

Financial Literacy of Working Women (Case Study in Malaysia)

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Abstract— Financial literacy is the convergence of financial, credit and debt management and the knowledge that is necessary to make financially responsible decisions. This paper is conducted to assess the correlation between financial literacy and its component (financial education, financial attitude, financial behavior and financial knowledge). Data processing of this study using a pearson correlation with the number of samples 35 respondents. The data are quantitatively analyzed through Statistical Packages for Social Science (SPSS). According to the findings, financial literacy does not have a significant relationship with financial knowledge, however financial education, financial attitude and financial behavior together have a significant relationship with financial literacy. For appropriate utilization of funds, working women need to be financially literate.

Keywords— financial literacy, working women; science

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I. INTRODUCTION

A lack of financial literacy is not only an issue in developing economies but also people in developed or advanced economic countries fail to demonstrate a strong knowledge of financial principles in order to understand and negotiate the financial matters, manage financial risks effectively and avoid financial difficulties (Xu & Zia, 2012). Financial literacy is a combination of financial knowledge, attitudes and behaviors. These three things are the key of financial literacy for making informed decisions and for solving financial problems (Adriana & Valenzuela, 2017). A more complicated definition would be awareness, knowledge, skill, attitude and behavior, necessary to sound financial decision-making and ultimately achieving individual financial well-being. The definitions itself speaks that financial literacy involves not only the knowledge aspect but also using that knowledge to behave accordingly

Economic growth of Malaysia's in recent years has been very encouraging when compared to the gloomy world economy. However, what has become the society's annoyance is that good economic growth is unable to overcome the rising cost of living. Economic growth reaching more than five percent is still insufficient to ensure a comfortable life, not only in large cities like Kuala Lumpur, Penang or Johor Bahru, but also rural residents are also facing a narrowing of life (The Star, 2017). The increasing in income that is not in line with the rising cost of living is squeezing the Malaysians today. The knowledge on financial literacy is required even though it is not mandatory. This knowledge will help Malaysians to survive even in unconvincing economic conditions.

The level of financial literacy is low among adults (Lusardi A., Olivia S. Mitchell and Curto V., 2010). Around the world researches conducted by researchers and Programme for International Student Assessment (PISA) revealed that the financial literacy levels are low among individuals thus they are not making appropriate use of financial services and instruments available in the market. Individuals saves less for their future, takes unwise decisions and are loaded with the debt (Mitchell, O.S., 2011). Such sort of behavior is prevalent amongst youth, students (Lusardi A., Olivia S. Mitchell and Curto V., 2010).

Based on previous study, the socio demographic factors are influence the financial literacy of individuals such as gender, age, marital status and financial decision-making process (Agarwalla, Barua, Jacob & Varma, 2013). Lusardi & Mitchell (2007) revealed that women tend to report lower financial literacy than men. Lusardi and Tufano (2009) support that male is more financial literate than females and the respondents who are divorced, widowed and separated has a low level in financial literacy.

Many researchers have found that financially troubled employees do bring their financial related stress to work and hence affecting the productivity, organization's overall profit figure and also the work culture in the long run. There is a significant relationship between financial problems and stress related illnesses. Financial stress or strain occurs when individuals are unable to meet their financial responsibilities and one of the most significant causes of workers' stress is personal finance (Kim & Garman, 2006). Therefore, financial problems and stress affect not only an employee's personal and family life but is also a cost to the employers.

Financial education, financial behavior, financial knowledge, financial attitude are the components of financial literacy. But, not all the components will affect the financial literacy among working women. Thus, this study was conducted to assess the correlation between financial literacy and its component (financial education, financial attitude, financial behavior and financial knowledge).

II. RESEARCH METHOD

The purpose of this preliminary study is to assess the correlation between financial literacy and its component (financial education, financial attitude, financial behavior and financial knowledge). The data will be used for this study is primary data and the convenience sampling were used in order to collect the data via self-administered questionnaire to 35 working women. The set of questionnaires consists of 37 items of financial literacy. The working women responses towards questionnaire were illustrated in semantic scale from 1 to 5. The working women has express their extent to which they agree with the statement on five-point scale from 1 which is strongly disagree until 5 which is strongly agree. The data collected were analyzed using Pearson correlation by utilizing Statistical Package of Social Science (SPSS).

III. RESULT AND DISCUSSION

Table 1: Descriptive Statistics

emographic	Status	Frequency	Percentage
Age	20 – 29 years old	13	37.1
	30 – 39 years old	14	40
	40 – 49 years old	5	14.3
	50 – 59 years old	3	8.6
Status	Single	17	48.6
	Married	18	51.4
Race	Malay	30	85.7
	Chinese	3	8.6
	Indian	2	5.7
Occupation	Private	22	62.9
	Government	13	37.1
Salary	RM 1,000 – RM2,999	13	37.1
	RM 3,000 – RM4,999	11	31.4
	RM 5,000 – RM6,999	6	17.1
	RM 7,000 – RM8,999	4	11.4
	More than RM 9,000	1	2.9

The result of the descriptive statistics of the respondents presented in Table 1. When the demographic characteristics of the participants are concerned, 13 of the working women who answered the questionnaire were age between 20 until 29 years old (37.1%), 30 until 39 years old (14, 40%), 40 until 49 years old (5, 14.3%) and 50 until 59 years old (3, 8.6%). It is seen that 48.6% of the 35 respondents are single (n = 17) and 51.4% married (n = 18) which is a regular distribution. Most of the respondents are Malay (85.7%), while Chinese (8.6%) and Indian (5.7%).

62.9% of the respondents are working in private sector while 37.1% of the respondents working in a government sector. Salary distribution was 37.1% (n = 13) in the RM 1,000 until RM 2,999 salary group, 31.4% (n = 11) in the RM 3,000 until RM 4,999 salary group, 17.1% (n = 6) in the RM 5,000 until RM 6,999 salary group, 11.4% (n = 4) in the RM 7,000 until RM 8,999 salary group and 2.9% (n =1) in the more than RM 9,000 salary group.

Table 2: Reliability Statistics

Cronbach's Alpha		
Based on		
StandardizedItems		
Cronbach'sAlpha	No ofItems	
.892	.893	25

The researchers should use Cronbach's alpha to increase the accuracy and validity of their decisions suggested by Tavakol and Dennick (2011). According to Bland and Altman (2002), Cronbach's alpha is the best summary measure for testing the content validity. The range of Cronbach's alpha normally is between 0 and 1. Joseph and Rosemary (2003) suggest that the Cronbach's alpha value above 0.7 is considered as a good value to carry forward. Based on Table 2, the Cronbach's alpha value is 0.892 which is greater than 0.7 hence the questionnaire can be considered as the reliable.

Table 3: Correlations

Correlations		
		Financial Literacy
Financial Education	Pearson Correlation	.434**
	Sig. (2-tailed)	.009
	N	35
Financial Attitude	Pearson Correlation	.472**
	Sig. (2-tailed)	.004
	N	35
Financial Behavior	Pearson	.675**

This study sought to establish correlation between the dependent variable which is financial literacy and each of the independent variable which are financial education, financial attitude, financial behavior and financial knowledge. Correlation is a statistical technique employed to show the strength of pairs of variables is used to examine the association between the independent variable with the dependent variable. The correlation test was conducted at the 5% level of significant with a 2-tailed test. The findings illustrated in Table 3 above show that, financial literacy have a positive and significant association with financial education, financial attitude and financial behavior. Otherwise, there is no significant association between financial literacy and financial knowledge.

The correlation coefficient for financial literacy against financial education is 0.434 with a significance value of 0.009 which is less than 0.05 at the 5% level. The coefficient for the association between financial literacy and financial attitude is 0.472 with a p-value of 0.004 which is also less than 0.05. From the table also, the correlation coefficient for the association between financial literacy and financial behavior is 0.675 with a p-value of 0.000 less than 0.05. Depicting a significant correlation between the variables. For the correlation coefficient for financial literacy and financial knowledge is 0.193 and its show that there is no significant correlation between the variables since the p-value is 0.266 which is more than 0.05.

IV. CONCLUSION

Working women comprises of major portion of workforce, therefore it is essential for them to be financially literate. As concluded by this study, financial education, financial attitude and financial behavior are the variables that significantly positive correlated with the financial literacy among working women. It can be concluded that government should focus more on financial education first in order to confirm that working women in Malaysia are financially literate.

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