

ANALYSIS OF FACTORS THAT INFLUENCE BUDGET  
PRACTICES AMONG COLLEGE STUDENTS IN  
MALAYSIA

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OCTOBER 2023

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BUDGETING PRACTICES

BFE (HONS)

OCTOBER 2023

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PRACTICES AMONG COLLEGE STUDENTS IN MALAYSIA

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A final year project submitted in partial fulfilment of the  
requirement of the degree of

BACHELOR OF ECONOMICS (HONS) FINANCIAL  
ECONOMICS

UNIVERSITI TUNKU ABDUL RAHMAN

FACULTY OF BUSINESS AND FINANCE DEPARTMENT OF  
ECONOMICS

OCTOBER 2023

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- (3) Equal contribution has been made by each group member in completing the FYP.
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## **ACKNOWLEDGEMENT**

With the help of numerous authorities, this study was effectively accomplished. We thus want to use this chance to express our gratitude to everyone who helped us, directly or indirectly, to finish this study. First, we want to say that we are deeply indebted to our cherished supervisor, Mr. Kuar Lok Sin, for his assistance and direction. He constantly backs us up and provides everything he has assisting us in comprehending the concepts we should be aware of when composing our research project. Being under his supervision is a joy and privilege for us because of his keen support, direction, and oversight at every level of our study.

Second, we want to thank Mr. Thurai, who was our examiner. He has given us some recommendations for our research endeavour in relation to the comprehension of this study. His suggestions and guidance enabled us to enhance the understanding in this study.

Additionally, we would like to thank everyone who participated in the study by answering our surveys and questionnaires.

Finally, we would like to thank each and every one of our team members. Many thanks for helping to finish this study and for your participation. Sincere gratitude and admiration are extended to our family and friends for their unwavering support during the whole study process.

## **DEDICATION**

We would like to thank our supervisor, Mr. Kuar Lok Sin, and our examiner, Mr. Thurai, for their invaluable advice, recommendations, and support in helping us to accomplish our research project.

In addition, we would like to dedicate this study to our loved ones, friends, and participants. We appreciate all of their help and inspiration throughout this period of inquiry.

Finally, we would like to dedicate this research effort to all of the members of our group, Choong Chiau Yee, Lim Yong Cheng and Ng Sin Ring. We appreciate their cooperation, encouragement, and unwavering support.

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## **LIST OF ABBREVIATIONS**

BDG	Budgeting Behavior
FK	Financial Knowledge
SN	Social Norms
FA	Financial Attitudes
TPB	Theory of Planned Behavior
BFT	Behavioral Finance Theory

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## PREFACE

This study is crucial for us to successfully complete our Bachelor of Economic (Hons) Financial Economics programme at University Tunku Abdul Rahman. The topic of this study is “Analysis of the Factors Influencing Budget Practices Among College Students in Malaysia”. Budgeting practices is essential life skill in today’s culture, especially for college students who are just beginning to exercise their financial independence and decision making. Understanding the important of prudent money management, the research is being investigate to determine what variable might significant affect the budgeting practices among college students in Malaysia.

Effective personal financial management has larger consequences for a country’s economic stability and success in addition to improving one’s own financial well-being. Studying the factors that influence college student’s budgeting habits is crucial for influencing both their financial prospects and, indirectly, Malaysia’s economic environment.

Subjective norms, financial literacy, and financial attitude are the three crucial independent variables that are at the centre of this research. Examining how these independent factors, used together or separately affect college student’s budgeting practises is the main goal of this study. Our goal is to determine if adhering to particular social standards, having more in-depth understanding of finances, or developing a good attitude towards money results in more responsible and efficient budgeting practise.

We set out on this study hoping it will provide useful insight into the variables influencing college student’s spending habits. Fostering financially responsible and knowledgeable is crucial as Malaysia moves towards more financial stability and this study aims to illuminate the way to accomplishing that goal.

## ABSTRACT

In order to overcome the financial difficulties of higher education, budgeting is essential for college students in Malaysia. This study focuses on financial attitudes, financial literacy, money-related attitudes, and peer influence as it explores the factors influencing the budgeting practices of Malaysian college students. We use Behavioural Finance Theory to identify cognitive biases that influence financial decision-making. The Theory of Planned Behaviour also aids in evaluating how beliefs and arbitrary standards affect budgeting behaviours among Malaysian college students. We gave out surveys to 400 Malaysian undergraduate students who were chosen at random to collect data for this study. Next, we used Statistical Package for the Social Sciences (SPSS) version 27.0 to do a Multiple Linear Regression Analysis. According to the analysis's results, subjective standards and financial literacy have a significant effect on budgeting practices, whereas financial attitudes have little bearing. Therefore, we advise universities, governments, and religious institutions to place a higher priority on these aspects while attempting to improve budgeting practices among college students in Malaysia. In a nutshell, budgeting plays a crucial part in the financial responsibility of Malaysian college students, and this study illuminates the important variables influencing their budgeting behaviors, offering insightful knowledge for enhancing financial practises in this population.

Keywords: Factors influencing the Budgeting Practices, Subjective Norms, Financial Knowledge, Financial Attitudes.

## **CHAPTER 1: RESEARCH OVERVIEW**

### **1.0 Introduction**

Looking to secure your financial future and achieve stability and success in today's financial attitudes-paced world? In order to attain financial stability and accomplish their financial goals, people must develop an effective budget. It is crucial for college students, who frequently struggle with a lack of financial resources as they adjust to independent life. Understanding the variables that affect college student's spending habits can help financial educators, legislators, and people create effective interventions and support systems.

Students at college are a distinctive demographic group with particular financial concerns and decision-making processes. This group is going through a transitional period in their life when they are usually moving from being dependent on their parents to becoming financially independent. They could also have to take on additional financial obligations including paying for tuition, rental, books, and everyday living expenses. Additionally, a lot of college students receive little financial support, so they must rely on part time jobs, scholarships, or student loans to pay their bills.

Focusing on college students on budgeting practices is important because college students make important financial choices that can have a big influence on their future financial security. The establishment of successful financial literacy programmes and interventions catered to this population may be made possible by identifying the primary drivers influencing their budgeting practices. Besides, common financial difficulties financial attitudes by college students include managing their limited financial resources, balancing their obligations to their jobs and their studies, and dealing with unforeseen costs. Examining the variables that affect college student's budgeting practices might shed light on the difficulties they encounter and provide potential solutions to strengthen their financial resiliency.

The aim of this final year project is to investigate the significance of budgeting in the realm of personal finance management. The project intends to offer a comprehensive view of budgeting, its advantages, and the tactics and resources for successful budgeting. Furthermore, the study will scrutinize the common errors that individuals commit while budgeting and suggest ways to avoid these financial difficulties.

The project will be organized as follows: In Chapter 1, an introduction to the project will be provided, and the concept of budgeting and its significance in personal finance management will be defined. Chapter 2 will involve an extensive review of the existing literature on budgeting, emphasizing its advantages, tactics, and resources for successful budgeting. In Chapter 3, an investigation will be conducted on the common errors individuals make while budgeting, and recommendations will be given on how to prevent them. Finally, Chapter 4 will summarize the key findings and suggestions of the project.

## **1.1 Research Background**

The analysis of the elements affecting budget practices among Malaysian college students is an important research issue that tries to uncover the essential factors that influence the budgeting practices of Malaysian college students. In general, the term budgeting is the practice of planning how you will spend your money (My Money Coach, 2023). Budgeting is the act of developing a financial plan for a specified time, usually one year. Budgeting is used to estimate income and costs, allocate resources effectively, and accomplish financial objectives (Bell, 2020). Budgeting originated with ancient civilizations such as the Egyptians, Greeks, and Romans. Budgeting was utilized in these early civilizations to manage resources, forecast revenue and costs, and prepare for future undertakings (Sharifinancial attitudeh Zahirah, 2020). With the growth of industry and globalization in the contemporary period, budgeting is increasingly complicated. In the early 20th century, corporations started utilizing budgeting as a tool for planning and regulating operations (International Monetary Fund, 2008). Budgeting was also

embraced by the government as a method of managing public finances, and it is now a vital instrument for fiscal policy at all levels of government. Budgeting is a necessary tool for people, corporations, and the government to efficiently manage their budgets.

According to an EverFi survey, 61 percent of four-year college students do not nourish or utilize a budget. This shows that many college students are not actively managing their resources and may be vulnerable to overspending or financial difficulties. It emphasizes the need for financial education and budgeting skills for college students to develop good financial habits early on. Budgeting is an essential component of financial planning for college students since it helps them to successfully manage their money and accomplish their financial objectives. It entails devising a strategy for properly managing your income and spending. As a college student, they may have limited incomes and make it difficult to pay for tuition, rental, textbooks, and other expenditures.

Budgeting may be a big concern for college students, owing to the financial attitudes that many students face financial difficulties while completing their education. Some of the most significant budgeting challenges for college students are restricted income, high expenses, social pressure, and others. Malaysia is a rapidly developing and diverse country in Southeast Asia (World Bank, 2021). Over the past few years, there has been a significant expansion in the higher education system, resulting in an increasing number of students enrolling in universities and colleges. According to the Ministry of Higher Education Malaysia, Nearly 280,000 graduates were produced year and enrolment increased significantly for more than ten years in Malaysia's higher education environment from 2010 to 2019. Furthermore, over 69.1 percent of Malaysian graduates are employed, despite 16.6 percent of these graduates completing their study (Statista, 2023). Even at private higher education institutions (PHEIs), which are heavily dependent on international students, the COVID-19 pandemic wave has already reduced student enrolment. Besides, College students in Malaysia are encountering a range of financial difficulties, such as costly tuition fees, accommodation expenses, transportation

fees, and other daily living costs (Services, 2020). Therefore, they must adopt effective budgeting techniques to handle their finances prudently.

In the 20th century, credit cards were first used in the USA. Credit cards started to be utilized in Malaysia in the middle of the 1970s to Zafar et al., 2010. Due to the conditions that cardholders must meet, credit cards were first exclusively provided to and used by company owners and professionals. The primary criterion for having credit cards is a high salary. Due to the very competitive business climate among banks and credit card companies, this criterion has altered over time. As a result, the criterion that an individual has a high income to receive a credit card was changed. In Malaysia, there is an increasing trend of graduates who own credit cards will have a high probability of going bankrupt. This may reflect that they can't manage or budget their finance and are unable to control them from overspending and spending future money by using credit cards. Table 1.1 shows there is an increasing trend of bankruptcy among graduates in Malaysia.

**Table 1.1**

*Proportion of Bankruptcy among Graduates in Malaysia*

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Year	Percentage (below 30 years)
2017	49.39%
2018	49.79%
2019	48.17%
2020	50.02%

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**Source:** Bank Negara Malaysia (2020, cited in Malay Mail Insight, 30 June 2020)

Furthermore, during the transitional year of college, students begin to assume more financial responsibilities. Educational institutions can create focused financial education programs to provide students with important money management skills by analysing the elements impacting budget practices (Amagir

et al., 2017). This can assist them in developing sound financial practices, avoiding debt, and making educated financial decisions. Besides, the general well-being of college students can benefit from budgeting procedures. Stress about money may have a detrimental effect on quality of life, mental health, and academic achievement (Lim et al., 2014). Universities and politicians may put support mechanisms in place to reduce financial stress and enhance the well-being of students by understanding the variables that affect budgeting practices (Britt et al., 2015).

Besides, for college students to study financial planning and get ready for the future, college is a crucial period (William, 2008). Students may acquire the skills required to create financial goals, save for emergencies, and make plans for long-term financial security by understanding budgeting practices. A people who understands money matters may help the economy of one country. Effective budgeting techniques may help college students become more responsible consumers, wise investors, and contributors to economic prosperity.

Finally, the formulation of national or institutional policies and actions can be influenced by researching the variables affecting college student's spending habits. This study can shed light on the particular difficulties financial attitudes faced by college students and assist policymakers in developing focused policies to enhance financial well-being and results.

College students are said to be budgeting when they plan and manage their own money to cover expenditures and reach financial objectives (Irene & Aaron, 2019). It entails putting out a thorough plan that lists potential revenue sources, such as part-time employment, scholarships, or financial support, and allocating money to pay for various costs, such as tuition, textbooks, lodging, food, transportation, and entertainment. According to Uni Enrol, at domestic institutions, the foundation courses' cost of one year ranges from RM7000 to RM26,000 per student. While at non-public institutions, costs for business degree programmes range from RM31,000 to RM 245,000. College students may define financial objectives and use resources appropriately by using a budget. It helps college students in setting

spending priorities, putting money aside for future requirements, and avoiding overspending so that they can pay for emergencies and necessities.

Furthermore, college students who make a budget are better able to manage their spending patterns and keep an eye on their condition (Alexandria, 2020). They can spot areas where they could be overspending or where they might change to save money by keeping track of their income and expenses (Miriam, 2022). Many college students apply credit cards or student loans to finance their tuition and other costs. College students may efficiently manage their debt through budgeting by making plans for loan repayments and avoiding taking up too much credit card debt.

Besides, college students who use a budget are better able to manage their money and achieve financial independence (Stewart & Maisonville, 2019). They may lessen financial stress and make wise judgments about their costs by learning to handle their money wisely. College students who use a budget are encouraged to set aside some of their earnings for savings and investing (Daniel, 2021). This encourages the practice of saving for unexpected expenses, upcoming objectives, and long-term financial security.

Budgeting practices refer to how people or businesses decide how to spend their limited financial resources (Xiao et al., 2018). Setting financial objectives, developing a strategy to reach those goals and monitoring, and revising that plan over time are all part of the process. budgeting practices research is significant for various reasons. First, budgeting practices are critical to both personal and business financial well-being. Researchers can create ways to assist individuals and businesses in making better financial choices by examining how people make budgeting decisions and identifying frequent errors and problems by referring to other people's budgeting plans (Lusardi, 2019). Second, budgeting habits may have a substantial influence on the economy. For example, if individuals are too careful with their spending and save excessively, demand would financial attitude and economic development would stagnate. In contrast, if customers overspend and incur excessive debt, it might lead to a financial disaster for a country. Finally, budgeting practices are linked to financial literacy, which is necessary for personal

financial management (Fernando, 2021). Researchers may acquire insight into how financial education programs might be structured to be more successful in assisting people in developing healthy financial habits by examining budgeting practices.

People engage in several forms of budgeting habits. One of the budgeting practices is proactive budgeting practices which means this style of budgeting entails actively planning and preparing for future costs, creating financial objectives, and tracking spending and savings regularly (Johnson, 2020). Those who practice proactive budgeting have a good awareness of their financial condition and emphasize saving and investing for the future (Welch, 2019). Second is reactive budgeting practices which is opposed to proactive budgeting, which entails reacting to financial issues as they emerge rather than preparing ahead. People who engage in reactive budgeting have a more short-term perspective and may struggle to save for the future or prevent overspending (Davydenko et al., 2021).

Besides, avoidant budgeting practices entail completely avoiding or neglecting financial difficulties, which may lead to financial stress and troubles in the future (Tagle & Douglis, 2022). Those who engage in avoidant budgeting may feel nervous about managing their finances, and they may avoid talking about money or making financial choices. Besides, making financial choices on a whim without contemplating the long-term effects is an example of impulsive budgeting practices (DeHart et al., 2021). People who use impulsive budgeting may be more inclined to make spontaneous purchases, accumulate debt, or overspend without a strategy. Lastly is the perfectionist budgeting practices which setting excessively high standards for one's money and feeling uncomfortable or guilty when those criteria are not fulfilled (Yeung, 2022). People with perfectionist budgeting tendencies may struggle to prioritize their spending, saving, and investing objectives, and they may feel financial stress or burnout.

An individual who begins budgeting or saving money only after an unexpected cost or financial difficulty and a company that only makes financial choices in reaction to market shifts or unanticipated occurrences, rather than having a long-term plan in place, refers to reactive budgeting practices (Kenton, 2022).

Another example, of avoidant budgeting practices is a person who avoids monitoring their bank account or credit card accounts, or who disregards debts and late payments. An organization that does not monitor its spending or earnings and avoids discussing financial planning with its workforce.

The theoretical framework for factors influencing budgeting practices among college students may be examined via two theories which are the theory of planned behaviour and behavioural finance theory. A psychological paradigm known as the Theory of Planned conduct explains how perceptions of behavioural management, subjective standards, and attitude influence people's conduct and making choices. (Manstead & Parker, 2011). The Theory of Planned Behaviour may be used in the framework of budgeting to better understand why individuals make certain financial choices as well as how to adjust behaviour for better financial results. Financial behaviour may be significantly influenced by attitudes regarding budgeting. Although negative attitudes might result in avoidance of budgeting tasks, positive attitudes can encourage people to participate in budgeting activities more regularly. The Theory of Planned Behaviour contends that behaviour may be effectively affected by altering attitudes regarding budgeting.

Besides, budgeting practices may also be influenced by subjective norms. Consumers could experience peer pressure to adopt their spending patterns, which might affect how they make financial choices (Gillani, 2012). Financial educators and advisors may customize their messaging to promote healthy budgeting practices by having a thorough awareness of the subjective norms around budgeting. Furthermore, an individual's perspective of their capacity to capture in a given action is referred to as perceived behavioural control. When it comes to budgeting, people may not have a financial attitude in their capacity to make and adhere to a plan because they do not have enough financial knowledge (Ritchie, 2015). Financial advisors may help people feel more in control of their spending by giving them the material and knowledge they need to create an efficient budget. This will increase the possibility that people will successfully modify their habits.

Furthermore, according to behavioural theory, psychological biases as well as rational factors play a role in how individuals make financial choices (Dervishaj, 2021). These biases may have a variety of effects on how people make financial decisions linked to budgeting. First of all, people have a present biased behaviour, which indicates that they prioritize short-term self-satisfaction with material above long-term planning. This may result in splurging on short-term wants while disregarding long-term financial objectives like emergency savings or retirement planning.

Second, many people have loss aversion, which makes them more sensitive to the pain of losses than the joy of wins (The Decision Lab, 2019). This may cause individuals to be too careful when creating their budgets, missing out on possible development and investment possibilities. Besides, people often base their financial choices on their prior experiences or extraneous indications. People could for instance depend on a product's purchase price as the anchor for its values rather than evaluating it objectively in the context of their present financial condition. Depending on how influential the anchor is, this might result in either overspending or underspending. Furthermore, people often have an overconfidence bias, which means they think too highly of their skills or financial knowledge (CFI Team, 2023). This may result in making bad financial decisions or taking unwarranted risks.

The main finding from this research study is the budgeting practices of college students in Malaysia are significantly influenced by their financial knowledge and abilities (Danial et al., 2020). It seems like financially literate students are more likely to follow sensible budgeting techniques. Besides, budgeting methods among college students in Malaysia are also influenced by an individual's attitude and the value of money. Students are more likely to use efficient budgeting techniques if they have a thriftier mentality and are aware of their spending patterns. Furthermore, college students in Malaysia are influenced by subjective norms and peer pressure when it comes to their spending habits (Kumar et al., 2022). Students are more prone to spend excessively if they believe their friends are spending more than they are.

Our research of study might support the existing knowledge on budgeting practices by dig into the consequences of financial attitudes, financial knowledge and subjective norms on budgeting practices among college students. For good budgeting practices, it's essential to have a favourable attitude about money. College students who have a good attitude about money are more likely to practice fiscal responsibility, such as making and following a budget. Nonetheless, those who have a poor attitude about money may be more inclined to overspend and run up debt. For college students with financial education and awareness efforts, a positive financial attitude may be fostered.

Subjective norms are the societal pressure to adhere to certain actions. Subjective standards may have an impact on a student's choice of whether to save money or spend it when it comes to budgeting. A student may experience peer or family pressure to splurge if they have a history of doing so. On the other hand, if their family members and peers practice good money management, they could be more inspired to do the same.

Furthermore, effective budgeting requires an understanding of personal finance and budgeting. College students are better prepared to construct and maintain a budget if they have a solid grasp of personal finance topics. Therefore, programs for financial education may aid students in acquiring essential financial expertise.

The research is important because it may aid in our understanding of the numerous aspects influencing budgeting practices among college students in Malaysia. This information may help in the development of successful policies and interventions to encourage better budgeting among college students by legislators, educators, and financial advisors.

Besides, identifying the important financial concepts that students have trouble understanding and the variables that affect their financial decision-making research may help in the promotion of financial knowledge among college students. This may assist teachers and financial advisors in developing focused financial

education programs to raise students' financial knowledge and encourage improved budgeting techniques.

This research is important because it can identify the difficulties with money that college students in Malaysia encounter, as well as the variables that make these difficulties worse. The creation of policies and initiatives to address these concerns and help college students who are in financial difficulties may be informed by this information.

The scope of factors influencing the budgeting practice among college students may be large and diverse. However, some of the possible difficulties and constraints that researchers may encounter when performing such as a limited sample size among college students. Researchers may have trouble collecting a big enough sample size to ensure the result's generalizability. The availability and accessibility of college students to engage in research projects may further restrict the sample size.

The second challenge is the self-reported data from college students that might not be accurate. Researchers may depend on the data provided by college students which is subjective and susceptible to bias. Student's income or pocket money, spending, and financial activities may be over or under-reported and it would affect the accuracy and trustworthiness of the study result.

Thirdly, the culture of college students is also one of the obstacles during the research. College students come from a variety of socioeconomic and cultural backgrounds, which might impact their budgeting patterns and results. Researchers may confront difficulties in accounting for cultural and contextual variables, which may impair the result's generalizability.

## 1.2 Problem statement

Budgeting is the process of creating a spending plan. Budget alludes to this method of financial management. By creating this spending plan, we can anticipate our financial status and determine if we will have enough money to achieve our objectives. If we don't have enough money to do all we want to, we may use this planning method to prioritise our expenditures and focus on the things that are most important to us. Because budgeting enables us to create a spending plan for our money, we can always have enough cash to cover our critical needs and wants. Maintaining a budget or spending plan can also help us avoid debt or, if we currently are, climb out from under it (My Money Coach, n.d.). One of those phrases, budgeting, tends to swiftly turn off college students. It may seem difficult to manage our finances when we are also juggling a job, school, and social obligations. Yet, even just opening a savings account and making a weekly ten-dollar deposit will help us to get a head start in later years of life.

We could conclude that we don't have enough money left over after paying off our school loans and other bills to fund a savings account. Consider this for a moment: How frequently do we visit Starbucks to get an RM20 coffee? The coffee is excellent for the first half hour, but it's difficult to argue that it's worth that much. Cutting off our coffee a few days a week and putting the money in our savings account is an easy way to save money. At the time, our stomach might not agree with the concept, but our pocketbook will later appreciate it.

Let's say we save ten bucks a week by forgoing our coffee twice weekly. Even though RM7300 may not seem like much at the end of the year, consider doing that for the full four years of college. Budgeting is best started by deciding that money spent on coffee may be better used elsewhere. It's a baby step towards realizing how crucial it is to monitor our money habits for the rest of our lives. Our future spending patterns may be influenced by the last few years of college (Murphy, n.d.).

84805 Malaysians were declared bankrupt between 2015 and 2019, and the Insolvency Department's data revealed that 26 percent of these cases included those who were younger than 34 according to NSTP, 2020. Based on the announcement by the former Bank Negara Malaysia (BNM) in 2018, Nazrul Hisyam Mohd Noh, an assistant governor, said that 47 percent of Malaysian youngsters have significant credit card debt. Majority of bankruptcies were brought about by the inability to pay off debt from credit card debt, personal loans, and installment sales. More recently, Malay Mail (2022) stated that Selangor, with 72,608 instances, has had the highest bankruptcy filings until May 2022, followed by Johor (32,441) and the three Federal Territories of Kuala Lumpur, Putrajaya, and Labuan (46,876).

Nearly 15 percent of those who filed for bankruptcy in the past four and a half years identified car loans as a contributing money-related attitude, followed by more than 13 percent who cited business loans. Personal loans accounted for 42 percent of these bankruptcies. The National Youth Development Policy (NYDP) of Malaysia, which was adopted from the nation's youth policy in 1997, characterises youth as those between the ages of 15 and 40. As of 2018, those between the ages of 18 and 30 are considered young for the new youth policy. 25 to 34-year-olds were engaged in 26 percent of bankruptcy cases, according to NSTP (2020). Therefore, considering age, bankruptcy cases among Malaysia's young people are increasingly turning into a serious issue.

Anyone unable to pay their obligations is typically referred to as a bankrupt. It is a legal stance taken by a person or a business organization when they are unable to pay their creditors back for their debts. According to Mien and Said (2018), Malaysians are becoming bankrupt because of personal loans, mortgages, company loans, and lease-purchase agreements for automobiles. As more people file for bankruptcy, the problem of teenage bankruptcy has become a major national concern. According to Adzis et al. (2017), young people's spending patterns influence whether they accumulate excessive debt, which might result in bankruptcy.

Young people have been declared bankrupt in large numbers due to credit card debt as well as personal loans, auto loans, and mortgages. The study discovered that even though these young people couldn't use credit cards, it seemed like they had easy access to them. Some people believe that possessing a lot of credit cards indicates one's social status. This demonstrates that the younger generation is unaware of the impact of uncontrolled credit card use. Due to poor money management and financial blunders, they were declared bankrupt as a result of their financial attitude towards paying their credit card. The trend of bankruptcy is on the rise among graduates. Thus, college years are the ideal time to hone our personal finance skills and master budgeting practices. Budgeting practices should be more general to college students because it can prevent them from bankruptcy after graduating from college.

The most recent trends are also having an impact on today's youth, leading them to spend more money than they make according to Yong et al. (2018). Many young people also have inadequate money management skills. This was in line with the recommendations made by numerous studies according to Idris et al., 2016; Yong et al., 2018, which suggested that through budgeting, spending control, practising living within one's means, continual expenditure monitoring, practising saving, and making plans for old age and unanticipated expenses, people are educated about the significance of having the proper mindset. It is unclear, though, if young people heed this advice given the rise in bankruptcy cases among them. Therefore, this research revealed that it is equally important to understand how younger generations see money. Their attitude towards money demonstrates that they lack sound financial management and savings strategies, which would make it difficult for them to repay personal loans, mortgages, or auto loans if anything unforeseen happened to them.

Some organizations have been forced to shrink because of the current COVID-19 pandemic-related problems, and some employees have had their jobs terminated. These unhappy workers will have greater financial difficulties, which might result in bankruptcy if they don't have suitable financial planning. Insufficient financial literacy among young Malaysians, according to the Minister of Finance, is a financially minded behaviour in the high bankruptcy rate of the nation from The

Star, 2019. Numerous challenges may arise for the country's objective of becoming a high-income nation because of this scenario. Malaysians' financial literacy is lesser than that of the remainder of the globe, with variations by ethnic group and gender, according to Yong et al. (2018). Additionally, with a focus on financial literacy and gender, they looked at the connection between attitude and conduct and recommended that financial literacy curricula be enhanced in educational settings.

According to Bank Negara Malaysia in 2020, therefore, there were more than 10 million cards in Malaysia in 2020. Also, according to the percentage of cardholders, 70 percent had graduate degrees, and 50 percent had declared bankruptcy because they couldn't pay their credit card obligations. As a result, it became clear that more graduates were using credit cards, which eventually caused bankruptcy. The Bank Negara Malaysia recently issued a list of bankruptcy cases related to credit card bills, and the age group under 30 made up most of the data in Malaysia regarding Malay Mail Insight in 2020.

The percentage of bankruptcies among graduates under 30 years old is shown in Table 1.1 above for the years 2017 through 2020. In contrast to prior years, when this percentage was less than 50%, more than 50% of graduates in 2020 were considering filing for bankruptcy. The statistics highlight the gravity of the graduate student bankruptcy issue brought on by credit card debt. Due to this issue, a study was conducted to determine how and why graduates use credit cards, as well as the reasons why they are unable to pay off their credit card debt.

According to Toupin and Gagnon (2010), a graduate's lifestyle has a significant impact on whether they have a credit card. Their sophisticated, opulent lifestyle has caused them to spend more than they had planned. They were relying on their credit cards to pay for their old obligations as well as new ones, including owning a nice home and automobile and spending more on shopping than their monthly paycheck. However, this resulted in indebtedness when they couldn't make their credit card payment on time, and they ultimately went bankrupt (Bankruptcy among Graduates| Himalayan Journals, n.d.).

### **1.3 Research Questions**

1. How does a college student's Financial Attitudes affect their budgeting habits?
2. How does a college student's Subjective Norms affect their budgeting habits?
3. How does a college student's Financial Knowledge affect their budgeting habits?

### **1.4 Research Objectives**

1. To explore the correlation between Financial Attitudes and Budgeting Practices of college students in Malaysia.
2. To explore the correlation between Subjective Norms and Budgeting Practices of college students in Malaysia.
3. To explore the correlation between Financial Knowledge and Budgeting Practices of college students in Malaysia.

### **1.5 Research Significance**

Our research can help us to understand the factors that influence these practices is important for developing effective interventions and policies to promote college students' knowledge of personal finance and ethical financial conduct. As we know, the ability to manage budgets effectively is a valuable skill that is highly sought after by employers in many fields.

This study also can be used to develop interventions and educational programs to assist students improve their budgeting skills and financial well-being. To be more precise, it can help college students to identify factors that may contribute to financial difficulties and stress, for instance, poor financial planning or lack of financial literacy.

The ability of Budgeting practices to enhance financial performance, manage financial risks, create efficient strategic plans, and allocate resources more effectively makes it important for companies. Our investigation was able to pinpoint realistic financial targets, diversified sources of income, and cost structure optimization.

Managing finances in the public sector, where resources are distributed to many facets of society, is similarly crucial. In order to pinpoint the political, stakeholder, and external factual influences on Budgeting practices, such as the state of the economy. Hence, our research can help the government create better budgeting procedures, enhance financial performance, and guarantee public accountability.

In short, it is beneficial that college students to explore the knowledge about the factors that influence budget practices. Not only have significant practical implications on individual students, but for society as a whole. From this study, it is able to promote financial stability and success, and reduce the negative impacts of financial stress and difficulties.

## **1.6 Chapter layout**

The thesis structure is presented as follows, following chapter 1: Chapter 2 discusses the theoretical literature review for the variables used in this study. Chapter 3 covers the research methodology, including data collection, sampling design, analysis of data, and research instruments. In addition, Chapter 4 presents the interpretation of results from the partial least squares method for structural equation modelling. Finally, Chapter 5 summarizes the entire study, offers suggestions for theoretical and practical implications, discusses limitations, and presents suggestions for more research.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.0 Introduction**

Chapter Two is structured as follows: The initial segment comprises the theoretical frameworks, namely Behavioural Finance Theory and Theory of Planned Behaviour. Subsequently, the examination of literature pertaining to the dependent variable, Budgeting practices, is presented. Following that, the association between Budgeting practices and three independent variables, namely Financial knowledge, Subjective norms, and Financial attitude, is explained. The fourth section introduces the conceptual framework, and the formulated hypotheses for this study are then presented. Finally the gaps in the literature review are discussed.

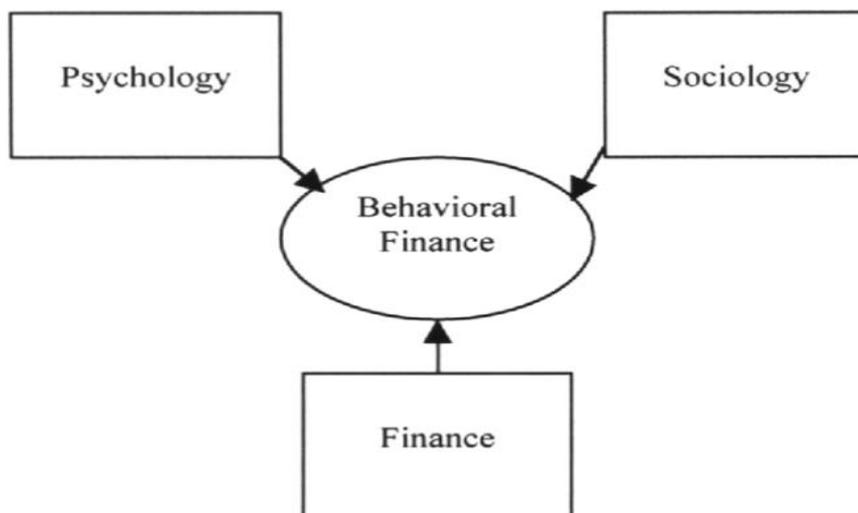
### **2.1 Theoretical Framework**

#### **2.1.1 Behavioural Finance Theory**

In our research, we have incorporated two theories, namely, the Behavioral Finance Theory and the Theory of Planned Behaviour. According to Joo and Durri (2015), the basic assumptions of standard finance theory were unrealistic, which led to flawed conclusions, particularly when human behavior was the subject of study, and resulted in the emergence of Behavioral Finance Theory. However, Joo and Durri (2015) assert that Behavioral Finance Theory does not replace standard finance theory; rather, it acts as a supplement because it elucidates phenomena that cannot be explained by traditional finance theory. As Kapoor and Prosad (2017) note, behavioral finance is a recent school of thought that deals with the impact of psychology on the behavior of financial practitioners and its resultant effects on decision-making. The primary objective of this theory is to help us comprehend our own behavior and improve our decision-making process while considering the

models of traditional finance theories (Joo & Durri, 2015). Related statement had been proved by the researcher from India.

Furthermore, the distinction between traditional finance theories and behavioral finance can be explained through a simple example. While a traditional economist would aim to maximize expected utility in deciding where to live, behavioral finance would focus on the decision-making process, such as choosing a residence that is close to the workplace, has a car park, and has the required number of bedrooms (DeBondt et al., 2010). As financial attituderhry (2016) highlights, behavioral finance draws on three strands of psychology, including cognitive or behavioral psychology, emotional responses to trading intensity, and social psychology. Kurtidis et al. limit their study to four major behavior factors, namely overconfidence, willingness to take risks, peer pressure, and self-observation. (financial attituderhry, 2016).



**Figure 2.1.** Behavioral Finance Theory

### **2.1.2 Theory of Planned Behavior**

Theory of Planned Behavior is a social psychology theory that explains how people's attitudes, subjective norms, and perceived behavioral control influence

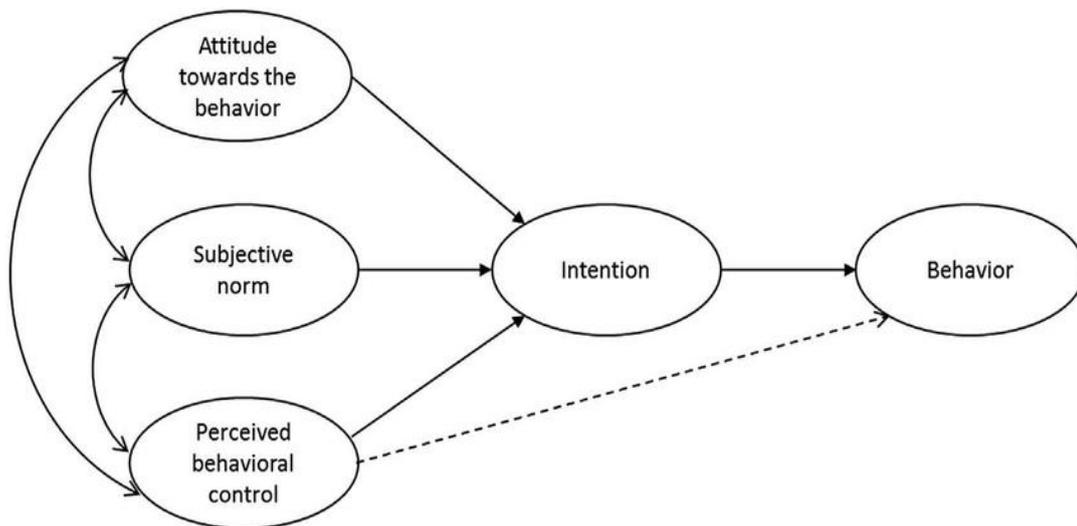
their intentions and behaviors. The components of the Theory of Planned Behavior, which include attitudes, subjective norms, perceived behavioral control, intentions, and behavior. Subjective norms refer to the perceived social pressure to engage in or refrain from engaging in a behaviour. Perceived behavioural control refers to a person's confidence in their capacity to engage in a behaviour. Attitudes refer to a person's positive or negative judgement of engaging in a behaviour. This article addresses several frequently asked questions about the Theory of Planned Behavior, such as how the theory can be applied to different behaviors, how to measure the components of the theory, and how the theory can be used in interventions to change behavior.

The article provides detailed explanations and examples to answer each of these questions (Ajzen, 2020). Besides, there is a journal that discuss recent research on the Theory of Planned Behavior, including studies that have examined the role of affective and cognitive processes in the formation of attitudes, the effects of group norms on behavior, and the use of implicit measures to assess attitudes and intentions. The article also highlights applications of the Theory of Planned Behavior in various fields, such as health psychology, environmental psychology, and consumer behavior. The authors discuss studies that have used the Theory of Planned Behavior to predict and explain behaviors such as smoking, exercise, recycling, and online purchasing (Bosubjective et al., 2020).

The authors of the article then apply this framework to the context of risky credit behavior, examining how attitudes, norms, and control factors influence college students' decisions to engage in risky credit behaviors such as maxing out credit cards, paying only the minimum balance, and taking out cash advances. The article also extends the Theory of Planned Behavior framework by incorporating additional factors such as financial self-efficacy, impulsivity and knowledge of finances. The authors examine how these factors influence attitudes, norms, and control factors and how they interact with each other to influence risky credit behavior among college students. The article concludes with a discussion of the consequences of risky credit behavior for college students, including financial distress, credit card delinquency, and negative credit scores. The authors also discuss the implications of their findings for financial education programs and

policies aimed at promoting responsible credit behavior among college students (Xiao et al., 2011). In addition, there is the article discusses the importance of ethical leadership in shaping employees' attitudes toward ethical behavior, as well as the influence of subjective norms and pressure from colleagues and superiors. The authors also examine the role of perceived behavioral control, including the perception of available resources and the ability to resist pressure to engage in unethical behavior (Carpenter & Reimers, 2005).

In short, we found that the journal about this theory is mostly from United Stated and there is no journal about this theory that was founded from Malaysia.



*Figure 2.2.* Theory of Planned Behavior.

## 2.2 Variables Review

### 2.2.1 Endogenous Variable - Budgeting Practices

Thaler (1985) introduced the concepts of transaction utility and gain-loss utility and proposed that people can address their consumption-savings problems through transaction-specific budgets. However, Galperti (2019) argued that people

typically set budgets for longer periods and may not strictly adhere to them as commitment devices in uncertain situations. While budgeting is widely recommended as a financial activity, Kan et al. (2018) noted that there is little systematic evidence on its long-term effectiveness in achieving financial goals. Personal budgets were introduced in England in 2001 as a means of giving individuals more choice and control over their support needs (Webber et al., 2014). Despite the potential benefits of personal budgets, concerns have been raised about their effectiveness for people with mental illness issue and their low uptake compared to other social care groups (Webber et al., 2014). However, a review by Webber et al. (2014) found that personal budgets can make a difference for people with mental health problems, although methodological shortcomings limit interpretation.

Galperti (2019) argued that budgeting can be explained by gain-loss utility and is a form of rationing that acts as a commitment device. Setting a clear budget can help mitigate overspending in the short run and promote successful self-regulation (Kan et al., 2018). Tracking a budget may also increase awareness of opportunity costs and the pain of paying, particularly for those with financial constraints (Kan et al., 2018). However, Kan et al. (2018) also noted that financial clarity may lead to increased spending in the following period, and budget tracking may not always be effective in correcting overspending.

Harrington et al. (2016) found that budgeting intent and attitude towards budgeting among business students are influenced by psychological and life cycle factors. Positive affect and expectations from parents or significant others have a significant positive influence on budgeting intent, while attitude towards budgeting and past budgeting experience have a weaker association with budgeting intent. Negative affect was not found to be a significant factor in budgeting intent. Additionally, the study found that positive affect has a stronger influence than negative affect on budgeting intent, which differs from the findings of Kidwell and Turrisi (2004).

From this, we can see that Malaysian research mostly focus on the surface of budgeting practices, as opposed to studies that are discovered by other nations.

## **2.2.2 Exogenous Variables**

### **2.2.2.1 Financial Attitudes**

Financial attitude are an essential factor that influences a person's behavior and decision-making related to financial matters. financial attitude can be defined as an individual's belief, state of mind, and assessment related to personal financial matters, along with their feelings about money (Atmadja et al., 2021). Pham et al. (2012) further highlight that financial attitude reflect an individual's values towards saving money and can influence compulsive buying. It has been discovered that those with a constructive financial attitude are tend to practise good money management, while those with negative financial attitude, especially materialistic individuals, may be more prone to compulsive buying (Pham et al., 2012).

The influence of financial attitude goes beyond just individual behavior, as financial attitude can be a crucial factor in various financial contexts. Habibah et al. (2018) found that financial attitudes are significant in the theory of reasoned action and the Theory of Planned Behavior, as they can affect a person's behavior in various financial aspects, including savings, borrowing, risk-taking, and adverse financial events. Attitudes can be classified as attitude objects, determined by an individual's belief and evaluation of beliefs towards a specific behavior, influenced by the perceived consequences of performing that behavior (Habibah et al., 2018).

Moreover, financial attitude are not formed in isolation but are influenced by various socialization agents, including family, with mothers and fathers being identified as the most important sources of influence on financial attitude and beliefs (Habibah et al., 2018). Individuals with higher financial knowledge and numeracy skills are more likely to have positive financial attitude and engage in sound financial practices, leading to higher satisfaction with their financial situation (Bhushan & Medury, 2014).

In conclusion, financial attitude are a critical factor in personal financial management and decision-making, influenced by various individual and socialization factors. Positive financial attitude can lead to sound financial practices and higher satisfaction with financial situations, while negative financial attitude, particularly materialistic attitudes, may lead to compulsive buying behaviors. Understanding the importance and influence of financial attitude can assist in developing effective financial education and counselling programs to improve financial behavior and decision-making.

In short, the journals related to financial attitude are mostly from Australia, Indonesia, Pakistan and India and there are no journals from Malaysia.

#### **2.2.2.2 Subjective Norms**

Regarding to the journal of Moschis in 1985, investigates the impact of family communication on young people's consumer socialization. The essay makes the case that family communication has a significant role in forming young children's and teenagers' views and consumption-related behaviors. The article summarizes the body of research on consumer socialization, the process through which people pick up the information, abilities, and attitudes required for making decisions about consuming. The author addresses several forms of family communication, such as parental communication, sibling communication, and intergenerational communication, and emphasizes the significance of family communication in this process. The paper also looks at how family communication influences several factors of consumer socialization, including brand preferences, purchasing patterns, and attitudes towards advertising in children and teenagers. It talks about how family communication affects how kids and teenagers view items and brands and how they comprehend how ads are meant to persuade them. The paper concludes by discussing the ramifications of these results for policymakers and marketers. It implies that politicians should think about methods to help family in their attempts to encourage responsible consuming habits among children and

adolescents, and that marketers should pay attention to the significance of family communication in forming consumer attitudes and behaviors.

In addition, consumer socialization is the process through which people learn how to shop and develop the skills, mindsets, and habits needed to make informed judgements about their purchases. The many channels via which consumers are socialized, including as family, friends, the media, and institutions like churches and schools. Family's crucial role in consumer socialization, since parents are frequently children's main sources of knowledge and direction when making decisions linked to consumption. the age, gender, cultural, and socioeconomic level characteristics that affect consumer socialization. It explores how these characteristics might affect people's views and consumption patterns and emphasizes the need of taking these aspects into account in marketing and consumer research (Ward,1974). The most powerful authority influence occurs when a higher-ranked person's judgement speaks against participants' private information. When faced with decisions that are contrary to their own, made by persons whose hierarchical position is comparable to their own, people exhibit higher conforming behaviour and less trust in their own private knowledge. (Schöbel et al., 2016).

Social standards play a big part in determining way people act and assess whether to buy anything. Typically, consumers decide what is suitable by taking into account the expectations and actions of other people. Their preferences and behaviour are significantly influenced by subjective norms. (Cialdini et al., 1990). Moreover, from the research of Andorfer and Liebe in 2013, Schöbel et al., 2016 and "*A Focus Theory of Normative Conduct: Recycling the Concept of Norms to Reduce Littering in Public Places*" , the social norm is positively influence the budgeting practices.

In short, the journals related to subjective norms are mostly from foreign country which is the United States and it was not any journal founded from Malaysia.

### **2.2.2.3 Financial Knowledge**

Financial knowledge is essential for making wise judgements and efficiently managing personal funds. Financial knowledge is the capacity to utilize and understand economics concepts and values. It contends that those with more financial knowledge exhibit better budgeting practice, such as making and sticking to a budget, staying out of debt, and putting money aside for emergencies and long term objectives like retirement (Yuan, 2105). While people with better finances are more likely to make and adhere to a budget. Besides, Financial knowledge has a beneficial effect on budgeting practices. Financial knowledge also enables people to make better financial choices, which improve their overall financial health.

According to the journal Syaliha et al. in 2022, budgeting practices are significantly improved by financial knowledge. Since they have a better knowledge of financial fundamentals like how to make a budget, monitor costs, and save money, those who are more financially literate tend to have better budgeting habits. Furthermore, they seem to be more likely to utilize budgeting and spreadsheets as tools for managing their money. The research discovered that lifestyle, financial attitude, and locus of control are additional variables that influence how well someone manages their finances in addition to Financial knowledge.

Besides, the student's financial understanding and conduct both improved as a result of the financial education programme. The program's participants understood financial concepts more will and were more inclined to engage in financial budgeting and saving activities. The research also indicated that student's attitudes and actions about money were more likely to be positive when they had greater levels of financial education (Danes, et al.,1999). This implies that Financial knowledge and behavior among students may be improved by financial education programmes. Participants also said they felt more comfortable managing their money and were more likely to adopt sensible financial practices, such keeping track of cost and setting financial goals.

Furthermore, the capacity to grasp financial principles and apply them to one's own financial circumstances is referred to as financial knowledge (Mien et al., 2015). According to the research, budgeting practices are significantly improved by financial knowledge. An individual with more financial knowledge increases a person's likelihood of creating and adhering to a budget, which in turn improves their ability to manage their money. Besides, Financial knowledge also assists people in making wise financial choices and preventing impulsive purchases (Mien et al., 2015). It helps people to make decisions that are in line with their financial objectives by helping them to comprehend the long term effects of their financial actions.

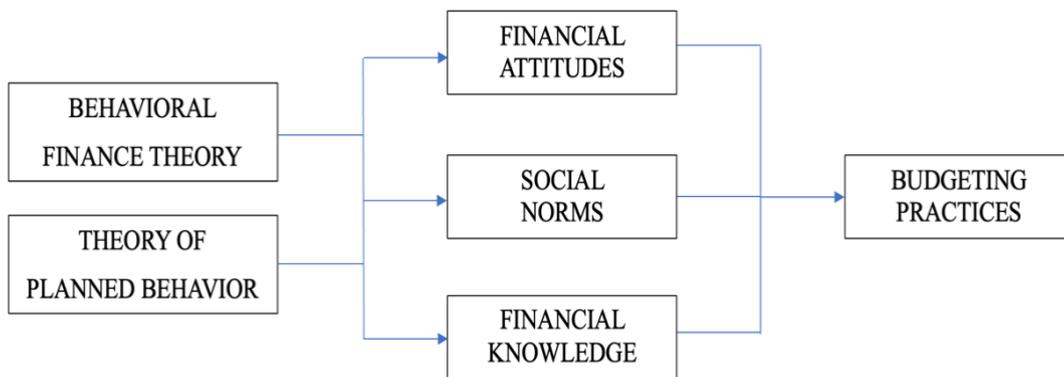
In addition, the significance of financial education in the modern world, when people are increasingly in charge of managing their own resources and must make sophisticated financial choices (Robb et al., 2011). People's entire financial well being may be improved with the aid of financial education and better financial decision making. Making good financial choices and practicing best practices like saving for retirement, investing, paying off debt are intelligently needed financial knowledge. According to Robb et al. in 2011, stress the need of developing a strategy to reach our financial objective and establishing attainable targets. Those who have better levels of financial knowledge are more likely to engage in wise financial practices like saving for retirement and managing credit cards sensibly.

For extra information about the journal, the statement here is mostly discovered from the United States, Indonesia and Vietnam, but Malaysia has quite limited research on related topics.

## **2.3 Conceptual Framework**

A conceptual framework serves as a visual aid that illustrates the interplay between study variables in a clear and comprehensible manner. It delineates the perceived associations among the variables, thus providing researchers with a roadmap for investigating their hypotheses. In the context of this research, the

conceptual framework is introduced in the form of a diagram that depicts the potential relationships between the three independent variables and the dependent variables. The figure below represents this conceptual framework and elucidates how each variable is interconnected, thereby offering a theoretical foundation for the research investigation.



*Figure 2.3:* Proposed Conceptual Framework

## 2.4 Hypothesis testing

### 2.4.1 Financial Attitude and Budgeting Practices

H0: There is an insignificant correlation between financial attitude and budgeting practices among college students in Malaysia.

H1: There is a significant correlation between financial attitude and budgeting practices among college students in Malaysia.

A person's conduct and financial decision-making are significantly influenced by their financial views. An individual's belief, state of mind, and evaluation of personal financial concerns, as well as their sentiments towards money, are all examples of their financial attitudes (Atmadja et al., 2021). Financial attitudes might affect compulsive buying and reflect a person's ideals about conserving money. According to research, those with positive financial views are

more likely to practice good money management, whereas those with negative attitudes, especially those who are materialistic, may be more prone to compulsive buying (Pham et al., 2012).

### **2.4.2 Subjective Norms and Budgeting Practices**

H0: There is an insignificant correlation between subjective norms and budgeting practices among college students in Malaysia.

H1: There is a significant correlation between subjective norms and budgeting practices among college students in Malaysia.

Due to the perceived social advantages, social norms have a financial attitude favorable impact on self-reported purchase frequency (Andorfer & Liebe, 2013). They are helpful in promoting pro-social behaviors and minimizing unfinancial attitude favorable behavior. Adopting social norms may be an effective strategy for promoting positive behaviors like budgeting and preventing negative behaviors like careless spending. Recognizing the importance of social norms in consumer decision-making and utilizing them as instruments for behavior modification therefore holds great potential (Melnyk & Vladimir, 2011).

### **2.4.3 Financial Knowledge and Budgeting Practices**

H0: There is an insignificant correlation between financial knowledge and budgeting practices among college students in Malaysia.

H1: There is a significant correlation between financial knowledge and budgeting practices among college students in Malaysia.

A person's comprehension of financial ideas, ability, and belief to manage his finances through decision-making and short- and long-term financial planning

while taking into account economic circumstances and events are all measured by their financial knowledge (Remund, 2010; Dewanti & Haryono, 2021). Budgeting practices and financial literacy are strongly correlated. Better levels of knowledge and skill to carry out financial components are supposed to lead to responsible financial management behavior and successful financial management. The results showed that having more financial knowledge leads to better financial management. People can handle any risk by using their financial expertise to help them manage their finances and make decisions that are pertinent to their activity (Sugiharti & Maula, 2019)

## **2.5 Gap of literature review**

The literature that already exists on the use of budgets by college students in Malaysia focuses mostly on general financial literacy or fundamental financial management abilities, omitting the particular impact of financial attitude, financial knowledge, and subjective norms on budgeting practices. Similar studies are lack research done in the Malaysian context, despite the fact that research has been done in other nations including the United States, Australia, and the United Kingdom on the association between these elements and budget practises among college students. A focused investigation of how financial attitude, financial knowledge, and subjective norms directly impact budgeting practices among college students in various nations may be required given the particular cultural and socioeconomic characteristics of Malaysia.

As a result, there is a clear research lack that demands an empirical investigation to fill it and offer insights suited to an in-depth understanding of the higher education scene in Malaysia. Such study will aid in the development of customized strategies to improve financial well-being in the Malaysian setting and contribute to a more thorough knowledge of the factors impacting budget practices among college students.

## **CHAPTER 3: METHODOLOGY**

### **3.0 Introduction**

The processes for data analysis to get the intended result are covered in Chapter 3 along with the research methodology and procedure that suit the conceptual framework that was created. The setting of survey questionnaires and methods used for data collecting were addressed by study design and procedure. The information sources utilized in this research, the targeted population, the data analysis procedure, and techniques are described in the sections that follow and include data collecting, sample design, data processing, and data analysis.

### **3.1 Research Design**

In this research, quantitative research methodology was used. This study will give a thorough insight of Malaysian college students' spending habits. A wider population or broader groupings of individuals can be studied using quantitative research when it is carried out in a representative way. It will make it possible for us to quantify the degree to which various factors affect student's spending habits and to find important correlations and linkages. Utilizing standardized questionnaires and surveys, a sample of Malaysian college students will be the subjects of the quantitative research design's data collection. The surveys will be thoughtfully created to collect pertinent data on budgeting practices and the variables that affect them. The survey will include demographic data, Likert data type and multiple choice questions.

The data gathered will be examined using statistical analysis tools. The individual's demographic will be outlined, and a rundown of their spending habits will be provided using descriptive data. To evaluate the associations between various variables and pinpoint the key elements affecting college student's spending

habits, inferential statistics like correlation analysis and multiple regression analysis will be applied.

The outcome of this quantitative study, which focused on college students in Malaysia, will add to the body of knowledge on managing personal finances. The finding will provide insights of policy makers, college, educational programmes focused at enhancing money management abilities among college students. The findings will assist in identifying critical elements that may potentially affect budgeting practices.

### **3.2 Data Collection Method**

A common data collection method for investigating budgeting practices was applied in our research which is through surveys. Our survey is developed based on a thorough review of the literature and consultation with experts in the field. The survey consists of 27 questions that cover the following areas: (a) demographic information, (b) social norms, (c) financial attitude, (d) financial knowledge and (e) budgeting practices.

The survey is pilot-tested with a small group of students to ensure clarity and readability of the questions. After making necessary adjustments based on feedback, the final survey is distributed to a random sample of 400 undergraduate students in UTAR from Kampar, Perak and Sungai Long in Malaysia. Due to the reason we want to test whether urban and rural areas have different type of financial attitude, subjective norms and also financial knowledge towards budgeting practices. The reason why we choose UTAR as our target college is because it is the common college that has campuses located in both urban and rural areas. Therefore, this can help us to collect our data more easily. The participants are contacted via email and social media platforms, and they are required to be enrolled as full-time students.

The data collected through the survey is analysed using statistical software to identify patterns and relationships between variables related to budgeting practices. The findings of the study are used to make recommendations for improving financial literacy and budgeting practices among college students in Malaysia.

### **3.3 Design of Sampling**

Our research involves the use of probability sampling methods, specifically random sampling among college students, and excludes non-probability sampling methods. Sampling is a crucial process in which a subset of individuals or units is selected from a larger population to estimate or generalize findings. The advantages of sampling include cost-effectiveness, time-saving, representativeness, precision, and convenience. However, there are also challenges associated with sampling, such as sampling bias, sample size, nonresponse bias, selection bias, and time and resource constraints, as stated in the study by Novick et al. (1979).

#### **3.3.1 Target Population**

A population is a complete individual, a specific item, or a size that is obtained from all the specific individuals, things, or sizes that are being examined that have certain, observable features and are complete. The college students enrolled in the UTAR college with both campuses located at urban and rural areas in Malaysia make up the population of this research . The total number of college students who are still enrolled and enrolled in classes from the first semester to the last semester is the population of college students used as a reference. In the year 2023, 47000 active college students from UTAR Sungai Long, Kuala Lumpur, and UTAR Kampar, Perak, in total.

### **3.3.2 Frame and Location Sampling**

The UTAR Kampar Campus and UTAR Sungai Long Campus were chosen as sample sites for data collection in this research, targeting undergraduate students. These selections were based on factors such as the campuses' diverse student population, geographical representation, potential for collaboration, and policy implications. UTAR is a well-known university in Malaysia, making it an appropriate choice for studying budget practices among students from different backgrounds and regions. To be more specific, UTAR has earned accreditations and certificates from important Malaysian and international organisations, demonstrating its dedication to upholding high standards in education. UTAR Kampar, located in Perak, and UTAR Sungai Long, situated in Selangor, represent distinct regions, facilitating regional comparisons. These schools have made investments in technology that improves the educational process, such cutting-edge research tools and intelligent classrooms.

The respondents chosen for this study exhibit diversity in terms of gender, age, ethnicity, and academic year. This diversity reflects the varied society of Malaysia and offers a vibrant setting for intercultural dialogue and comprehension. This research also opens up avenues for collaboration with other universities and research institutions in Malaysia. Although the results may not be representative of the whole country, they can still inform policy recommendations within the UTAR system, contributing to the enhancement of financial literacy programs, student support services, and campus policies. UTAR has garnered recognition on a national and worldwide level for its educational initiatives and social contributions, as seen by the awards and rankings it has won among Malaysian institutions.

### **3.3.3 Technique of Sampling**

To get a sample that fairly and properly represents the population and yields meaningful conclusions, we employ numerous sampling techniques namely random sampling, stratified sampling, convenience sampling, and snowball sampling. In the

case of investigating college students' budgeting practices, the simple random technique can be employed to identify and recruit students with good financial management skills. Kothari (2004) states that simple random sampling is a technique where every member of the population has an equal chance of being selected, thus minimizing the risk of sampling bias.

### **3.3.4 Size of Sampling**

The sample size in market research refers to the total number of study participants. The sample size is a group of people chosen from the broader population who are thought to represent the sample size for that particular investigation. We may test a new product on a sample size that is typical of the target market in order to forecast how people in a certain age group may respond to it. The number of respondents in that age group who will be polled will determine the sample size in this situation.

First and foremost, choosing a relevant benchmark for the actions to be done depends on the results of the quantitative study to be undertaken is required when using a statistical formula to calculate sample size. In this case, the researcher often has two choices: It can monitor the methods used to measure variables and spot specific signs that point to changes in those methods. As a result, the researcher can employ the idea of sampling in connection to the variables being investigated to ascertain how frequently a commercial unit is visited. The researcher can use this strategy and use the group in question's average weekly visitation frequency as the indication for this variable. It could be created to evaluate certain aspects of the marketing phenomenon being studied. The selection of this option is stated as fitting into the sample idea with the researched qualities in the specialised literature. For instance, the researcher may attempt to determine how consumers favour a business unit's interior arrangement by analysing a collection of sample interior design qualities. (OmniConvert, 2019).

The Formula to calculate the sample size is as below:

$n = \frac{N}{(1 + N(e)^2)}$	$n = \text{Sample Size}$ $e = \text{margin of error}$ $N = \text{Population Size}$
------------------------------	--

**Figure 3.1.** Formula of calculate Sample Size.

UTAR Kampar	$n_{Public} = \frac{N}{(1 + N(e)^2)} * 0.55$
UTAR Sungai Long	$n_{Private} = \frac{N}{(1 + N(e)^2)} * 0.45$

**Figure 3.2.** Formula of Calculating Sample Size for UTAR Kampar and UTAR Sungai long.

In addition, the margin of error will be 0.05, with a 95 percent confidence level being used by the researcher. There are 26000 college students in UTAR Kampar, Perak in 2023. Furthermore, the number of college students in 2023 for UTAR Sungai Long is 21000. Hence, the population size for both campus located in different states in Malaysia is 47000 people.

**Table 3.1**

*Number of college students of UTAR in Malaysia.*

Colleges	Number of Students
UTAR Kampar	26000
UTAR Sungai Long	21000
TOTAL	47000

After we calculated using the formula, we received the result of 394 people of sample size (217 for UTAR Kampar and 177 for UTAR Sungai Long). We rounded up the sample size to 400 respondents and that means that we need a minimum 400 respondents for the research.

UTAR KAMPAR	$n_{Public} = \frac{27000}{(1 + 27000(0.05)^2)} * 0.55$ $= 217 \text{ college students}$
UTAR SUNGAI LONG	$n_{Private} = \frac{27000}{(1 + 27000(0.05)^2)} * 0.45$ $= 177 \text{ college students}$

**Figure 3.3** Calculation of sample size for UTAR Kampar and UTAR Sungai Long

## 3.4 Research Equipment

### 3.4.1 Questionnaire Structure

A questionnaire was utilized as the study tool to collect the main data from UTAR in Kampar's undergraduate students as well as UTAR Sungai Long. The questionnaire, according to Wilkinson and Birmingham (2003), is the financial attitude bored instrument for people who engage in the study. It is a less expensive and more efficient technique to collect a lot of data from different responders. Due to the use of fixed-alternative questions in the study's questionnaire, respondents were required to select from a range of possibilities depending on their own preferences (Sekaran & Bougie, 2013). In this study, Google form is apply to disseminate the surveys online.

This study's survey questionnaire has three sections and a cover layout. The aim of Section A is to accumulate information on the background of the target respondents. This study asks five demographic questions on age, ethnic background, gender, the current academic year, and universities. Part B, on the other hand, consists of 22 questions about the variables (subjective norms, financial attitude and financial knowledge) that influence budgeting practices. Six questions are crafted in Section C to gauge Budgeting Practices among College students.

Components in Sections B include subjective norms, financial knowledge and financial attitude and Sections C are evaluated using five-point Likert scales where the scale ranges from 1 (denotes “Strongly Disagree”) to 5 (denotes “Strongly Agree”). Five-point Likert scales were thought to lessen survey-related irritation, according to Babakus and Mangold (1992). As a result, the scales enhance the standard of the data and the target respondents' reaction time. Johns (2010) asserts that five-point Likert scales satisfy the need of offering participants sufficient options while yet keeping things reasonable. For instance, Tang (1995) gathered information on consumer financial attitude about budgeting practices using five-point Likert scales. In order to gather information about attitudes and subjective norms about green products, Yazdanpanah and Forouzani (2015) also used five-point Likert scales. All items for each construct are shown in Table 3.1.

### **3.4.2 Variables Measurements**

This study identified three characteristics influencing budgeting practices among college students: subjective norm, financial attitudes and financial knowledge. For all items, a five-point Likert scale is employed. One on the Likert scale signifies "Strongly Disagree," and "Strongly Agree" represent five.

#### **3.4.2.1 Budgeting Practices among College students.**

Personal budgets were implemented in England in 2001 to provide individuals with greater choice and control over their assistance requirements (Webber et al., 2014). Good affect and expectations from parents or significant others have a large positive impact on budgeting intent, although attitude towards budgeting and prior budgeting experience had a lesser connection. So, Theory of Planned Behavior and Behavioral Finance Theory can be used.

#### **3.4.2.2 Subjective Norms**

Subjective norms are regarded informal, usually unwritten regulations that specify what is appropriate and acceptable behaviour inside a certain group or community, therefore governing human behaviour. (UNICEF, 2021).

#### **3.4.2.3 Financial Attitude**

Financial attitudes are an individual's beliefs, state of mind, and evaluation of personal financial concerns, as well as their sentiments about money (Atmadja et al., 2021).

#### **3.4.2.4 Financial knowledge**

Financial knowledge is the capacity to utilize and understand economic concepts and values. It contends that those with more financial knowledge exhibit better budgeting practice, such as making and sticking to a budget, staying out of debt, and putting money aside for emergencies and long term objectives like retirement (Yuan, 2105).

### **3.4.3 Pilot Test**

This pilot study aimed to test the feasibility of investigating budgeting practices among college students in Malaysia. The sample size comprised 400 undergraduate students from UTAR Kampar, Perak and UTAR Sungai Long, who were invited via email and social media platforms. The participants had to be enrolled as full-time students and completed a self-administered online survey that included 28 questions covering various areas related to budgeting practices. The survey was pretested with a small group of students to ensure clarity and readability. The pilot study showed that the survey was feasible and easy to administer, although

some questions needed modification. The small sample size and convenience sampling were limitations, and self-reported data may have introduced bias. The pilot test was successful in refining the survey for the main study, which will involve a larger and more diverse sample of college students from multiple universities. The study's findings were used to improve the survey questions and procedures for the main study.

## **3.5 Data Analysis Techniques**

### **3.5.1 Descriptive Analysis**

Descriptive analysis is a method that can be used in various fields, such as behavioral analysis and sensory evaluation. In the context of behavioral analysis, Sloman (2010) defines descriptive analysis as direct observation of target behavior in a natural setting without experimental manipulation. Before doing an experimental functional analysis, it is frequently used as part of a thorough functional evaluation of problem behaviour. In the case of sensory evaluation, Kemp et al. (2018) explain that descriptive analysis involves objectively describing the sensory characteristics of products through a panel of trained assessors or untrained consumers.

Descriptive analysis offers several advantages, such as providing objective, comprehensive, and statistically reliable data on the sensory characteristics of a product. Furthermore, it can be customized to meet specific needs of a particular product or application and can be linked to other types of consumer data, such as hedonic data and physio-chemical data, to enhance brand elements and marketing communication (Current Opinion in Food Science | Journal | ScienceDirect.com by Elsevier, n.d.).

However, there are also some drawbacks associated with this method. It can be time-consuming and expensive, particularly when trained panels are used. Additionally, it may not always provide a complete understanding of the complex

interactions between sensory attributes and consumer preferences. The result of descriptive analysis may be influenced by the selection and training of panellists, as well as the specific method used to collect and analyze the data. Descriptive analysis may not always be suitable for products that have highly variable sensory attributes or products with low-intensity sensory characteristics (Wang et al., 2022).

### **3.5.2 Multiple Regression Analysis**

Multiple Regression Analysis is to explore the connections between these financial attitude and assess the degree to which each independent variable affects budgeting practices. While accounting for the impacts of other financial attitudes, it enables analysis of how well independent variables predict changes in the dependent variable. This can make it easier to determine which financial attitudes have lesser or non-significant impacts and which ones are most strongly correlated with the dependent variable. In general, multiple regression analysis can pinpoint the variables that affect a dependent variable, measure the strength and direction of correlations, and account for confounding financial attitudes. Therefore multiple regression analysis is a valuable tool for us across a variety of areas because of these benefits.

### **3.5.3 Scale Measurements**

According to Sekaran and Bougie (2013), measurement is the process of associating symbols, including mathematical signs, with the characteristics of an item in line with established norms.. Using the scale of measurement, the variables were grouped and quantified for measurement. The four scales of measurement used in this study are the ratio magnitude, nominal magnitude, ordinal magnitude, and interval measure.

### **3.5.3.1 Nominal scale**

Categorizing demographic variables using nominal scales, such as gender, college attended, and ethnicity, allows for a more precise analysis and comparison of budgeting practices among college students in Malaysia. For instance, gender and college attendance were categorized using nominal scales with options for male or female and institution names, respectively. Similarly, ethnicity was also categorized with options for Malay, Chinese, Indian, and others. Shim et al. (2007) demonstrated the importance of using nominal scales for categorizing demographic variables in research studies, as its financial attitude facilitates the identification of group differences.

Meanwhile, Giagnuolo et al. (2019) found significant differences in financial behaviors and attitudes among ethnic groups, with Malay students displaying higher levels of financial knowledge, planning, and financial attitude action compared to Chinese, Indian, and other ethnic groups. Overall, nominal scales offer a valuable tool for analysing budgeting practices among college students in Malaysia, as they enable a more nuanced and comprehensive understanding of demographic financial attitude that shape financial behaviors and attitudes.

### **3.5.3.2 Ordinal scale**

In research, ordinal scale is a type of estimation scale where responses are ranked or ordered in a meaningful way. It indicates the degree of difference between responses, but not the actual difference, as the distance between each response category is not necessarily equal. A classic instance of an ordinal scale is the Likert scale, which asks participants to rate how strongly they concur or disagree with an observation on a range of from one to five. In Killion (2008) study, an ordinal scale was used to measure the level of staff satisfaction with a career development program. The authors used a 5-point Likert scale to assess staff satisfaction with the program, even though the distance between each response category was not necessarily equal.

In our research on budgeting practices, using an ordinal scale can be helpful in measuring financial attitude, social norms, and financial knowledge. For instance, if we are evaluating the effectiveness of a budgeting training program, an ordinal scale can be apply to estimate participants' level of satisfaction with the program and identify areas for improvement. Ultimately, using an ordinal scale can provide a meaningful tool for researchers to measure subjective responses (Question Pro, 2019).

### **3.5.3.3 Interval scale**

For an interval scale, the estimation are in a certain order. Moreover, there is a significant variation in the measurements (Sekaran & Bougie, 2013). The information regarding the variations in quantities between measurement sites makes an interval scale different from the nominal and ordinal scales, even if it has some of their characteristics. Both Sections B and C use this scale. Joshi et al. (2015) classify the Likert scale as an interval scale. As a result, the following questions on the exogenous factors and endogenous variable were asked apply the Likert scale in this study.

### **3.5.3.4 Ratio Scale**

In the context of our topic which is budgeting practices, age can be an important factors that influences how individuals approach their financial behavior and decision making. For instance, older individuals may have different financial priorities and constraints compared to younger individuals, which can affect their budgeting practices. By measuring age on a ratio scale, we can obtain precise and meaningful information about the age differences among the individuals being studies, which can help to identify patterns and relationships between age and budgeting practices.

Shim et al (2009) indicated that age on a ratio scale and found that age is a significant predictor of financial behavior, such as financial knowledge, attitudes and behaviors, also stated that measuring age on a ratio scale and find that age is a significant predictor of financial management behavior, along with other factors such as gender, family background, and financial knowledge. Measuring age on a ratio scale allows for meaningful comparisons and statistical analyses that can help to identify patterns and relationship between age and financial behavior among college students.

### **3.5.4 Reliability Analysis**

As the initial step in the analysis process, Cronbach's alpha is apply to assess the correctness of the data. The validity of measuring scales was examined using confirmatory factors analysis (CFA) and factor analysis (EFA). The research model was analysed and the hypotheses were evaluated mostly using the structural equation model (SEM).

The multi-group analysis in SEM was applied to examine the moderating impact of knowledge on the link between financial attitude and financial management behaviours. Sobel's test was used to look into the implicit impact of financial knowledge on managing money behaviour through locus of control (Sobel, 1982). Additionally, the variety of group evaluation takes into account the moderating influence of financial ability.

#### **3.5.4.1 Cronbach's Alpha**

Cronbach's Alpha is a statistical metric that was created to assess the reliability and internal consistency of a test or scale by gauging the degree of interconnection among its items. This measure is represented as a value ranging

from 0 to 1 and can be influenced by variables such as the test's length, the number of independent variables, and its dimensional complexity. (Tavakol & Dennick, 2011)

Cronbach's Alpha is a widely used measure of reliability in psychological research, and it is often used to evaluate the consistency of responses on a test or survey. The alpha coefficient is based on the intercorrelations among the items in the test and reflects the degree to which they measure the same underlying construct. A high alpha score suggests that the test is assessing a single, accurate construct and that the items are closely connected to one another.

**Table 3.2**

*Cronbach's Alpha Rule of Thumb*

Cronbach's Alpha	Level of Reliability
$\alpha < 0.6$	Poor
$0.6 \leq \alpha < 0.7$	Fair
$0.7 \leq \alpha < 0.8$	Good
$0.8 \leq \alpha \leq 0.95$	Excellent

Source: Zikmund, Babin, Carr and Griffin, 2010

As Myat (2013) notes, the figure of Cronbach's Alpha can range from 0 to 1, with different ranges indicating different levels of reliability. A score below 0.6 is generally considered to indicate poor reliability, while scores between 0.6 and 0.7 are considered financial attitude. Scores between 0.7 and 0.8 are generally considered good, and scores above 0.8 but below 0.95 are considered excellent.

It is important to note that Cronbach's Alpha is not a perfect estimation of reliability, and there are limitations to its use. For example, it assumes that all of the items on the test are equally important and that they all measure the same construct. Additionally, the alpha coefficient can be influenced by factors such as test length and the number of items on the test. Despite these limitations, however, Cronbach's

Alpha remains a valuable instrument for evaluating the reliability of psychological tests and surveys.

### **3.5.5 Inferential Analysis**

A statistical method, inferential analysis enables us to determine closing about a population from the sample of data. The link or relationship between the financial attitude, subjective norms, and financial knowledge and the budgeting practices may be examined using inferential analysis. Individual's view, emotions and value towards money are referred to as financial attitude. Societal pressures are referred to as social norms that affect how people handle their money. The degree to which someone is knowledgeable and understands personal finance is referred to as Financial Knowledge. We may use inferential analysis to determine the connections between various variables and extrapolate conclusions about the population from sample data.

#### **3.5.5.1 Pearson's Correlation**

The association between several variables influencing budgeting practices among college students in Malaysia was examined using Pearson's correlation. The Pearson's correlation is a statistical estimation of strength and direction of the linear connection among two variables, and it may be utilized to accomplish this goal. SPSS may be used to calculate the Pearson's Correlation coefficient between variables like financial literacy and budgeting practices after the data gathered from the questionnaire. The coefficient can be anywhere between -1 and 1, with closer values to -1 or 1 suggesting a greater connection and closer value to 0 implying a weaker correlation. We will especially look at if there is a meaningful relationship between these variables and budgeting practices, and what the relationship looks like and how strong it is. The Pearson's correlation can help design interventions and initiatives targeted at enhancing financial attitude, Subjective norms, and

Financial Knowledge awareness among this demographic by illuminating the factors that impact budgeting practices among college students in Malaysia.

### 3.5.5.2 Regression Analysis

Regression analysis aided to find the relationship among the endogenous variable and one or more exogenous variables. By examining the statistical significance of the connection and calculating the population parameters, inferential analysis takes this relationship a step further. The purpose is to establish if the exogenous variables and the endogenous variable are significantly related. Regarding the sample data gathered from the Malaysian college student population, drawing statistical conclusions regarding the link between the exogenous financial variables and the endogenous variable. To gauge the strength of the correlation between the variables that are exogenous and the endogenous variable, one may look at the regression coefficients, which indicate the change in the endogenous variable corresponding to a one-unit change in the exogenous variable while maintaining other exogenous variables constant. Regression analysis with infer offers a thorough and organized method for understanding the connections between variables and drawing conclusions about populations from sample data.

Multiple regression analysis equation is

$$BGT_i = \beta_0 + \beta_1 FA_i + \beta_2 SN_i + \beta_3 FK_i + \mu_i$$

While is been assume that:

$\beta_0$  = constant, the value of Y when all exogenous variables are equal to zero is represented by the  $\beta_0$  coefficient, which is the intercept of the regression line.

$BGT_i$  = budgeting practises

$\beta_0$  = constant, the value of Y when all exogenous variables are equal to zero is represented by the  $\beta_0$  coefficient, which is the intercept of the regression line.

**$FA_i$**  = Financial Attitudes, the coefficient for financial attitudes represents the change in budgeting practise for each unit increase in financial attitudes, holding subjective norms and financial knowledge constant. A positive value for  $\beta_1$  indicated that as financial attitudes increases, budgeting practises also tend to increase.

**$SN_i$**  = Subjective Norms, the coefficient for subjective norms represents the change in budgeting practise for each unit increase in subjective norms, holding financial attitudes and financial knowledge constant. A positive value for  $\beta_2$  indicated that as subjective norms increases, budgeting practises also tend to increase.

**$FK_i$**  = Financial knowledge, the coefficient for financial knowledge represents the change in budgeting practise for each unit increase in financial knowledge, holding financial attitudes and subjective norms constant. A positive value for  $\beta_3$  indicated that as financial knowledge increases, budgeting practises also tend to increase.

**$\mu_i$** = error term

In accordance with the above equation, a multiple linear regression analysis will be performed. As was described in the hypothesis development in chapter two, it is projected that all exogenous variables, which are on the right side of the model and are on the left of the model, would have a considerable impact on the endogenous variable, which is on the left.

## **CHAPTER 4 DESCRIPTIVE ANALYSIS**

### **4.0 Introduction**

We conducted a study in which we utilized SPSS Software to examine how independent variables impact the budgeting practices of college students in Malaysia. By employing multiple regression analysis, we were able to determine the level of significance associated with each independent variable in relation to budgeting practices. Furthermore, it should be noted that our research involved the participation of 400 respondents.

### **4.1 Descriptive Analysis**

#### **4.1.1 Respondents' Demographic Information**

The demographic breakdown of the 400 participants is shown in Table 4.1. 45.50 percent of all responses are female, while the remaining respondents are all men. The participants' median age of 23, which corresponds to the biggest subset of students in our study, has the greatest proportion. The 22-year-old demographic, which makes up 30.9 percent of the 400 respondents, comes closely following. However, only a small percentage of those under the age of 18 and over the age of 25 participated in the poll.

Regarding ethnicity, the majority of the respondents (89.40 percent) identify as Chinese, followed by 5.3 percent Malay, 5 percent Indian, and the remaining belonging to other ethnic groups, specifically Punjabi. Additionally, a significant proportion of our respondents (23.5 percent) are studying in their third year, 23.5 percent are in their second year, 18.75 percent are in their first year, and the

remaining are in their fourth year. Among the participants are from UTAR Kampar and the remaining 45 percent are from UTAR Sungai Long. 23.5 percent are in their second year, 18.75 percent are in their first year, and the remaining are in their fourth year.

**Table 4.1**

*Demographic Information of Participants*

	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>		
<i>Male</i>	182	54.50
<i>Female</i>	218	45.50
<b>Age</b>		
<i>Below 18</i>	1	0.300
<i>Between 18-20</i>	41	10.30
<i>Between 21-23</i>	333	82.40
<i>24 and above</i>	25	6.100
<b>Ethnicity</b>		
<i>Chinese</i>	358	89.40
<i>Malay</i>	20	5.300
<i>Indian</i>	21	5.000
<i>Others</i>	1	0.300
<b>Current Year of study</b>		
<i>1</i>	75	18.75
<i>2</i>	98	24.50
<i>3</i>	179	44.75
<i>4</i>	48	12.00
<b>Location of college</b>		
<i>UTAR Kampar</i>	221	55.00
<i>UTAR Sungai Long</i>	179	45.00

## 4.1.2 Evaluation of Constructs' Spread and Central Tendencies

The next part analyses the responses to the questions concerning the independent and dependent variables acquired in Section B and Section C. The studies that were performed contain both one of the classifications of central tendency, the mean, and one of the measurements of spread, the standard deviation. One variable at a time is exposed to analysis.

### 4.1.2.1 Budgeting Practices among College Students

**Table 4.2**

*Central Tendencies Estimation of Budgeting Practices among College Students*

<b>Question</b>	<b>Sample Size, N</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>BDG1</b>	400	4.22	0.920
<b>BDG2</b>	400	3.82	0.883
<b>BDG3</b>	400	4.10	0.938
<b>BDG4</b>	400	3.86	0.846
<b>BDG5</b>	400	4.20	0.912
<b>BDG6</b>	400	3.84	0.898

First, the questions related to Budgeting Practices among College Students are examined. According to Table 4.2, Budget practices 1 has the highest mean of 4.22. However, it also has a high standard deviation of 0.920. The second-largest mean of 4.20 belongs to Budget practices 5 and it has a standard deviation of 0.912. Then, the third-largest mean which is 4.10 belongs to Budget practices 3 and it has a highest standard deviation of 0.938. Budget practices 4 obtains a third lowest mean of 3.86, it has the lowest standard deviation of 0.846. Budget practices 6 has the second lowest of mean, 3.84 and the third lowest of standard deviation which is 0.898. Lastly, Budget practices 2 obtains the lowest mean which is 3.82 and a standard deviation of 0.883.

#### 4.1.2.2 Financial Attitudes

**Table 4.3**

*Central Tendencies Estimation of financial attitudes*

<b>Question</b>	<b>Sample Size, N</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>FA1</b>	400	3.83	0.635
<b>FA2</b>	400	3.87	1.075
<b>FA3</b>	400	3.86	0.612
<b>FA4</b>	400	3.89	1.074
<b>FA5</b>	400	3.90	0.555

<b>FA6</b>	400	3.95	1.066
<b>FA7</b>	400	3.93	0.570

The analysis of the financial attitude questions follows. Financial Attitude 6 has the highest mean of 3.95, as seen in Table 4.3. The third largest standard deviation, 1.06, is present, nevertheless. Financial Attitude Question 7 had the second-highest mean, 3.93, and the second-lowest standard deviation, 0.570. Financial attitude 5 follows with the third-highest mean of 3.90 and the lowest standard deviation of 0.555. The fourth-largest mean of 3.89 and the standard deviation of 1.074 are found in financial attitude 4, which is also the last item on the list. Financial Attitude 1 has the least mean (3.83), and its standard deviation is 0.635. Despite the low mean of 3.87 for financial attitude 2. However, with a standard deviation of 1.075, financial attitude 2 had the most variance. Finally, financial attitude 3 has a mean of 3.86 and a standard deviation of 0.612.

#### 4.1.2.3 Subjective Norms

**Table 4.4**

*Central Tendencies Estimation of subjective norms*

<b>Question</b>	<b>Sample Size, N</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>SN1</b>	400	4.21	0.679
<b>SN2</b>	400	4.32	0.721

SN3	400	4.30	0.652
SN4	400	4.39	0.710
SN5	400	4.26	0.730
SN6	400	4.36	0.732
SN7	400	4.26	0.683
SN8	400	4.40	0.708

The subjective norm is the third factor that is being studied. Subjective norms 4 has the biggest mean, 4.39, as seen in Table 4.4. It also has a standard deviation of 0.720, however. Next, Subjective norms 6 has the second-largest mean, 4.36, and the greatest standard deviation, 0.732. Subjective norms 2 has the third-largest mean, 4.32, and the lowest standard deviation, 0.721. Then, with a mean of 4.30, Subjective norms 3 has the fourth-highest mean. Subjective norms 3 has the lowest standard deviation, though, at 0.652. The smallest mean, 4.21, and second-lowest standard deviation, 0.679, are found in Subjective Norms 1. Although the means for Subjective Norms 5 and 7 are the same at 4.26, Subjective Norms 5 has the second-highest standard deviation at 0.730, compared to Subjective Norms 7's standard deviation of 0.683. The greatest mean, 4.40, and lowest standard deviation, 0.708, are found in Subjective norms 8.

#### 4.1.2.4 Financial knowledge

**Table 4.5**

*Central Tendencies Estimation of financial knowledge*

<b>Question</b>	<b>Sample Size, N</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>FK1</b>	400	3.49	0.557
<b>FK2</b>	400	3.93	0.965
<b>FK3</b>	400	3.50	0.562
<b>FK4</b>	400	3.90	0.911
<b>FK5</b>	400	3.44	0.568
<b>FK6</b>	400	3.90	0.923
<b>FK7</b>	400	3.46	0.556

Financial literacy was the final factor to be examined. Table 4.5 shows that Financial knowledge 2 has the highest mean (3.93), as well as the highest standard deviation (0.965). Next, Financial knowledge 4 and Financial knowledge 6 have the second-largest means of 3.90, and they also have standard deviations of 0.911 and 0.923. Then, Financial knowledge 3 has the third-highest mean of 3.50 with a standard deviation of 0.562. Financial understanding 1 is the question with the fourth-highest mean of 3.49 and the second-lowest standard deviation of 0.557. The second-lowest mean, 3.46, and the lowest standard deviation, 0.556, are found in financial knowledge 7. Finally, Financial knowledge 5 not only has the lowest mean (3.44), but also a low standard deviation (0.568).

## 4.2 Scale Measurements

### 4.2.1 Reliability of constructs (Cronbach's Alpha)

**Table 4.6**

*Reliability Statistic*

<b>Construct</b>	<b>No. of Items</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>
<b>BDG</b>	6	0.707
<b>FA</b>	7	0.706
<b>SN</b>	8	0.722
<b>FK</b>	7	0.857

The study's construct's internal consistency is gauged by their reliability. If a construct's Alpha ( $\alpha$ ) value is higher than 0.70, it is considered dependable. Cronbach's Alpha was apply to estimate the construct's dependability. The result shown that the budgeting practices with six items ( $\alpha=0.707$ ), while the Financial Attitude with seven item ( $\alpha=0.706$ ), the Subjective Norms with eight items ( $\alpha=0.722$ ) and Financial Knowledge with seven items ( $\alpha=0.857$ ) are found reliable. Reliability results are summarized in table 4.6.

## 4.3 Inferential Analysis

### 4.3.1 Pearson's Correlation

**Table 4.7**

*Pearson Correlation's result*

<b>DV</b>	<b>IV</b>	<b>N</b>	<b>P-value</b>	<b>Pearson's R</b>
<b>BDG</b>	<b>FA</b>	<b>400</b>	<b>0.652</b>	<b>- 0.23</b>
	<b>FK</b>	<b>400</b>	<b>0.001</b>	<b>0.241</b>
	<b>SN</b>	<b>400</b>	<b>0.001</b>	<b>0.284</b>

The discussion will use the statistical acronym Pearson's R, which stands for Pearson's Correlation. Refer to Table 4.7 to see how the variables Independent Variables (subjective norms, financial knowledge and financial attitude) and Dependent Variable (budgeting behavior) are correlated. Positive correlation between financial knowledge and subjective norms were identified by researchers since their Pearson's R values were positive. On the other hand, since Pearson's R values of financial attitude is negative shows that it is a negative correlation among variables. For financial attitude in relation to Dependent Variable, correlation is deemed to be weak using Pearson's R values of -0.23 from Table 4.6 as a benchmark. Additionally, there is a strong association between budgeting practices with financial knowledge (Pearson's R = 0.241) and subjective norms (Pearson's R = 0.284). Additionally, the greatest significance for all Independent Variable was 1 percent. The findings show that there is a non-negative link between financial

knowledge and subjective norms with budgeting practices but negative link with financial attitudes.

### 4.3.2 Multiple Regression Analysis

**Table 4.8**

*Coefficients to budgeting behavior*

	<b>Unstandardized Coefficient Beta</b>	<b>Coefficient Std. Error</b>	<b>Standardized Coefficient Beta</b>	<b>t- statistics</b>	<b>P- value</b>
<b>(constant)</b>	1.387	0.403		3.441	0.001
<b>FA</b>	-0.035	0.054	-0.031	-0.650	0.516
<b>SN</b>	0.408	0.066	0.291	6.216	0.000
<b>FK</b>	0.272	0.050	0.259	5.491	0.000

H0: There is no significant correlation between endogenous variable (budgeting behavior) and respective exogenous variable (financial attitude, social norms and financial knowledge).

H1: There is a significant correlation between endogenous variable (budgeting behavior) and respective exogenous variable (financial attitude, social norms and financial knowledge).

From Table 4.8, we can define that our independent variables, namely subjective norms and financial knowledge, contribute significantly toward our dependent variable which is budgeting practices at the significance level of 0.05 except financial attitude is insignificant. To be more precise, p-values of subjective norms and financial knowledge are 0.000 had fulfilled the 95 percent confidence level. In other words, which means they are very close to zero, indicating strong evidence against the null hypothesis. The outcome leads to a conclusion that all

hypotheses for subjective norms and financial knowledge to be rejected but financial attitude is not to be rejected as the p-value is 0.516. This suggests that there is not enough evidence to reject the null hypothesis for financial attitude, which can conclude that it is not statistically significant in explaining budgeting practices in our research.

#### 4.3.2.1 Multiple Linear Regression Equation

Refer to the coefficient value ( $\beta$ ) in Table 4.8:

$$Expected\ BDG_i = 1.387 - 0.035FA_i + 0.408SN_i + 0.272FK_i$$

**Table 4.9**

*Coefficient of Exogenous Variables ranking*

<b>Variable</b>	<b>Coefficient</b>	<b>Rank</b>
<b>FA</b>	-0.031	3
<b>SN</b>	0.291	1
<b>FK</b>	0.259	2

As shown in Table 4.9, the standardized coefficient presented level for each Independent Variables to Dependent Variable are ranked in order to be compared. Due to the highest standardized coefficient (0.291), subjective norms have the most impact on budgeting behavior. Financial knowledge is the next highest ranking

contributor, coming in at number two with a standardized coefficient of 0.259. Additionally, financial knowledge has the smallest impact on budgeting behavior in this study, with a standardized coefficient of -0.031.

**Table 4.10**

*Model Summary*

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Standard coefficient of the estimate</b>
<b>1</b>	<b>0.382</b>	<b>0.146</b>	<b>0.139</b>	<b>0.53178</b>

The overall strength of Independent Variables (financial attitude, subjective norms, and financial knowledge) as a whole to explain Dependent Variable (budgeting behaviour) is identified by researchers in Table 4.10, which summarizes the model. First off, the financial attitude that R is +0.382 demonstrated a high correlation between Endogenous Variable and Exogenous Variables in the total model. To be more detailed, +0.382 indicated that our independent variables have positive correlation with the budgeting practices. It means that as whole independent variables increase, the budgeting practices tend to increase as well. The value of 0.382 indicated a positive relationship, but it's not particularly strong. Strong correlations are typically closer to +1, and this value of 0.382 indicates a moderate, but not very strong, association between the exogenous and endogenous variables.

The effectiveness of exogenous Variables in explaining the endogenous variable is indicated by an R-Squared of 0.146. According to the graph, 14.60 percent of the variance in budgeting behavior can be attributed to the exogenous

variables of financial attitude, subjective norms, and financial knowledge. The R-squared value of 14.60 percent indicated that the exogenous variables included in the model account for only a small portion of the total variability observed in the endogenous variable. In other words, the model is not very effective at explaining or predicting the changes in the endogenous variable. A low R-squared value like 14.60 percent can indicate that the regression model does not fit the data well. The model may not be capturing the underlying relationship between the exogenous and endogenous variable effectively. According to the Ozili (2022), It presents the argument that if some or most explanatory factors are statistically significant, a low R-squared of at least 0.10 can be accepted. Our regression models, while having low R-Squared, yet classify as good models since they include significant explanatory factors.

On the other hand, it suggests that the entire variance of the tested Independent Variables (financial attitude, subjective norms, and financial knowledge) cannot account for 86.40 percent of the overall variation in budgeting behavior. A variance of 86.40 percent indicates high variability within the dataset. In other words, the values in the dataset are quite spread out, and they do not cluster closely around the mean. Researchers came to the conclusion that there are other, more important financial attitude factors that need to be looked at in future research in order to explain budgeting behaviors.

Additionally, the corrected R-Square = 0.139 shows how changes in Independent Variables have an influence on budgeting practices, with a percentage of 13.90 percent when degree of freedom is taken into account. To be more precise, the corrected R-Square value of 0.139 indicates that approximately 13.9 percent of the variance in the budgeting practices can be describe by the exogenous variables included in the regression model. A corrected R-Square of 0.139 also recommend that the data do not fit the model particularly well. It indicates that the independent variables included in the model do not interpret a large proportion of the variability in the budgeting practices.

#### 4.3.1.1 Multicollinearity

**Table 4.11**

*Multicollinearity Result*

Independent variables	Collinearity statistics	
	Tolerance	VIF
FA	0.953	1.049
SN	0.982	1.018
FK	0.968	1.033

Based on Table 4.11, all exogenous variables have tolerance values of more than 0.1. Moreover, their Variance Inflation Factors (VIF) values are less than 10. Therefore, in this case It is obvious that none of the exogenous variables are involved in the multicollinearity issue.

#### 4.3.3 Normality test

**Table 4.12**

*Normality test*

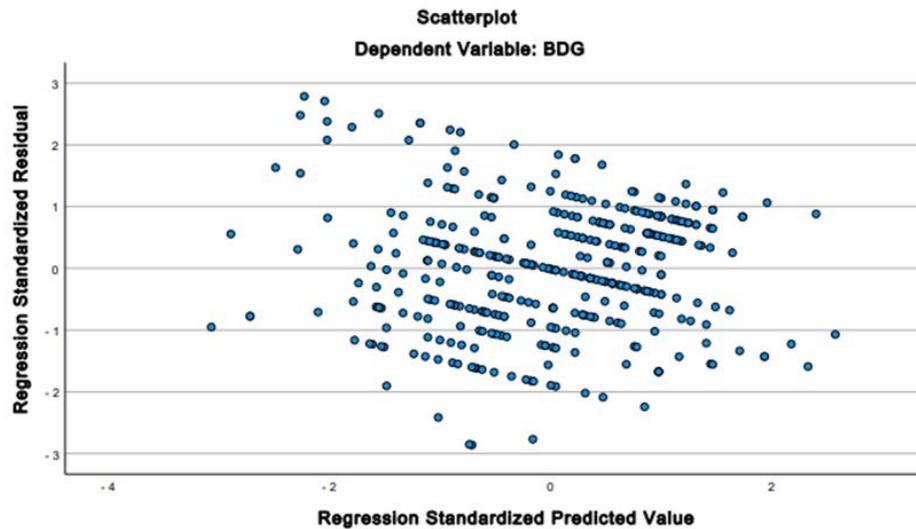
Variables	Skewness	Kurtosis
Dependent variable: BDG	(0.283)	(0.543)

<b>Independent variable 1: FA</b>	(0.297)	(0.218)
<b>Independent variable 2: SN</b>	(1.120)	(1.003)
<b>Independent variable 3: FK</b>	(0.379)	(0.326)

The skewness and kurtosis of the data are the first indicators of the data's normalcy. According to Kim in 2013, the data exhibits a normal distribution when the sample size exceeds 300. if the skewness value is between -2 and +2 and the kurtosis value is also between -7 and +7. All of the skewness values are between -2 and +2, as seen in table 4.12. The dependent variable has the largest skewness value, which is -0.283, whereas subjective norms have the lowest skewness value, which is -1.120. Both skewness value of negative indicates a negatively skewed distribution which means the tail on the left side is longer or fatter than the right side. Skewness of budgeting practices is less skewed that subjective norms. Still, the right side of the distribution is dominated by right-handed data points.

Additionally, all kurtosis values are seen to fall between -7 and +7. The variable that is dependent has the least kurtosis value, which is -0.543, whereas subjective norms have the greatest kurtosis value, which is 1.003. Due to overall skewness values between -2 and +2 and all kurtosis values between -7 and +7, the data for all of the variables appear to be regularly distributed. From here, kurtosis value of subjective norms indicates positive value which means the distribution has approximately the same tail behavior as a normal distribution in terms of peakiness and tail behavior. Kurtosis value of budgeting practices -0.543 suggests a distribution with lighter tails compared to a normal distribution which is negative excess kurtosis. This distribution is flatter and less peaked than a normal distribution.

### 4.3.4 Heteroscedasticity



*Figure 4.1.* Heteroscedasticity Results

From this figure 4.1, we discovered that as the expected values increased, the values became more scattered. The errors at the right hand side are quite larger than the errors at the left hand side. Therefore, it indicates that there have a heteroscedasticity problem. Heteroscedasticity can lead to biased coefficient estimates. Specifically, the estimated standards errors of the regression coefficients may be incorrect, which affects the validity of hypothesis tests for the coefficients. Both Type I (false positive) and Type II (false negative) mistakes in hypothesis testing may occur from this.

**Table 4.13**

*ANOVA Test*

	Model	Sum of Squares	Degree Freedom	Mean Square	F-test	Significant
1	Regression	2.972	3	0.991	6.603	0.000
	Residual	59.414	396	0.150		
	Total	62.387	399			

For further testing for heteroscedasticity, we will refer to Table 4.13. This table tells us that the p-value is smaller than 0.05, it means that we have rejected the null hypothesis and we can conclude that the data is heteroscedasticity. The presence of heteroscedasticity can result in incorrect p-value in hypothesis tests for individual coefficients. This can lead to incorrect conclusions about the statistical significance of variables in the model.

## CHAPTER 5 DISCUSSION AND CONCLUSION

### 5.1 Main finding

**Table 5.1**

*Outline Findings of research*

<b>Exogenous variables</b>	<b>T-statistics</b>	<b>P-value</b>	<b>Results</b>
<b>FA</b>	<b>-0.650</b>	<b>0.516</b>	<b>Insignificant</b>
<b>SN</b>	<b>6.216</b>	<b>0.000</b>	<b>Significant</b>
<b>FK</b>	<b>5.491</b>	<b>0.000</b>	<b>Significant</b>

According to Table 5.1, subjective norms and financial knowledge have a significant relationship with budgeting practices. Therefore two of these independent variables are strong predictors of the budgeting practices among UTAR students in Kampar and Sungai Long. In contrast, only one independent shows that it is insignificant, which is financial attitude.

#### 5.1.1 Financial Attitudes

Considering the inferential analysis's findings, financial attitude has an insignificant relationship with budgeting practices among undergraduate students in UTAR as the p-value (0.516) is greater than 0.05. To be more precise this indicates that it did not reject the null hypothesis (H0: financial attitude has a

insignificant positive effect on the budgeting practices among college students in Malaysia). (Syalihah et al., 2022)

This is similar to the findings of Syaliha et al. (2022), Zahriyan (2016), Rizkiawati and Asandimitra (2018) and Gahagho et al. (2021). According to Nusa and Martfiyanto (2021), it is because the students spend their money on things that are important to them only. Due to the nature of human beings, even a man with a huge income cannot satisfy all of his desires. Younger people frequently enjoy themselves. They deposit their money in the bank, and when it is sufficient, they spend it to fulfill their desires. The money spent on goods or services is also saved for unforeseen or urgent needs that are not budgeted for. According to Amalia et al. (2021) "financial attitude" is the behavior of an individual based on financial principles when making financial management decisions. Financial behavior may be influenced by one's attitude toward money, including how they manage their finances, create budgets, and make decisions.

Similarly, Gahagho et al. (2021) came to the same conclusion, stating that there is no apparent impact of financial attitude on financial management behaviour. According to Khalisharani et al. (2022), Malaysian students have a moderately positive attitude towards money and typically have a reasonable level of financial knowledge. While they are excellent at understanding cash flow management, they fare poorly when it comes to savings and insurance. Furthermore, Malaysian young people struggle financially because they depend so heavily on personal loans, credit cards, and other high-cost borrowing options. As a result, they frequently go over their budgets because they lack self-control.

### **5.1.2 Subjective Norms**

The table 5.1 clearly shows the strong connection between subjective norms and budgeting practices, which is corroborated by research from Andorfer and Liebe (2013), Melnyk and Vladimir (2011), and Bai et al. (2019). In reference to

our hypothesis, we can note that the null hypothesis was accepted, indicating a positive correlation between subjective norms and budgeting practices among college students.

This alignment with our hypothesis is evident from the statistical summary presented in Table 5.1, where the p-value associated with subjective norms is found to be less than 0.05. According to Bai et al. (2019), subjective norms, which are equivalent with social norms, include felt demand for behaviour. Empirical studies indicate that purchase attitude is shaped by social norms, suggesting a direct link between subjective norms and purchase attitude. According to Abdullah Al-Swidi et al., subjective norms have an influence on buying intention and attitude. The meta-analytical model supports the direct effect of subjective norms on buying attitude, which is consistent with the findings of our multi-regression study. The study by Schepers and Wetzels (2007) also found that subjective norm had high associations with behavioural intention and perceived utility. In particular, the use of a student sample had a noticeable influence on relationships, with students showing larger impacts.

Notably, Andorfer and Liebe (2013) found that subjective norms have a financial attitude variable influence on self-reported purchase frequency owing to perceived social benefits, whereas Melnyk and Vladimir (2011) show that they are beneficial in encouraging pro-social behaviours and reducing negative behaviour. Embracing subjective norms may be a powerful method for encouraging desirable behaviours such as budgeting and discouraging undesirable behaviours like reckless spending. As a result, recognising the significance of subjective norms in consumer decision-making and using them as behavioural change tools has enormous promise.

### **5.1.3 Financial Knowledge**

The p-value of the findings indicates 0.000, shows that it is smaller than 0.05. Therefore, rejects null hypothesis that conclude that H1: financial knowledge has a significant positive effect on the budgeting practices among college students

in Malaysia. The findings show a substantial correlation between financial literacy and budgeting habits among UTAR undergraduate students.

The results provide evidence from the study of Syaliha et al. (2022) and Cliff A. Robb and Ann S. Woodyard (2011), Amalia et al (2021), Dewi et al (2021), Baptista and Dewi, (2021). According to a Sugiharti and Maula (2019), budgeting techniques and financial literacy are strongly correlated. It was suggested that prudent financial management conduct and effective financial management will result from better levels of knowledge and competence to execute financial components. The findings indicated that better financial management results from greater financial knowledge. In a research comparable to this one, Woodyard and Robb (2012) found that while objective information is important, it is not the main factor in determining financial behaviour. However, similar study shows that knowledge alone may not ensure prudent financial judgment.

When it comes to managing their finances and making decisions that are relevant to their activity, people can financial attitudes any risk with the support of financial knowledge. According to Liebermann and Flint-Goor, (1996), people should make more wise borrowing decisions if they are aware of how financial markets work. According to Remund in 2010 and Dewanti and Haryono (2021) , financial knowledge is a measurement of a person's understanding of financial concepts, ability, and belief to deploy his money through decision-making and short- and long-term financial planning while taking into account economic conditions and occurrences.

## **5.2 Implications**

### **5.2.1 Practical Implication**

Our findings provide several practical implications in enhancing budgeting practices among college students. Our findings demonstrate that college students in Malaysia should be focused on comprehensive financial education initiatives that colleges and institutions are considering implementing. These programs need to concentrate on raising financial knowledge, expanding financial understanding, and encouraging responsible financial behavior. Giving college students fundamental financial information and skills they need will better prepare them to manage their finances in future. For example, universities in Malaysia incorporate financial education into their academic curriculum by including courses or workshops on personal finance as part of the students' academic requirements. These educational programs encompass subjects such as budgeting, savings strategies, investment principles, and debt management. Simultaneously, colleges also organize financial literacy workshops and seminars, featuring guest speakers who are experts in various financial domains. These informative sessions are accessible to all students, ensuring that even those who are not enrolled in specific financial courses can gain valuable knowledge. Additionally, they establish a peer mentoring initiative where experienced upperclassmen with sound financial acumen assist incoming freshmen and sophomores in navigating their financial affairs. These mentors offer guidance in creating budgets, managing expenditures, and making prudent financial choices.

Besides, college student's spending habits have been proven to be significantly influenced by subjective norms. By setting up peer education programmes where financially responsible and astute students may mentor and advise their peers on budgeting practices, institutions can take advantage of this financial attitude. Peer influence may help good financial habits spread, creating a more financially responsible college students community. Peer education programmes, to be more specific, are established frameworks for peer-to-peer learning that let students gain from the real-world knowledge and applicable advice of their peers. Finding students who are financially responsible and knowledgeable is the first stage. Ideally, these students should have a history of properly managing their money, making educated financial decisions, and creating financial objectives. Once chosen, a peer mentor should get training in effective mentoring methods and communication skills. Mentors then facilitate one-on-one or group conversations

where they go over budgets, talk about various financial concerns, and give advice based on their own experiences. Last but not least, setting up workshops and lectures delivered by peer mentors to go deeper into particular financial topics, encouraging discussion and providing answers.

Furthermore, college students are technologically sophisticated, organizations may want to consider using online tools like budgeting software to track their daily expenses to control the budgeting. Students may use these tools to keep track of their spending, create financial objectives, and get immediate feedback on how well their budgeting is working. The use of technology can increase students' engagement and accessibility in budgeting procedures. For instance, organizations can advise students to use or give them access to expense-tracking software like "Expensify" or "PocketGuard." In order to get a real-time picture of their expenditure, students can link their bank accounts, credit cards, and costs using these programmes. To make it simpler to keep to their budgets, students can group expenses into several categories and set spending caps for each one. In addition, universities can provide clubs and organizations with budgeting tools. These groups can use this software to manage their budgets for the semester, keep track of event and activity costs, and manage their funds. Within the university community, it ensures accountability and transparency in financial affairs. Institutions might collaborate with platforms that offer interactive modules and budgeting tools, such as "IGrad" or "Everfi," to promote financial literacy. These websites provide thorough financial education for students, including budgeting templates to help them establish and manage their budgets.

### **5.3 Limitation of study**

Our study focused on college students that depended on data collections on participants self-reporting. Self-reporting can be subject to biases, such as social desirability bias where individuals may give answers they believe to be correct rather than those they believe to be acceptable in society. This can affect the

reliability and accuracy of the data that was gathered. Malaysian college students are from a variety of background, including various racial and ethnic groups, social classes and geographic areas.

The result could not correctly reflect the observations of all college students because the sample does not adequately reflect this variety. In Malaysia, different culture may have different effects on subjective norms, financial knowledge, financial attitude towards budgeting practices. Budgeting procedures may alter as students move through various life phases. It is hard to capture behavioral changes over time and investigate how factors interact over the long run. Furthermore, there is immeasurable and disregarded factors that have an impact on both independent and dependent variables might give rise to erroneous connections which might be neglected.

## **5.4 Recommendation of study**

Based on limitations, future researcher can consider to evaluate objective of budgeting practices by analysing real spending patterns or evaluating financial records. By reducing self-reporting bias, objective data can paint a more realistic picture of college student's spending habits. Besides, researchers is advisable to combine different data gathering techniques to provide a complete picture of student's financial circumstances and impacts. To obtain both quantitative and qualitative data which may use surveys, interviews, focus group and observation. Researcher can learn more about the experiences, obstacles and ways of thinking of college students as they relate to money by conduct qualitative focus group conversations or interview. Furthermore, researcher could consider to do subgroup analysis based on cultural characteristics while analysis the data. This entails determining if various cultural groups have distinct associations between the variables. Researcher can include significant cultural elements as variable in the research such as individualism and collectivism.

Besides, researcher may conduct a pilot test of the survey with small sample size of respondents before releasing it to find any flaws with question phrasing, response choice or interpretation. When it is feasible, use recognised scales that have been verified for the target group. Furthermore, researcher could gather information or survey over time at different interval like quarterly to track changes in spending habits and other factors. This will give a more thorough grasp of the connections and more accurate. For more accurate data, researcher may ask participants about particular occurrences or behaviors linked to budgeting practices might assist minimize recall bias and increase the reliability of self-reported data.

## **5.5 Conclusion**

The main aim of this investigation is to look at the financial attitude actors that shape budgeting practices among college students in Malaysia. Data was gathered through both online and physical distribution of questionnaires, which were then analysed using SPSS 27.0. The results reveal that only hypotheses H2 and H3 were confirmed, while H1 was rejected. This suggests that financial knowledge and subjective norms exert significant influence on budgeting practices, whereas financial attitudes shows an insignificant impact. These findings are extensively deliberated upon, and their implications are expounded. Moreover, the study's limitations are addressed, along with suggestions for future researchers. As an outcome, this study provides insightful advice for prospective researchers on selecting respondents, gathering data, and selecting variables.

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## Appendix 1 Research Survey Questionnaire



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UNIVERSITI TUNKU ABDUL RAHMAN  
FACULTY OF BUSINESS AND FINANCE  
FINAL YEAR PROJECT [FYP]  
BACHELOR OF ECONOMICS (HONS)  
ANALYSIS OF THE FACTORS INFLUENCING BUDGET PRACTICES  
AMONG COLLEGE STUDENTS IN MALAYSIA

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### Survey Questionnaire

Dear participants,

You are invited to take part in a research study conducted by **Choong Chiau Yee, Lim Yong Cheng, and Ng Sin Ring** from the **Bachelor of Financial Economics (Honours)** program at **Universiti Tunku Abdul Rahman (UTAR)**, **Kampar Campus**. This research is being conducted with the guidance of Mr. Kuar Lok Sin, a lecturer from the Faculty of Business and Finance.

We are conducting a research study to examine the *Analysis of the factors influencing Budget Practices among College Students in Malaysia*.

We would like to invite **university students** from **UTAR Kampar and UTAR Sungai Long to participate in this study**.

This questionnaire consist of three sections :

Section 1: Demographic Information of Participants

Section 2: Factors of affecting Budgeting Practices

- Social Norms
- Financial Knowledge
- Financial Attitudes

### Section 3: Budgeting Practices among College Students

Please note the following:

1. This questionnaire will take approximately 10 – 15 minutes.
2. Your participation in this study is voluntary and you can withdrawal at any time.
3. Your information and data will be kept confidential.

If you have any questions or need clarification, you can contact us: Choong Chiau Yee at 011-18946893 or [yeonnachoong38@utar.my](mailto:yeonnachoong38@utar.my) Lim Yong Cheng at 016-4934198 or [limyongcheng308@utar.my](mailto:limyongcheng308@utar.my) Ng Sin Ring at 011-33083481 or [ngsinring15@utar.my](mailto:ngsinring15@utar.my)

Thank you for your time and participation.

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### **PERSONAL DATA PROTECTION STATEMENT**

Please be informed that in accordance with Personal Data Protection Act 2010 (“PDPA”) which came into force on 15 November 2013, Universiti Tunku Abdul Rahman (“UTAR”) is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

**Notice:**

1. The purposes for which your personal data may be used are inclusive but not limited to:-

- For assessment of any application to UTAR
- For processing any benefits and services
- For communication purposes
- For advertorial and news
- For general administration and record purposes
- For enhancing the value of education
- For educational and related purposes consequential to UTAR
- For the purpose of our corporate governance
- For consideration as a guarantor for UTAR staff/ student applying for his/her scholarship/ study loan

2. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.

3. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.

4. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

**Consent:**

1. By submitting this form you hereby authorise and consent to us processing (including disclosing) your personal data and any updates of your information, for the purposes and/or for any other purposes related to the purpose.
2. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfill our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.
3. You may access and update your personal data by writing to us at NG SIN RING (*ngsinring15@lutar.my*).

**Question**

- I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.
- I disagree, my personal data will not be processed.

**Section A – Demographic Information**

Q1 Please select your Gender.

- Male
- Female

Q2 Please state your age.

---

Q3 Please select your ethnicity.

- Chinese
- Indian
- Malay
- Others

Q4 Current year of Study. Year:

- 1
- 2
- 3
- 4
- Other

Q5 You are the student from:

- UTAR Kampar
- UTAR Sungai Long

## **Section B – Factors of affecting Budgeting Practices**

### **Social Norms**

Q1 Those who influence your behavior, such as family, close friends, and partners, think budgeting behavior is extremely good.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q2 Those who influence your behavior, such as family, close friends, and partners, think you should exercise budgeting behavior.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q3 Generally speaking, I do what these important others think I should do

- Strongly Disagree
- Disagree
- Neutral
- Agree

- Strongly Agree

Q4 Most people who are important to me think i should maintain a budget at least once per year.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q5 People can influence me to have budgeting behavior

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q6 My family members prefer budgeting behavior

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q7 My friends would think that I should have budgeting behavior.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q8 My family imposes on me the importance of budgeting behavior.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

### **Financial Attitudes**

Q1 Maintaining adequate financial records

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q2 Spending less than income regularly

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q3 Avoid borrowing to balance personal budget

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q4 Using multiple sources for financial information

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q5 Confidence in financial decision making

- Strongly Disagree
- Disagree

- Neutral
- Agree
- Strongly Agree

Q6 Maintaining adequate insurance coverage

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q7 Maintaining diversified investment portfolio regularly.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

### **Financial Knowledge**

Q1 Buying a single company stock usually provides a safer return than a stock mutual fund.

- Strongly Disagree
- Disagree
- Neutral

- Agree
- Strongly Agree

Q2 It's a good idea to buy less insurance for an old car than for a new car.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q3 The main purpose of insurance is to reduce the financial risk faced by customers.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q4 Holding diversified stock portfolio reduces financial risk in stock market

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q5 A return on capital is the relationship between income and total assets.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

A6 An overdraft occurs when you write a check of MYR 1000 when you have MYR 700 in your account.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

A7 A high-risk high return investment strategy is suitable for an elderly retired couple living on fixed income.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

### **Section C: Budgeting Practices among College Students**

Q1 It is my responsibility for managing my own money.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q2 I pay my bills on time.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q3 I budget in place to manage my finances.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q4 I have been actively saving for the future.

- Strongly Disagree
- Disagree

- Neutral
- Agree
- Strongly Agree

Q5 The budget process is explicitly linked to strategic objectives.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q6 Sometimes I change our strategy based on the feedback derived from going through the budgeting process.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

**Appendix 2: Pilot Test (Reliability Test – Cronbach’s Alpha)**

Scale: Budget Practices

**Case Processing Summary**

		N	%
Cases	Valid	30	7.5
	Excluded <sup>a</sup>	372	92.5
	Total	402	100.0

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

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.718	.710	6

Scale: Financial Attitude

**Case Processing Summary**

		N	%
Cases	Valid	30	7.5
	Excluded <sup>a</sup>	372	92.5
	Total	402	100.0

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

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.789	.790	7

Scale: Subjective Norms

### Case Processing Summary

		N	%
Cases	Valid	29	7.2
	Excluded <sup>a</sup>	373	92.8
	Total	402	100.0

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

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.852	.854	8

Scale: Financial Knowledge

### Case Processing Summary

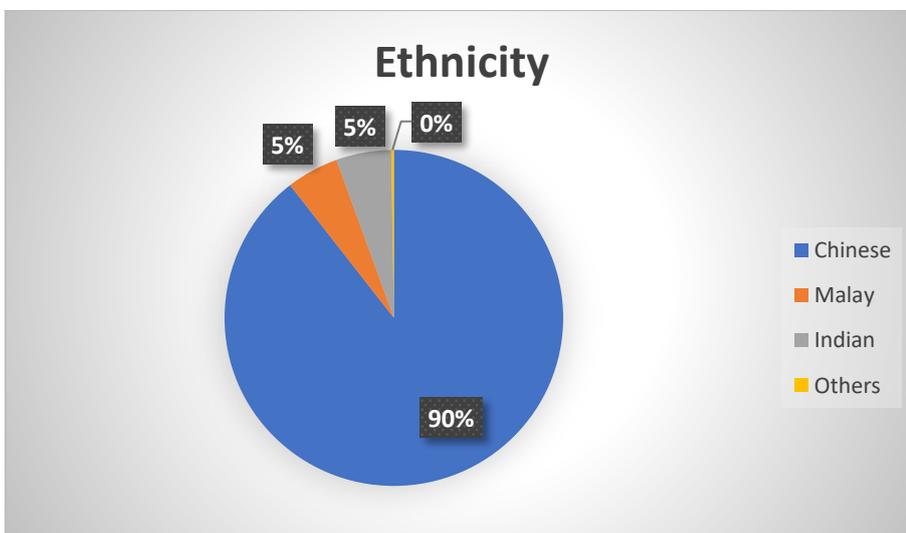
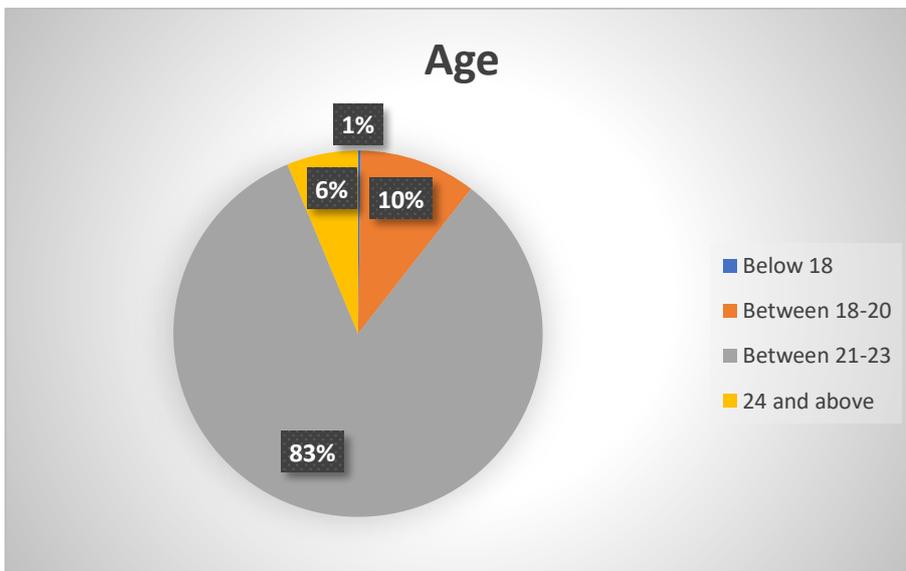
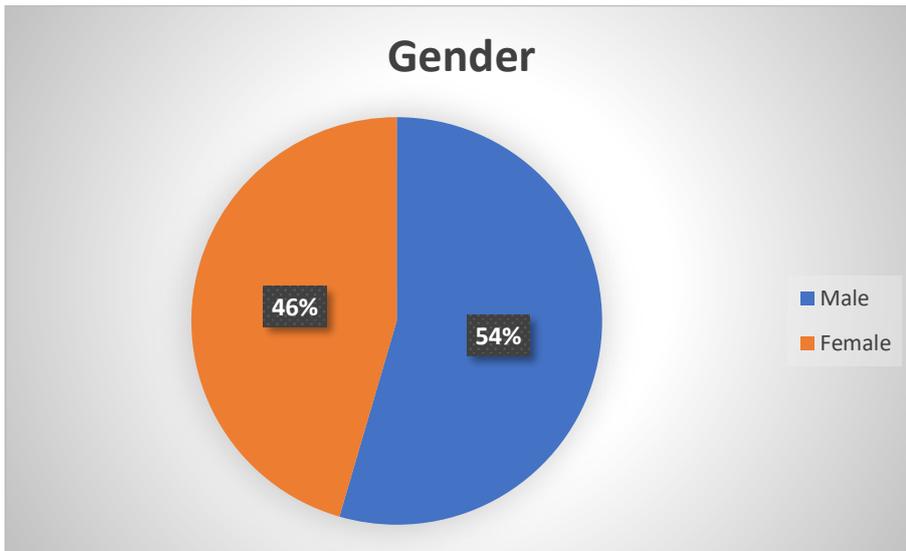
		N	%
Cases	Valid	30	7.5
	Excluded <sup>a</sup>	372	92.5
	Total	402	100.0

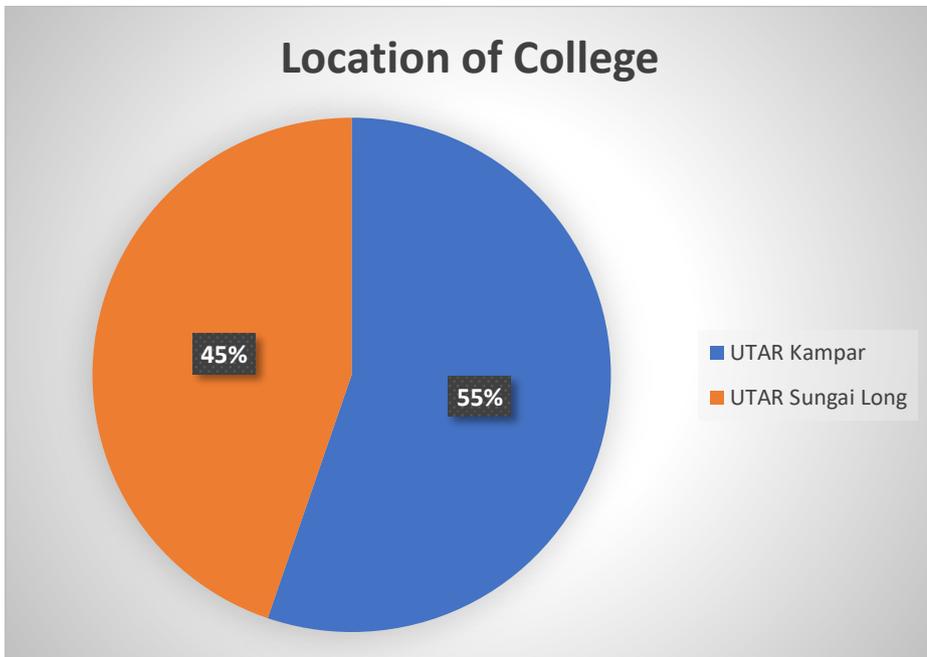
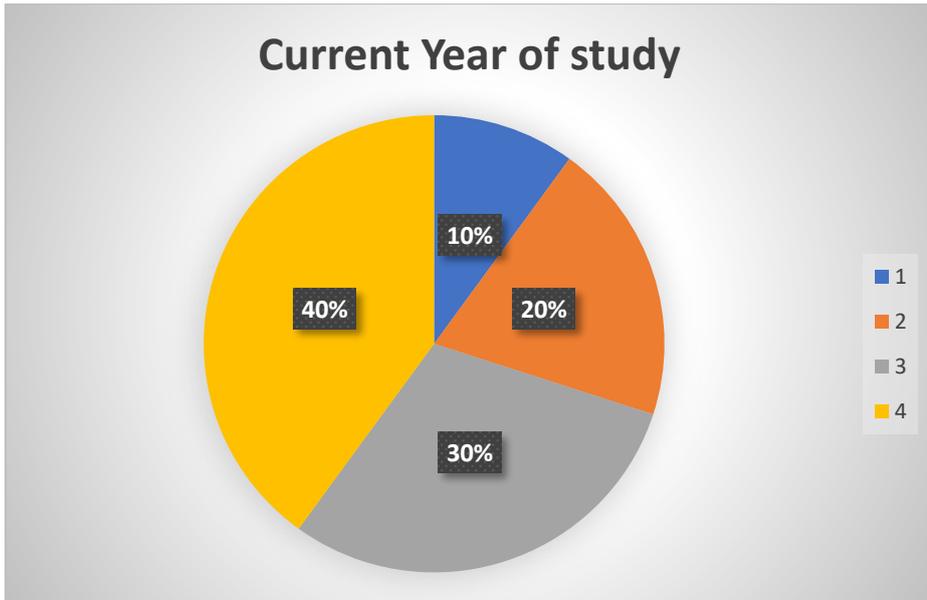
a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.889	.928	7

### Appendix 3: Demographic Profile Analysis





#### Appendix 4: Central Tendencies and Dispersion Measurement of Constructs

Scale: Budget Practices

##### Item Statistics

	Mean	Std. Deviation	N
BDG1	4.22	.920	400
BDG2	3.82	.883	400
BDG3	4.10	.938	400
BDG4	3.86	.846	400
BDG5	4.20	.912	400
BDG6	3.84	.898	400

Scale: Financial Attitudes

##### Item Statistics

	Mean	Std. Deviation	N
FA1	3.83	.635	400
FA2	3.87	1.075	400
FA3	3.86	.612	400
FA4	3.89	1.074	400
FA5	3.90	.555	400
FA6	3.95	1.066	400
FA7	3.93	.570	400

Scale: Subjective Norms

### Item Statistics

	Mean	Std. Deviation	N
SN1	4.21	.679	400
SN2	4.32	.721	400
SN3	4.30	.652	400
SN4	4.39	.710	400
SN5	4.26	.730	400
SN6	4.36	.732	400
SN7	4.26	.683	400
SN8	4.40	.708	400

Scale: Financial Knowledge

### Item Statistics

	Mean	Std. Deviation	N
FK1	3.49	.557	400
FK2	3.93	.965	400
FK3	3.50	.562	400
FK4	3.90	.911	400
FK5	3.44	.568	400
FK6	3.90	.923	400
FK7	3.46	.556	400

**Appendix 5: Reliability Test (Cronbach's Alpha)**

Scale: Budget Practices

**Case Processing Summary**

		N	%
Cases	Valid	400	51.8
	Excluded <sup>a</sup>	372	48.2
	Total	772	100.0

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

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.707	.707	6

Scale: Financial Attitudes

**Case Processing Summary**

		N	%
Cases	Valid	400	51.8
	Excluded <sup>a</sup>	372	48.2
	Total	772	100.0

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

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.706	.696	7

Scale: Subjective Norms

### Case Processing Summary

		N	%
Cases	Valid	400	51.8
	Excluded <sup>a</sup>	372	48.2
	Total	772	100.0

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

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.722	.722	8

Scale: Financial Knowledge

### Case Processing Summary

		N	%
Cases	Valid	400	51.8
	Excluded <sup>a</sup>	372	48.2
	Total	772	100.0

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

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.857	.880	7

**Appendix 6: Pearson’s Correlation Analysis**

**Correlations**

		BDG	FA	SN	FK
BDG	Pearson Correlation	1	-.023	.284**	.241**
	Sig. (2-tailed)		.646	.000	.000
	N	400	400	400	400
FA	Pearson Correlation	-.023	1	-.131**	.178**
	Sig. (2-tailed)	.646		.009	.000
	N	400	400	400	400
SN	Pearson Correlation	.284**	-.131**	1	-.045
	Sig. (2-tailed)	.000	.009		.374
	N	400	400	400	400
FK	Pearson Correlation	.241**	.178**	-.045	1
	Sig. (2-tailed)	.000	.000	.374	
	N	400	400	400	400

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

**Appendix 7: Multiple Linear Regression Analysis**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.382 <sup>a</sup>	.146	.139	.53178

a. Predictors: (Constant), FK, SN, FA

b. Dependent Variable: BDG

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.387	.403		3.441	.001
	FA	-.035	.054	-.031	-.650	.516
	SN	.408	.066	.291	6.216	.000
	FK	.272	.050	.259	5.491	.000

**Appendix 8: Multicollinearity**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	FA	.953	1.049
	SN	.982	1.018
	FK	.968	1.033

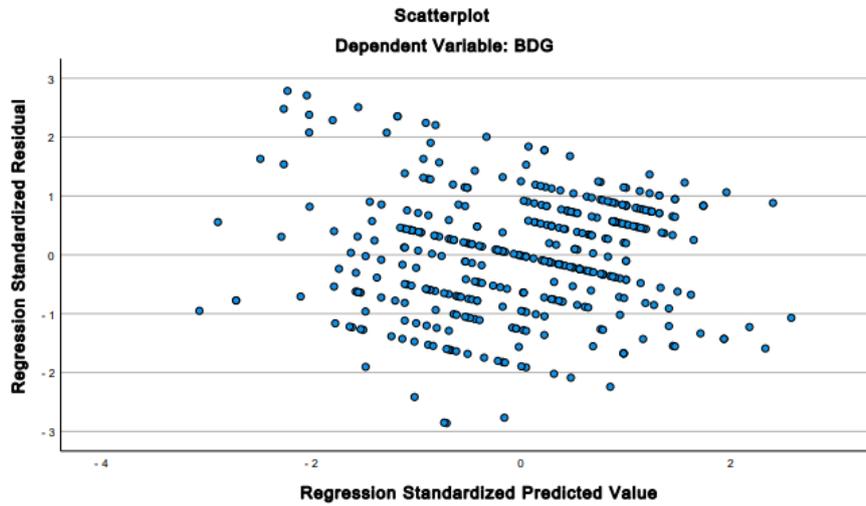
a. Dependent Variable: BDG

**Appendix 9: Normality Test**

**Descriptive Statistics**

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
BDG	-.283	.122	-.543	.243
FA	-.297	.122	-.218	.243
SN	-1.120	.122	1.003	.243
FK	-.379	.122	-.326	.243
Valid N (listwise)				

### Appendix 10: Heteroscedasticity



### Appendix 11: ANOVA Test

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.972	3	.991	6.603	.000 <sup>b</sup>
	Residual	59.414	396	.150		
	Total	62.387	399			

a. Dependent Variable: sqres

b. Predictors: (Constant), FK, SN, FA