000	15.334	.519	.804
FinancialLiteracy5	22.0667	14.685	.644	.781
FinancialLiteracy6	22.2667	15.582	.570	.794
FinancialLiteracy7	22.2000	15.476	.582	.792

2) Scale: Reliability (Parental Socialization)

*before deleted*

**Case Processing Summary**

		N	%
Cases	Valid	30	75.0
	Excluded <sup>a</sup>	10	25.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.672	8

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
ParentalSocialization1	30.4000	8.593	.570	.612
ParentalSocialization2	30.9000	7.955	.390	.636
ParentalSocialization3	30.4000	9.283	.227	.670
ParentalSocialization4	30.4000	7.697	.572	.589
ParentalSocialization5	30.7000	9.045	.194	.683
ParentalSocialization6	30.4333	8.392	.551	.608
ParentalSocialization7	30.5667	8.599	.222	.685
ParentalSocialization8	30.7333	8.064	.367	.642

• After deleted

**Case Processing Summary**

		N	%
Cases	Valid	30	75.0
	Excluded <sup>a</sup>	10	25.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.712	6

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
ParentalSocialization1	21.8000	5.614	.579	.650
ParentalSocialization2	22.3000	4.907	.434	.682
ParentalSocialization3	21.8000	5.959	.297	.713
ParentalSocialization4	21.8000	4.855	.583	.627
ParentalSocialization6	21.8333	5.592	.497	.663
ParentalSocialization8	22.1333	5.085	.383	.700

**3) Scale: Reliability (Peer Influence)****Case Processing Summary**

		N	%
Cases	Valid	30	75.0
	Excluded <sup>a</sup>	10	25.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.805	5

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PeerInfluence1	14.9667	11.206	.366	.825
PeerInfluence2	15.0000	8.552	.722	.723
PeerInfluence3	14.8667	9.085	.613	.759
PeerInfluence4	14.7000	9.390	.525	.789
PeerInfluence5	15.1333	8.602	.733	.720

**4) Scale: Reliability (Saving Habits)**

**Case Processing Summary**

		N	%
Cases	Valid	30	75.0
	Excluded <sup>a</sup>	10	25.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.871	8

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SavingHabits1	30.1000	18.507	.325	.890
SavingHabits2	29.6000	16.800	.744	.843
SavingHabits3	29.7333	16.754	.719	.845
SavingHabits4	29.9667	16.033	.663	.851
SavingHabits5	30.0000	16.207	.690	.847
SavingHabits6	29.7333	17.168	.644	.853
SavingHabits7	29.7333	16.685	.731	.844
SavingHabits8	29.6000	17.766	.567	.861

**5) Scale: Reliability (Self Control)**

**Case Processing Summary**

		N	%
Cases	Valid	30	75.0
	Excluded <sup>a</sup>	10	25.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.954	10

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SelfControl1R	26.3000	98.010	.744	.952
SelfControl2R	26.7333	97.444	.842	.948
SelfControl3R	26.7333	94.202	.902	.945
SelfControl4R	26.9000	98.507	.747	.952
SelfControl5R	26.8000	94.717	.878	.946
SelfControl6R	26.8000	95.890	.828	.948
SelfControl7R	26.6333	95.964	.884	.946
SelfControl8R	26.9000	96.921	.836	.948
SelfControl9R	27.1333	99.637	.700	.954
SelfControl10R	27.2667	100.823	.660	.955

## Appendix C

### Factor Analysis

#### Correlation Matrix

		FL	PS	PI	SCR	SH
Correlation	FL	1.000	.361	.337	.063	.417
	PS	.361	1.000	.470	-.088	.412
	PI	.337	.470	1.000	-.314	.306
	SCR	.063	-.088	-.314	1.000	.175
	SH	.417	.412	.306	.175	1.000

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.660
Bartlett's Test of Sphericity	Approx. Chi-Square
	24.877
	df
	10
	Sig.
	.006

#### Anti-image Matrices

		FL	PS	PI	SCR	SH
Anti-image Covariance	FL	.753	-.109	-.134	-.077	-.188
	PS	-.109	.683	-.213	.031	-.178
	PI	-.134	-.213	.642	.265	-.111
	SCR	-.077	.031	.265	.811	-.192
	SH	-.188	-.178	-.111	-.192	.694
Anti-image Correlation	FL	.754 <sup>a</sup>	-.152	-.192	-.099	-.260
	PS	-.152	.731 <sup>a</sup>	-.321	.041	-.259
	PI	-.192	-.321	.635 <sup>a</sup>	.367	-.167
	SCR	-.099	.041	.367	.400 <sup>a</sup>	-.256
	SH	-.260	-.259	-.167	-.256	.672 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

**Communalities**

	Initial	Extraction
FL	1.000	.560
PS	1.000	.611
PI	1.000	.725
SCR	1.000	.841
SH	1.000	.675

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.16	43.199	43.199	2.16	43.199	43.199	2.081	41.626	41.626
2	1.252	25.031	68.231	1.252	25.031	68.231	1.33	26.605	68.231
3	0.622	12.447	80.678						
4	0.513	10.251	90.929						
5	0.454	9.071	100						

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component	
	1	2
PS	.778	
PI	.737	-.426
SH	.707	.417
FL	.705	
SCR		.910

Extraction Method: Principal Component Analysis.

a. 2 components extracted.



**Rotated Component Matrix<sup>a</sup>**

	Component	
	1	2
SH	.799	
FL	.747	
PS	.723	
SCR		.903
PI	.580	-.624

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

**Component Transformation Matrix**

Component	1	2
1	.956	-.294
2	.294	.956

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

## Appendix D

### 1) Scale: Reliability (Financial Literacy)

*\*before deleted*

#### Case Processing Summary

		N	%
Cases	Valid	350	92.1
	Excluded <sup>a</sup>	30	7.9
	Total	380	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.551	7

#### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FinancialLiteracy1	20.4371	14.659	.445	.473
FinancialLiteracy2	20.4143	11.172	.132	.706
FinancialLiteracy3	20.5400	15.263	.391	.493
FinancialLiteracy4	20.6257	15.289	.301	.510
FinancialLiteracy5	20.7314	13.882	.473	.451
FinancialLiteracy6	20.9057	14.578	.354	.490
FinancialLiteracy7	20.6371	15.166	.300	.509

\*after deleted

**Case Processing Summary**

		N	%
Cases	Valid	350	92.1
	Excluded <sup>a</sup>	30	7.9
	Total	380	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.706	6

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FinancialLiteracy1	16.8029	8.291	.473	.657
FinancialLiteracy3	16.9057	8.745	.425	.672
FinancialLiteracy4	16.9914	8.221	.441	.666
FinancialLiteracy5	17.0971	7.853	.460	.660
FinancialLiteracy6	17.2714	7.849	.447	.665
FinancialLiteracy7	17.0029	8.324	.390	.683

**2) Scale: Reliability (Parental Socialization)**

**Case Processing Summary**

		N	%
Cases	Valid	350	92.1
	Excluded <sup>a</sup>	30	7.9
	Total	380	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.842	8

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
ParentalSocialization1	26.1257	20.540	.521	.830
ParentalSocialization2	26.4200	19.310	.582	.822
ParentalSocialization3	26.5343	17.986	.623	.817
ParentalSocialization4	26.3743	19.009	.599	.820
ParentalSocialization5	26.4086	19.480	.544	.827
ParentalSocialization6	26.2829	18.948	.641	.815
ParentalSocialization7	26.3543	19.049	.559	.826
ParentalSocialization8	26.4000	20.074	.537	.828

**3) Scale: Reliability (Peer Influence)**

*\*before deleted*

**Case Processing Summary**

		N	%
Cases	Valid	350	92.1
	Excluded <sup>a</sup>	30	7.9
	Total	380	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.630	5

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PeerInfluence1	12.6000	7.513	.288	.619
PeerInfluence2	12.7114	6.607	.414	.561
PeerInfluence3	12.8543	6.560	.438	.549
PeerInfluence4	12.6314	6.904	.302	.619
PeerInfluence5	12.7686	6.213	.481	.524

**4) Scale: Reliability (Saving Habits)**

**Case Processing Summary**

	N	%
Valid	350	92.1
Cases Excluded <sup>a</sup>	30	7.9
Total	380	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.826	8

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SavingHabits1	25.3829	17.887	.454	.821
SavingHabits2	25.2600	17.368	.572	.803
SavingHabits3	25.1629	18.160	.536	.808
SavingHabits4	25.4686	17.149	.559	.805
SavingHabits5	25.3314	17.586	.576	.802
SavingHabits6	25.1057	18.335	.543	.807
SavingHabits7	25.0114	17.983	.612	.799
SavingHabits8	25.1171	17.554	.568	.804

**5) Scale: Reliability (Self Control)**

**Case Processing Summary**

		N	%
Cases	Valid	349	91.8
	Excluded <sup>a</sup>	31	8.2
	Total	380	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.900	10

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SelfControl1R	27.9713	49.522	.598	.893
SelfControl2R	27.9771	48.902	.696	.887
SelfControl3R	27.7679	49.633	.642	.890
SelfControl4R	27.9169	50.105	.630	.891
SelfControl5R	27.8997	48.562	.728	.884
SelfControl6R	27.9484	49.578	.661	.889
SelfControl7R	27.8453	49.878	.645	.890
SelfControl8R	27.8395	50.836	.582	.894
SelfControl9R	28.0888	49.409	.694	.887
SelfControl10R	28.0802	50.281	.617	.892

## Appendix E

### Factor Analysis

**Correlation Matrix**

	FL	PS	PI	SCR	SH
Correlation FL	1.000	.338	.328	-.060	.364
PS	.338	1.000	.313	.111	.530
PI	.328	.313	1.000	-.335	.253
SCR	-.060	.111	-.335	1.000	.116
SH	.364	.530	.253	.116	1.000

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.638
Bartlett's Test of Sphericity	Approx. Chi-Square
	300.604
	Df
	10
	Sig.
	.000

**Anti-image Matrices**

	FL	PS	PI	SCR	SH
Anti-image Covariance FL	.793	-.099	-.151	.027	-.156
PS	-.099	.656	-.154	-.117	-.276
PI	-.151	-.154	.717	.297	-.068
SCR	.027	-.117	.297	.823	-.093
SH	-.156	-.276	-.068	-.093	.668
Anti-image Correlation FL	.771 <sup>a</sup>	-.138	-.200	.034	-.215
PS	-.138	.653 <sup>a</sup>	-.224	-.159	-.417
PI	-.200	-.224	.604 <sup>a</sup>	.387	-.098
SCR	.034	-.159	.387	.424 <sup>a</sup>	-.126
SH	-.215	-.417	-.098	-.126	.666 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

**Communalities**

	Initial	Extraction
FL	.207	.280
PS	.344	.528
PI	.283	.566
SCR	.177	.402
SH	.332	.533

Extraction Method: Principal Axis Factoring.

**Total Variance Explained**

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.075	41.505	41.505	1.561	31.224	31.224	1.495	29.89	29.89
2	1.283	25.657	67.162	0.747	14.95	46.174	0.814	16.284	46.174
3	0.67	13.408	80.57						
4	0.521	10.415	90.985						
5	0.451	9.015	100						

Extraction Method: Principal Axis Factoring.

**Factor Matrix<sup>a</sup>**

	Factor	
	1	2
PS	.691	
SH	.679	
PI	.584	-.474
FL	.527	
SCR		.631

Extraction Method: Principal Axis Factoring.

a. 2 factors extracted. 15 iterations required.



### Rotated Factor Matrix<sup>a</sup>

	Factor	
	1	2
SH	.728	
PS	.726	
FL	.493	
SCR		-.622
PI	.424	.622

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

### Factor Transformation Matrix

Factor	1	2
1	.958	.286
2	.286	-.958

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.

## Appendix F

### Frequencies

#### Total Variance Explained

##### Statistics

		Gender	Age	Marital Status	Race	Couse of Study	Allowance	Saving Accounts	Part Time Job
N	Valid	350	350	350	350	350	350	350	350
	Missing	0	0	0	0	0	0	0	0

#### Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	183	52.3	52.3	52.3
	Female	167	47.7	47.7	100.0
	Total	350	100.0	100.0	

#### Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<18	26	7.4	7.4	7.4
	19-20	168	48.0	48.0	55.4
	21-22	142	40.6	40.6	96.0
	>23	14	4.0	4.0	100.0
	Total	350	100.0	100.0	

#### Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	343	98.0	98.0	98.0
	Married	7	2.0	2.0	100.0
	Total	350	100.0	100.0	

### Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	293	83.7	83.7	83.7
	Chinese	29	8.3	8.3	92.0
	Indian	27	7.7	7.7	99.7
	Others	1	.3	.3	100.0
	Total	350	100.0	100.0	

### Course of Study

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business	85	24.3	24.3	24.3
	Non-business	265	75.7	75.7	100.0
	Total	350	100.0	100.0	

### Allowance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	RM0<RM200	207	59.1	59.1	59.1
	RM201<RM500	124	35.4	35.4	94.6
	More than RM500	19	5.4	5.4	100.0
	Total	350	100.0	100.0	

### SavingAccounts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	314	89.7	89.7	89.7
	No	36	10.3	10.3	100.0
	Total	350	100.0	100.0	

**PartTimeJob**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	54	15.4	15.4	15.4
No	296	84.6	84.6	100.0
Total	350	100.0	100.0	

## Appendix G

### Financial Literature

#### Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
I have knowledge on how to invest my money.	350	3.6114	.81384	-.877	.130	.906	.260
I have a very clear idea of my financial needs during retirement.	350	3.5086	.74456	-.302	.130	.391	.260
I am able to maintain financial records for my income and expenditure.	350	3.4229	.86878	-.433	.130	-.473	.260
I'm not facing any difficulty in managing my money	350	3.3171	.94216	-.134	.130	-.496	.260
I have knowledge on financial instruments (e.g. bonds, stock, T-bill, future contract, option and etc).	350	3.1429	.95883	-.289	.130	-.780	.260
I can prepare my own weekly (monthly) budget.	350	3.4114	.90328	-.484	.130	-.361	.260
Valid N (listwise)	350						

Parental Socialization

**Descriptive Statistics**

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
My parents are good example for me when it comes to money management.	350	4.0029	.75131	-1.269	.130	3.297	.260
I always talk about money management with my parents.	350	3.7086	.88973	-.425	.130	-.376	.260
It's good when my parents control my spending.	350	3.5943	1.05220	-.332	.130	-.879	.260
It's good thing to ask my parents to keep hold of my money sometimes to help me save.	350	3.7543	.91918	-.673	.130	.378	.260
My parents are proud of me for saving.	350	3.7200	.90614	-.579	.130	-.079	.260
I appreciate it when my parents give me advice about what to do with my money.	350	3.8457	.88228	-.600	.130	.018	.260
I save money because I don't think my parents should pay for things I don't really need but like.	350	3.7743	.95930	-.788	.130	.189	.260
Saving is something i do regularly because my parents wanted me to save when i was little.	350	3.7286	.81394	-.490	.130	.197	.260

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
	My parents are good example for me when it comes to money management.	350	4.0029	.75131	-1.269	.130	3.297
I always talk about money management with my parents.	350	3.7086	.88973	-.425	.130	-.376	.260
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It's good thing to ask my parents to keep hold of my money sometimes to help me save.	350	3.7543	.91918	-.673	.130	.378	.260
My parents are proud of me for saving.	350	3.7200	.90614	-.579	.130	-.079	.260
I appreciate it when my parents give me advice about what to do with my money.	350	3.8457	.88228	-.600	.130	.018	.260
I save money because I don't think my parents should pay for things I don't really need but like.	350	3.7743	.95930	-.788	.130	.189	.260
Saving is something i do regularly because my parents wanted me to save when i was little.	350	3.7286	.81394	-.490	.130	.197	.260
Valid N (listwise)	350						

Peer Influence

**Descriptive Statistics**

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
	As far as i know, some of my friends regularly do save with a saving account.	350	3.2914	.87675	-.219	.130	-.823
I always discuss about money management issue (saving) with my friends.	350	3.1800	.98362	-.150	.130	-.689	.260
I always compare the amount of saving and spending with my friends.	350	3.0371	.96725	.021	.130	-.311	.260
I always spend my leisure time with friends.	350	3.2600	1.04804	.050	.130	-1.109	.260
I am always involved in money spending activities with friends.	350	3.1229	1.01241	.035	.130	-.827	.260
Valid N (listwise)	350						



## Saving Habit

### Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
	I put money aside on a regular basis for the future.	350	3.4514	.98218	-.402	.130	-.870
In order to save, i often compare prices before i make a purchase.	350	3.5743	.92338	-.395	.130	-.435	.260
In order to save, i often consider whether the real necessity exists before i make a purchase.	350	3.6714	.82791	-.390	.130	-.165	.260
In order to save, i always follow a careful monthly budget,	350	3.3657	.97708	-.323	.130	-.776	.260
I always have money available in the event of emergency.	350	3.5029	.88200	-.412	.130	-.468	.260
In order to save, i plan to reduce my expenditure.	350	3.7286	.78892	-.570	.130	.252	.260
I save to achieve certain goals.	350	3.8229	.77758	-.637	.130	.517	.260
I save until the end of my semester.	350	3.7171	.89730	-.728	.130	.433	.260
Valid N (listwise)	350						

## Self Control

### Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
	I don't save, because i think it's too hard.	350	3.0686	1.16091	.297	.130	-1.186
I enjoy spending money on things that aren't practical.	350	3.0629	1.08469	.254	.130	-.924	.260
When i get money, i always spend it immediately (within 1 Or 2 days).	350	3.2686	1.08487	-.306	.130	-.816	.260
"I see it, i like it, i buy it' describes me.	350	3.1200	1.05570	-.227	.130	-.696	.260
"Just do it' describes the way i buy things.	350	3.1400	1.07610	-.198	.130	-.671	.260
"Buy now, think about it later' describes me.	349	3.0888	1.06707	.022	.131	-.931	.260
I'm easily attracted by lure.	350	3.1943	1.05818	-.176	.130	-.796	.260
I always failed to control myself from spending money.	350	3.1971	1.04812	-.251	.130	-.760	.260
When i set saving goals for myself, i rarely achieve them.	350	2.9514	1.04096	.235	.130	-.773	.260
I am more concerned with what happens to me in short run than in the long run.	350	2.9600	1.05635	.227	.130	-.851	.260
Valid N (listwise)	349						

## Appendix H

### Descriptive Statistics

	Mean	Std. Deviation	N
FL	20.4143	3.34241	350
PS	30.1286	4.96498	350
PI	15.8914	3.10922	350
SCR	31.0372	7.78750	349
SH	28.8343	4.75665	350

### Correlations

		FL	PS	PI	SCR	SH
FL	Pearson Correlation	1	.336**	.329**	-.060	.358**
	Sig. (2-tailed)		.000	.000	.266	.000
	N	350	350	350	349	350
PS	Pearson Correlation	.336**	1	.312**	.111*	.529**
	Sig. (2-tailed)	.000		.000	.038	.000
	N	350	350	350	349	350
PI	Pearson Correlation	.329**	.312**	1	-.335**	.251**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	350	350	350	349	350
SCR	Pearson Correlation	-.060	.111*	-.335**	1	.116*
	Sig. (2-tailed)	.266	.038	.000		.030
	N	349	349	349	349	349
SH	Pearson Correlation	.358**	.529**	.251**	.116*	1
	Sig. (2-tailed)	.000	.000	.000	.030	
	N	350	350	350	349	350

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).