

**FINANCIAL MANAGEMENT PRACTICES: ASSOCIATIONS WITH
FINANCIAL WELL-BEING AND RISKY INVESTMENT AMONG FAMILIES
IN MALAYSIA**

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**THESIS SUBMITTED IN FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY**

**FACULTY OF BUSINESS AND ACCOUNTANCY
UNIVERSITI MALAYA**

2010

UNIVERSITI MALAYA

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FINANCIAL MANAGEMENT PRACTICES: ASSOCIATIONS WITH FINANCIAL WELL-BEING AND RISKY INVESTMENT AMONG FAMILIES IN MALAYSIA

ABSTRACT

Financial management practices predicting good financial well-being and participation in risky assets among families were identified in this study. It also seeks to find out other factors predicting financial well-being and participation in risky assets. Associations of time horizon with risk preference, and risk preference with financial management practices, differences in financial management practices among the main ethnicities in Malaysia and among families residing in urban and rural areas were also determined. The moderating roles of self-worth between financial management practices and financial well-being of families, and between financial management practices and risky investment by families were explored. Quota sampling was employed to gather data from 800 samples who were the family financial managers using questionnaire forms through their work-place. Pearson correlation test revealed that time horizon of financial managers, measured by future time orientation was significantly associated with their risk preferences. Furthermore, the results from correlation tests showed that families having financially risk averse family financial managers were more likely to engage in financial planning, cash-flow activities, good credit practice, savings, and risk management. However, families having financially risk tolerance family financial managers were more likely to participate in diversified investment. Test of significant difference result indicated that Chinese families were more involved in diversified investment as compared to the Malay or Indian families. Moreover, the t-test resulted in the Chinese families to be more likely purchasing various types of insurance policies as compared to the Indian families. As for the differences in residential areas, the urban residents were more involved in record-keeping, diversified investment, and tend to purchase various types of insurance as compared to the rural residents. Binary logistic regression analysis revealed factors predicting financial well-being and participation in risky assets. Income, working experience, budgeting, and investment were found to be predictors for good financial well-being. A family that was financially stable tends to earn high household income with longer working experience, participated in diversified investment, and did budgeting for the family expenses. The tendency to participate in risky investment was positively influenced by their risk tolerant, savings, record-keeping, and risk practices. However good credit practices was inversely predicting participation in risky assets. These findings provided evidence that specific financial management practices did have impact on financial well-being and participation in risky assets. The socioeconomic characteristics identified for financially stable family and the financial management practices carried out by them would assist interested parties to help families who are at most risk of financial instability. Self-worth of family financial manager was found to moderate the relationships of financial planning and cash-flow with financial well-being of families. It also acts as a moderator for the relationship between risk practices and risky assets investing. The support found for the moderating roles of self-worth contributed to the family financial management and investment decision fields. The findings also offer important implications to financial educators and families in

enhancing financial stability and reducing financial risks in investment through financial management strategies.

AMALAN PENGURUSAN KEWANGAN: HUBUNGKAIT DENGAN KESEJAHTERAAN KEWANGAN DAN PELABURAN BERISIKO DALAM KALANGAN KELUARGA DI MALAYSIA

ABSTRAK

Amalan pengurusan kewangan yang menjangkakan kesejahteraan kewangan yang baik dan penglibatan dalam aset berisiko dalam kalangan keluarga dikenalpasti dalam kajian ini. Ia juga cuba mendapatkan faktor-faktor lain yang menjangkakan kesejahteraan kewangan dan penglibatan dalam aset berisiko. Hubungkait ufuk masa dengan kecenderungan risiko, dan kecenderungan risiko dengan amalan pengurusan kewangan, perbezaan amalan pengurusan kewangan dalam kalangan etnik di Malaysia, dan dalam kalangan keluarga yang tinggal di kawasan bandar dan luar bandar juga ditentukan. Peranan sebagai moderator oleh nilai diri di antara amalan pengurusan kewangan dan kesejahteraan kewangan keluarga, dan di antara amalan pengurusan kewangan dan pelaburan berisiko oleh keluarga dikenalpasti. Persampelan kuota digunakan untuk mengumpulkan data dari 800 sampel yang merupakan pengurus kewangan bagi keluarga mereka menggunakan borang soal-selidik melalui tempat kerja mereka. Hasil ujian korelasi Pearson mendapati bahawa ufuk masa yang diukur menggunakan orientasi masa hadapan pengurus kewangan keluarga mempunyai hubungkait yang signifikan dengan kecenderungan risiko. Selain dari itu, hasil dari ujian korelasi menunjukkan keluarga yang mempunyai pengurus kewangan yang tidak suka kepada risiko kewangan cenderung untuk terlibat dalam perancangan kewangan, aktiviti aliran-tunai, amalan kredit yang baik, membuat tabungan, dan menguruskan risiko mereka. Walaubagaimanapun, keluarga yang mempunyai pengurus kewangan keluarga yang bertoleransi terhadap risiko lebih cenderung untuk terlibat dalam pelaburan yang berdiversiti. Hasil ujian perbezaan signifikan menunjukkan keluarga Cina lebih terlibat dalam pelaburan yang berdiversiti berbanding dengan keluarga Melayu atau India. Tambahan pula, ujian-t menunjukkan keluarga Cina lebih cenderung untuk membeli pelbagai jenis polisi insurans berbanding keluarga India. Bagi perbezaan berdasarkan kawasan tempat tinggal, penduduk bandar lebih kerap melakukan penyimpanan rekod, terlibat dalam pelaburan berdiversiti, dan membeli pelbagai polisi insurans berbanding penduduk luar bandar. Analisis regresi logistik binari memberikan faktor-faktor yang menjangkakan kesejahteraan kewangan dan penglibatan dalam aset berisiko. Pendapatan, pengalaman kerja, membuat belanjawan, dan diversiti pelaburan didapati sebagai faktor-faktor yang menjangkakan kesejahteraan kewangan yang baik. Keluarga yang kewangannya stabil cenderung memperoleh pendapatan isirumah yang tinggi, berpengalaman dalam pekerjaan, terlibat dalam pelaburan yang berdiversiti, dan membuat belanjawan untuk perbelanjaan keluarga. Kecenderungan untuk terlibat dalam pelaburan berisiko dipengaruhi secara positif oleh toleransi risiko, tabungan, penyimpanan rekod, dan amalan pengurusan risiko. Walaubagaimanapun, amalan kredit yang baik didapati berkadar songsang dengan kemungkinan untuk terlibat dalam aset berisiko. Dapatan ini membuktikan bahawa amalan pengurusan kewangan tertentu memberi impak ke atas kesejahteraan kewangan dan penglibatan dalam aset berisiko. Ciri sosioekonomi yang dikenalpasti untuk keluarga berkedudukan kewangan stabil dan amalan pengurusan kewangan yang dilakukan oleh mereka dapat membantu pihak-pihak yang berkenaan untuk menolong keluarga yang

menghadapi risiko ketidakstabilan kewangan. Nilai diri pengurus kewangan keluarga didapati memoderasikan perhubungan di antara perancangan kewangan dan aliran tunai dengan kesejahteraan kewangan keluarga. Ia juga bertindak sebagai moderator untuk perhubungan di antara amalan risiko dan pelaburan aset berisiko. Sokongan yang diperoleh untuk peranan moderator bagi nilai diri menyumbangkan kepada bidang pengurusan kewangan keluarga dan keputusan pelaburan. Dapatan kajian ini juga menawarkan implikasi penting kepada pendidik kewangan dan keluarga dalam meningkatkan kestabilan kewangan dan mengurangkan risiko kewangan dalam pelaburan melalui strategi pengurusan kewangan.

ACKNOWLEDGEMENT

I would like to express my sincere dedication to those who make this thesis a reality.

A heartiest thank you to my supervisor, Associate Professor Dr. M. Fazilah Abdul Samad, who has been continuously and patiently guiding me throughout this project. Her guidance generated ideas and motivated me to seek for completion.

A special thanks to my lecturers who taught me on all the relevant materials during the study and to my friends for their support during all these years in completing this study.

I dedicated my work to my beloved family that gave me strength throughout my study.

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To all my lovely kids ...

Muhammad A'qil

Muhammad Naqib

Muhammad Thaqif

I'zzul Faqihah

I'zzul Labiqah

Muhammad Baqir

Muhammad Itqan