

A PROPOSED FRAMEWORK FOR INVESTIGATING THE RELATIONSHIP BETWEEN UNIVERSITY COMMITMENT AND ETHICAL FINANCIAL BEHAVIOR AMONG MALAYSIAN UNDERGRADUATE STUDENTS

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Abstract

This paper examines the factors influencing ethical financial behavior among undergraduate students in Malaysia. The study focuses on the impact of financial knowledge, money attitude, financial self-efficacy, and locus of control on ethical financial behavior. The university years are a critical time for students to develop financial independence, and with limited financial constraints, students are more vulnerable to making unwise financial decisions leading to financial problems, stress, and bankruptcy. The paper proposes a framework that highlights the mediating role of university commitment in ethical financial behavior. The authors recommend that policymakers, authorities, and financial institutions play a vital role in producing a financially literate society and improving university commitment among students. Parents' participation is also crucial in nurturing children's financial knowledge and skills at a young age. The paper concludes that ethical financial behavior is significant in predicting student financial behavior, and a more diverse demographic must participate in surveys to accurately reflect Malaysian financial behavior and literacy.

Introduction:

University students face unique financial challenges that can lead to poor financial behavior, stress, and bankruptcy. Hence, the objective of this study is to examine the impact of financial knowledge, money attitude, financial self-efficacy, and locus of control on ethical financial behavior among undergraduate students in Malaysia. The study proposes that the university years are a critical period for students to develop financial independence, and students are more vulnerable to making unwise financial decisions resulting in financial problems, stress, and bankruptcy. Financial literacy is critical for managing money effectively, and the study explores the influence of the studied variables on personal finance. The paper proposes a framework that highlights the mediating role of university commitment in ethical financial behavior and proposes recommendations for policymakers, authorities, and financial institutions to produce a financially literate society and improve university commitment among students. Furthermore, parents' participation is vital in nurturing children's financial knowledge and skills at a young age, and ethical financial behavior can predict

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student financial behavior. The paper concludes that a more diverse demographic must participate in surveys to accurately reflect Malaysian financial behavior and literacy.

Overall, this study contributes to the understanding of ethical financial behavior among undergraduate students in Malaysia and emphasizes the importance of financial literacy in managing personal finances. The study highlights the need for all stakeholders to play a vital role in producing a financially literate society, improving university commitment among students, and reducing the likelihood of poor financial behavior and stress among university students.

1. Literature Review

2.1 Ethical Financial Behavior among Undergraduate

The objective of financial behaviour modification is to aid individuals in their money management and attitude to achieve their personal and financial goals. Depending on an individual's requirements, priorities, and skills, financial management is a collection of behaviours and decisions with varying degrees of significance and ease of application. Knowledge in finance is viewed as the capacity of an individual to utilise the knowledge and abilities of properly managing financial resources to attain long-term financial security.

2.2 Financial Knowledge

According to Yakob et al. (2021), financial literacy is a crucial aspect in the financial treatment of individuals, particularly students. This involves knowledge of financial principles, the capacity to distinguish between spending on needs and wants, and an appreciation of the significance of saves. Credit management knowledge is also part of financial awareness (Stollak et al., 2010). The effectiveness of an individual's financial management is dependent on his or her familiarity with accounting fundamentals. They are comparable to those employed in other research attempting to assess financial literacy (Mountain et al., 2021). One of the primary advantages of financial education is the capacity to maximise sources in managing one's personal finances through informed decision-making (de la Fuente-Mella et al., 2021). At this juncture, it is essential to establish that, financial literacy is characterised through an early phase which then strives to recognise and connect the key financial notions for personal finance, whereas financial education seeks to develop fundamental skills for making financial decisions. It has been discovered that financial knowledge has favourable benefits on people's emotional development, financial knowledge, and culture, is associated with high levels of self-confidence, and decreases anxiety while confronting economic challenges (Kim et al., 2019). Thus, we hypothesize that financial knowledge positively influences financial behavior (H1):

H1: There is positive relationship between financial knowledge with ethical financial behavior among undergraduate.

2.3 Money Attitude

A psychological disposition that manifests as a degree of favouritism or disfavour toward a specific entity is an attitude in psychology (Eagly & Chaiken, 1993). The actual objective of all financial literacy campaigns is financial wellness, which is increasingly recognised in the financial literature as being equally as important to reaching as behaviours and knowledge (Castro-González et al., 2020). Regarding socially significant things, people, events, or symbols, Vaughan and Hogg (2005) describe attitude as a persistent structure of belief, emotion, and behavioural tendencies. This definition states unequivocally that attitudes significantly influence behaviour. People develop their attitudes toward money through education, careers, and financial arrangement (Furnham & Argyle, 1999). Relying on their financial targets, people's attitudes and uses of money alter. Money is most frequently exploited, according to Goldberg and Lewis (2000), in the quest for obtaining power, security, love, and freedom.

Additionally, Krueger (1986), a social psychologist, underlined how wealth is the material item in contemporary life with the greatest emotional impact. Therefore, cash plays a crucial role in people's life and influences how they behave in various ways, regardless of how they choose to spend it. In addition, Lim et al.

(2003) asserted that women in Asia were even more focused on attitude. In contrast, men in the region were much more interested in power and anxiousness aspects. Therefore, the following hypothesis (H2) is made:

H2: There is positive relationship between money attitudes with ethical financial behavior among undergraduate.

2.4 Financial Self-efficacy

Bandura (1977) first established the notion of self-efficacy, which relates to an individual's confidence in their ability to successfully accomplish a task or achieve a goal. Individuals with high self-efficacy typically view difficult activities as obstacles to overcome, have a strong interest in their work, set ambitious objectives and remain devoted to achieving them, and recover quickly from setbacks. Bandura's self-efficacy theory is related to the idea of financial self-efficacy, which involves the perceived capacity to execute financial tasks and achieve financial targets (Lapp, 2010). The greater an individual's financial self-efficacy, the greater their motivation to overcome financial obstacles. People require financial self-efficacy (deep faith in their ability to effectively accomplish a task effectively) to engage in good financial behaviors that lead to financial well-being, according to our argument (Dare et al., 2022). In turn, this can encourage positive financial habits, such as striving for financial plan, and boost financial well-being. Self-efficacy predicts positive well-being outcomes including mental wellbeing (Tahmassian & Moghadam, 2011), overall fitness (Rimal & Moon, 2009), and lifestyle quality (Banik et al., 2018). In the present work, we demonstrate that this relationship exists in the financial realm as well. Specifically, as discussed previously, we hypothesise that financial self-efficacy encourages positive financial actions, which lead to financial well-being. There are currently no empirical studies that examine this indirect relationship. Financial self-efficacy is positively connected with desirable financial habits, such as trading and (retirement) saving, according to prior research (Farrell et al., 2016). Several researches have also demonstrated that financial self-efficacy correlates positively with economic well-being (Sabri et al., 2020). The empirical question remains, however, whether or not financial self-efficacy can help to financial well-being via its association with positive financial behaviours. Considering this insight, the following hypothesis (H3) is proposed:

H3: There is positive relationship between financial self-efficacy with ethical financial behavior among undergraduate.

2.5 Locus of Control

The ability to exercise self-control is one of the characteristics that affect a student's financial conduct (Azmi & Othman, 2017). This entails being able to recognise and manage one's emotions and want to spend money. Personal financial management has correlated with how a person feels in control of their actions. The locus of control is used to gauge a person's belief in the law of cause and effect in their existence (Cobb-clark et al., 2013). This psychosocial phenomenon has internal and exterior extremes, making it a continuum. Internal control pertains to the conviction that one's talents account for the repercussions of their actions (Taylor et al., 2017). Considering this, many think working hard will pay off in the long run. People who have an illusion of control believe that external forces completely out of control are in charge of their financial condition. They blame their acts on outside factors such as chance, fate, and the sway of influential people (government officials). They also think that the world is too complicated for anyone to accurately foresee or exert control over one's results (Rasheed et al., 2018). These ideas influence how they feel about implementing sound financial practices, which leads to monetary hardship and other difficulties that are associated (Garman et al., 1996). As such, the following is hypothesised:

H4: There is positive relationship between locus control with ethical financial behavior among undergraduate.

2.6 The Mediation Role of University Commitment

University dedication has indeed been characterised as the perception, feeling of belonging, contentment, quality perception and enthusiasm of a student to attend a specific university (Sandler, 2000). This concept of university dedication can be defined based on the capacity to modify one's approach to thinking and response.

H5: There is positive relationship university commitment with ethical financial behavior among undergraduate.

H6: University commitment mediates the relationship between financial knowledge and ethical financial behavior among undergraduate.

H7: University commitment mediates the relationship between money attitude and ethical financial behavior among undergraduate.

H8: University commitment mediates the relationship between financial self-efficacy and ethical financial behavior among undergraduate

H9: University commitment mediates the relationship between locus of control and ethical financial behavior among undergraduate

2. Methodology

This is a conceptual paper that relates to the ethical financial behavior among undergraduate students. Therefore, the study will use the relevant literature on the ethical financial behavior among undergraduate students. Nevertheless, the conceptual framework developed in which was carefully given consideration by the authors will be tested in the future to ensure that it can become a theory.

3. The Proposed Ethical Financial Behavior Among Undergraduate Students

Figure 1 shows the conceptual framework of this study based on past studies. In managing one's personal finances, a great degree of financial understanding can be the cause of wise behaviour. Psychology could be the primary determinant of actual human behaviour. It is important to note that this research further enhances our knowledge of locus control in relation to academic commitment. In brief, financial knowledge, money attitude, financial self-efficacy, and locus control influence individual behaviour and actions from the perspective of ethical financial behaviour, which is mediated by university commitment.

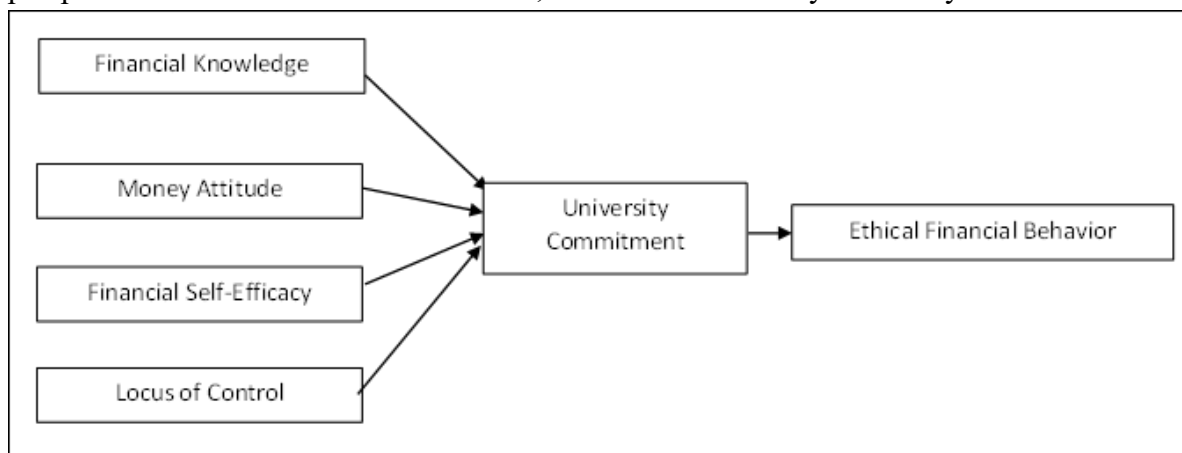


Figure 1. Conceptual Framework

4. Conclusion and Recommendation

The authorities, whether the government or financial institutions like Permodalan Nasional Berhad (PNB), Bank Negara Malaysia (BNM), Credit Counseling & Management Agency (AKPK), and others, ought to magnify their functions and efforts towards producing a literate and skilled society in financial affairs. This is in addition to improving university commitment, especially among university students. People are urged to work together to nurture and enhance attitudes in order to generate better financial attitudes, and education will indirectly promote favorable and positive financial attitudes. This study shows that parents as a significant social factor, rather than the involvement of minimal social factors, improves the financial knowledge of public university undergraduate students. Parents, in specific, could perhaps perform as many role and responsibilities as possible in nurturing children's financial knowledge and skills at a young age. Furthermore, ethical financial behaviour can be used to predict student financial behaviour. Additionally, it is suggested that

more respondents from a more diverse demographic participate in the surveys so that the results can more accurately represent Malaysian financial behaviour and literacy.

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