
Factors Influencing Personal Financial Management Behaviour Among Polytechnics Student

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Abstract

Nowadays, students must have effective personal financial management. Managing resources and making informed decisions has become a pressing challenge in daily life. Historically, human consumption was focused solely on meeting basic necessities. In the current scenario, it is crucial for everyone to demonstrate sound financial management practices. This study surveyed 150 Diploma in Accountancy students at Polytechnic Sultan Abdul Halim Muadzam Shah, (POLIMAS), Jitra, Kedah and this research aims to identify whether the financial attitudes and parental financial behaviour influence the personal financial management behaviour among students in Commerce Department, POLIMAS. The data was obtained using google forms consists of 4 parts: demographic, financial management behaviour, financial attitudes and parental financial behaviour. Data were analysed using the program Statistical Package for Science (SPSS) version 26. From the data analysis, parental financial behaviour was found as the most significant factor (mean=3.25) compared than financial attitudes (mean=3.22) affecting students' financial management behaviour. Consequently, this research aims to raise awareness among students about the importance of financial management practices

Keywords : *financial attitudes; parental financial behaviour; personal financial management behaviour;*

I. INTRODUCTION

Everyone faces significant challenges in daily life that require careful resource management and decision-making. As a result, individuals often have to prioritize one interest over another. In the past, humans consumed primarily to meet their basic needs. Nowadays, it's essential for everyone to demonstrate effective financial management, particularly students in universities or any financial institutions. Strong financial management skills can help students avoid debt, plan for future investments, set clear financial goals, and develop practical money management abilities.

Many students rely on loans to finance their college education, but some may end up borrowing more than necessary. This excess borrowing can lead to debt that must be repaid after graduation, hindering the achievement of other financial goals. With the right educational support on independent living, students can minimize their risk of accumulating unnecessary debt from educational loans. Typically, young adults learn financial skills from their parents and teachers during childhood.

However, parents often neglect to teach essential financial skills like budgeting, spending and saving while their children are still at home. As

a result, many students are left to navigate money management on their own once they enter college, leading to mistakes that could result in years of loan repayment.

Financial management is defined as "the art and science of managing money, utilizing economic theory and accounting principles to achieve both individual and organizational goals" (Abdul-Rahman & Zulkifly, 2016) [1]. It involves a complex series of decisions and actions, influenced by the specific demands of the task and the skills and abilities of those involved. Azmi and Othman (2017) emphasize the importance of understanding financial management, particularly for students, as Nordin et al. (2022) highlight that college often serves as the setting where students acquire financial management skills [2],[3]. This underscores the necessity of effective and innovative money management strategies for college students, which should not be overlooked.

II. PROBLEM STATEMENT

For many students, college represents their first experience of financial independence without parental supervision. They often struggle with managing their finances effectively and lack the

skills to handle their own money. Additionally, they may not ensure that their funds are spent wisely and avoid misuse. These challenges are common among students trying to balance tight budgets with living expenses. In higher education, students face greater financial demands compared to primary and secondary school, with costs for books, food and beverages, tuition fees, accommodation, transportation, and telecommunications.

According to Barr and McClellan (2018), the pressures of living in higher education institutions and contemporary financial demands are quite significant [4]. As the economy has worsened, more students have sought financial aid for their education. Therefore, it is essential for students to manage their finances wisely. A study by Yong et al. (2018) reveals that the financial management rate in Malaysia is approximately 36%, compared to 59% in industrialized countries [5]. Lim (2019) notes that Malaysian students are among the contributors to the nation's substantial debt and severe financial challenges [6]. Higher education students, primarily young adults, are trying to prepare for the difficulties they will face beyond campus life.

Therefore, the main objective of this study is to gain a deeper understanding of how financial attitudes and family influences affect the financial management behaviour of Polytechnic students.

III. LITERATURE REVIEW

A. Personal financial management behaviour

Financial management is defined as "the art and science of managing money, utilizing economic theory and accounting principles to achieve both individual and organizational goals" (Abdul-Rahman & Zulkifly, 2016) [1]. Polytechnic students, in particular, face unique financial challenges due to the demands of their academic programs and the need to balance work, study, and personal expenses. (Heckman et al., 2014) [7]. Nordin et al. (2022) define financial management behavior as the allocation, distribution, and utilization of financial resources aimed at achieving personal goals (Chuah et al., 2020) [3], [8]. Barr and McClellan (2018) assert that the pressures of college life and financial responsibilities affect students' financial well-being [4].

Sina and Noya (2012) suggest that one way to develop a financial personality is by enhancing personal financial management behaviors through effective financial planning and self-control [9]. Experts indicate that individuals who practice good

financial management are more likely to comprehend the dynamics of financial arrangements. They typically demonstrate self-organization, follow their initial plans even when situations shift, tackle financial challenges, and maintain awareness of their overall financial situation. This study examines how students manage funds received from scholarships, pocket money, or educational loans for further studies.

B. Financial attitudes

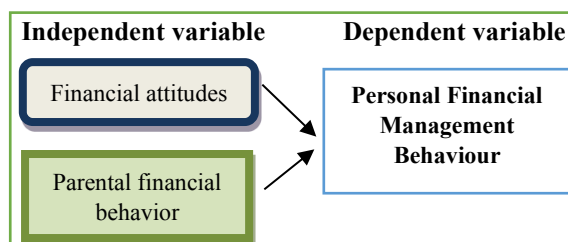
An individual level of education, particularly when it is relevant to daily life, influences their financial attitude. Listiani (2017) indicates that a positive financial attitude is closely linked to effective money management behaviors; thus, the more individuals can implement this mindset, the better their financial management will be [10]. Previous studies highlight two critical factors that encourage the adoption of sound financial management practices: gaining solid financial education within the family and consistently fulfilling financial obligations in everyday life. These elements can help prevent students from facing challenges in managing their finances effectively.

C. Parental financial behaviour

Parental financial behavior play a significant role in shaping students' financial management behavior. Financial education within the family has a positive and significant effect on students' financial management behavior, helping them resist peer influence and control their financial actions (Mufida & Sholikhah, 2022) [11]. The family environment also positively impacts financial management behavior among university students (Kamila et al., 2021) [12]. Parental income shows a significant positive influence on students' financial management behavior (Junita & Aslamiyah, 2024) [13]. Norvilitis and Maclean (2010) further argued that college students' financial issues, such as credit card debt, are closely linked to the influence of their parents. [14]. These studies highlight the importance of early financial education within families, as it benefits children in managing their finances effectively.

D. RESEARCH FRAMEWORK

Figure 1 Research Framework



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Based on the literature review, the above conceptual framework illustrates the independent variables of financial attitudes, and parental financial behaviour influences the students' financial management behaviour.

IV. OBJECTIVE OF THE STUDY

A. General Objective

To identify the factors that influence personal financial management behavior among Polytechnic Sultan Abdul Halim Mu'adzam Shah students.

B. Specific Objective

- i. To identify whether financial attitudes influence personal financial management behavior of students.
- ii. To identify whether parental financial behaviour influence personal financial management behavior of student.

METHODOLOGY

This study is conducted at the Commerce Department of Polytechnic Sultan Abdul Halim Mu'adzam Shah in Jitra, Kedah, with a primary focus on the various factors influencing personal financial management behaviour among Diploma in Accountancy students. Additionally, the research aims to investigate the significance of financial attitudes and parental financial behaviour on the personal financial management behaviour of these students.

This research was conducted on 150 students consisting of First semester until Final semester. Diploma in Accountancy students in Commerce Department. According to Krejcie and Morgan (1970), 150 individuals make up the sample from a population of 240 people, as a result 150 people, which represents a total of 240 Diploma in Accountancy students in semester 1 2023/2024[15].

The primary data were obtained from distributing questionnaires online to respondents using self-administered questionnaires to gather data on the influence of financial attitudes, and family influence on student's financial management behaviour. The data was obtained using google forms consists of 4 parts: demographic, financial management behaviour, financial attitudes and parental financial behaviour. Data were analysed

using the program Statistical Package for Science (SPSS) version 26.

V. DATA ANALYSIS AND FINDINGS

A Data Analysis

The questionnaires were distributed to 150 POLIMAS students from Diploma in Accountancy to examine the influence of financial attitudes and family factors on their personal financial management behavior. Thirty questions using Likert-type scales (1 = strongly disagree; 4 = strongly agree) were administered among the students.

Based on Figure 2, the pie chart below shows that female's respondent is more than to the male respondents. The percentages of male are 30.7 % while female's respondent is 69.3 %. Therefore, the range between both genders is 38.6 %.

Based on Figure 3, the bar chart below shows that Malay's respondents are the highest compared to Chinese, Indian and others category of respondents. The percentages of Malay are 73.3 % while Chinese respondents are 11.3 %, Indian are 10.7 % and others are 4.7 %.

Based on Figure 4, the bar chart below shows that group age of respondent from 21-25 years are high compared to the others group age of respondents. The percentage of 20 and below is 48 %, from 21-25 is 48.7 %, from 26-30 is 3.3% and 30 and above is 0 % respectively.

Based on Figure 5, the bar chart below, it shows that single respondents are higher compared to married respondents. The percentage's of single is 95.3 % and married respondent is 4.7 %.

Based on Figure 6, the bar chart below, shows that the respondents with none working experience is higher compared to the student who have less than 2 years, two to less than 4 years, four to less than 6 years and six years or more working experience. The percentage of none is 46.0%, less than 2 years is 43.3%, two to less than 4 years is 8.7%, four to less than 6 years is 2.0% and six years or more is 0% respectively.

Based on the Figure 7, bar chart below, it shows that the high school or equivalent category is the most popular father's level education of the respondent and the percentage is 44.0% compared to others.

Based on Figure 8, the bar chart below, it shows that the high school or equivalent category is the most popular mother's level education of the respondent and the percentage is 41.3% compared to others.

Based on Figure 9, the bar chart below, it shows that respondents mostly get student loan from their parents compared to others category. It can see from the higher percentages of mostly parents which is 21.3%.

Figure 2 Pie Chart of Respondent by Gender

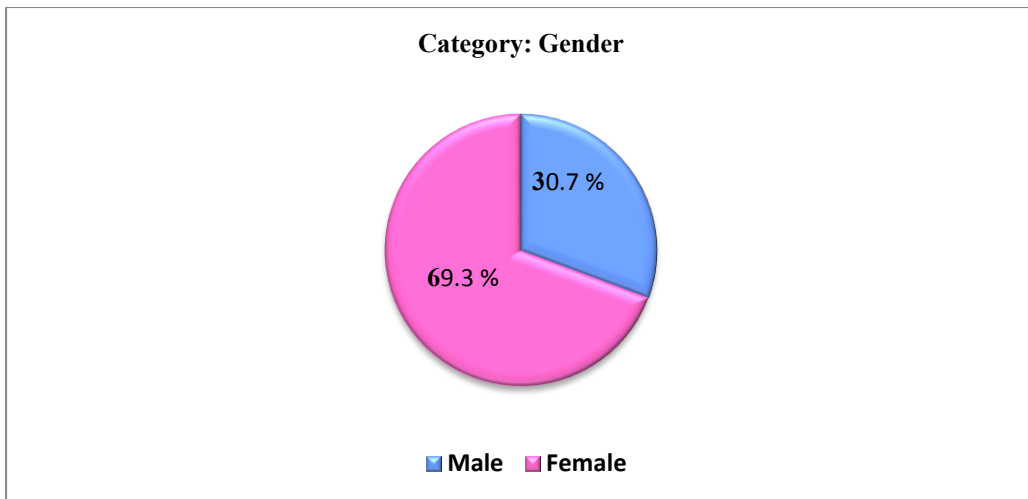


Figure 3 Bar Chart of Respondent by Race

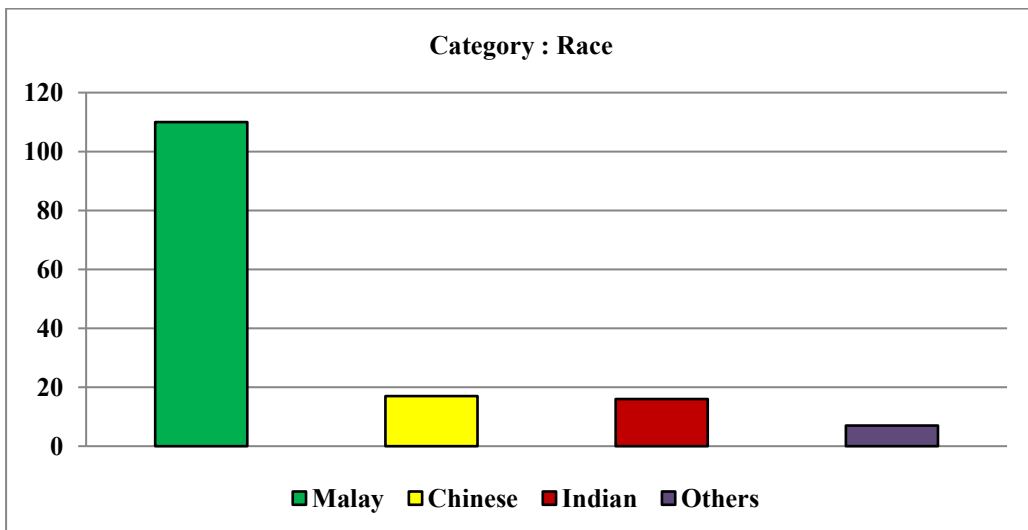


Figure 4 Bar Chart of Respondent by Age

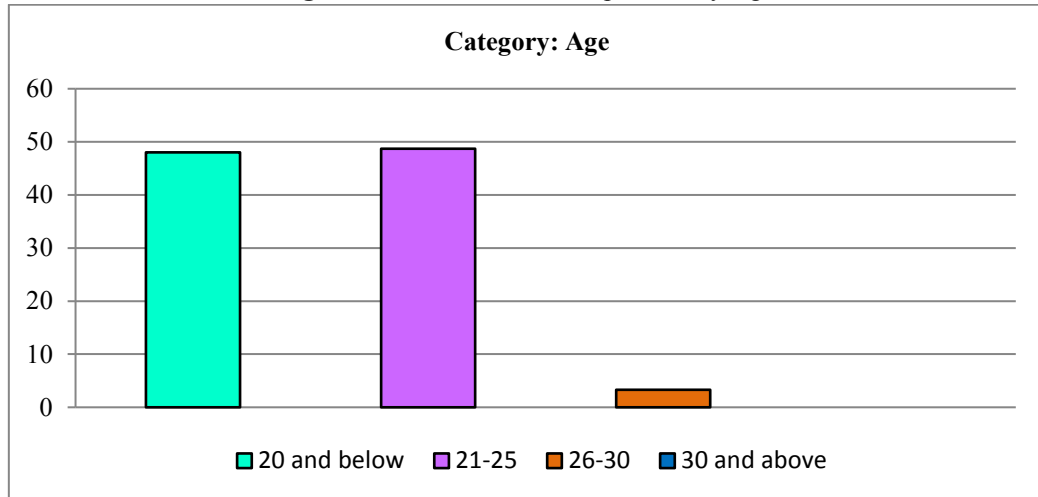


Figure 5 Bar Chart of Respondent by Marital Status

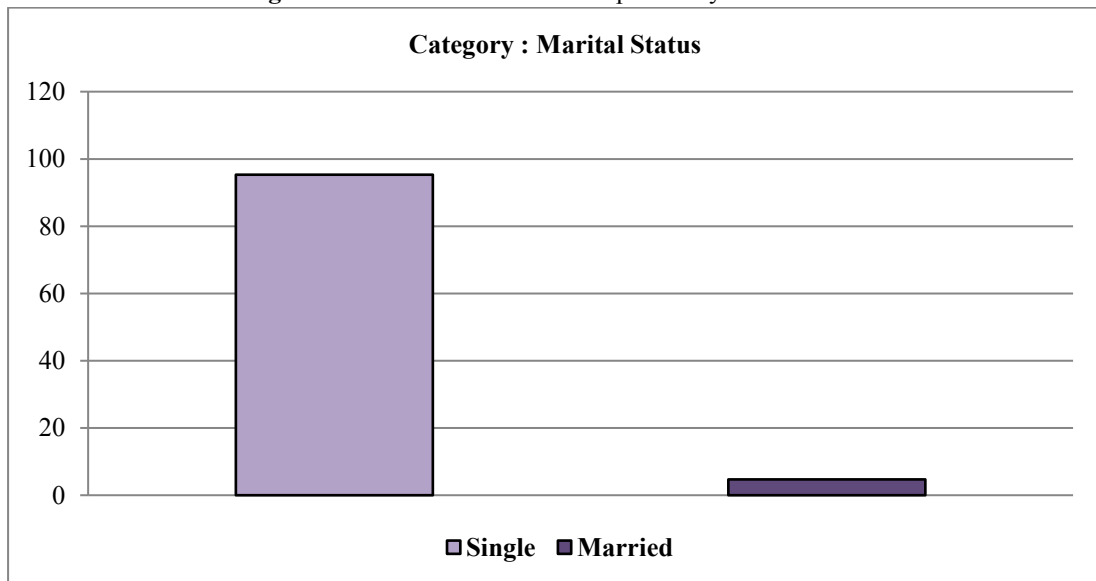


Figure 6 Bar Chart of Respondent by Work Experience



Figure 7 Bar Chart of Respondent by Father's Level of Education

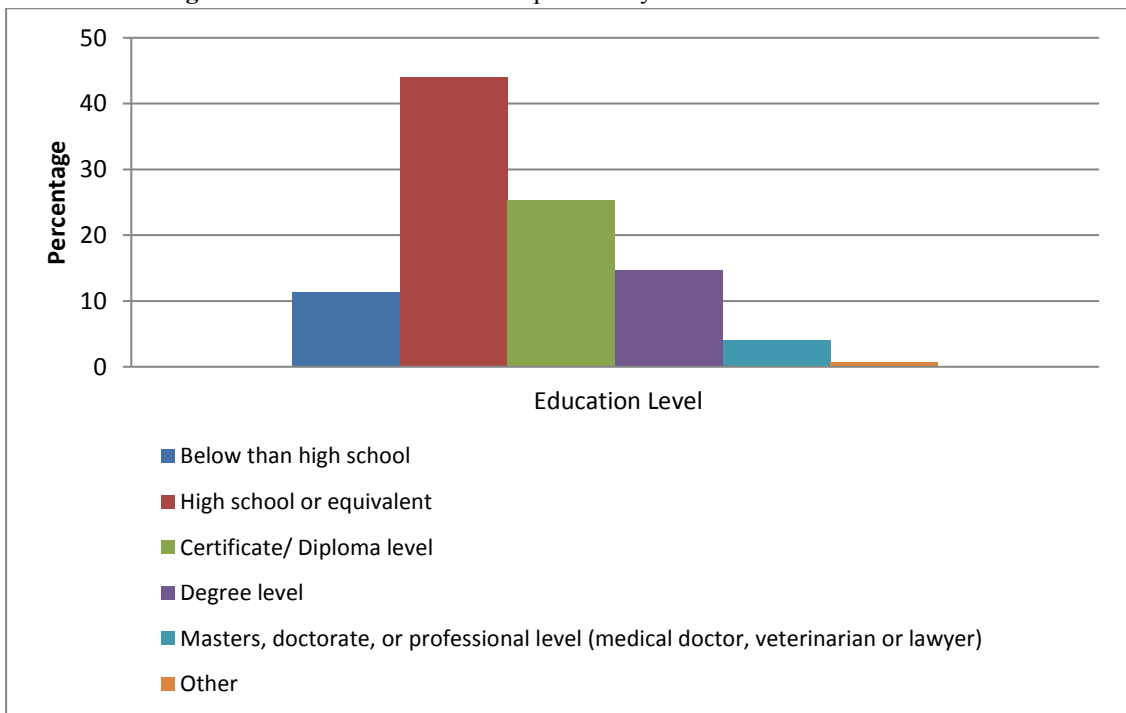


Figure 8 Bar Chart of Respondent by Mother's Level of Education

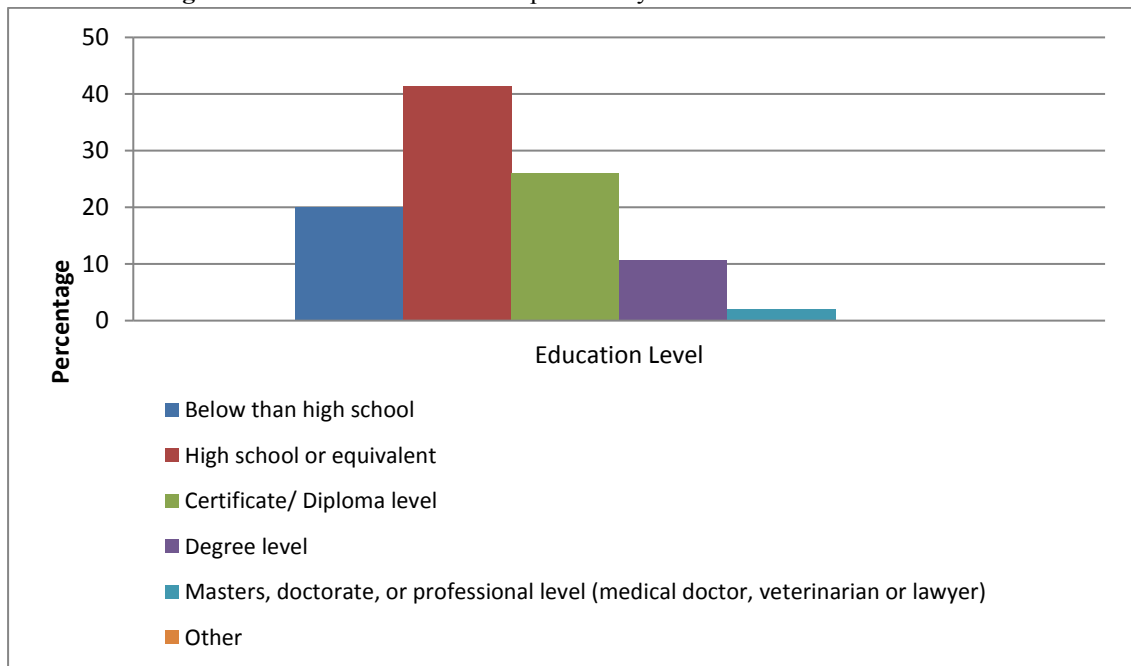


Figure 9 Bar Chart of Respondent By Financial Sources

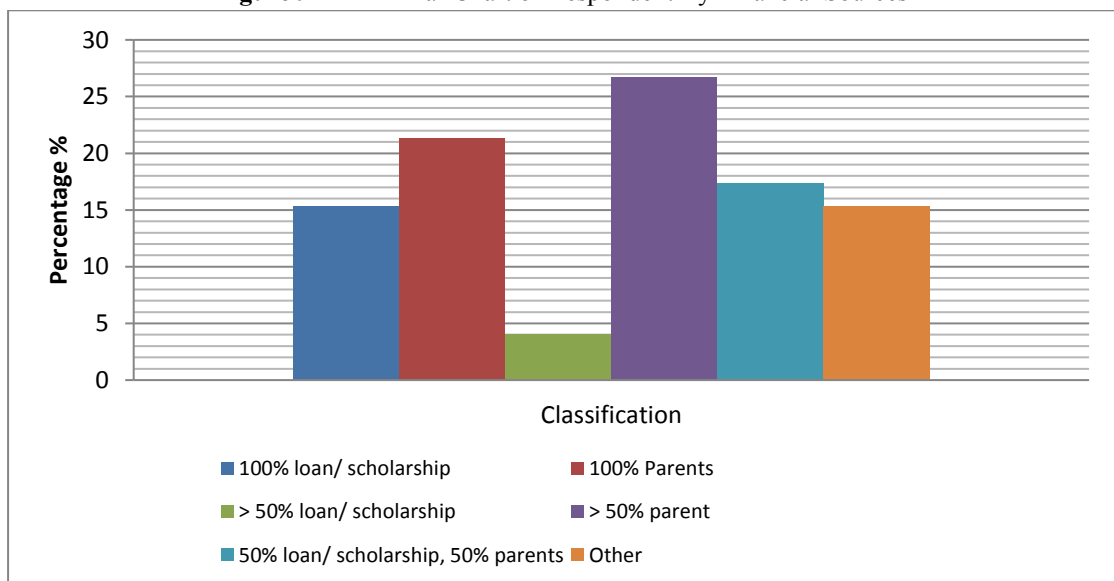


Table 1 Financial management behaviour

No	Items	Mean	Std. Deviation	Cronbach- Alpha Coefficient
1	I compare price when shopping for purchases.	3.46	0.631	0.728
2	I budget and track spending	3.37	0.738	
3	I contribute to savings account regularly.	3.26	0.823	

4	I read to increase my financial knowledge	3.17	0.847	
5	I have a life insurance policy.	2.87	1.032	

Table 2 Financial attitudes

No	Items	Mean	Std. Deviation	Cronbach- Alpha Coefficient
1	I am certain about where my money is spent.	3.35	0.725	0.797
2	I plan and implement regular savings.	3.31	0.770	
3	I am able to manage my own finance	3.27	0.682	
4	I am interested in increasing my financial knowledge.	3.27	0.644	
5	I always maintain adequate financial records	3.24	0.792	
6	I always spend less than my budget.	3.07	0.946	
7	I would take a personal finance course as an elective if offered.	3.02	0.831	
8	I am accountable for my own financial well being	3.26	0.823	
9	I read to increase my financial knowledge	3.17	0.847	

Table 3 Parental financial behaviour

No	Items	Mean	Std. Deviation	Cronbach- Alpha Coefficient
1	Comparing myself to my parents, I am more likely to save.	3.34	0.834	0.785
2	I learn most from the following individuals or sources about managing my money: Media	3.31	0.811	
3	I learn most from the following individuals or sources about managing my money: Life experience	3.30	0.663	
4	I learn most from the following individuals or sources about managing my money: Parent	3.29	0.550	
5	My parents included me in various financial decisions	3.28	0.828	
6	I learn most from the following individuals or sources about managing my money: Books	3.20	0.714	
7	I learn most from the following individuals or sources about managing my money: Internet	3.19	0.862	
8	Within the family we openly discussed our finances	3.19	0.862	

9	My parents explicitly taught me about finance (e.g., credit cards, debt, budgeting, saving)	3.16	0.905	
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Table 4 Descriptive Analysis for each variable

No	Variables	Mean Score
1	Financial management behavior	3.2267
2	Parental financial behaviour	3.2504
3	Financial attitudes	3.2190

The finding for students' financial management behaviour showed that the highest mean score is 3.46 while the lowest is 2.87, meaning students have good financial behaviour in relation financial management.

In terms of financial attitude, the highest mean score is 3.35, and the lowest is 3.02, indicating that students generally exhibit positive attitudes toward personal financial management behavior. Table 3 reveals that the highest mean score is 3.34, while the lowest is 3.16, suggesting that parental financial behaviour significantly influences students' personal financial management behaviour.

Overall, the mean score exceeds 3, indicating that participants generally agreed on the factors influencing their personal financial management behaviors among POLIMAS students. The highest mean score, 3.2504, was associated with parental financial behavior, suggesting that parental financial behavior has a stronger influence on students' financial management behavior compared to financial attitudes.

Reliability of coefficient

From Table 1 until 4 above, the Alpha value for financial behaviour is 0.728, financial attitude is 0.797, and parental financial behaviour is 0.785 are "Good". Thus, we can conclude that all items can be combined to measure the influence of personal financial management behaviour in a consistent manner.

Table 5 Reliability of Coefficient

Dimension	No of item	Cronbach' Alpha Conflict

Financial behaviour	5	0.728
Financial attitude	9	0.797
Parental financial behaviour	9	0.785

VI. CONCLUSION

As a conclusion, based on this research, the researcher hopes that this research will help students to manage well the financial to get a better life without thinking any problems that related to financial management problems among students. This study also will give benefits to student because we already find out why students always fail to handle this problem.

The advantages if student can manage their finance well, it will reduce financial management problems and can manage their future finance much better than before. It also can help students to differ the differences between needs and wants and make they more concerned about their needs which is more important than their wants.

At the end, through this business research we can get a final conclusion that is financial management is very important to student to further. If eliminated the financial management, not only effect student cannot get chance for further study, also a big loss of our country.

1.0 ACTION TAKEN

- i. Polytechnic Malaysia should implement more effective personal financial campaigns targeting specific groups, with a focus on enhancing understanding of investment planning and learning how to manage finances wisely.
- ii. Additionally, the study should investigate how a student's knowledge impacts their views and decisions regarding personal finance management. Often, students prioritize their wants over their needs, so this research will help them distinguish between the two and encourage more frugal habits.

- iii. Most importantly, it is essential to teach students how to control their spending and prioritize necessary expenses. This approach will enable them to save for emergencies and make sound investments in the future. By improving their understanding of personal finance, students can alleviate their financial burdens as consumers down the line.




2.0 RECOMMENDATION FOR FUTURE RESEARCH

- i. Future research could be expanded to include students from various programs to examine whether significant differences exist in their planning and spending patterns.
- ii. Additionally, a comparative study between commerce students and those from other departments could yield more accurate and comprehensive results regarding students' financial planning abilities and spending habits.
- iii. Since the current research primarily focused on family factors, the results may not provide a conclusive prediction of students' personal financial management behavior. Future research should explore other influences, such as peers, relatives, and social media platforms like Tiktok, Instagram and Facebook.

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