DETERMINANTS OF SAVING BEHAVIOR AMONG GENERATION Y STUDENTS IN UNIVERSITI UTARA MALAYSIA

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NOOR ZAIHAN BINTI DAUD

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ABSTRACT

Financial complexity is due to lack of financial knowledge, overspending on unnecessary items or due to impulse buying, and maintaining affluent lifestyles that prompted one's to resort to lending to satisfy their needs. Nowadays, Malaysian young adults are reportedly the main group trapped into debt problems. This study aims to investigate whether the independent variables (IV) e.g. financial literacy (FL), parental socialization (PS), peer influence (PI) and self-control (SC) have significant influence on the dependent variable (DV) which is saving behavior (SB) by applying the Theory of Planned Behavior (TPB). Four hundred and fifty (450) questionnaires were distributed to Malaysian Generation Y students in Universiti Utara Malaysia (UUM). The hypothesis for this study is tested using multiple regression analysis to determine the influence of financial literacy, parental socialization, peer influence, and self-control towards saving behavior. The standardized coefficient beta (β) for financial literacy is $\beta=0.316$, $p<0.05$, this means that the results are found positively and significant since the significant value is below the confidence level of 0.05. The standardized coefficient beta (β) for parental socialization is $\beta=0.261$, $p<0.05$, peer influence is $\beta=0.002$, $p>0.05$ and self-control $\beta=0.143$, $p<0.05$. This means that both parental socialization and self-control are positive and significantly influence saving behavior. However, standardized coefficient beta (β) for peer influence is $\beta=0.002$, $p>0.05$, this means that the results is found to be insignificant since the significant value is above 0.05. Thus, this does not support the hypothesis three (H3) that states, "There is a significant relationship between peer influence and saving behavior among UUM Malaysian Generation Y". The study makes a significant contribution to assist educators to develop appropriate programs and financial advisors design relevant financial courses to help respondents in managing money and avoid the debt tracks.

Keywords: Saving Behavior, Financial Literacy, Parental Socialization, Peer Influence, Self-control

ABSTRAK

Kerumitan kewangan adalah kerana kekurangan pengetahuan kewangan, berbelanja ke atas barangan yang tidak perlu atau kerana pembelian berasaskan gerak hati, dan mengekalkan gaya hidup mewah yang mendorong seseorang untuk membuat pinjaman untuk memenuhi keperluan mereka. Pada masa kini, belia Malaysia dilaporkan kumpulan utama terperangkap ke dalam masalah hutang. Kajian ini bertujuan untuk menyiasat sama ada pemboleh ubah bebas (IV) seperti celik kewangan (FL), sosialisasi ibu bapa (PS), pengaruh rakan sebaya (PI) dan kawalan diri (SC) mempunyai pengaruh yang besar ke atas pemboleh ubah bersandar (DV) iaitu gelagat menabung (SB) dengan menggunakan Teori Tingkahlaku Dirancang (TPB). Empat ratus Lima puluh (450) soalan kaji selidik telah diedarkan kepada pelajar-pelajar Malaysia Generasi Y di Universiti Utara Malaysia (UUM). Hipotesis kajian ini diuji dengan menggunakan analisis regresi berganda untuk menentukan pengaruh celik kewangan, sosialisasi ibu bapa, pengaruh rakan sebaya dan kawalan diri dalam meramalkan gelagat menabung. Beta pekali seragam (β) untuk celik kewangan adalah $\beta = 0.316$, $p< 0.05$, ini bermakna bahawa keputusan yang didapati positif dan signifikan kerana nilai yang ketara adalah di bawah tahap keyakinan 0.05. Beta pekali seragam (β) untuk sosialisasi ibu bapa adalah $\beta = 0.261$, $p<0.05$, pengaruh rakan sebaya adalah $\beta = 0.002$, $p>0.05$ dan kawalan diri $\beta = 0.143$, $p<0.05$. Ini bermakna kedua-dua ibu bapa sosialisasi dan kawalan diri adalah positif dan ketara mempengaruhi gelagat menabung. Walau bagaimanapun, standard beta pekali (β) bagi pengaruh rakan sebaya adalah $\beta = 0.002$, $p>0.05$, ini bermakna bahawa keputusan yang didapati tidak signifikan kerana nilai signifikan adalah di atas 0.05. Oleh itu, ini tidak menyokong hipotesis tiga (H3) yang menyatakan, "Terdapat hubungan yang signifikan antara pengaruh rakan sebaya dan gelagat menabung di kalangan Pelajar ijazah dan Lepasan Ijazah Generasi Y di UUM. Kajian ini akan memberikan sumbangan penting untuk membantu pendidik membangunkan program yang sesuai dan penasihat kewangan untuk mereka bentuk kursus kewangan yang berkaitan bagi membantu responden dalam menguruskan wang dan mengelakkan hutang.

Keywords: Gelagat Menabung, Celik Kewangan,Sosialisasi Ibu Bapa, Pengaruh Rakan Sebaya, Kawalan Diri

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LIST ABBREVIATIONS

DOSM	Department of Statistic Malaysia
DV	Dependent Variable
EPF	Employees Provident Fund
FL	Financial Literacy
GST	Goods and Service Tax
IV	Independent Variable
PI	Peer Influence
PS	Parental Socialization
PTPTN	National Higher Education Fund Corporation Loan
SB	Saving behavior
SC	Self-control
TBP	Theory of Planned Behaviour
UUM	Universiti Utara Malaysia

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Savings is important because unlike income, saving is what individuals accumulate and hold over time. A consumer expense is influenced by induced consumption and autonomous consumption that are related to saving behavior. Other factors, such as government decisions to cut off subsidies, the unexpected increase in the inflation rate and property prices, the sluggish wage growth and unpredictable interest rate, have persuaded people to observe their spending and, in some cases, control it all together through financial management. According to Tang (2010), a lofty savings rate will boost investments, influence capital growth and thus stimulate economic escalation.

For the economy escalation, savings represent a significant resource for the finance of investment in developing countries. The savings rate of a country has been found to be strongly associated with investment and escalation rates (Attanasio and Banks, 2001). In addition, the diversity in saving behavior is seen related to country and time differences for the levels of expansion, escalation performance, and fiscal and financial policies (Loayza., Lopez, Schmidt-Hebel, & Serven (1998)). Meanwhile, individual saving behavior will increase the standard of living.

The reality is, even though the Malaysia's standard monthly income has risen, the price of most items in Malaysia is increasing and its nation keeps on to struggle to support their life. Moreover, according to Department of Statistic, Malaysia (DOSM) the percentage of consumption expenditure for housing, water, electricity, gas and other fuels has recorded an increment of 22.6 percent in 2009 to 23.9 percent in 2014 (Malaysia, 2015). Meanwhile, the introduction of the goods and services tax (GST) on 1st April 2015 to replace the 10 percent sales tax on imports and good manufactured in Malaysia, however, has been seen as one of the factors in increasing expenses of Malaysian. Furthermore, consumption is paid by salary earned and saving only can be planning with net salary after deducting all the expenditures that one's commit monthly. Hence, due to the high cost of living and low wages rate, it seems hard for a person to save.

According to Shamasundari (2015), there are seven reasons why a Malaysian does not save, and the research finding stated that one of five people had no savings at all. The first reason Malaysian do not save, is low income and this was followed by lack of financial literacy, servicing multiple debts, the low financial incentive for saving, procrastination, having the wrong misconception on saving and lastly Malaysian hard to resist their shopping behavior.

Furthermore, according to Cho (2009) deficient in emergency savings increase the concern among minimum income households since their debt is rising quicker than inflation rate due to declining employment opportunities, income volatility and tough purchasing power of Malaysian households. As life is getting economically tougher, they face higher food prices, energy costs, and health expenses. According to Abdul Jamal, Ramlan, Abdul Karim, Mohidin, and Osman (2015), the Malaysian youth is the major cluster trapped into financial complexity. According to these authors the debt problem among Malaysian youth, however, is caused by the deficiency of financial knowledge.

The focus of this study is on the Generation Y. In order to investigate the saving behavior among youth, the researcher has chosen the Generation Y students in UUM as the respondents since they have experienced work life and furthering study later or continued study as soon as they completed their degree. Financial literacy, parental socialization, peer influence and self-control have been used to predict saving behavior.

1.2 Problem Statement

Students experienced financial independence when they are attending University. Studies in the United States and other countries indicated that college students had plenty to spend but they also had low levels of financial literacy and tended to be impulse consumers (Danes, Huddleston, & Boyce, 1999). While in the context of Malaysian students most of the Malaysian graduates engaged with the National Higher Education Fund Corporation Loan (PTPTN) which are loans given out for tertiary education and can be stated as their income. Thus, Financial management is seen as importance factor to assist youths to makes the accurate decisions about their financial situations (Idris, Krishnan, & Azmi, 2013). Generally, most of them did not realize that restricted financial income and the increasing cost of living will limit their ability to save. Furthermore, according to Socyberty (2006) situations such as the challenges of savings for emergencies, management of credit and risks, plans for retirement and management of property will lead to emotional stress.

The respondents of this study are Generation Y, the birth years from the 1980s to 2000, and their ranging age is from 16 to 36 years old. For this research, the researcher use students in Universiti Utara Malaysia as respondents and their average age ranges were between 26 years old and they are undergraduates (degree students) and postgraduate students (doing Masters and Ph.D.). This generation Y people live in prosperous economy, they tend to have opportunities for a better quality of life, and the top level of education, ability and technology skills as compared to previous generations.

The protective upbringing from the parent has led this cluster to become doubtful in their financial aspects. Most researchers believed this generation is confident in themselves, tend to take risks for enhances their wealth and value of money. However, according to Urbis, Rintoul, Power, and Keevy (2008) few studies had identified the credit attitude of "own now, pay later" has spread among youth and 80 percent of them will find a way to buy what they wanted without thinking and at the end they will face higher credit loads as compared to the previous generation.

Recently, Generation Y is seen as the cohort that actively participated in the working sector (Eisner, 2005; Hwee, Lin, & Sellapan, 2010). However, in this context of the study, the researcher studies students and most of them gain the income from education loans and does not involve in work life yet but do have a part time job. According to Moore (2003) and Huston (2010) person is money-wise educated when they are competent and able to practice knowledge gained after experienced it.

The finding of the study by Huston (2010) revealed that individual with financial literacy may not show the expected changes or improvement in their behavior of savings due to the factors influence such as self-control problems, and influence from family and peers. While, in strategies to promote youth to financial literacy also has the challenges such as the integration of financial education into the school curriculum, identifying the most effective means of engaging the youth in financial education, the availability of effective educational material as well as the ability of teachers to deliver the relevant information to youth (Lian, 2008). Table 1.1 is the Table of Malaysian population according to the age group.

Table 1.1:Population ('000) by Age Group, 1980 – 2015, Malaysia.

Year	**Age Group**				**Average annual population growth rate (%)**
	Total	**0-4**	**15-64**	**65+**	
1980	13,879.2	5,542.4	7,845.7	491.1	2.6
1990	18,102.4	6,775.0	10,669.0	658.5	2.5
2000	23,494.9	8,003.1	14,560.0	931.8	2.5
2010	28,588.6	7,822.1	19,341.4	1,425.1	1.8
2015e	30,995.7	7,754.5	21,415.1	1,826.1	1.3

Source: Population Statistics (Department of Statistics Malaysia, 2015).

The financial situation in college is seen as an affect to academic performance (Cude et al., 2006), this may due to the financial decisions students make in college have an important influence on their financial situation after college. Thus, the ability to manage personal finances is significant toward nowadays circumstances. According to research by (Lusardi, Mitchell, & Curto, 2010) young people often find themselves carrying large amounts of student loans or credit card debt, and such early entanglements can hinder their ability to accumulate wealth. Accumulated wealth will make one's less dependence on current income sources because they can depend on it to maintain their consumption. Theoretically, savings enhance growth for enhancing the globalization in boosting the economy. Ameriks, Caplin, and Leahly (2003) concluded that a higher propensity to plan financial issues results in increased wealth accumulation. However, for those with the less accumulated wealth they need to organize and plan their income sources wisely. For that reason, many young people wish they had more financial knowledge.

Therefore, it is important to investigate the determinants that influence saving behavior. Theory of Planned Behaviors (TPB) will be applied to investigate the factors that contribute saving behavior among Malaysian Generation Y students in Universiti Utara Malaysia (UUM). The model which, inspired by the theory of planned behavior initiated by Ajzen (1991) and Warneryd (1999), proposed that saving is a voluntary individual behavior that influenced by few sociological and psychological variables, namely, social influence, attitude towards savings, and self-control. While in this study, researcher adopted the variables from Lim, Sia, and Gan, (2011), namely, financial literacy, parental socialization, peer influences and self-control.

1.3 Research Question

Based on the discussion above, research has been conducted with the aim to address and analyze the following questions:

1. Does financial literacy has a relationship with saving behavior among Malaysian Generation Y students in Universiti Utara Malaysia?
2. Does parental socialization has a relationship with saving behavior among Malaysian Generation Y students in Universiti Utara Malaysia?
3. Does peer influence has a relationship with saving behavior among Malaysian Generation Y students in Universiti Utara Malaysia?
4. Does self-control has a relationship with saving behavior among Malaysian Generation Y students in Universiti Utara Malaysia?

1.4 Research Objectives

This study identifies the four determinants of independent variables named financial literacy, parental socialization, peer influence, and self-control towards the dependent variable which is saving behavior. In particular, it aims to explore the determinants relationship and how it will influence saving behavior. The specific objectives are as follows:

1. To examine the relationship between financial literacy and saving behavior among Malaysian Generation Y students in University Utara Malaysia.
2. To investigate the relationship between parental socialization and saving behavior among Malaysian Generation Y students in University Utara Malaysia.
3. To investigate the relationship between peer influence and saving behavior among Malaysian Generation Y students in University Utara Malaysia.
4. To examine the relationship between self-control and saving behavior among Malaysian Generation Y students in University Utara Malaysia.

1.5 Scope of study

The scope of this study only emphasizes on the determinants and the selection decision of saving behavior, particularly among Malaysian Generation Y students that are studying in UUM. As Malaysia growth and they are the most cohorts live in the prosperous economy, researcher felt that they are a suitable respondent for this study. In addition, the purpose of this study is to determine the relationships between the factors such as financial literacy, parental socialization, peer influence and self-control influencing saving behaviors.

Moreover, this research is to bring up awareness among this youth about saving because after entering working sector most of them are totally depending on Employees Provident Fund (EPF) without having any cash or assets as backup for the rainy day. However, the respondent is students and they do not engage with the retirement plan, even though some of them took the insurance plan, as the result of inconsistent income they could not commit to it. So it is important to encourage them to do saving every month.

While conducting this study there are few problems faced by the researcher. The problems such as the willingness of respondents offering commitment in answering the questionnaire and does not have enough data for support the variables discussing in this study has brought difficulty for the researcher to fulfill the study.

1.6 Significance of the study

Most of the previous research has investigated factors affecting savings behavior of students and employees for all ethnic in Malaysia, while in this study the researcher only focuses on Malaysian Generation Y students studying in UUM and practically used UUM students as respondents to identify the factors affecting saving behavior amongst them. The purpose of this study is to create financial awareness towards saving, and to determine factors that influence their intention to save. Hence, the outcome of this study will contribute to an understanding of Malaysian students regarding the determinants affecting their saving behavior.

The rapid change in current environments such as technology, product innovation, deregulation and greater competition has transformed the financial system in Malaysia and due to this, important for Malaysia to enhancing the level of financial literacy amongst its nation and this can be started with the students. Therefore, the outcome of this study will assist educators to develop appropriate programs and financial advisors design relevant financial courses to help respondents in managing money and avoid the debt tracks. Moreover, the research data that focus on Malaysians' data is important as the economic condition, educational system and level of environmental consciousness among Malaysian are indeed different from those in other countries.

1.7 Definition of Key Terms

The study involved several definitions and concepts. This section describes the definition of the main variables discussed in this study.

Saving behavior: Saving is defined as the surplus of income after excess of all expenditures and the saving behavior is the cash keeping activity subsequent to their use for their own wealth (Denton, Fretz, & Spencer, 2011).

Financial literacy: Huston (2010) defined financial literacy as how well an individual can understand and use personal finance-related information.

Parental socialization: parental socialization methods defined as knowledge and closeness (Kopp & Park, 2014).

Peer influence: Peer influence is defined as the extent to which peers exert influence on an individual's attitudes, thoughts and behavior's (Bristol & Mangleburg, 2005).

Self-control: Baumeister (2002) defined self-control as the ability to identify and regulate one's emotions and desires and it is characterized by the exertion of will, self-discipline, as kill to delay satisfaction.

1.8 Organization of the study

This study organized into five chapters as follows:

Chapter 1 consists of the background of the research, problem statement, research questions, research objectives, research significance, definitions of terms, and organization of the remaining chapters.

Chapter 2 consists of literature review and previous research related to this study. The Review presented in this chapter includes a discussion of saving behavior. This chapter discusses research done by the previous scholars particularly on the factors that determinants saving behavior. Finally, this chapter discusses the independent variables are present the research framework and hypotheses.

Chapter 3 describes the methodology used in this study including research design, sampling, and data collection; operational definitions and measurement of variables, methods of data analysis are also discussed in this chapter.

Chapter 4 is devoted to the study findings. Profiles of respondents, the goodness measure, analyze descriptive validity and reliability of the variables and the results of the hypothesis are presented. At the end of this chapter, a conclusion of the results is presented.

Chapter 5 is a summary of the findings of the study followed by a discussion. Policy implications and limitations of this study are also discussed. It then went on to recommend areas for future research and conclusions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will use as the main platform and valuable literature to support the general as well as the specific objective of this study. It also seeks to draw the strengths of similar work for a better outcome in this study. This chapter will be divided into three sections. Section one is dedicated to the review of the literature with the aim of gaining an insight into the models and theories behind saving behavior. Section two is about the development of research framework. The focus of this section is on how each of these attributes influenced the saving behavior and section three is a hypothesis of the study. Next sections will discuss on the variables involved in this study.

2.2 Saving Behavior (Dependent Variable)

Saving is defined as the surplus of income after excess of all expenditures and the saving behavior is the cash keeping activity subsequent to their use for their own wealth (Denton, Fret & Spencer, 2011) and this means that adequate savings guarantee smooth expenditure over time (Modigliani, 1986: Ulkumen & Cheema, 2011). Individual saving behavior changes significantly with demographic circumstances such as income, wealth, ages, marital status and other socioeconomic conditions during various stages of the individual life (Tin, 2000).

While according to Wa¨rneryd (1999), the models of saving behavior are saving attitudes, subjective norms, and perceived control to bring about intentions to save, together with past saving. In this model researcher identifies four motives which are a habit or controlling expenditures, precautionary motive, bequest motive, and profit motive and the findings that explain most of the variance are the habits and precautionary motive. Many youth generations do not know the importance of saving and they are also less aware with their future consumptions (Benartzi's, 2012).

Review of literature also revealed that limited research has been conducted to the process underlying the savings decision and the determinants influencing students saving behavior (Rickwood and White, 2009). Thus, there has been limited research on financial behavior (e.g. savings and indebtedness) and problems among Malaysians, especially college students, since the concern over the role of young consumers is relatively new (Sabri & McDonald, 2010). In Malaysia research related to students saving behavior has been done by Salikin, Ab Wahab, Masruki, Zakaria and Nordin (2012) regarding difficulties of saving in university life. According to Nasir and Khalid (2004), the study of saving behavior and the information of the causes of saving is necessary for policy making. Thus, financial literacy is important in explaining attitudes towards saving.

2.3 Financial Literacy (1st Independent Variables)

Financial literacy is defined as how well an individual can understand and use personal finance-related information (Huston, 2010). While, Moore (2003), stated that literacy or knowledge is acquired through practical experiences and active integration of knowledge. People that are literate will become more sophisticated in terms of finance.

Most significantly, an individual is financially literate if he/she is competent and knowledgeable. According to Remund, (2010) based on a review of research studies since 2000, the conceptual definitions of financial literacy fall into five categories: which is knowledge of financial concepts, ability to communicate about financial concepts, aptitude in managing personal finances, skill in making appropriate financial decisions and confidence in planning effectively for future financial needs. Moreover, Remund (2010) also discovered financial literacy assesses an individual's intensity towards the fundamental concepts of finance, and the individual's ability and self-belief to control his or her personal finances by accessed the right information and analyze it before making a decision in financial matters. The person with financial literacy will compare the interest rates before choosing the loan as compared to a person that financial illiterate.

Financial literacy is also the combination of individual knowledge, skill and attitude towards financial matters. Financial literacy will enhance the ability to handle day to day financial matters and will reduce the negative consequences of poor financial decisions that otherwise might take years to overcome and financial literacy was found to play an important role in explaining attitudes toward saving (Delafrooz & Laily Paim, 2011).

According to Shim, Barber, Card, Xiao and Serido (2010), financial literacy plays a crucial role in developing not only individuals' financial management attitude but also attitude about general life, which is an important component towards achieving a successful adult life. Similarly, according to Vitt (2000) financial literacy plays an essential role in the process of making financial decisions, as it represents a systematic effort aimed at the development of positive knowledge, behavior and attitude.

Meanwhile, according to Huston (2010), the individual who had financial literacy may not show the expected behavior or improve his or her financial well-being due to other influences such as behavior that is biased, self-control problems, family, and peers, that may influence the financial behavior and financial security. However, financial literacy cannot be measured directly, and there is no standard instrument that can be used to measure financial literacy (Moore, 2003 and Huston, 2010).

In addition, a study by Sabri and McDonald (2010) did not state either financial literacy could trigger attitude towards individuals' savings behavior or not. The result suggests that participants who have greater knowledge on personal finance tend to engage in effective financial behavior (i.e. savings behavior). Furthermore, Beal and Delpachitra (2003) and Marcolin and Abraham (2006) stated the importance of youth to gain financial literacy, basically for investing, future planning and preparation for retirement.

Meanwhile, Prawitz and Garman (2009) propose that the workers should be taught financial understanding to enhance their financial literacy. The employees should be exposed to knowledge on setting financial goals, developing an expenditure plan, using credit wisely, saving for emergencies and learning not to spend exceeding their income to ensure them planning their spending and savings in orders to achieve a satisfactory level of financial well-being.

The research by Gale, Harris and Levine (2012) evaluated previous research about rising household saving through financial literacy and they found that the extent of individuals' financial illiteracy and its financial outcomes motivated them to make a poor financial decision and saving choices than others than those who understand personal finance better. The vulnerable household could gain broad social and economic with their better financial decisions to increase capital stock due to the increase in their saving rates.

However, according to Lusardi et. al (2010) youth are found to carry some amount of student loans, that can hinder their ability to accumulate wealth. Therefore, most of them wished they had a more financial understanding as it an important component of financial decision-making. Understanding financial literacy among youths is important for policymakers in several areas such as for those who wish to devise effective financial education programs targeted them as well as those writing legislation to protect younger consumers.

Most Malaysians does not seem to take control of their own financial affairs because individual financial planning is still considered at its immaturity phase in Malaysia (Boon, Yee, and Ting, 2011). The main contributor to this problem is said to be a lack of information and financial knowledge which reveal individuals' willingness to pursue their financial planning. Retirement planning is not in the thought of most of Malaysian expected to the lack of financial understanding and knowledge, and this makes the savings of Malaysian households quite low.

According to Sang et al. (2013), financial literacy does not directly influence choice associated with financial issues but having the financial understanding will generate their attitudes towards a constructive financial behavior. In conclusion, low levels of financial literacy can lead to economic insecurity while the increasing of financial literacy could attain higher economic status with more economic security. Thus, according to Delafrooz and Laily Paim (2011) financial literacy is important in explaining attitudes towards saving.

Hence, it useful to understand how financial literacy may influence savings, and financial problems can be used to design effective financial education programs for youth in Malaysia for preparing them to be effective personal financial managers in future (Sabri and MacDonald, 2010). In addition, parents that are not educating their children about financial has shown as the reason of financial literacy remains low among college students (Braunsberger, Lucas, and Roach 2005; Gallo 2006).

2.4 Parental socialization (2nd Independent Variables)

Parental socialization methods defined as knowledge and closeness (Kopp & Park, 2014). Financial behavior formed in childhood normally persists into adulthood. Shim, et al. (2010) claimed that the role play by parent greater than the role played by work experience and high school financial education. Moreover, before formally educated, the financial behavior of children is influenced by social and family (Batty, Collins & Odders - White., 2015). According to them, parents monitoring the spending patterns and pushed behavior of children to certain directions to prevent unwanted habits formation.

Furthermore, Vasallo (2003) stated that parent is the most socialization agents, a behavior of parents will be copied by children and the attitude of them towards particular behavior also influenced by parents. The research of Bucciol and Veronesi (2014) found that advice from parents leads to both a higher propensity to save and higher saving amounts, and parental financial teaching will increase individual's willingness to save by 16% and their saving amounts by about 30%. They also suggest that the most effective way to influence individuals' saving behavior is to teach them during both childhood and adolescence.

Meanwhile, in the research of Lusardi, Olivia, and Curto (2010), they added family and peers as variables for measuring financial knowledge because prior research has argued that individuals learn via interaction with others, in particular, family and friends. Cronqvist and Siegel (2015) predicted that savings behavior is partially governed by an individual's genes and parent-child socialization, and also potentially by gene-environment relationship, certain environments moderate genetic influences.

In addition, Firmansyah (2014) found that family teaching is the base for children in future; children will become something based on what they got from the family. As related to this research, parents' behavior and support in saving lead to children intention to save for future. However, research by Padilla-Walker, Larry, and Jason (2012) found that parental approaches to giving financial assistance are linked to monetary aspects of the transition to adulthood, including financial stability and independence. Previous research has shown that parental socialization is the primary and the most influential form of anticipatory socialization and piggy banks is a classic example because children that been given a piggy bank with the intent that they learn to save their money, and apply this attitude later in life.

Purwanto (2009) supported the findings by concluding that saving behavior of children is influenced by parents and the research reveal what children will become in future the is based on the family education. In the Parents Survey by TIAA-CREF Institute's (2001), it is found that parents do not think it is their responsibility to teach finance to their children and they also felt that they are not a great financial educator. This result has been argued in the survey for the Jumptart Coalition (2005); if parents do not have the financial knowledge to teach their children then what influences that can help this child increase their financial knowledge. Parents are models to youth in teaching financial literacy, and poor financial patterns can influence them to keep repeating the financial difficulties faced by their parents. (Clarke, Heaton, Israelsen, & Eggett, 2005). Thus, Clarke et al., (2005) stated that adolescents are prepared to perform financial tasks when their parents frequently modeling financial tasks at home. However, there are some studies of saving and financial decision-making has shown peer as one of the key contributors of information and financial advice (Hong, Kubik, and Stein 2004; Brown et al. 2008).

2.5 Peer influences (3rd Independent Variables)

Peer influence is defined as the extent to which peers exert influence on an individual's attitudes, thought and behavior's (Bristol & Mangleburg, 2005). According to Duflo and Saez (2002), a significant role in administering advice to each other is played by friends and in the traditional finance posits that more information leads to better decisions being made. While John (1999) susceptibility toward materialistic attitudes is positively related to peer's influences, when it comes to product evaluation stage peer become more influential compared to parents that are only influential at the information-gathering stage.

Ajzen (1991) define subjective norms as the social pressure an individual perceives by performing or not performing a certain behavior. Accordingly, the concept describes the subjective influence of the social environment on an individual's behavior. The subjective influence delineates the approval or disapproval of important referents to the individual regarding the performance of the particular behavior in question (Taylor and Todd, 1995).

Previous research by Lusardi and Mitchell (2006) found that most of their respondents consulting friends and colleagues about their financial decision. Study by Abdul Jamal et al. (2015) found that peers and friends have an important role in determining the students' savings behavior. Even though parents have shaped positive behavior in children, peer socialization aspect still existed in children's savings behavior. This is because saving behavior of students could be affected by involvement in spending activities, leisure time, and discussing financial management issues with their friends. According to Norvitilis and Maclean (2010), peer influence could also predict individuals' financial behavior. In brief, Romal and Kaplan (1995) stated there is some evidence that people with high self-control manage their money better than other people, saving more and spending less.

2.6 Self-control (4th Independent Variables)

Saving is about dealing with the innate doubt of the future and preparing necessities to ensure having some wealth in the future. The main reason why individual save cash is to have a buffer against the vicissitudes of life, to be ready for emergencies (e.g., illness, disaster, loss of income) in short, to be able to expect the unforeseen without apprehension. As an outcome, saving money is connected to the sense of control over individual future and the peace of mind that comes from being ready for the rainy day (Zaleskiewicz, Gasiorawska, & Kesebir, 2013).

Baumeister, (2002) has defined self-control as the ability to identify and regulate one's emotions and desires and it is characterized by the exertion of will, self-discipline, as kill to delay satisfaction. Self-control has been adopted in the study of consumption-saving decision problems by many researchers (e.g. Benhabib and Bisin, 2005; Bernheim, Ray, & Yeltekin, 1999; Choi, Laibson, Madrian, & Metrick, 2005; Gul & Pesendorfer, 2001, 2004; Otto, Davies, & Charter, 2006). Furthermore, these researchers proposed models that explicitly incorporate behavioral constructs associated with saving or consumption decisions.

In addition, Tam (2009), claimed that individuals tend to set an unworkable saving goal and end up with an unfinished mission. Thus, the actual cause must be exposed whether is due to the individuals' characteristics or environment changes. However, Cesarini, Johanness, Lichtenstein, Sandewall and Wallace (2009), further found that education will influence individuals' risk portfolio in the financial decision making. In addition, having a motive or inspiration for saving was the most important determinant in escalating the possibility of saving among the poor (Hogarth & Anguelov, 2003).

Higher levels of the authoritative parenting style predict higher levels of children's self-control (Soward's, 2006). According to Eisenberg, Smith, & Spinrad (2011), the respond of parents to children's emotions seem to teach their children effective strategies for self-regulation. While previous research by Eisenberg, Cumberland, & Spinrad, (1998) stated that the responses of parents to their children's emotions have been found to be associated with an effortful control in children.

2.7 Underpinning Theory

Theory of Planned Behaviour (TPB) is applied in this study as proposed by Icek Ajzen in 1991 and it is the extension of the Theory of Reasoned Action which jointly formulated by Ajzen and Fishbein in 1975. This theory seeks to explain why people perform certain actions. According to Ajzen (1991 p.182), the TBP focuses on attitude towards behavior, social norm, perceived behavioral control, and intention.

2.8 Summary

In summary, in the lifecycle savings model economists have studied individuals' saving and consumption choices and according to them individuals save to smooth consumption over time. According to Lusardi (2001), individuals who seem to be more patient have indeed been found to save more. Furthermore, financial literacy is important because knowledge could contribute to the wise decision of saving plans. In addition, self-saving is wisely recommended for rainy day and unexpected event that occurs in mean time.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

In this chapter, the researcher discusses the research methodology adopted for this study. This chapter mainly clarifies the research design, population, operational definition of variables and sample of research and the sampling method implemented, data collection technique, measurement development and questionnaire administration, measurements of research variables as well as elaborates in detail the data analysis procedures.

3.2 Research Framework

Figure 3.1 is the framework adopted from Lim, Sia and Gan (2011) and purposely serve as the foundation for this study. The framework is formulated to explain the relationship between the independent variables (financial literacy, parental socialization, peer influence and self-control) and dependent variable (saving behavior).

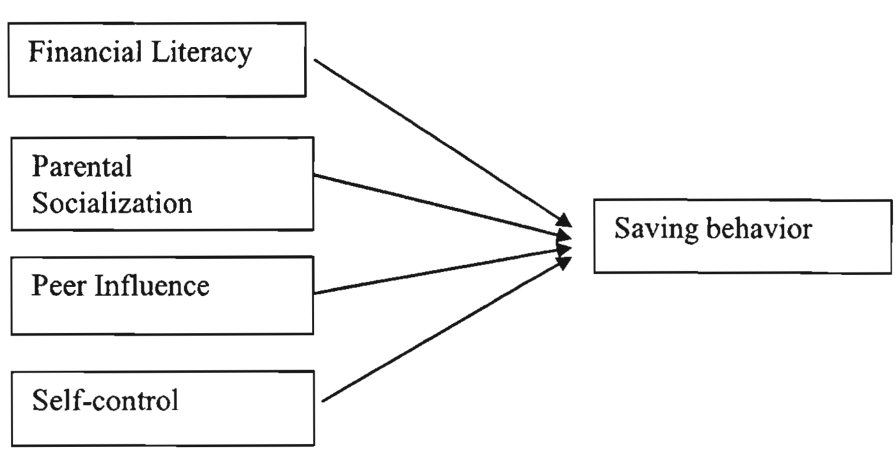

Figure 3.1 Proposed Research Framework

3.3 Hypothesis of the study

3.3.1 Financial Literacy and Saving Behavior.

A study conducted by Delafrooz and Paim (2011) tried to identify the relationship of selected demographic variable (i.e. financial literacy) with saving behavior and to determine factors affecting saving behavior. The study sampled Malaysian's employees and the result showed financial literacy was found to play an important role in explaining attitudes toward saving.

There are not many known research investigate the relationship of financial literacy and individual saving in the context of emerging market (Mahdzan and Tabiani, 2013). They posit that financial literacy has a significant impact on individual saving, as more knowledge of financial matters enables individuals to make more substantive financial plans and more informed decisions regarding allocations of their money and saving. Hence, it is predicted that the relationship between financial literacy and individual saving is positive.

Furthermore, a study by Sabri and McDonald (2010) also suggested that financial literacy had a positive, significant effect on savings behavior. The results also revealed that those students who had earlier childhood consumer experience were more likely to engage in an effective financial behavior. In addition, the research of Chai, Chia, Fong, Lew and Tan (2012) of the university students in Malaysia also found that financial literacy has a significant relationship with saving behavior. Thus, the following hypothesis is proposed.

H1: There is a significant relationship between financial literacy and saving behavior among Malaysian Generation Y students in UUM.

3.3.2 Parental Socialization and Saving Behavior.

Shim, et al. (2010), found that, the role of the parent also significant as a financial role model for children's that trigger positive attitudes and behavior amongst the youths in helping them achieve successful adult life. Hence, the study of Shim et al. (2010) and Norvilitis and MacLean, (2010) also found a strong association between parents' influence and financial behaviors and attitude. Parents' with positive financial behavior play an important role in influencing children and will become financial role models for their children in managing their financial affairs.

Moreover, Abdul Jamal et al. (2015) in their study found that family influence was regarded as the most powerful and significant factor. The findings are consistent with past studies such as by Webly & Nyhus (2006) who concluded that strong family binding and influence from the parents are the keys to the positive impact of children's future orientation. Past studies have concluded the parents are the main agent in shaping their children's savings attitude (Clarke et. al., 2005) as well as gathering financial information (Lyons, Scherpf & Roberts, 2006).

According to a study by Chai, Chia, Fong, Lew and Tan (2012) of the university students in Malaysia found parental socialization and saving behavior are positively related. In addition, Homan (2016) study also support parental financial teaching influences the saving behavior of individuals. Research on young adults' financial behaviors has suggested that parental influences may have positive impacts on their future financial independence (Xiao & Chatterjee, 2014). Thus, the following hypothesis is proposed.

H2: There is a significant relationship between parental socialization and saving behavior among Malaysian Generation Y students in UUM.

3.3.3 Peer Influence and Saving Behavior.

The research by Duflo & Saez (2002) investigates whether peer effects play an important role in retirement savings decisions and the results suggest that peer effects may be an important determinant of savings decisions. While a study of Chai, Chia, Fong, Lew and Tan (2012) on the university students in Malaysia showed a positive relationship between peer influence and saving behavior. In addition, Abdul Jamal et al. (2015) also support that peer also have a positive and significant influence in shaping the young adults' savings behavior.

Moreover, the study of Beshears, Choi, Laibson, Madrian and Milkman (2010) proved that individuals' behavior is likely to be influenced by a peer because the peer is the salient referent to an individual and one can be easily influenced by peer's behavior. Thus, the following hypothesis is proposed.

H3: There is a significant relationship between peer influence and saving behavior among Malaysian Generation Y students in UUM.

3.3.4 Self-control and Saving Behavior.

There is also some evidence that people with high self-control manage their money better than other people, saving more and spending less (Romal and Kaplan 1995). A study of Chai, Chia, Fong, Lew and Tan (2012) of the university students in Malaysia also showed a positive relationship between in self-control and saving behavior. Hence, the study by Lim, Sia, and Gan (2011) revealed that those who have higher self-control power tend to save more. This mean, self-control was positively associated with saving behavior. Moreover, the findings of Esenvalde (2010) also proved that self-control was positively associated with saving behavior. Thus, the following hypothesis is proposed.

H4: There is a significant relationship between self-control and saving behavior among students of Malays Generation Y students in UUM.

3.4 Research Design

Primarily due to the descriptive, empirical and deductive nature of this study, quantitative research method is used. Moreover, survey questionnaire is to be used as the main quantitative data collection technique. This study is cross-sectional since data are collected in a single period from Malaysian students with the scope of Generation Y age group who are registered in UUM for February 2016 semester. The unit of analysis for this study is individual.

3.5 Population and Sample

Population refers to the total number of people, events or things that the researcher wants to examine that share a common characteristic required by the researcher (Sekaran & Bougie, 2013). The population of this study comprised of Malaysian

Generation Y studying at Universiti Utara Malaysia (UUM) Malaysia. Hence, the list and the total number of Malaysian students are obtained from the university's (HEA). According to the Department of Academic Affairs, there are 25,379 registered Malaysian students (Undergraduate and Postgraduate) for February-June 2016 intake. From this sampling frame, the researcher use simple random sampling which is a probability sampling design in which every single element in the population has a known and equal chance of being selected as a subject (Sekaran, 2003).

The sample is a subset of the population, which is studied in order for the research to be generalized to the overall population of study (Sekaran & Bougie, 2013; Zikmund, Babin, Carr & Griffin, 2010). Since it is not absolutely realistic to gather the data from the entire population, hence it is important to determine the size of the sample (Zikmund et al., 2010). In order to decide the actual sample size of this type of study, Roscoe (1975) suggested that generally, a sample size that is above 30 and smaller than 500 are sufficient to conduct a research. For a population of 25,379, the minimum sample size of 379 is appropriate for this research as determined by Krejcie and Morgan (1970).

Table 3.1: Determining sample size for a given population

Population (N)	**Sample Size (S)**
5000	357
10000	370
15000	375
20000	377
<u>30000</u>	**<u>379</u>**
50000	381
75000	382
1000000	384

Source: Krejcie and Morgan (1970)

Since the researcher was not sure to be able to get 100 percent response rate, the total number of the questionnaire distributed was 450 and it is larger than the recommended sample.

3.6 Data Collection Procedure

There are several methods of data collection such as self-administered questionnaires, mail questionnaires, electronic questionnaires, personal or face-to-face interviews and telephone interviews (Sekaran & Bougie, 2013). The method of data collection for this study will be the questionnaire that is self-administered by the researcher. A well-designed questionnaire will provide accurate and usable data for this research.

3.7 Operationalization of Variables

The variables used in this study are operationalized using questionnaires developed in past research. The items for each variable are listed below:

3.7.1 Savings Behavior

Saving behavior is measured by adopting five items from Nga, Yong, and Sellappan (2010) as shown in Table 3.2.

Table 3.2: Items for Saving Behavior

No.	Items
1.	I put my money aside on a regular basis for the future.
2.	In order to save, I often compare prices before I make a purchase.
3.	In order to save, I often consider whether the real necessity before I make a purchase.
4.	I save to achieve a certain goal.
5.	I save until my end of my semester.

3.7.2 Financial Literacy

Financial Literacy is measured by adopting five items from Hira and Loibl (2005) as shown in Table 3.3.

Table 3.3: Items for Financial Literacy

No.	Items
1.	I have a better understanding of how to invest my money.
2.	I have a better understanding of financial instruments (eg: bonds, stock, T-bill, future contract, option and etc.
3.	I have the ability to prepare my own monthly budget.
4.	I have the ability to maintain financial records for my income and expenditure.
5.	I have no difficulty in managing my money.

3.7.3 Parental Socialization

Parental socialization is measured by adopting five items from Otto (2009) as shown in Table 3.4.

Table 3.4: Items for Parental Socialization

No.	Items
1.	My parents are good example for me when it comes to money management.
2.	I always talk about money management with my parents.
3.	I save money because I don't think my parents should pay for things I don't really need but like.
4.	Saving is something that I do regularly because my parents wanted me to save when I was little.
5.	I appreciate it when my parents give advice about what to do with my money.

3.7.4 Peer Influence

Peer Influence is measured by adopting five items from Otto (2009) as shown in Table 3.5.

Table 3.5: Items for Peer Influence

No.	Items
1.	As far as I know, some of my friends regularly do save with a saving account.
2.	I always discuss about money management issue (saving) with my friends.
3.	I always compare the amount of saving and spending with my friends.
4.	I always spend my leisure time with my friends.
5.	I always involve in money spending activities with friends.

3.7.5 Self-Control

Self-Control is measured by adopting five items from Esenvalde (2011) as shown in Table 3.6.

Table 3.6: Items for Self-Control

No.	Items
1.	I don't save, because I think it's too hard.
2.	I enjoy spending money on things that aren't practical.
3.	When I get money, I always spend it immediately (within 1 or 2 days).
4.	I always failed to control myself from spending money.
5.	I am more concerned with what happens to me in short run that in the long run.

This study uses a five-point Likert scale ranging from (1) "Strongly Disagree" to (5) "Strongly Agree". According to Sekaran and Bougie (2013), five-point Likert scale is just as good as any and easy to respond to. Questionnaires are divided into two sections. Section A comprises of questions on respondent's demographic background. Section B consists of measurement items for the constructs, namely saving behavior, financial literacy, parental socialization, peer influence and self-control. Appendix A summarizes the items used to operationalize the variables used in this study.

3.8 Pre - Test

The objective of conducting such tests is to check for face validity. This means to ensure that the questionnaire meets the goals of the research and the sample understands the instruments provided. In case the questionnaire fails to meet these goals, the researcher can adjust and amend the questions after the pilot study (McIntire & Miller, 2007; Lucky, 2011), and remove the unsatisfactory item from the instrument in collecting data (Sekaran, 2003).

Within the environment of this study, the instrument will be pretested to recognize the process of designing the questionnaire. Five (5) sets of questionnaires will be distributed to five (5) UUM undergraduate and postgraduate students that are categorized as Generation Y for the pre-testing process. The respondents will be asked to answer the questions and provide their comments in order to test the validity and clarity of the questionnaire and avoid confusion.

3.9 Pilot Test

Sekaran and Bougie (2013) define reliability as representing the internal consistency demonstrating the homogeneity of an item measuring the variables. The reliability analysis procedure provides information about the relationship between individual items in the scale and their internal consistency and examines the properties of a measurement scale and the questions that make it (Pallant, 2013; Sekaran & Bougie, 2013). The reliability analysis of the factors was tested using Cronbach's Alpha in order to test the internal consistency reliability of the scales. For the purposes of the research, any Alpha value that is 0.6 or less generally indicates unsatisfactory internal consistency reliability, those exceeding 0.7, indicate acceptable reliability, and those over 0.8 are considered good (Sekaran, 2003). Thus, the higher the Alpha value or the closer reliability coefficient is to 1.0, the higher reliability of the measurement items will be (Sekaran & Bougie, 2013).

3.10 Actual Data Collection

Once the reliability of the measurement items has been measured, the next step is to conduct the data screening process which involves screening for missing data and outlier's detection.

3.10.1 Data Screening

Data screening was performed to identify data entry errors and to examine how appropriately the data meets the statistical assumptions which involve missing data, treating outliers, descriptive statistics of variables, normality, linearity, homoscedasticity, independence of error, and multicollinearity. Data screening was carried out to ensure that the results of the analysis can be validly interpreted (Sekaran & Bougie, 2013). Data screening process contains a number of steps in order to ensure that the characteristic of data may not negatively influence the results.

3.10.1.1 Missing Data

Missing data is an essential step before testing the collected data. It is considered a vital part of data analysis since data is often riddled with mistakes and data entry errors which completely affect the results of analysis result (Hair, Anderson, Babin, & Black, 2010;

Pallant, 2013). Prior to examining the research hypothesis, variables were tested for accuracy of missing values, data entry and satisfaction of the assumptions for multivariate analysis. Missing data refer to cases where valid values of one or more variables are entered by mistakes or are not available for data analysis, especially multivariate analysis (Hair et al., 2010). Thus, a check on the missing values is done using SPSS frequency.

According to Hair et al. (2010), the way of dealing with the missing data or values is that, if the missing data is under 10 percent for individual case/variable can generally be ignored. However, variables or cases with 15 percent missing data are candidates for deletion. If the variable with missing data is not critical to the hypothesis, it has to be deleted in subsequent analysis. But if the variables are important, it can replace the missing values (Tabachnick & Fidell, 2007).

3.10.1.2 Treatment of Outliers

Treatment of outliers is an essential step after treating missing data as it will affect the result of any data analysis (Sekaran & Bougie, 2013). There are reasons causing outliers including incorrect data entry. In this study, a few cases were detected and removed. The mahalanobis distance to detect the outliers will examine through Boxplot as recommended by Pallant (2013).

3.10.1.3 Normality

It is a statistical technique that shows the shape of the distribution of the sample. It is one of the initial steps and fundamental assumption for multivariate techniques such as multiple regressions. The aim of the normality test is to ensure that the data is normally distributed. There are two common techniques used to describe the distribution of a data set, namely, skewness and kurtosis. The closer the values of these components to zero, the more the data are normally distributed (Hair et al., 2010).

3.10.1.4 Linearity

Linearity, which refers to the linear relationship of variables, is a statistical technique that tests the extent the change in the independent variable is linked with the dependent variable. According to Hair et al. (2010) and Pallant (2013), one of the ways of assessing the linearity is to run the regression and examine the residual value (scatterplots). When the plots are close to the diagonal line, it indicates linearity by looking at the residual plots from the SPSS result (Pallant, 2013).

3.10.1.5 Multicollinearity

Multicollinearity indicates the situation in which the independent variables are extremely correlated to one another (Sekaran & Bougie, 2013). According to Sekaran and Bougie (2013), correlation values of any study must be under the threshold of 0.70 while any correlation values that is higher than 0.70 indicates the presence of multicollinearity.

There are two measures for examining multicollinearity either by tolerance (R) value or variance inflation factor (VIF) value where the recommended value of tolerance and VIF are 0.10 and 10, respectively (Hair et al., 2010; Sekaran & Bougie, 2013).

3.10.2 Descriptive Statistic Analysis

The descriptive statistics option in SPSS, namely, frequency, mean and standard deviation, was used to understand the profile of the respondents. This technique presents a description of the overall responses obtained, and at the same time, it was used to examine the data for erroneous entries.

3.10.3 Correlation Analysis

Correlation analysis was used to determine the strength of the linear relationship direction between the variables, which can either be positive or negative (Pallant, 2013). A positive correlation refers to a simultaneous increase in two variables. This means that if a variable increase, the other variable will also increase. A negative correlation indicates that as one variable increases, the other decreases.

3.10.4 Multiple Regressions

To test the research hypotheses, this study adopted multiple regression analysis. Multiple regression analysis is the study of how a dependent variable is related to two or more independent variables. Multiple regression analysis is used to measure the relationship between several independent variables and the dependent variable (Pallant, 2013). Multiple regression analysis was also used to analyze the data collected in this study because multiple regression analysis is appropriate when studying collective and separate contributions of two or more independent variables (Pallant, 2013).

In addition, it will also show how much of the variance in the dependent variable is being influenced by the independent variables through R - square (R^2) that is obtained from the analysis. Multiple regressions were used to examine the direction of the correlation of payoff, societal contribution and conviction towards entrepreneurial intention.

3.11 Summary

This chapter discusses the research design which is based on the quantitative approach through the use of a structured questionnaire. In addition, simple random sampling is used in this study. The chapter also dealt with the pre-test validity issues through the use of reliability. The population, sample size, and the survey procedures are discussed along with the minimum sample size requirements. In addition, the current chapter also dealt with the statistical techniques used in the study such as descriptive, correlation, and multiple regression analysis. Moreover, the analysis uses SPSS Version 20.0 and the results of the analysis are explained in the next chapter.

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter discusses the finding or the results obtained from the analysis using statistical package for social science (SPSS version 20).

4.2 Goodness of Measures

In order to examine the goodness of measures, two procedures need to be accomplished before carrying the necessary analysis, namely, validity (Pre- test/face validity) and reliability analysis (Pilot test).

4.2.1 Pre -Test

According to the pretest result, the questions that been asked in questionnaires are direct to the point and respondents easily understand. And there are few typing error on a certain question, plus the formatting of question mess up and just been realized after printing into hard copy.

4.2.2 Pilot Test

The researcher needs to administer the instruments to a small group of the target audience that have the same characteristics of the actual sample to carry out the pilot test, (Sekaran, 2003). The objective of conducting the pilot test is to ensure that the questionnaire meets the goals of the research and can be understandable by the respondents. In case the questionnaire fails to meet these goals, the researcher can adjust and amend the questions after the pilot study (Lucky, 2011) and remove the unsatisfactory item from the instrument in collecting data (Sekaran, 2003). Lucky (2011) also asserts that pilot study determines the reliability of an instrument. For example, a researcher will be able to detect those questions that may not fit for the study or those that is beyond the understanding of the respondents. Consequently, in line with the above statement on the importance of conducting a pilot test in the research process, a total number of 30 questionnaires were administered as advocated by Malhotra (1999). The result of the pilot study indicates that the variables prove to be reliable. Table 4.1 below shows the reliability of the variables after running the pilot test.

Table 4.1: Results of reliability analysis for pilot test

Variables	No. of items	Reliability Cronbachs'Alpha
Saving Behavior	5	0 .752
Financial Literacy	5	0.799
Parental Socialization	5	0.667
Peer Influence	5	0.734
Self-Control	5	0.809

4.3 Data Screening process

Data screening process is the necessary initial step in any analysis that a researcher usually overlooks. The objective of the screening is to detect what is not apparent characteristics of the data that could affect the actual data result (Hair, Black, Babin, & Anderson, 2010). The researcher will evaluate the influence or effect of missing data, identifies outliers and test for the assumption underlying multivariate techniques such as normality (Hair et al., 2010).

4.3.1 Missing data

A frequency test has been carried out for every variable to detect any missing responses. According to this, the returned questionnaires were found to be no missing responses. A reviewed of the data set showed that there were complete responses in section A (Respondents Profile) and part B (factors affecting saving behavior) of the questionnaires. Refer Appendix B.

4.3.2 Outlier detection

Outliers is another essential step in the data screening process which have a high influence on the result of any statistical data analysis. After the missing data checking, detected items that are belong to outliers is discarded in the data set. Hence, the use of any multivariate technique calls for the identification and treatment of outliers in the responses (Hair et al., 2010). The outliers were examined through Boxplot. According to Pallant (2013), IBM SPSS define points as outliers first, if at appears as little circle with a number attached (ID number of the case) which means it extend 1.5 box length from the edge of the box. Second, extreme points indicated with an asterisk, (*) that extend more than three box-lengths from the edge of the box.

Outlier results show 10 cases (see figure 4.1 below). If points appear like this, the researcher has to decide what to do with them subjectively (Pallant, 2013). These surveys have to be discarded because it is possible that these respondents might have misinterpreted the instructions that may lead to inaccurate findings (Bhatti, Hee, and Sundram, 2012). However, if the researcher feels that the data set is very important for the research, it will not be dropped (Hair et al., 2010; Pallant, 2013). For this study, the researcher subjectively removes 10 cases for accurate findings. Figure 4.1 shows the result of outliers in a boxplot.

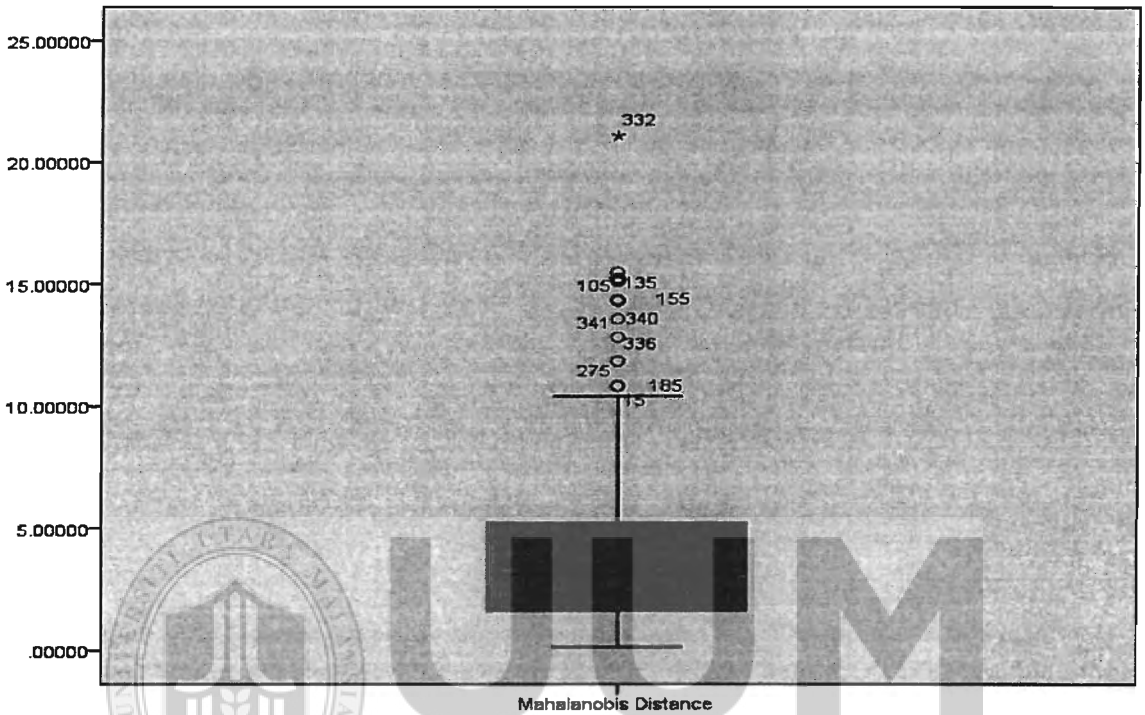

Figure 4.1: Boxplot results

4.3.3 Response rate

Four hundred fifty (450) questionnaires were distributed to the Malaysian students in UUM. Out of 450 questionnaires, 395 were returned making the response rate of 87.8 percent. After removing the 10 outliers from the questionnaire that returned, it shows that only 385 were usable for analysis. Hence, the usable response rate is 85.6 percent which is relatively acceptable and larger than what is proposed by Krejcie and Morgan (1970). Table 4.2 shows the response rate and usable questionnaire for this research.

Table 4.2: Summary of the total questionnaires and the response rate

The sample size of the study	450
Returned questionnaire	395
Returned and usable questionnaire	385
Returned and unusable questionnaire (Outliers)	10
Non – returned questionnaire	55
Response rate	87 percent
Usable response rate	86 percent

4.3.4 Demographic Profile

This part of the study shows the background of the demographic profile of the respondents who is involved in the current study, which is an important and useful aspect to understand the segmentation of the data. Table 4.3 shows the details of the demographic profiles of the respondents.

Table 4.3: Demographic Profile of the Respondents

Profile	Frequency	Percentage
Gender		
Male	81	21.0
Female	304	79.0
Age		
16-18	0	0
19-20	51	13.2
21-22	45	11.4
23-27	285	74.0
28-36	4	1.0
Marital Status		
Single	287	74.5
Married	98	25.5

Profile	Frequency	Percentage
Level of Education		
Degree	89	23.1
Master	234	60.8
Ph.D.	62	16.1
Allowance from parents		
RM200 and below	208	54.0
RM201-RM500	96	24.9
RM501-RM800	37	9.6
RM801-RM1000	13	3.4
RM1000 and above	31	8.1
Engagement in part-time job?		
Yes	136	35.3
No	249	64.7
Savings Monthly		
None	92	23.9
Below RM100	113	29.4
RM100-RM400	135	35.1
RM401-RM700	13	3.4
RM701-RM1000	15	3.9
More than RM1000	17	4.4

4.3.5 Normality test

Normality is the fundamental assumption for multivariate techniques such as multiple regressions, indicating the normal shape of the distribution of the data for an individual metric variable. Hair et al. (2010) said that normality is the benchmark for the statistical approach. The difference in the normal distribution is supposed to be small. For the large variation, this will cause all statistical measurements resulting from the analysis to be invalidated (Hair et al., 2010).

There are many ways to test whether the data distribution deviates from the normal distribution. Skewness and kurtosis, however, are the most popular ways utilized by researchers in describing the shape of the data distribution.

Skewness is an indicator that shows to what extent the distribution of data leans from the center (symmetry) around the mean (Hair et al., 2010). According to Hair et al.

(2010), values of skewness that are outside the range of +1 to -1 imply a substantially skewed distribution. In this study, the skewness values of all variables are within the +1 to -1 limit, indicating data leans from the center around the mean.

Kurtosis is a test of flatness or peakedness of the data distribution. Negative values for kurtosis refer to shape flatter than normal while the positive value for the kurtosis refers to the data distribution more peaked than normal (Hair et al., 2010). Similar to skewness measurements, kurtosis is considered within a normal range if it falls anywhere between +1 to -1 (George & Mallery, 2006). Kurtosis has been examined and found that all variables are within the +1 to -1 limit, indicating data leans from the center around the mean. Table 4.4 illustrates the skewness and kurtosis of each variable.

Table 4.4: Summary of Skewness and Kurtosis value of the variables

Variables	**Skewness**		**Kurtosis**	
	Statistics	Std. Error	Statistics	Std. Error
Saving Behavior	-0.051	0.126	-0.307	0.251
Financial Literacy	-0.160	0.126	0.897	0.251
Parental Socialization	-0.160	0.126	-0.550	0.251
Peer Influence	0.015	0.126	0.367	0.251
Self-Control	0.370	0.126	0.060	0.251

4.3.6 Linearity

This study investigates linearity through the examining of the scatterplot of the residuals as suggested by Hair et al. (2010).

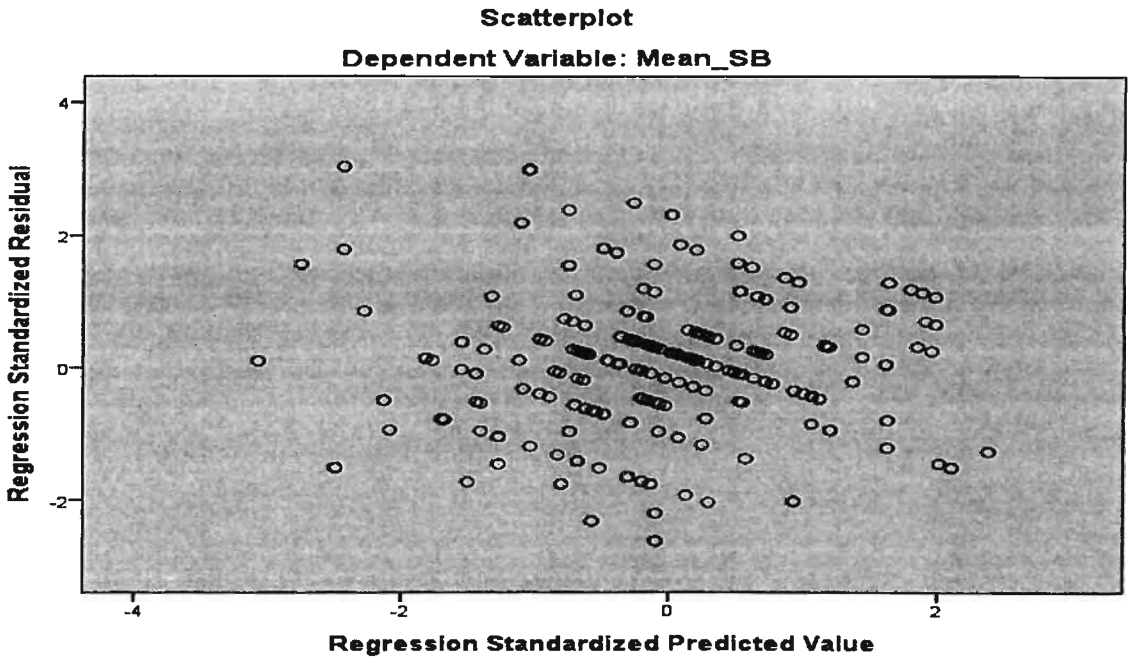

Figure 4.2: Scatterplot of the residuals

The scatterplot in Figure 4.2 shows that there was no clear relationship between the residual and the predicted value. Following the suggestion of Hair et al. (2010), since the scatterplot showed no clear relationship between residuals and predicted values, it confirms the assumption of linearity, which means that the variables are not linearly related.

4.3.7 Multicollinearity

Multicollinearity appears when any individual predictor variable is highly correlated with another group of predictor variables (Hair et al., 2010). Base on the multiple regression analysis as illustrated in Table 4.5, the results shows that the tolerance value range between 0.772 to 0.814, and the variance inflation factor (VIF) values ranged from 1.229 to 1.295. Since the tolerance value is substantially greater than 0.10 and the

VIF is less than 10, it can be concluded that multicollinearity among the variables is not a problem.

Table 4.5: Testing for Multicollinearity on assessment of tolerance and VIF values

Variables	Tolerance	VIF
Financial Literacy	0.785	1.273
Parental Socialization	0.811	1.233
Peer Influence	0.814	1.229
Self-Control	0.772	1.295

Dependent Variable: Saving Behavior

4.4 Reliability test

Reliability is defined as to what extent the measurement is free from error. The reliability analysis procedure provides information about the relationships among individual items in the scale and their internal consistency. There are many approaches for assessing the reliability such as test-retest, alternative forms, and alpha coefficient also known as Cronbach's Alpha.

A value less than 0.6 is considered unsatisfactory internal consistency reliability, whereas a value exceeding 0.6 is acceptable reliability, and those over 0.8 are good. Thus, the higher the Alpha value or closer the reliability coefficient to 1.0 the higher the reliability of the measurement of items will be. In this study, all the findings resulting from reliability analysis range from 0.67 to 0.74. The variable demonstrates acceptable value as presented in Table 4.6 and the Alpha values are greater than 0.6. These findings indicate that all the variables demonstrate good reliability.

Table 4.6: Results of reliability analysis

Variables	No. of items	Reliability Cronbachs'Alpha
Saving Behavior	5	0.725
Financial Literacy	5	0.696
Parental Socialization	5	0.698
Peer Influence	5	0.674
Self-Control	5	0.744

4.5 Descriptive analysis

To identify the situation of each of the construct variables (dependent and independent), descriptive statistics, such as mean and standard deviation were used as a way of clarification. The mean value of the variables was obtained by measured on a five - point Likert scale in which the greater the number of the said five - point Likert scale, the greater the goodness will be for each variable. A mean score equal or more than 4 show a high agreement with the particular criterion; a score less than 3 is considered disagreement, and mean score of 3 is considered as a moderate agreement. A descriptive analysis of all five variables is illustrated in Table 4.7.

Table 4.7: Descriptive Statistics for Variables

N	Component	Mean	Std. Deviation
385	Saving Behavior	3.8869	0.56608
385	Financial Literacy	3.6603	0.56236
385	Parental Socialization	3.9179	0.57364
385	Peer Influence	3.2016	0.64210
385	Self-Control	2.4043	0.75967

Table 4.7 shows the mean and standard deviation of the variables model. For this study, the mean value is generally moderate in nature respectively. The mean score between the variables is between 2.40 to 3.91. Those values are reflecting some agreements on factors influencing saving behavior among UUM Malaysian students except for the self-control.

4.6 Correlation analysis

Pearson correlation is a technique that is used to describe the strength of the relationship between two continuous variables. This gives an indication of the direction (whether it is positive or negative) as well as the strength of the relationship (Pallant, 2013). Simple bivariate correlation is also known as zero-order correlation and is the most common test of the linear relationship and describes coefficients with a range of possible values from +1 to -1. The value of zero implies that there is no correlation between the two variables at all, while a value closer to +1 or to -1 implies a better correlation. The perfect correlation is +1 or -1 which indicates that value of one variable can be determined precisely by knowing the value of the other variable.

A significance of p=0.05 is generally accepted values to support the hypothesis. It means that 95 items out of 100, a researcher can be sure that there is a true significant correlation between the two variables. There is only 5 percent chance that the relationship does not truly exist. Therefore, in this study, the researcher assessed the correlation between two variables to examine a hypothesis indicating a significant positive relationship. According to Ajzen and Fishbein (1980), in social science, the r value (strength of correlation/relationship) that is greater than 0.20 is considered satisfactory and 0.30 to 0.50 are considered moderate correlation while those values that are larger than 0.50 reflect a strong correlation.

Table 4.8: Correlation among variables construct

Variables	Correlation
DV- Saving Behavior	1
IV1 – Financial Literacy	0.459**
IV2 - Parental Socialization	0.413**
IV3 - Peer Influence	0.001
IV4 - Self-Control	0.261**

**.Correlation is significant at the 0.05 level.

According to the result of the correlation conducted on the three dimensions which are the determinants of saving behavior, it is evident that the findings show that the three dimensions are positively correlated and expected a positive direction with the saving behavior at confidence level of 95 percent ($p<0.05$) while one determinant which is the peer influence shows no correlation with saving behavior. In addition, based on results, the strength of the correlations among the variables are moderate.

4.7 Hypothesis Testing

The hypothesis for this study is tested using multiple regression analysis. Multiple regressions is a procedure that includes one dependent variable with two or more independent variables. In other words, the test is used to assess the simultaneous impact of many independent variables on a dependent variable. This procedure helps the researcher to understand how much of the variance in the dependent variable is interpreted by a set of independent variables (Sekaran and Bougie, 2013).

The multiple regressions were carried out to determine the influence of the independent variables, e.g. financial literacy, parental socialization, peer influence and self-control in predicting saving behavior as the dependent variable. The findings of multiple regression based on statistics assessment are illustrated in Table 4.9.

Table 4.9: Summary of multiple regression results for variables constructs.

	Unstandardized Coefficients		Standardized Coefficients				
	B	Std. Error	β	T	sig.	R^2	F
(Constant)	1.966	0.243		8.100	0.000		
Financial Literacy	0.318	0.050	0.316	6.386	0.000		
Parental Socialization	0.257	0.048	0.261	5.361	0.000	29.0	37.749
Peer Influence	0.002	0.043	0.002	0.037	0.971		
Self-Control	0.106	0.037	0.143	2.866	0.004		

Dependent Variable: Saving Behavior

The three determinants explain 29.0 percent ($R^2 = 0.290$) of the variance in saving behavior. The standardized coefficient beta (β) for financial literacy is β=0.316, $p<0.05$, this means that the results are found positively and significant since the significant value is below the confidence level of 0.05. Thus, this does it support the hypothesis one (H1) that states, *"There is a significant relationship between financial literacy and saving behavior UUM Malaysian Generation Y".*

The standardized coefficient beta (β) for parental socialization is β=0.261, $p<0.05$, peer influence is β=0.002, $p>0.05$ and self-control β=0.143, $p<0.05$. This means that both parental socialization and self-control are positive and significantly influence saving behavior. Thus, it supports the hypothesis two (H2) that states, *"There is a significant* *relationship between parental socialization and saving behavior among UUM Malaysian Generation Y"* and hypothesis four (H4) that states, "*There is a significant relationship between self-control and saving behavior among students of UUM Malaysian Generation Y*".

However, standardized coefficient beta (β) for peer influence is β=0.002, p>0.05, this means that the results is found to be insignificant since the significant value is above 0.05. Thus, this does not support the hypothesis three (H3) that states, *"There is a significant relationship between peer influence and saving behavior among UUM Malaysian Generation Y"*.

4.8 Summary hypothesis

Table 4.10: Summary of hypothesis testing result from multiple regression analysis

Hypothesis	**Relationship**	**Beta**	**Decision**
H1	Financial literacy and saving behavior.	0.316	supported
H2	Parental socialization and saving behavior.	0.261	supported
H3	Peer influence and saving behavior.	0.002	NOT supported
H4	Self-control and saving behavior.	0.143	supported

4.9 Chapter Summary

The data used in this study was obtained from 385 respondents which represented a response rate of 85.6 percent and several tests were used to analyze the data. Normality test was carried out and showed that the variables are normally distributed. All variables obtained reliable Cronbach's alpha which gives support to the internal consistency of the study. To determine the strength of the relationship between the variables, Pearson correlation was used. Multiple regression analysis was also conducted to determine the independent relations as well as the contribution of Independent Variables in predicting tax evasion as the dependent variable. The next chapter will discuss and conclude the findings of the study.

CHAPTER FIVE

DISCUSSION AND CONCLUSIONS

5.1 Introduction

This chapter summarizes and discusses the result of the analysis explained in the previous chapter and answers the research questions mentioned in chapter one. This chapter begins with a discussion regarding findings and the implications and contributions of the study coupled with its limitations and direction for future research. This chapter ends with the conclusion of the study.

5.2 Discussion of findings

The main focus of this study is to investigate factors that influence saving behavior among Malaysian UUM students in the Generation Y age group. Therefore, this study identifies the factors that influence saving behavior among UUM Malaysian Generation Y students.

5.2.1 Financial Literacy and Saving Behavior

The first research question deals with the relationship between financial literacy and saving behavior. Accordingly, hypothesis one (H1) stated that "There is a significant relationship between financial literacy and saving behavior UUM Malaysian Generation Y students". Based on the findings as showed in the previous chapter, it is found that financial literacy is significantly influenced saving behavior (β=0.316, $p<0.05$), and thus, support H1. Moreover, this study also supports the previous study of Sabri, Masud, Lin and Paim (2008) and Sabri and Mcdonald (2013) that says financial literacy has a positive and significant influence on saving behavior. Thus, the more the UUM Malaysian Generation Y students are literate financially, the more they can save that would result to higher economic status and economic security. Consequently, in the context of UUM Malaysian Generation Y specifically students, financial literacy is a significant factor that influence their behavior in savings.

5.2.2 Parental Socialization and Saving Behavior

Research question number two deals with the relationship between parental socialization and saving behavior. Hypothesis two (H2) is there is a significant relationship between parental socialization and saving behavior among UUM Malaysian Generation Y students. From the result obtained in the previous chapter, it appeared that parental socialization has a positive and significant influence on saving behavior (β=0.261, $p<0.05$). Thus it confirms the hypothesis two (H2).

Moreover, this finding supports Purwanto (2009) and Shim et.al (2010) that confirms the significant influence of parental socialization and saving behavior. This means that parents play a significant role towards their children behavior. When parents show a positive financial behavior, they will become a financial role model to their children.

Therefore, it will trigger positive attitudes and behavior towards savings. As what the children become in the future is based on what they have learned from the family particularly from their parents (Purwanto, 2009).

5.2.3 Peer influence and Saving Behavior

The third research question deals with the relationship between peer influence and savings behavior. According to hypothesis three (H3), there is a significant relationship between peer influence and saving behavior among students of UUM Malaysian Generation Y. However, with the β value = 0.002, p>0.05, this finding confirm that peer influence has an insignificant relationship with social behavior. Thus, this does not support H3. Meanwhile, the literature has not yet fully explained the relationship between social pressure (peer influence) and long-term savings. As such, this study results means that influence of peers is not really important when it comes to the saving behavior of the UUM Malaysian Generation Y students. Findings of the research contradict research by Duflo and Saez (2003) and Abdul Jamal et al. (2015) that They play a significant role in administering advice to each other and in the traditional finance posits that more information from friends or peers leads to a better decision made towards long - term savings.

5.2.4 Self-Control and Saving Behavior

Research question numbers four deals with the relationship between self-control and saving behavior. H4 stated that there is a significant relationship between self-control and saving behavior among UUM Malaysian Generation Y students. From the result obtained in the previous chapter, it appeared that self-control has a positive and significant influence on saving behavior ($\beta=0.143$, $p<0.05$). Thus it confirms H4. This means that the higher the self-control among UUM Malaysian Generation Y Students is associated with the higher likelihood of savings. Enhancing self-control among UUM Malaysian Generation Y students may encourage savings that would result to provisions to ensure having some resources in the future. Hence, the study by Lim et al. (2011) found those who have higher self-control power tend to save more.

5.3 Implications of study

This research study might be useful organization due to its significance especially among Malaysian Generation Y students. Thus, the finding provides contribution and implications that are classified in the following sections.

5.3.1 Theoretical Contributions

The primary objective of this study was to factors that influence saving behavior of UUM Malaysian students in the Generation Y age group. The contribution of this research from a theoretical perspective lies in determining the relationship financial literacy, parental socialization, peer influence, self-control and saving behavior, and how these factors affect UUM Malaysian Generation Y students saving behavior. The results prove the association and significant influence of the three dimensions towards saving behavior which is: financial literacy, parental socialization, and self-control. As a result, this research study would provide new insight and new knowledge regarding financial literacy, parental socialization, peer influence, self-control and saving behavior.

5.3.2 Practical Contributions

This research provides significant implication to Malaysian Generation Y students especially UUM to realize the importance of financial literacy, parental socialization, and self-control towards saving behavior. The findings of the study can be utilized by UUM Malaysian students and even other nationality in their effort to enhance saving behavior by considering the determinant factors involved in this study, particularly in increasing the positive financial literacy, parental socialization, and self-control. Furthermore, by considering the discussion, it can be concluded that this research will accommodate the Malaysian Generation Y students to have a positive saving behavior especially with the right set of financial literacy, parental socialization, and self-control.

This research study would be ready to lend a hand in improving saving behavior and will be significant for the Generation Y students for assuring their future. Consequently, the research provides guidance for the Malaysian Generation Y students in UUM to increase their knowledge towards financial aspect, ask their parents on proper savings and a good self-control. Through the new insight that this study provides, it is better that the Malaysian Generation Y to save more while they are still young for better future.

5.4 Limitations of study

Some limitations appeared in the current study. First, due to time constraints, this study is limited only to Malaysian UUM students in the Generation Y age group. Researcher faced the difficulty to approach few of the Ph.D. student as respondents due to age constraint. Some of them are not suitable as a respondent because this study is targeting student from the Generation Y group with the age ranging from 16 to 36 years old. Only four variables were identified under the saving behavior. However, many other factors might be related to the saving behavior. Thus, selecting only four factors is a limitation. Data was collected only using a questionnaire. Meanwhile, data can be collected through series of interviews. In spite of the limitation, the findings of this study still provide a platform for future investigation to improve the current awareness about which factors is important in relation to saving behavior.

5.5 Recommendation for future research

Findings and the limitations of the study can be used as a source of ideas and input for future researchers. Thus the recommendation for the future researchers is as follows:

This study can be extended to other nationality because this study only focused on Malaysian students while UUM also has international students so that the results obtained may vary. In addition, comparing and contrasting of the different nationality, age, the group of people also will be significant in the examination and exploration of financial literacy, parental socialization, peer influence and self-control as the factor of saving behavior. Consequently, qualitative research will be a good study that can provide a better understanding of how financial literacy, parental socialization, peer influence and self-control influence saving behavior through in-depth interviews. In addition, examination of other factors that might be related to the saving behavior is important as only four factors are involved in this study.

5.6 Conclusion

This study investigated the factors that could influence saving behavior among UUM's Malaysian student in the Generation Y age group. The results are consistent with the findings of the previous scholars, which says that financial literacy, parental socialization, and self-control are important variables in predicting saving behavior. The research reveals the significant influence financial literacy, parental socialization and self-control towards saving behavior of UUM's Malaysian students in the Generation Y age group. However, peer influence is found to be no significant influence on saving behavior, which calls for more study and investigation. Finally, this study achieved its objective in identifying what factors influence saving behavior of Malaysian students in the Generation Y age group who are studying in Universiti Utara Malaysia.

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