

# **DETERMINANTS OF PUBLIC SERVANT INCOME MANAGEMENT**

**By**

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## **ABSTRACT**

The study was conducted to analyse the determinants of public servant income management. Three independent variables were identified namely attitude towards money, financial capability and debt management while the dependent variable was financial wellbeing of public servants. Self-administered questionnaires were distributed to 341 respondents in Putrajaya. Of these, 270 were returned giving a return rate of 79% of the whole targeted respondents. The Pearson's Correlation and multiple regression tests were used to identify the relation and influence of attitude towards money, financial capability and debt management towards financial wellbeing. The result of the correlation analysis suggested that attitude towards money, financial capability and debt management is correlated to the financial wellbeing of public servants. The multiple regression results indicated that there is a positive influence between attitude towards money and financial capability with financial wellbeing of public servants. However, debt management shows no significant influence on the financial wellbeing of the public servants. Based on the results, some recommendations are proposed and the limitations of the study discussed. These should provide opportunity for further research.

**Keywords:** Attitudes Towards Money, Financial Capability, Debt Management, Financial Wellbeing, Income Management, Public Servants

## **ABSTRAK**

Kajian ini dilaksanakan untuk mengkaji faktor-faktor penentu kepada pengurusan pendapatan Penjawat Awam. Tiga pemboleh ubah tidak bersandar telah dikenalpasti iaitu sikap terhadap wang, keupayaan kewangan dan pengurusan hutang manakala pemboleh ubah bersandar bagi kajian ini ialah kesejahteraan kewangan. Borang soal selidik telah diedarkan kepada 341 responden penjawat awam di Putrajaya dan telah mendapat pulangan semula sebanyak 270, iaitu sebanyak 79% daripada keseluruhan sasaran responden. Ujian Korelasi Pearson dan regresi berganda telah digunakan untuk mengenalpasti hubungan dan pengaruh sikap terhadap wang, keupayaan kewangan dan pengurusan hutang terhadap kesejahteraan kewangan. Keputusan ujian korelasi mencadangkan sikap terhadap wang, keupayaan kewangan dan pengurusan hutang mempunyai hubungan terhadap kesejahteraan kewangan. Manakala ujian regresi berganda mendapati sikap terhadap wang dan keupayaan kewangan mempunyai pengaruh yang positif terhadap kesejahteraan kewangan manakala pengurusan hutang menunjukkan tiada pengaruh pembolehubah tersebut terhadap kesejahteraan kewangan. Berdasarkan keputusan tersebut, beberapa cadangan telah dikemukakan beserta limitasi kajian yang menyediakan peluang untuk kajian pada masa hadapan.

**Kata kunci:** Sikap Terhadap Wang, Keupayaan Kewangan, Pengurusan Hutang, Kesejahteraan Kewangan, Pengurusan Pendapatan, Penjawat Awam

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of Study**

Income management by the general population has been a subject of continual discussion throughout the slow economic downturn that this country has been facing in recent years. A study in the United States by Becker and Shabani (2010) found that, many households accumulate debt from a variety of sources including mortgages, student loans and consumer debt. Many Malaysian consumers seem to display excessive buying behavior, commonly known as ‘compulsive buying’. Easy availability of credit and compulsive buying has led to many adverse consequences such as addiction to shopping and excessive debt (Zafar, Ishak, Sadiq, Ibrahim & Hasbalaila, 2010).

According to statistics from Malaysia Department of Insolvency, there were 60 Malaysians declaring bankruptcy every day and 19,575 were categorized bankrupt in 2012 alone. Based on this data, there is growing concern in Malaysia about income management especially in household debt and overall financial wellbeing of Malaysians. According to Casey (2004) financial literacy or knowledge has been identified as one of the factors and the reason why a person would get into a financial problem.

In the public sector, civil servants’ salary scheme is determined by the government. Civil servants are a large group of employees who are in the labor force in Malaysia. The salary of

civil servants usually is the reference and benchmark for private sector employees' salary as has been practiced over the years by the industry and employers. With the rising cost of food, petrol and other necessities, it is important to manage an income well in order to live a sustainable life. However, it has been observed in recent years that public servants tend to be in serious financial difficulties especially in the early years of employment. It has also been noted that public servants with financial problems intend to be more desperate to resolve their financial predicament. News reports show that a significant number of public servants are caught in the act of bribery or breach of trust when they are seriously troubled by financial problems or live a lifestyle beyond their means of income.

Severe financial problems can lead to repercussions such as bankruptcy. For the purpose of appointment to the civil service , in accordance with the Regulations of the Public Officers (Appointment ,Promotion and Termination of Service) Act 2012 paragraph 20 (1) (b) (v) and the Declarations Act 1960 (Act 13) to every candidate be appointed to the public service must make a statutory declaration, that he or she is not a bankrupt . For civil servants who are serving, are govern by Regulation 13 and Regulation 14 of the Public Officers (Conduct & Discipline) Regulations 1993 [PU(A)395/1993 ] which is a Federal law , as provided under Article 132 (2) of the Constitution sets out the Government's policy towards serious financial indebtedness (which includes even bankruptcy). These regulations stated that:

- i. Any public servant who suffers serious indebtedness may be subject to disciplinary action as it is considered to bring discredit or disrepute on the public service.
- ii. Regulation 14 (2) provides, among others, that the Director General of Insolvency shall submit a report on the bankruptcy of the public servant to the Head of the civil service.

- iii. As a result of disciplinary action imposed, promotion of civil servants may be affected.

After retirement, a civil servant found bankrupt is subject to the Pensions Act 1980 (Act 227). If a public servant is adjudicated a bankrupt then he or she will automatically be disqualified from receiving a pension, gratuity or other retirement benefits. To avoid such a situation where a bankrupt government retiree is not eligible for a pension, the government has now made amendments under subsection 20 (3) of the Pensions Act 1980 [Act 227] which state that allowances equal to the total value of the pension is receivable by a pensioner who is bankrupt. With the acceptance of such an allowance, payment for the purposes of the bankrupt's contribution to his or her bankrupt estate will be continuous.

## **1.2 Problem Statement**

Lately, there has been much attention given to financial problems among Malaysians (Zafar, et. al, 2010). This issue has attracted the interest of many researchers and economists working in order to find a remedy to debt problems, particularly at the household level. It was even reported that a mother had allegedly give away her daughter to be married to a carpet dealer since she cannot afford to pay the monthly installment for the carpets she have bought from him (Harian Metro 2011). The problem of financial problems is pervasive. It was reported by the Admiral of the Malaysia Navy, Tan Sri Abdul Aziz Jaafar, that financial problems among naval personnel is on the rise (Utusan, 2014). A study also shows that one of leading causes



of couple divorce is financial problem followed by other reasons such as incompatibility, an abusive spouse and others (Berita Harian, 2013).

A public servant trapped in a financial problem is faces a household income management issue. Financial problems, especially among civil servants keep increasing over time and underscore a very disturbing phenomenon. Despite the efforts of government agencies and Non-Government Organizations (NGO), there is an increasing trend of civil servants trapped in financial problems as confirmed by the Credit Management and Counseling Agency (*or well known in Malay as AKPK or Agensi Kaunseling dan Pengurusan Kredit*) which recorded a rise from 8% (7,275) in 2013 to 8.1% (8,814) in May 2014 seeking advice and new credit restructuring plans (AKPK 2013, 2014).

Based on the statistics obtained from the AKPK, up to May 31, 2014, more than 271,694 individuals have counseling services from AKPK where 108,818 of them were assisted through the Debt Management Program. Of these, a total of 8,814 people or 8.1% were civil servants. Data presented in Table 1.1 also reveal that more than 50% of people between the age of 20 to 39 years are seeking help from AKPK. This information shows that a large group of those with financial related problem is made up of younger adults and more likely from the junior executive level if they were in the government service (Nuraini, Fazli, Husniyah, Amim, Mastura & Farhana 2013).

Those listed in Table 1.1 are some of the public servants who want to recover from their financial problems but there are many who do not seek such professional advice. Some of those who did not seek help might get into financial exclusion, became bankrupt, face job termination or resort to financial fraud in the workplace. There have a lot of cases of financial fraud involving public servant, ranging from those in lower ranks to top management; so yes;

even those in top executive positions are not immune to financial difficulties. Berita Harian (Malaysian Local Newspaper) dated 30<sup>th</sup> October 2013 reported that a former Director General of the Malaysian Immigration Department, who was an Administrative and Diplomatic Officer, has been sentenced to 6 years in prison and fined RM300,000 for accepting a bribe 5 years ago.

**Table 1.1 :**

*Age statistics of people enrolled in AKPK's Debt Management Program*

At End	≥20 x <30		≥30 x <40		≥40		Total	
	No	%	No	%	No	%	No	%
2007	3,516	71.1	745	15.1	683	13.8	4,944	100
2008	4,910	35.1	4,829	34.5	4,248	30.4	13,987	100
2009	7,864	25.2	12,290	39.4	11,021	35.4	31,175	100
2010	10,526	22.7	18,479	39.8	17,451	37.6	46,456	100
2011	12,876	20.8	24,756	39.9	24,406	39.3	62,038	100
2012	14,761	19.2	30,782	40.0	31,418	40.8	76,961	100
2013	16,336	17.7	36,916	39.9	39,220	42.4	92,472	100
May-14	17,096	17.1	39,811	39.8	43,048	43.1	99,955	100

Source: AKPK Media Fact Sheet May 2014

A lot of research has been done on poor household income management. However, most of the studies such as Lusardi and Tufano (2008), Mason (2002), Fogel & Schneider (2010) in United States, D'Alessio & Lezzi (2012), Anderloni & Vandone (2008) in Italy, Legge and Heynes (2009) in New Zealand focused on general household income in other countries. Only a few studies have examined this issue in the Malaysia context, and particularly among civil servants (Nuraini et. al 2013). Also, there is scarce research on the financial well-being among Malaysians especially employees, while workers' debt in the current situation is growing more rapidly than inflation. With decreasing employment prospects, income instability and the eroded purchasing power of Malaysian households, workers' financial

security have become a main concern among policy makers (Fazli & Leila, 2003). Thus, in this study, the main objective is to identify the determinants of public servants' income management using statistical analysis to better understanding the determinants that influence the overall financial wellbeing of public servants in the context of income management.

### **1.3 Research Question**

Based on the problem statement of the study, the research proposed will answer the following questions:

- 1.3.1 Is there a relationship between **attitude towards money** and the financial wellbeing of public servants?
- 1.3.2 Is there a relationship between **financial capability** and the financial wellbeing of public servants?
- 1.3.3 Is there a relationship between **debt management** and the financial wellbeing of public servants?

## **1.4 Purpose / Objective of Study**

The purpose of this study is to achieve several objectives. The objectives to be achieved are:

- 1.4.1 To determine the **significant relationship** between **attitude towards money** and the financial wellbeing of public servants.
- 1.4.2 To determine the **significant relationship** between **financial capability** and the financial wellbeing of public servants.
- 1.4.3 To determine the **significant relationship** between **debt management** and the financial wellbeing of public servants.

## **1.5 Scope of Study**

The scope of this study is focused on civil servants in Putrajaya' the center of public administration of the government of Malaysia.

The respondents range from male and female public servants of various ethnic backgrounds. The sample will be taken from various ministries, agencies and departments. According to AKPK, the largest number of people enrolled in the Debt Management Program and most likely to be in financial difficulties are those from middle income group and earning between RM24,000 to RM36,000 per year (RM2,000 to RM3,000 per month) as indicated in the Table 1.2. The middle income group in the public sector is usually from the junior executive level

or senior supporting level of employment. However, considering the age factor as summarized in Table 1.1 we may conclude that most people involved in financial problems are of the junior executive level.

**Table 1.2 :**

*Annual Income Statistics of People Enrolled in AKPK Debt Management Program*

At End	<24K		≥24K x <36K		≥36K x <40K		≥40K		Total	
	No	%	No	%	No	%	No	%	No	%
2007	4,942	100	2	0.0	-	-	-	-	4,944	100
2008	13,985	100	2	0.0	-	-	-	-	13,987	100
2009	28,419	91.2	1,208	3.9	752	2.4	796	2.6	31,175	100
2010	35,141	75.6	4,787	10.3	3,172	6.8	3,356	7.2	46,456	100
2011	40,205	64.8	9,210	14.8	6,075	9.8	6,548	10.6	62,038	100
2012	44,318	57.6	13,471	17.5	9,040	11.7	10,132	13.2	76,961	100
2013	48,647	52.6	17,389	18.8	12,008	13.0	14,428	15.6	92,472	100
May-14	50,655	50.7	19,081	19.1	13,421	13.4	16,798	16.8	99,955	100

Source: AKPK Media Fact Sheet May 2014

## 1.6 Significance of Study

Although the government salary scheme is stable, any prospect of increment is constrained, limited and less lucrative compared to the salary structures and pay schemes in private sector. The public servant through the beneficiary of a pension scheme, has no opportunity to influence his wages as someone in the private sector where often, one's take home pay is linked to one's productivity or is negotiated on an individual basis. The only way a public servant can expect a significant increase in income is when he gains a promotion and that too is very limited by availability and factors such as seniority in service.

Identifying the factors related to household income management among public servants is very important. These findings, of course, can help provide the government information about the current status of the quality of life of the government servants generally and junior

executive officers specifically. This is also consistent with the third clause of The New Economic Model which is to raise the quality of life among Malaysians. This research can also support and strengthen the theories and research models from earlier studies concerning factors that influence consumers about household income management. In addition, this study is done to add to the limited number of Malaysian researchers related to household income management of public servants in Malaysia. Findings from this research will also add to the general understanding of issues relate to the matter under scrutiny.

This research can support and strengthen previous theories and models related to the factors influencing household income management. This research can also add another piece of literature to household income management studies.

In addition, this study is also very relevant to employers. The Public Service Department of Malaysia can use information from this study among others, to formulate policies, especially those concerning salaries, allowances and perks for civil servants. The issue of financial problems among public servants can be eradicated by improving early preventive measures already in place and it can serve as a benchmark or a guide for the government to improve the public service in accordance with the ongoing Government Transformation Program. Other preventive and pre-emptive strategies could include education, training, financial management skills and improving the remuneration system in order to stabilize the civil servants' economic state as this in turn, can create a harmonious working environment in the the public service. These results can be used by certain agencies, especially the National Audit Department, Malaysian Anti-Corruption Commission, the Institute of Integrity (IIM), AKPK, Central Bank of Malaysia (*or well known in Malay Language as BNM for Bank Negara Malaysia*), banks and other financial institutions to serve as input when planning and implementing appropriate activities to address the issue of financial problems among public servants.

## **1.7 Definitions of Key Terms**

Civil Servant - A person employed in the civil service. Under P.U.(A) 1 / 2012, a person that has been appointed by a commission on permanent, temporary or contract basis. [Public Officers (Appointment, Promotion and Termination of Service) Regulations 2012]

Junior executive - A trainee position in a business or organization (from Collins Dictionary, retrieved from <http://www.collinsdictionary.com/dictionary/english/junior-executive>). In the Malaysian public sector, the junior executive level is the entry level for management and professional class which is grade 41. In the private sector, the junior executive is usually a newly appointed officer with a degree.

Attitude towards money – A feeling or behavior towards a product/service offering, either favorableness or unfavorableness that an individual has towards money and its expenditure (Eagly & Chaiken, 1993) (Lown & Ju, 1992)

Financial Capability – To describe people's financial knowledge and their confidence and motivation to manage personal finances (Atkinson, McKay, Kempson, & Collard 2006) (Dixon, 2006).

Debt Management – refers to the management of a company's, government's, or individual's obligations so as to assure future repayment of interest and principal (Shim & Siegel, 1995).

Financial Wellbeing - encompassing individuals' satisfaction with income and savings, as well as perceptions of opportunities, ability to make ends meet, sense of material security and sense of fairness of the reward distribution system. (Strumpel, 1976)

Over-indebtedness - having difficulties meeting or falling behind in payments obligations or commitments. (D' Alessio & Lezzi 2012)

## **1.8 Organization of the Research**

This thesis is divided into five chapters. Chapter 1 covers the introduction of the study. Chapter 2 discusses the literature review pertaining to the study while Chapter 3 describes in detail the research methodology selected for the study. Chapter 4 describes the findings and analyses of the study and finally, Chapter 5 offers recommendations for future research and presents the conclusions derived from the study.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the literature review which covers the definition and concept of the variables used in related previous studies. Theories about the financial wellbeing and factors which affect it, are described in this chapter. Finally, this chapter presents a framework and model of hypotheses about this study.

#### **2.2 Conceptual Definition / Evolution of Area of Study**

##### **2.2.1 Financial Wellbeing**

A rather simplistic, an understated statement of financial wellbeing is just happiness or general satisfaction with the financial situation. However, a more detailed description is outlined by Strumpel (1976) who states that financial wellbeing goes beyond transitory satisfactions to encompass individuals' satisfaction with income and savings, as well as perceptions of opportunities, and the ability to make ends meet, a sense of material security and a sense of fairness of the reward distribution system. Through evolution of studies, the definition has been broader referring financial wellbeing as a subjective perceptions and objective indicators of individuals' personal financial status. Subjective perceptions include individuals' satisfaction with their current and future financial situation. Objective indicators

of financial circumstances include measures such as income, debt, savings and aspects of financial capability such as knowledge of financial products and services, planning ahead and living within the budget. As overall, financial well-being describes the happiness and the satisfactory levels with the family's financial situations (Porter & Garman, 1993), (Kim, Garman & Sorhaindo, 2003). Another term of financial wellbeing is encompassing financial competence and capability in the sense of making ends meet, healthy financial behavior and abreast of financial updates (Cox, Hooker, Markwick & Reilly, 2009). However, most of the definition is still parallel with Strumpel's definition but with an elaboration of the existing definition.

Past research in this area has been conducted piecemeal such as evaluation on demographic characteristics, socioeconomic status, consumption on durable goods, satisfaction with consumption, family financial management and household situation. Investigations were mostly done to evaluate the role of individual perceptions of the financial situation on wellbeing. Previous findings show that improved financial management skills, cash management strategies and futuristic planning styles may help people avert financial difficulties and increase perceived financial wellbeing. Decreased financial wellbeing may result from the limited use of certain financial management behaviors that are believed by experts to increase financial success (Porter and Garman, 1993).

## **2.3 Review and Evaluation of Past Relevant and Related Studies**

### **2.3.1 Impact of Poor Household Income Management**

Garman, Leech and Grable (1996) noted that poor financial management and behavior have a negative effect on family life (such as relationships with relatives and friends) and on the job (for example, work performance). According to BNM Governor Tan Sri Dr. Zeti Akhtar Aziz in her financial report to the Prime minister on March 2013, the rate of household debt of RM166.3 billion in 2012, is still manageable but should also raise concerns for the long term. Studies of the effects of over-indebtedness on the integrity of public servants should be undertaken to tackle this issue so that the government can address the weaknesses as well as the quality of civil servants' service delivery.

To make matters worse, according to the Malaysian Anti-Corruption Commission (MACC), in the year 2013 alone, government servants comprised 20.8% to 53.6% of monthly arrests made by the commission under the Corruption Act. The MACC said in a statement that corruption offenders usually committed the crime when they are:

- a. had a lifestyle beyond their means and income
- b. were greedy,
- c. had room and opportunity to commit acts of corruption,
- d. there were low levels of integrity among the officers.

As of May 31, 2014, more than 271,694 individuals have gone for counseling services conducted by the Credit Counseling and Debt Management Agency (CCDMA) where 108,818 of them were assisted through the Debt Management Program. In most cases, the factors contributing to debt-related problems and the inability to repay loans are poor financial planning, lack of sound knowledge of financial planning and failure to live within their means because of the lack of financial discipline. There are also borrowers who find themselves in financial difficulties due to unforeseen circumstances such as health problems, death of a breadwinner, loss of job and business failure.

Younger adults these days are passionate about and desire a glamorous life-style, this tempts them to buy the latest boutique clothes, an expensive car and a luxury home makes them save less savings, or worse, make them take out loans to cover their fancy lifestyle. With higher interest rates, borrowers will begin to feel the heat from getting trapped when the amount of debt incurred grows, leading them inexorably to over-indebtedness.

### **2.3.2 Factors Influencing Financial Wellbeing**

There are many factors related to the household income management of young executives in either the private or public services. Research on household income management has been done by many researchers using financial wellbeing as an important factor. Ideally, junior executives are mostly consists of person in youth ages or fresh graduates. Statistically, half of Malaysian population consists of youth workers which compose of 11.65 million. Therefore, there is significant interest in determining the factors related to household income management especially in junior executives in public service. Research by Nuraini et. al (2013), have identified nine factors in determining the financial wellbeing such as financial

literacy, attitude towards money, self-esteem, financial management practice, financial skill, financial stress, financial problem, financial capability and debt management. However, given the limited time, research of this study will consists of only three of the factors which are attitude towards money, financial capability and debt management.

### **2.3.2.1 Attitude towards Money**

In this study, the most accepted terms of the definition of attitude towards money is a feeling or behavior towards a product/service offering, either favorableness or unfavorableness that an individual has towards money and its expenditure (Eagly & Chaiken, 1993) (Lown & Ju, 1992). After the barter system, money has been used extensively throughout nations and races. One of early research findings was that money, despite the fact it has no intrinsic value, was a prominent feature and powerful motivator of behavior in western society (Opsahl & Dunnette, 1966). Motives underlying money attitudes range from striving for status and power and enhancing self-worth (Lindgren, 1980) to searching for security and satisfying one's needs (Knight, 1968). Because of the paradoxical nature of money, it is not surprising to hear that money does mean different things to different people. To support this argument, past findings found that employed people tended to have a more positive attitude toward money than unemployed people. (Wernimont & Fitzpatrick, 1972).

Needless to say, there is no general statement about the meaning or the role of money for the population in general (Christopher, Marek & Carroll, 2004). Attitudes toward money relates to the financial wellbeing since the measurement of the factor will acknowledge that the amount of money a person has is a result of effort and ability (Furnham, 1984).

### **2.3.2.2 Financial Capability**

The most accepted terms for financial capability are to describe people's financial knowledge and their confidence and motivation to manage personal finances (Atkinson, McKay, Kempson, & Collard 2006) (Dixon, 2006). The UK government, for example, has adopted the following definition: Scholars, policy makers and educators recently introduced the concept of "financial capability" to describe a person's ability to successfully manage personal financial demands (Remund, 2010). Financial capability encompasses multiple aspects of behavior related to how individuals manage their resources and make financial decisions. According to the FINRA Investor Education Foundation's National Financial Capability Study, Americans aged 20 to 36 display signs of low financial capability (i.e. an inability to make good financial decisions in their own behalf) and their households struggle the most with finance (Mottola, 2014). This research was also supported by Lusardi (2011) who states that there are important gaps in the financial capability of Americans. Individuals with higher levels of financial capability possess the knowledge, skills, and access to tools to effectively manage their finances to foster long-term well-being (Department of the Treasury, President's Advisory Council on Financial Capability, 2012). Serido, Shim and Tang (2013) in their studies have found there is a significant correlation between financial capability and financial wellbeing in their study of young adults in America. However, Lusardi (2011) also found that there is also a significant relationship between financial capability and debt management. What this suggests is that, a researcher needs to look not only at assets but also at debt and debt management, as an increasingly large portion of the population carries debt.

### **2.3.2.3 Debt Management**

According to the Shim and Siegel (1995), debt management refers to the management of a company's, government's, or individual's obligations so as to assure future repayment of interest and principal. Weaknesses in debt management are due to financial problems that are not administered properly. There is significant evidence in a study conducted by Williams, Haldeman and Cramer (1996) to show the relationship between debt management and financial problems. Their findings are that individuals who have a lot of financial problems tend to face serious debt management problems. The study of Roberts and Jones (2001) found that young workers recorded the highest statistics in financial difficulties and dissatisfaction about finance. In the United States, it is found that 60% of young people aged between 18-39 years face higher education debt and this affects their affordability to repay the loan (Whitsett, 2012).

Another research by Thums, Newman and Xiao (2008) found that the younger generation aged between 20-24 years have financial problems and are less confident about debt management. In conclusion, the study of debt management especially among junior level executives of public services is very much needed. This is due to the increased burden of debt, shouldered especially by young people who have just entered the labor market and are earning entry-level wages cannot ensure long-term stability for themselves and their families (Fazli & Mumtazah, 2010).

## **2.4 Summary**

This chapter has covered the literature review related to household income management in the spectrum of financial wellbeing, the impact and influence of attitude towards money or expenditure, debt management and financial capability among young adults or junior executives. In the next chapter, the discussion will focus on theoretical framework and research methodology of this study.



## **CHAPTER 3**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the methodology used in this study to determine the form of data analysis which will be used to answer the research questions. This section is divided into several parts which will be described in detail, including the research framework, hypothesis development, research approach, research subject, questionnaire / instrument, data collection method, and statistical analysis technique. A descriptive analysis is used to present the data as frequencies, means and percentages. While an inferential analysis is used to test the relationships between the variables.

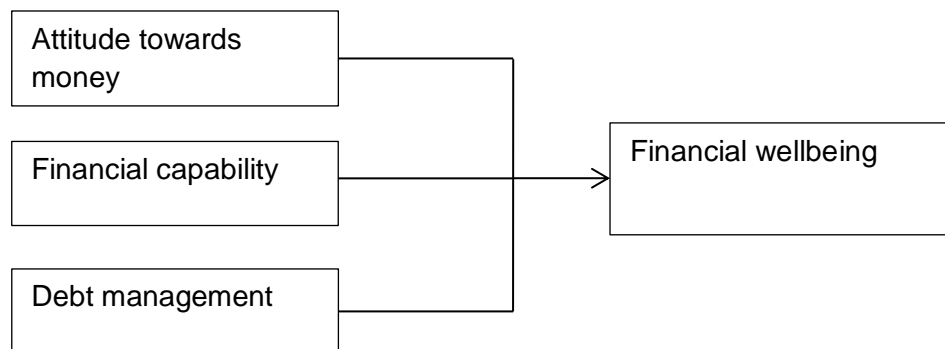
#### **3.2 Research Framework**

The main objective of this study is to determine the relationship between the independent variables of attitude towards money, financial capability and debt management with the dependent variable of financial wellbeing. Based on previous studies and explanations regarding the concept of income management, a research framework has been developed as illustrated in Figure 3.1. This research framework shows the relationship between the independent variables (attitude towards money, financial capability and debt management) and the dependent variable which is financial wellbeing among public servants. This research framework has been derived from a number of literature reviews that show how the

independent variables are related to the dependent variable which had been discussed in chapter 2.

**Figure 3.1**

*Research Framework*



### 3.3 Hypothesis

The main focus of the research is to examine whether these factors i.e. attitude towards money, financial capability and debt management influence the financial wellbeing of public servants. Based on the different background of an officer, especially in terms of gender, age, race, marital status, income, employment, salary, total expenditure and average savings, this study will assume that there is a difference in terms of the income management based on their financial wellbeing perceptions.

Based on these assumptions, several significant hypotheses have been develop to confirm the research as follows:

- H<sub>1</sub>: There is significant relationship between attitude towards money and the financial wellbeing of public servants.
- H<sub>2</sub>: There is significant relationship between financial capability and the financial wellbeing of public servants.
- H<sub>3</sub>: There is significant relationship between debt management and the financial wellbeing of public servants.

### **3.4 Research Design**

The study will be conducted in the form of a survey or questionnaire study, which involves the process of gathering information from a large number of respondents (Creswell, 2004). Moreover, according to Kerlinger (1973), the survey method can be operated on a large scale but done systematically. It is one of the data collection techniques that have been designed for the purpose of predicting, making descriptions and analyzing the relationships between the variables in the study. According to Sabitha (2005), the questionnaire is a suitable method because it is very effective and returned questionnaires are proof of data collection. Moreover, when questionnaires are used, research costs will be lower and will save more time compared to other methods. Data collected via the questionnaire and will be analyzed using inferential analysis.

### **3.4.1 Quantitative Research**

Quantitative research design is used for this study because it involves a formal, objective, and systematic process in which numerical data are utilized to obtain information about the world (Cresswell, 2004). In addition, quantitative research is also more suitable for a study which involves hypothesis testing of relationships among several variables. Questionnaires will be distributed to obtain quantitative data. This type of data collection method was found to be the most popular in business and management studies, and is considered suitable for this study (Raduan, 2002).

### **3.4.2 Unit of Analysis**

The unit of analysis of the study is an individual who works in the public service. The data was collected from junior executives of Grade 41 in various ministries because they are representative of the people who were identified by AKPK as a high risk group of having financial problems as opposed to those in other levels of public service.

### **3.5 Measures of the Variables**

Measurement of the variables in a research framework is an integral part of research and an important aspect of research design (Sekaran, 2000). This research and part of the questionnaire, were adopted from the study by Furnham (1984) and Nuraini et. al (2013).

### **3.5.1 Measurement of Individual Characteristics**

The section of the questionnaire on individual characteristics consists of 10 items. Data of age and service period are measured in number of years. The other factors that are objectively measured are gender, race, marital status, educational level and ministry. Also, there are questions to collect data on total salary, expenditure and savings per month. Here, the research subjects are given the option to choose the most suitable response.

### **3.5.2 Measurement of Independent and Dependent Variables**

The questionnaire was developed by Nuraini et. al (2013) based on a study by Furnham (1984) on Money Beliefs and Behavior Scale. The questionnaire consists of three independent variables which are attitude towards money, financial capability and debt management. There are 24 questions measuring attitude towards money, 20 questions measuring financial capability and 13 questions measuring debt management. These questions were measured by using a five-point Likert Scale ranging from 1 = “Strongly Disagree” to 5 = “Strongly Agree”. There is only one dependent variable in this research which is financial wellbeing. It was measured with 12 questions using a five-point Likert Scale ranging from 1 = “Strongly Dissatisfied” to 5 = “Strongly Satisfied”.

### **3.6 Reliability Analysis**

The reliability of a measure indicates the extent to which the measure is without bias (error free) and hence offers consistent measurement across time and across the various items in the instrument (Sekaran, 2000). Moreover, there are a number of models used to conduct reliability analysis of a measurement tool such as Cronbach's Alpha ( $\alpha$ ), strictly parallel and parallel models. For the purpose of this study, the Cronbach Alpha ( $\alpha$ ) was selected because it is one of the commonly used reliability coefficients to analyze the reliability of the scale used in questionnaires. The closer the value of Cronbach's Alpha to 1.00, the higher the reliability of the research instruments (Sekaran, 2003).

### **3.7 Population**

#### **3.7.1 Population and Sample Size**

According to Sekaran (2000), the population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. The population of this research is the public servant of Administrative and Diplomatic service officers (or well known in Malay as PTD) in Grade M41 at various ministries. This group was selected as it is consistent with the AKPK's reports and findings of the secondary data by media and news reports, in that this group is the one which is most often faced with financial problems or over-indebtedness. Every government scheme of Grade 41 has an almost similar pay scale and this allows the researcher to target one particular group which is in the Administrative and Diplomatic service or scheme in which the researcher has the opportunity and the access to collect the

data in a limited timeframe. This scheme is available in every ministry with most of the ministries are situated in Putrajaya. Putrajaya was also chosen because it is the only Federal Territory in Malaysia where most of the residents are public servants. The total number of Administrative and Diplomatic Officers in the public sector and the breakdown according to service grade is in Table 3.1. According to Krejcie and Morgan (1970), the appropriate sample size for a population more than 3000 but not exceeding 3500 are 341.

**Table 3.1**

*Number of PTD Officers*

<b>Grade</b>	<b>Total</b>
54	412
52	508
48	1009
41/44	3420

### **3.8 Sampling Technique**

#### **3.8.1 Proportionate Stratified Random Sampling**

As the sample size has been identified from the population, it is now time to decide how to determine the respondents. To ensure validity and reliability of the sample, a random sampling technique has been chosen using proportionate stratified random sampling and systematic random sampling afterwards.

Stratified sampling is a probability sampling technique whereby the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects

proportionally from the different strata. It is important to note that the strata must be non-overlapping. Having overlapping subgroups will grant some individuals a higher chance of being selected as subject. This completely negates the concept of stratified sampling as a type of probability sampling. Equally important is the fact that the researcher must use simple probability sampling within the different strata. The most common strata used in stratified random sampling are age, gender, socioeconomic status, religion, nationality and educational attainment. There are two types of stratified random sampling which are proportionate random sampling and disproportionate random sampling. The only difference between proportionate and disproportionate stratified random sampling is their sampling fractions. With disproportionate sampling, the different strata have different sampling fractions (Henry, 1990).

Sekaran and Bougie (2013) clearly explain that proportionate stratified random sampling decisions are made when the purpose of the study is to assess differential parameters in subgroups of population and all subgroups have an equal number of elements. Proportionate stratified random sampling is also sometimes done when it is easier, simpler, and less expensive to collect data from one or more strata than from others. To summarize, it is more efficient than the simple random sampling design because, for the same sample size, each important segment of the population is better represented, and more valuable and differentiated information is obtained with respect to each group. Respondents were selected using proportionate random sampling as shown in Table 3.2.



**Table 3.2***Proportionate Stratified Random Sampling of Respondents*

No.	Ministries	Population		Proportionate Stratified Sample	
		Frequency	%	No. of Sample	%
1.	Prime Minister's Department	625	18%	46	13.48%
2.	Sport & Youth	75	2%	10	2.93%
3.	Home Affair	118	3%	15	4.39%
4.	Rural & Regional Development	124	4%	15	4.39%
5.	Works	167	5%	15	4.39%
6.	Urban Wellbeing, Housing & Local Government	88	3%	10	2.93%
7.	Health	211	6%	15	4.39%
8.	Finance	238	7%	15	4.39%
9.	Communication & Multimedia	79	2%	10	2.93%
10.	Foreign Affair	216	6%	15	4.39%
11.	Education	161	5%	15	4.39%
12.	Tourism & Agriculture	68	2%	10	2.93%
13.	Women, Family & Community	115	3%	15	4.39%
14.	Transport	202	6%	15	4.39%
15.	International Trade & Industry	129	4%	15	4.39%
16.	Domestic Trade, Cooperative and Consumerism	103	3%	15	4.39%
17.	Defence	127	4%	15	4.39%
18.	Agriculture & Agro-Based Industry	105	3%	15	4.39%
19.	Plantation Industries & Commodities	102	3%	15	4.39%
20.	Science, Technology & Innovation	107	3%	15	4.39%
21.	Natural Resources & Environment	94	3%	10	2.93%
22.	Federal Territory	97	3%	10	2.93%
23.	Energy, Green Technology & Water	69	2%	10	2.93%
Total		3420	100%	341	100%

After the number of samples have been identified using proportionate stratified random sampling, the sample will now be selected by systematic random sampling. According to Sekaran and Bougie (2013), the systematic random sampling design involves drawing every  $n$ th element in the population starting with a randomly chosen element between 1 and  $n$ . In this research, the samples are chosen with  $n$  being equal to 4 which is 4, 8, 12, 16 and so on.

### **3.9 Data Collection Process**

The process of data collection used in this study is the primary data collection method or better known as the primary data. To conduct an effective research, a research should identify the population clearly and precisely (Malhotra, Steel & Grover, 2007). Each individual or object in a population may have many differences, but it must have at least one identical characteristic (Rohana, Mahyuddin & Nuruhilamani, 2004). Sekaran (2003) state that there are several types of primary data collection methods used by previous researchers. These include observation, regular surveys, census, participation and observation of the probability sample method. After reading the theories and methods from previous studies, the method of using the questionnaire for data collection seemed most suitable and appropriate for this research. According to Sabitha (2005) the questionnaire is a suitable method because it is more effective and questionnaires are proof of data collection, research costs will be lower and save more time compared to other methods.

This research has used the questionnaire for data collection. The questionnaire is divided into five sections - Section A, Section B, Section C, Section D and Section E. Section A is used to collect information on the demographic profile of the respondent which consists of gender, age, race, marital status, income, service period, salary, total expenditure and average savings. Section B is used to ask about the respondent's attitude towards money. Section C consists of questions about financial capability, Section D is used to ask about the respondent's opinion on debt management while Section E surveys their current financial wellbeing.

### **3.10 Descriptive and Inferential Analysis**

There are two types of the analysis used in the study namely descriptive and inferential analysis. Descriptions of these two analyses in the study are as follows:

#### **3.10.1 Descriptive Analysis**

Descriptive analysis transforms the raw data into a form that makes it easy to understand and interpret by rearranging, ordering, and manipulating data to provide descriptive information (Sekaran, 2000). Descriptive statistics such as maximum, minimum, means, standard deviation and variance were obtained for the independent and dependent variables (Sekaran, 2000). It was also applied to analyze the data and to show the variables in terms of their frequency and percentages.

#### **3.10.2 Inferential Analysis**

##### **3.10.2.1 Pearson Correlation**

The Pearson Correlation is a statistical technique used to determine and describe the degree of relationship between two variables. A correlation measures three things: the direction of the relationship i.e. whether there is a positive or negative relationship, the form of the relationship (linear or curvilinear) and the degree of the relationship. Range is from +1 (a perfect positive relationship: as one increases the other increases, and as one decreases the other decreases) to -1 (a perfect negative relationship: as one increases the other decreases, and as one decreases the other increases). This is sometime called an inverse relationship.

In other words, the correlation coefficient communicates both the strength and the direction of association between two variables. It is an index number, constrained to fall between the range of -1.0 and +1.0 (Sekaran, 2000). The greater the absolute size of correlation coefficient, the greater is the covariation between the two variables, or the stronger is their association. According to Cohen (1988), the strength value of the significant relationship is as follows:

**Table 3.3:**

*Significant Relationship Strength*

<b>No.</b>	<b>Value</b>	<b>Relationship strength</b>
<b>1.</b>	0.1 to 0.29 or -0.1 to -0.29	Weak
<b>2.</b>	0.30 to 0.49 or -0.30 to -0.49	Moderate
<b>3.</b>	0.50 to 1.0 or -0.50 to -1.0	Strong

### **3.10.2.2 Multiple Linear Regression Analysis**

Multiple linear regression analysis is used to measure the influence of independent variables on the dependent variable. Gujarati (2005) defines the study of regression analysis as a research on the relationship of variables with other variables. This analysis is a method that will be used by researchers in determining the influence, and cause-and-effect of one variable on another variable.

The process will involve using several tests to determine the significant influence of a variable on another variable. The tests used are the statistical F test and p value to test the

hypothesis. If the p value for the F test is less than the significance level ( $\alpha$ ) determined by the researchers, then the null hypothesis ( $H_0$ ) will be rejected or will not be accepted. The level of significance ( $\alpha$ ) in the study has been set to 0.05. From this analysis, the Pearson correlation: R is tested to describe the influence strength of the variables. In other way, the test can also tell which factors are having a greater influence on the variables by looking at the beta value ( $\beta$ ).

### **3.11 Summary**

This chapter has covered the whole spectrum of methods or research methods that are necessary to achieve the purpose of the study. Methods used to analyze each hypothesis have also been described in general.

## CHAPTER 4

### DATA ANALYSIS

#### 4.1 Introduction

This chapter analyses the relationship between the independent variables (attitude towards money, financial capability and debt management) and the dependent variable (financial wellbeing). The first section explains the response rate, describes the study sample, and the soundness of the measure through validity and reliability analysis. The second section provides a descriptive analysis of variables, and the use of multiple regression to test the hypotheses.

#### 4.2 Response Rate

This section includes the details of the public servants who responded to the questionnaire. Total respondent of the research are 341 who are the public servants and used to analyse the main objective of the research which is to research about the determinants of public servant income management. From 341 questionnaires as the population sample, only 270 questionnaires giving a response rate of 79.18% but this is deemed valid for data analysis. The summary of the data collection was as Table 4.1.

**Table 4.1**

*Summary of Data Collection*

Population	Sample	Submitted Questionnaire	Response	Response Percentage
3420	341	341	270	79.18%

### **4.3 Demographic of Respondents**

Frequency distributions were obtained for all the personal data or classification variables. Most of the respondents or 71.1% were female and male respondents mark up at 28.9%. Most of the respondents' age ranged from 26 to 30 years (74.9%), other age groups were, 25 years below (3.7%), 31 to 35 years old (18.1%), 36 to 40 years old (2.2%) and there is only 1 respondent age 46 years and above (0.4%). The majority (90.0%) of respondents were Malay and the others were Chinese (6.3%), Indian (2.2%) and others (1.5%). The majority or 60.5% of them were married while 39.1% were still single and there was 1 person who was a widower (0.4%). There were 23 Ministries involved in this research and the highest number of respondents (41.7%) was from Prime Minister's Department. Most of them (88.9%) had been working for between 1 to 5 years. Some of them (4.4%) however had been in for less than a year. Those with 6 to 10 years of service made up 6.6% of the respondents. Findings reveal that 40.6% of the respondents were earning between RM3,001 to RM3,500 per month. The second largest group representing 35.8% of respondents earned between RM3,501 to RM4,000. Those earning RM4,001 to RM4,500 made up 15.5% whereas those earning RM2,501 to RM3,000 made up 6.6% of the respondents. Only 1.5% of the respondents were earning more than RM4,501 and above per month. As for total expenditure per month, 29.5% of the respondents indicated that they spent more than RM3,001, whereas 27.3% acknowledged that they spent between RM2,501 to RM3,000 per month. A further 16.2% were found to spend between RM2,001 to RM2,500. A total of 15.9% of the respondents admitted to spending between RM1,501 to RM2,000 per month. Only 8.9% were found to have a monthly expenditure of RM1,001 to RM1,500 and the figure for those with a monthly expenditure below RM1,000 was 2.2%.

The details for total savings per month were as follows: 23.2% of the respondents saved between RM101 to RM200 per month, 22.9% of them saved between RM201 to RM300, and 20.3% saved less than RM100 per month. Only 16.6% of the respondents saved between RM501 to RM1,000 whereas a mere 3.3% saved RM1,001 or more per month. Descriptive statistic have been used to explain the demographic as shown on Table 4.2.

**Table 4.2**

*Description of Sample of Study* (n = 270)

<b>Description of Samples</b>	<b>Number</b>	<b>Percentage</b>
<b>Gender</b>		
Male	78	28.9
Female	192	71.1
<b>Age</b>		
25 years and below	10	3.7
26 - 30 years	203	74.9
31 - 35 years	49	18.1
36 - 40 years	6	2.2
41 - 45 years	2	0.7
46 years and above	1	0.4
<b>Race</b>		
Malay	244	90.0
Chinese	17	6.3
Indian	6	2.2
Others	4	1.5
<b>Marital Status</b>		
Bachelor	106	39.1
Married	164	60.5
Widow	1	.4
<b>Highest Education</b>		
Advance Diploma / Degree	237	87.5
Master's Degree	34	12.5
<b>Ministries</b>		
Prime Minister's Department	113	41.7
Sport & Youth	2	.7
Home Affair	15	5.5
Rural & Regional Development	6	2.2
Works	4	1.5
Urban Wellbeing, Housing & Local Government	1	.4
Health	13	4.8
Finance	20	7.4
Communication & Multimedia	1	.4
Foreign Affair	14	5.2
Education	21	7.7
Tourism & Agriculture	6	2.2
Women, Family & Community	4	1.5
Transport	14	5.2
International Trade & Industry	6	2.2
Domestic Trade, Cooperative and Consumerism	7	2.6



<b>Description of Samples</b>	<b>Number</b>	<b>Percentage</b>
Defence	1	.4
Agriculture & Agro-Based Industry	5	1.8
Plantation Industries & Commodities	3	1.1
Science, Technology & Innovation	4	1.5
Natural Resources & Environment	5	1.8
Federal Territory	3	1.1
Energy, Green Technology & Water	3	1.1
<b>Service Period</b>		
Below 1 year	12	4.4
1 – 5 years	241	88.9
6 - 10 years	18	6.6
<b>Total Salary per Month</b>		
RM2,501 - RM3,000	18	6.6
RM3,001 - RM3,500	110	40.6
RM3,501 - RM4,000	97	35.8
RM4,001 - RM4,500	42	15.5
RM4,501 and above	4	1.5
<b>Total Expenditure per Month</b>		
RM1,000 and below	6	2.2
RM1,001 - RM1,500	24	8.9
RM1,501 - RM2,000	43	15.9
RM2,001 - RM2,500	44	16.2
RM2,501 - RM3,000	74	27.3
RM3,001 and above	80	29.5
<b>Total Savings per Month</b>		
RM100 and below	55	20.3
RM101 - RM200	63	23.2
RM201 - RM300	62	22.9
RM301 - RM500	45	16.6
RM501 - RM1,000	37	13.7
RM1,001 and above	9	3.3

#### 4.4 Reliability Test

According to Sekaran (2003), the reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instrument. In other words, the reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the “goodness” of the measure. According to Salkind (2006), reliability of data exists if repeated testing to measure the same thing produces the same result. Reliability is to test the stability of measurement used. The measurement of Cronbach Alpha shows how items used are interrelated among each other. The nearer the Cronbach Alpha to the value of

.1, the higher the reliability. Table 4.2 shows the result of the reliability test of the independent variables (IV) and the dependent variable (DV) of the data.

Where the independent variable attitude towards money is concerned, running the analysis with all the questionnaire items has generated the Cronbach Alpha of 0.498. To achieve the Cronbach Alpha of 0.7 and above, the item with less reliability has to be removed and the process would be done on one by one item. To achieve the Cronbach Alpha of 0.725, there are 6 item questions have to be removed. The item questions are question no. 4, 7, 8, 11, 12 and 21. The summary of items in questionnaire of attitude towards money removed to gain a Cronbach Alpha value of more than 0.7 was as Table 4.3 below.

**Table 4.3**

*Summary of Cronbach Alpha Value and Items Deleted in Questionnaire of Attitude towards Money*

<b>Cronbach Alpha</b>	<b>No. of Items</b>	<b>Item removed</b>
0.498	24	0
0.571	23	7
0.614	22	7, 12
0.649	21	7, 12, 11
0.675	20	7, 12, 11, 21
0.703	19	7, 12, 11, 21, 8
0.725	18	7, 12, 11, 21, 8, 4

The analysis of other items such as financial capability, debt management and financial wellbeing the analysis was done in a single run with all questionnaire items. Their respective Cronbach Alpha values as shown on Table 4.4 indicate that no alteration of questionnaire items was required.

**Table 4.4***Cronbach Alpha Value for Data Obtained*

<b>Variables</b>	<b>Cronbach Alpha Value</b>	<b>No. of Items</b>
<b>Independent Variables (IV)</b>		
Attitude Towards Money	0.725	18
Financial Capability	0.852	20
Debt Management	0.737	13
<b>Dependent Variable (DV)</b>		
Financial Wellbeing	0.903	12

## **4.5 Description of Items**

### **4.5.1 Attitude towards Money**

Regarding the questions about the independent variable of attitude towards money, question with the highest mean score was question number 20 = “I will always immediately pay the utility bills” with 4.14 and the standard deviation for the question was 0.83012. Meanwhile, the lowest mean score was question number 14 = “I will often buy something that i do not need simply to attract other people” with 1.87 and the standard deviation for the question was 0.901. The questions regarding the variable of attitude towards money were as Table 4.5.

**Table 4.5***Description on Item of Attitude towards Money*

No.	Question	Mean	Std. Deviation
1.	I believe money can solve all my problems. <i>Saya percaya wang boleh menyelesaikan semua masalah saya.</i>	3.12	1.145
2.	I feel that money is the only thing i can depend on. <i>Saya merasakan bahawa wang adalah satu-satunya yang saya boleh bergantung.</i>	2.51	1.044
3.	I feel greater than those who have less money without considering their capabilities and achievements. <i>Saya merasa lebih hebat daripada mereka yang kekurangan wang tanpa mengira keupayaan dan pencapaian mereka.</i>	2.35	.943
4.	I'm proud of my financial achievement and I want my friends to know about it. <i>Saya bangga dengan pencapaian kewangan saya dan mahu rakan-rakan tahu mengenainya.</i>	2.06	.967
5.	Eventhough I have enough money, I always feel guilty after spending on necessities. <i>Walaupun saya mempunyai wang yang mencukupi, saya sering rasa bersalah apabila membelanjakannya untuk keperluan.</i>	2.72	1.111
6.	I often have difficulty in making decisions about spending money. <i>Saya sering mengalami kesukaran dalam membuat keputusan tentang membelanjakan wang.</i>	2.80	1.080
7.	I often worry about my finances. <i>Saya sering bimbang tentang kewangan saya.</i>	3.41	1.136
8.	I used to dream about money and what I can do with it. <i>Saya sering berangan tentang wang dan apa yang saya boleh lakukan dengannya.</i>	3.55	1.085
9.	I often feel anxious when asked about my personal finances. <i>Saya sering berasa cemas apabila ditanya mengenai kewangan peribadi saya.</i>	2.80	1.098
10.	I am proud of my capability to save money. <i>Saya bangga dengan keupayaan saya berjimat.</i>	3.03	1.090
11.	I think most of my friends have more money than I have. <i>Saya rasa kebanyakan rakan-rakan saya mempunyai lebih banyak wang daripada saya.</i>	3.54	.942
12.	I will allocate money for leisure activities. <i>Saya akan memperuntukkan wang untuk perkara yang menyeronokkan.</i>	2.97	1.074
13.	I would often exhaust all of my money on myself when I'm depressed. <i>Saya akan sering menghabiskan wang untuk diri sendiri apabila saya tertekan.</i>	2.95	1.201
14.	I will often buy something that I do not need simply to attract other people. <i>Saya akan sering membeli sesuatu yang tidak perlu semata-mata untuk menarik perhatian orang ramai.</i>	1.87	.901
15.	I prefer to save money because there is no guarantee of what will happen in the future. <i>Saya lebih suka berjimat kerana tidak yakin apa yang akan berlaku pada masa akan datang.</i>	3.52	.989
16.	I'll be very generous solely to attract people to like me. <i>Saya akan menjadi sangat pemurah semata-mata untuk menarik orang menyukai saya.</i>	2.04	.945
17.	I believe my current income is worth my effort and in line with my career. <i>Saya percaya pendapatan saya sekarang adalah layak untuk saya perolehi dan selari dengan kerjaya saya.</i>	3.22	1.006

No.	Question	Mean	Std. Deviation
18.	I believe that the amount of money a person earns is closely linked to his abilities and efforts. <i>Saya percaya bahawa jumlah wang yang seseorang perolehi adalah berkait rapat dengan keupayaan dan usaha beliau.</i>	3.67	.893
19.	I am proud of my ability to save money. <i>Saya bangga dengan keupayaan saya menyimpan wang.</i>	3.11	1.051
20.	I think I always know how much money I have in the bank, or my credit / loan. <i>Saya fikir saya sentiasa tahu jumlah wang saya di bank, atau kredit/pinjaman saya.</i>	3.65	.953
21.	I will not lend my money. <i>Saya tidak akan meminjamkan wang saya.</i>	2.35	.812
22.	I do not like to give money to beggars. <i>Saya tidak suka memberi wang kepada pengemis.</i>	2.04	.998
23.	I will always immediately pay my utility bills . <i>Saya akan sentiasa membayar bil-bil utiliti dengan segera.</i>	4.14	.830
24.	I prefer to use money instead of credit. <i>Saya lebih suka menggunakan wang berbanding kredit.</i>	4.06	.988

#### 4.5.2 Financial Capability

Analysis of the questions about the independent variable - financial capability, reveal that the question with the highest mean score was question number 20 = “Besides contributing to the employer’s pension fund, it is important for me to make my own savings” with 4.16 and the standard deviation of 0.720. The lowest mean score was for question number 7 = “I am active in seeking financial information through professional advice” with 2.64 and the standard deviation of 1.02. The questions regarding the variable - financial capability are presented in Table 4.6.

**Table 4.6***Description on Item of Financial Capability*

No.	Question	Mean	Std. Deviation
1.	I plan my expenditure. <i>Saya merancang perbelanjaan saya.</i>	3.91	.808
2.	I pay bills on time. <i>Saya membayar bil pada masa yang ditetapkan.</i>	4.03	.777
3.	I write and update my expenses record. <i>Saya mencatat dan mengemaskini rekod perbelanjaan saya.</i>	3.35	1.097
4.	Besides regular savings, I have separate savings for emergency use (car repair, school fees, medical bills). <i>Selain simpanan biasa, saya mengasingkan wang untuk kegunaan kecemasan (baiki kereta, kos sekolah, bil kesihatan).</i>	3.47	1.075
5.	I set financial goals and strive to achieve it. <i>Saya menetapkan matlamat kewangan dan berusaha mencapainya.</i>	3.64	.891
6.	I regularly monitor financial indicators such as changes in the housing market, the stock market and interest rates. <i>Saya kerap memantau penunjuk kewangan seperti perubahan dalam pasaran perumahan, pasaran saham dan kadar faedah.</i>	2.95	1.077
7.	I am active in seeking financial information through professional advice. <i>Saya aktif dalam mencari maklumat berkaitan kewangan melalui khidmat nasihat profesional.</i>	2.64	1.023
8.	I keep abreast of financial matters. <i>Saya selalu mengikuti perkembangan hal-hal kewangan.</i>	2.93	.984
9.	I am always interested in learning to make comparisons for the financial services offered. <i>Saya sentiasa berminat untuk belajar membuat perbandingan dalam perkhidmatan kewangan yang ditawarkan.</i>	3.24	.995
10.	I would like to know more about the source of information on financial issues and how to interpret the information. <i>Saya ingin mengetahui lebih lanjut tentang sumber maklumat mengenai isu kewangan dan bagaimana untuk mentafsir maklumat.</i>	3.42	.952
11.	I would consider a few products / loans / policies / accounts from several different companies before making a decision. <i>Saya mempertimbangkan beberapa produk/ pinjaman/ polisi/ akaun daripada beberapa syarikat yang berlainan sebelum membuat keputusan.</i>	3.69	.886
12.	I have read the terms and conditions in detail before agreeing / signing. <i>Saya membaca terma dan syarat secara terperinci sebelum bersetuju/ menurunkan tandatangan.</i>	3.67	.958
13.	I understand the various financial products that I need without consulting a financial adviser. <i>Saya faham tentang pelbagai produk kewangan yang saya perlu tanpa berunding dengan penasihat kewangan.</i>	2.98	1.045
14.	I believe financial advisers and accept what they recommend. <i>Saya mempercayai penasihat kewangan dan menerima apa yang mereka cadangkan.</i>	2.73	.980
15.	I make a comparison of the product's specifications and the price regardless of brand. <i>Saya membuat perbandingan ciri-ciri produk dan harga tanpa mengambil kira jenama.</i>	3.44	.999
16.	I allocate enough money for unexpected expenses (depreciation in revenue). <i>Saya membuat peruntukan yang mencukupi bagi perbelanjaan yang tidak diduga (penyusutan dalam pendapatan).</i>	3.55	.876

No.	Question	Mean	Std. Deviation
17.	I make financial provision for retirement. <i>Saya membuat peruntukan kewangan untuk persaraan.</i>	3.43	1.002
18.	I'd rather have a good standard of living today than planning for retirement. <i>Saya lebih suka mempunyai satu standard hidup yang baik pada hari ini daripada merancang untuk persaraan.</i>	3.42	1.031
19.	My household income after retirement will able me to ensure a comfortable standard of living. <i>Pendapatan isirumah selepas persaraan mampu menjamin taraf hidup saya yang selesa</i>	3.75	.917
20.	Besides contributing to the employer's pension fund, it is important for me to have my own savings. <i>Selain menyumbang dalam dana pencen majikan, adalah penting bagi saya untuk membuat simpanan sendiri.</i>	4.16	.720

#### 4.5.3 Debt Management

Regarding the questions about the independent variable - debt management, the question with the highest mean score was question number 2 = “I think about the payback capability before making a loan” with 4.36 and the standard deviation of 0.599. The lowest mean score was obtained by question number 8 = “I'm willing to spend money imprudently for car accesories than paying the debt / loan” with 1.71 and with the standard deviation of 0.958. The questions regarding the variable - debt management are listed in Table 4.7.

**Table 4.7***Description on Item of Debt Management*

No.	Question	Mean	Std. Deviation
1.	Before making a loan, I will make sure the interest rate is low. <i>Sebelum membuat pinjaman, saya akan pastikan kadar faedah pinjaman tersebut adalah rendah.</i>	4.22	.749
2.	I think about the payback capability before making a loan. <i>Saya berfikir tentang kemampuan pembayaran balik sebelum melakukan pinjaman.</i>	4.36	.599
3.	I make a comparison of the financial institutions before applying for housing loans. <i>Saya membuat perbandingan institusi-institusi kewangan sebelum memohon pinjaman perumahan.</i>	4.17	.777
4.	I'll save only when I am running out of money. <i>Saya hanya akan berjimat apabila kehabisan wang.</i>	2.92	1.250
5.	I can not imagine life without a credit card. <i>Saya tidak dapat membayangkan kehidupan tanpa kad kredit.</i>	2.09	1.044
6.	I will not change my expenditure trend even if I have to resort to loans. <i>Saya tidak akan mengubah corak perbelanjaan walaupun terpaksa berhutang.</i>	1.98	.981
7.	I find the education loan a burden. <i>Saya merasakan pinjaman pendidikan merupakan pinjaman yang membebankan.</i>	3.11	1.298
8.	I'm willing to spend money imprudently for car accesories than paying my debt / loan. <i>Saya sanggup berhabisan wang untuk menambah aksesori kereta berbanding membayar hutang/pinjaman.</i>	1.71	.958
9.	I am capable of owning a lot of items by means of loans. <i>Saya mampu memiliki banyak barangan dengan cara berhutang.</i>	1.98	1.054
10.	I need to borrow money to pay the costs associated with home ownership, such as land tax, repairs, maintenance, etc. <i>Saya perlu berhutang untuk membayar kos-kos yang berkaitan dengan pemilikan perumahan seperti cukai tanah, kos pembaikan, penyelenggaraan dan sebagainya.</i>	2.36	1.250
11.	I obtained a loan to purchase a house other than the house that I'm occupying now <i>Saya membuat pinjaman untuk pembelian rumah lain selain daripada rumah yang didiami sekarang.</i>	2.71	1.235
12.	In the past 12 months, I do have had problems repaying my loan / debt. <i>Saya mempunyai masalah pembayaran balik pinjaman/hutang dalam 12 bulan kebelakangan ini.</i>	2.05	1.090
13.	I need loans to pay for medical costs. <i>Saya perlu berhutang untuk membayar kos perubatan.</i>	2.02	1.020



#### 4.5.4 Financial Wellbeing

As regards the questions about the dependent variable - financial wellbeing, question with the highest mean score was question number 10 = “Confidence that you can control your finances” with 3.51. The standard deviation for the question was 1.011. The lowest mean score was obtained by question number 7 = “The frequency of your paycheck runs out before the next paycheck” with 2.81 and the standard deviation for the question was 1.097. The questions regarding the variable - financial wellbeing are listed in Table 4.8.

**Table 4.8**

*Description on Item of Financial Wellbeing*

No.	Question	Mean	Std. Deviation
1.	Overall level of satisfaction with your current financial situation. <i>Tahap kepuasan terhadap keseluruhan situasi kewangan semasa anda.</i>	3.18	1.037
2.	Concerns about your finances today. <i>Kerisauan tentang kewangan anda hari ini.</i>	2.95	1.022
3.	How well is your financial situation. <i>Sebaik mana keadaan kewangan anda.</i>	3.13	.992
4.	An overview of your current financial sufficiency. <i>Gambaran keseluruhan kecukupan kewangan semasa anda.</i>	3.10	1.033
5.	Comfortable feeling about your current financial situation. <i>Perasaan keselesaan tentang situasi kewangan semasa anda.</i>	3.05	1.015
6.	Confidence on having enough money to afford a comfortable retirement life. <i>Keyakinan mempunyai wang yang cukup untuk menampung kehidupan hari tua yang selesa.</i>	3.11	1.084
7.	The frequency of your money runs out before the next paycheck. <i>Kekerapan gaji anda habis sebelum menerima gaji yang seterusnya.</i>	2.81	1.097
8.	The frequencies of you having problems paying bills (electricity, phone, instalment, credit card). <i>Kekerapan menghadapi masalah untuk membayar bil (elektrik, telefon, bayaran ansuran, kad kredit) anda.</i>	2.86	1.102
9.	Confidence that you have the power to control your personal finances. <i>Keyakinan bahawa anda mempunyai kuasa dalam mengawal kewangan peribadi anda.</i>	3.43	.987
10.	Confidence that you can control your finances. <i>Keyakinan bahawa anda dapat mengawal kewangan anda.</i>	3.51	1.011
11.	How easily can you get RM1,000 in emergency. <i>Semudah mana anda mendapatkan wang kecemasan bernilai RM1,000.</i>	3.08	1.153
12.	Your concerns about your overall financial position. <i>Kebimbangan tentang kewangan anda secara keseluruhan.</i>	3.01	1.064

#### 4.6 Correlation Analysis

Pearson Correlation was used to determine the relationship between individual independent variables and the dependent variable. The result of Pearson's correlations analysis is presented in Table 4.9.

The strongest linear relationship was found to exist between attitude towards money and financial wellbeing where  $r = .401$ . The second highest linear relationship was found between financial capability and financial wellbeing where  $r = .377$  and the least relationship was to found exist between debt management and financial wellbeing where  $r = .124$

**Table 4.9**

*Pearson Correlation Analysis*

<b>Variable</b>	<b>Attitude towards Money</b>	<b>Financial Capability</b>	<b>Debt Management</b>	<b>Financial Wellbeing</b>
Attitude towards Money	1			
Financial Capability	.338**	1		
Debt Management	.456**	.165**	1	
Financial Wellbeing	.401**	.377**	.124*	1

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

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

N = 270

## 4.7 Multiple Regression

Multiple regression analysis was used to test whether there was an influence by the independent variables (attitude towards money, financial capability and debt management) on the dependent variable (financial wellbeing).

The result shows that the  $R^2$  is .232. This implies that the three independent variables explained about 23.2% of the variance in the dependent variable of financial wellbeing. The largest beta coefficient was .344 which was attitude towards money. This implies that the independent variable of attitude towards money makes the strongest contribution to explain the dependent variable of financial wellbeing. It suggest that one standard deviation increase in attitude towards money resulted in a .344 standard deviation increase in financial wellbeing.

The second highest beta value of .274 was obtained on the independent variable of financial capability. It also suggested that a one standard deviation increase in financial capability is followed by .274 standard deviation increase in financial wellbeing. However, the independent variable of debt management showed no significant influence on the test results since the significance value was larger than 0.05 which was .194.

The R adjusted value when minus by  $R^2$  resulted in 0.009; which when converted to percentage, output scores was 0.9%. This value is less than 5%. Therefore it shows that this study may be generalised to other populations and can also be tested in other sectors (Zikmund, 2003). The result of the multiple regression analysis is shown in Table 4.10.

The significant F-Test revealed that the relationship between the dependent variable and the independent variables was linear and the model significantly predicted the dependent

variable. The F-test [ $F(267, 2) = 26.729, p < 0.05$ ] indicated an overall significant prediction of the independent variables on the dependent variable (Green & Salkind, 2006).

**Table 4.10**

*Result for Multiple Regression Analysis*

Dependent Variable	Independent Variables	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std error of the Estimate	Beta	t	Sig	F
Financial Wellbeing	Constant	.481	.232	.223	.63951	-	-.048	.000	26.729
	Attitude towards Money					.344	5.443	.000	
	Financial Capability					.274	4.793	.000	
	Debt Management					-.079	-1.303	.194	

## 4.8 Summary

As analysis being made in the mode of multiple regression, the results are summarized in Table 4.9. In summary, this study found that every independent variable, has a significant linear relationship with the dependant variable. This shows that every independent variable has a relationship with the dependent variable. Moreover, results obtained through multiple regression analysis show that only two of the independent variables (attitude towards money and financial capability) positively influence the dependent variable with the variable of attitude towards money having the highest influential factor in this study before the financial capability variable. Meanwhile, independent variable of debt management has no significance in influencing dependent variable of financial wellbeing.

**Table 4.11**

*Summary of Analyses Results*

No.	Hypotheses	Results
1.	<b>H<sub>1</sub>:</b> There is a significant relationship between attitude towards money and the financial wellbeing of public servants.	Accepted
2.	<b>H<sub>2</sub>:</b> There is a significant relationship between financial capability and the financial wellbeing of public servants.	Accepted
3.	<b>H<sub>3</sub>:</b> There is a significant relationship between debt management and the financial wellbeing of public servants.	Rejected

## **CHAPTER 5**

### **DISCUSSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

In this chapter, attempts will be made to discuss the results obtained in the present study. This would then be followed by the implications of the research on theory and practice, and suggestions for future research will then be made. Finally, the limitations of the present research will be highlighted.

#### **5.2 Recap of Findings**

This study was primarily concerned with examining the relationship between the independent variables of attitude towards money, financial capability and debt management with the dependent variable of financial wellbeing of public servants. Within a population of 3420 public servants of M41 Grade, a sample of 341 officers had been selected to distribute the questionnaire. From 341 officers, only 270 officers responded with a percentage of 79.18% response rates. With the data collected, the analysis has been done using Pearson's Correlation and multiple regression.

Based on the multiple regression analysis, this study found that there was enough evidence to support that only two of the independent variables did indeed have a significant relationship with the dependent variable while one was not significantly influence the dependent variable.

Attitude towards money had the largest beta coefficient (.344), which was the strongest contributory factor to explain the financial wellbeing among public servants. Financial capability obtained .274 to be the second highest beta value and the second strongest influence in explaining the financial wellbeing among public servants. However, debt management did not significantly influence financial wellbeing.

### **5.3 Discussion**

#### **5.3.1 The Relationship between Attitude towards Money and Financial Wellbeing**

The first research question was to determine the relationship between attitude towards money and financial wellbeing. The result shows that there was enough evidence to suggest that there was a significant relationship between those two variables. This is consistent with previous research by Furnham (1984) which found that attitudes toward money relates to the financial wellbeing since the measurement of the factor will acknowledge the degree to which one feels that the amount of money a person has is a result of effort and ability. Based on the Furnham study, Hanley & Wilhem (1992) conduct a study to investigate the relationship between self-esteem and money attitudes. They found that compulsive spenders have a relatively lower self-esteem than normal consumers, and have beliefs about money which reflect its symbolic ability to enhance self-esteem. Another study by Roberts & Jones (2001) suggested that changing the attitude towards money is an important catalyst behind the spread of the consumer culture since money has become a symbol of status and achievement, thus, confirming another evidence of its relationship with financial wellbeing.

Based on the response to the questionnaire and findings, attitude towards money does have an influence over financial wellbeing. Most of the respondents seem to have an awareness of their finances and the way they are spending their money. It was proven by the data collected from the questionnaire when the highest mean score question was “I will always immediately pay the utility bills” when most respondents attitude was not to hold a monthly commitment and to fall behind payment of necessities. Spending behaviour can also influence the attitude towards money either positively or negatively especially when making decisions about spending money, for necessities or for leisures. Most respondents agree not to engage in negative attitude as the lowest mean score in the questionnaire was “I will often buy something that i do not need simply to attract other people” meaning to say that they would not spend unnecessarily for the sake of others’ opinion rather than what they truly needs.

### **5.3.2 The Relationship between Financial Capability and Financial Wellbeing**

The second research question was to determine the relationship between financial capability and financial wellbeing. The result shows that there was enough evidence to suggest that there was a significant relationship between those two variables. This is consistent with previous research by Serido, Shim and Tang (2013) who found that there was a significant correlation between financial capability and financial wellbeing in their study of young adults in America. Moreover, there are other factors to consider which have an impact on financial capability. Serido et. al (2013) also found that financial knowledge and financial behaviour had a significant impact on financial capability, thus affecting the overall financial wellbeing and this is consistent with the findings by Ellen (1994), Raju, Lonial & Mangold (1995) and Remund (2010). However, Lusardi (2011) in her study found that there was also a significant relationship between financial capability and debt management as a large population carries



debt. Another factor to consider and which affects judgement on financial capability is financial literacy. Campbell (2006) reported that individuals with low financial literacy are less likely to refinance their mortgages during a period of falling interest rates. These shows there are other factors to consider and additional factors can raise the bar of achievement of the research and could be suggested for future study.

Based on the response to the questionnaire and the findings, financial capability does have an influence over financial wellbeing and most of the respondents do keep track of spending records, immediately settling bills and comparing products, money allocations and investments with an averagely high mean score in questions such as “I would plan my expenditure”, “I pay bills on time”, “I write and update my expenses record”, “I am always interested in learning to make comparisons for the financial services offered” and “I allocated enough money for unexpected expenses (depreciation in revenue)” . Financial knowledge plays an important role in determining financial capability when most respondent agree that they need more information regarding financial matters before making decision on taking financial services such as loans, investments and they do not depend on the services of financial advisers for help. However, while they agree on having more knowledge on financial matters, they were reluctant to be an active information seeker or seek professional advice regarding financial matters, based on the lowest mean score in the questionnaire. This might suggest that, while most researchers found that financial knowledge is crucial to influence financial capability, this findings shows respondents are not supporting the theory of actively seeking financial knowledge, thus placing the factor a slightly lower than the attitude towards money to influence a public servants’ financial wellbeing.

### **5.3.3 The Relationship between Debt Management and Financial Wellbeing**

The third research question was to determine the relationship between debt management and financial wellbeing. However, the result of the analysis shows that debt management has no significance in influencing financial wellbeing. This finding contradicts with a few researchers which found that debt management have a significant influence over financial wellbeing (Moore, 2003) (Campbell, 2006) (Lusardi & Tufano, 2008). This findings, however, supported in a research by Bensaid, Fadila, Roslan & Yakub (2013), with most respondent were Muslim Malays, it consistence with the study that most Muslims would avoid personal and unnecessary debt as they are exhorted and encouraged to earn their living through legitimate means, eschewing any circumstance that would lead to resorting to borrowing. It is proven by the averagely low mean score on question asked regarding credits and loan that would suggest the respondents would likely to avoid such as “I cannot imagine life without a credit card”, “I will not change my expenditure trend even if i have to resort on loans”, “I'm willing to spend money imprudently for car accesories than paying the debt / loan”, “I am capable to have a lot of items by means of loans” and “In the past 12 months, I do have a problem to payback loan / debt”.

Another logical explanation is that the Malaysian government servants have the benefit for special government housing loans. While most of the researcher found in their study that debt management involve mostly on housing mortgages, the public servants have minimal worries on the matters since government housing loan scheme is the most attractive scheme in the country and can only be enjoyed by public servants. There are also other government loans schemes as well such as car and computer loans.

## **5.4 Implications**

A number of theoretical and practical implications have emerged from the present study. These implications will be discussed based on the outcome of the study.

### **5.4.1 Theoretical Implications and Knowledge Contributions**

With regard to the influence of attitude towards money and financial capability on financial wellbeing, this study has contributed new information to the body of knowledge on determinants of public servant income management. First, this study reveals that there is a significant relationship between attitude towards money and financial wellbeing.

Most of the findings in this study confirmed the findings of previous studies about the relationship of the determinants researched which are, attitude towards money and financial capability with financial wellbeing in the spectrum of household income management (Furnham, 1984), (Nuraini et. al, 2013). Motives underlying attitude towards money range from striving for status and power and enhancing self-worth (Lindgren, 1980) to searching for security and satisfying one's needs (Knight, 1968). The data shows the more positive attitude they have towards money, the more they are satisfied with their overall financial wellbeing.

Similarly, the finding shows that there is a significant relationship between financial capability and financial wellbeing. Financial capability is suggested to be a developmental task of young adulthood. Eccles, Templeton, Barber & Stone (2003) suggest that achieving financial capability during the transition to adulthood is an indication of positive age-related

development. A decline in financial capability will result in reduction in perceived overall wellbeing (Hanson, Forsell, Hochwalder & Hilleras, 2008)

The present study also confirms the findings of others that improved financial management skills, cash management strategies and futuristic planning styles; in this case, the financial capabilities; may help people avert financial difficulties and increase perceived financial wellbeing. Decreased financial wellbeing may result from the limited use of certain financial management behaviours; which closely refers to the attitude towards money; that is believed by experts to increase financial success (Porter & Garman, 1993).

#### **5.4.2 Practical Implications**

Great satisfaction with one's financial wellbeing means that the person would not be in a state of over-indebtedness. By not being in a state of over-indebtedness, a person would have good skills and knowledge of income management which in this research, it was tested by the variables of attitude towards money and financial capability. Research findings also show that different people have different attitudes towards money and different trends of expenditure. It cannot be generalised as a common factor. Some would want to show off their luxury items they bought to close friends or relatives and some are very prudent in making expenditures even for necessity items. Regression analysis shows that it all comes back to one's attitude and capability which have a greater influence on overall satisfaction with one's financial wellbeing. Rising costs of everything do have a serious impact over financial problems among public servants no matter what the attitude; either to maintain the status quo of current living standards or to mitigate with less expenditure to absorb the loss due to the rising cost. This could mean voluntarily lowering one's current life-style and moving from a

preoccupation with branded to generic products, from performance to efficiency in vehicle's choice and luxury to necessity in essential assets.

Government or related authorities can enhance the attitude towards money by organizing seminars, or programs related to character building on financial matters, educational programs that focus on prudent living and wise expenditure or other programs related to financial attitude enhancement. The broadcast of the programs could be on mainstream electronic and printed media, social media or even billboards which could be easily accessed by everyone.

The public servant can be educated to be strong in financial capability, via educational programs regarding financial management. Allocating money for medical emergency helps but it will be way better if the government or related authorities can urge public servants to invest in insurance policy that assures better treatment in the private medical sector. Some insurance policies have coverage for a child's future education as well. The government could emphasis more on programs to educate people at large or public servants specifically on how to spend wisely, save prudently and invest astutely.

Finally, as most of the respondents were reluctant to resort to loans and credits, government should act immediately to control the rising cost of necessities, but that may be nearly impossible. However, the government or related authorities can enhance their enforcement regarding the price of the controlled items and to put more reasonable fair-price stores nationwide such as the renowned government initiative of 1 Malaysia Public Stores (*Kedai Rakyat 1 Malaysia or KRIM*) nationwide so that people can save more while buying essential items at reasonable and affordable prices.

## **5.5 Suggestions for Future Research**

Base on this research, there are a few issues that can be improved for future research related to this topic. Multiple regression analysis revealed that two out of three independent variables only contribute to influence of 23.2% to the dependent variable. For future research, it is suggested that more variables should be tested on such as financial literature, self-esteem, financial management practices, financial skills, financial stress, financial problems and few other variables in other earlier studies. This study is also focused on public servants and future researches can extend to cover a wider population including those in the private and corporate sectors. Other sectors of employment might have another perspective on income management in the spectrum of financial wellbeing and this might not be similar to that of the public servants. Geographically, all respondents were in Putrajaya area and the research might not reflect public servants living in other states such as Penang, Johore, Kelantan or Kedah. Future research can expand the geographical coverage to include different states because different states have different costs of living and that might lead to different findings than those from Putrajaya.

## **5.6 Limitations**

Given the limited period of time to engage in this research, the research was limited to a quantitative mode of study. The quantitative research option was predetermined and a large number of respondents were involved. By definition, measurement must be objective, quantitative and statistically valid. This research was not done in the qualitative mode.

Qualitative research involves collecting, analysing, and interpreting data by observing what people do and say. Whereas, quantitative research refers to counts and measures of things, qualitative research refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things. Qualitative research is much more subjective than quantitative research and uses very different methods of collecting information, mainly individual, in-depth interviews and focus groups. Such an approach would have produced a wealth of useful, interesting data.

The patterns of strengths and weaknesses of the qualitative approach are different from that of the quantitative approach (Polit & Beck, 2004). For example, qualitative methods are more appropriate for hypothesis generation than for hypothesis testing, whereas the opposite pattern can be said to hold true for quantitative methods. Moreover, by qualitative methods we ordinarily obtain greater depth than by quantitative ones, while quantitative methods often result in better objectivity and generalizability than qualitative ones. The basic rationale of the mixed methods strategy is that by combining qualitative and quantitative methods one can utilize their respective strengths and avoid their respective weaknesses (Tashakkori & Teddlie, 1998).

Given the limited time, this study also has been limited to the junior level executive of the Administrative and Diplomatic Service Scheme (PTD) since the judgement is that irrespective of the scheme, officers on Grade 41 have a similar pay-scale. The researcher also opted for the Grade 41 PTD officers because of easy access to these respondents. Geographically, most of the respondents are from Putrajaya and the data obtained in this study might not be reflective of public servants who live elsewhere in Malaysia.

Another limitation is the sample size. Given the limited time, this research only managed to get 270 respondents instead of the ideal 341 which will be proportionate for a population of 3,420 (Krejcie & Morgan, 1970).

## **5.7 Conclusions**

As stated in this chapter, three research objectives have been achieved. In sum this study found that there is a significant relationship between attitude towards money and financial capability with financial wellbeing in terms of the determinants of the public servants' income management. These findings will hopefully provide the government via related authorities, financial institutions and the community as a whole additional information to better understand the problems and come out with better solutions.



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