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A CONCEPTUAL FRAMEWORK FOR ENHANCING FINANCIAL SATISFACTION AMONG UNIVERSITY STUDENTS

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Abstract:

Financial satisfaction is a type of happiness that can make someone have a good quality of life. However, in contrast, those who have difficulty achieving financial satisfaction may become anxious about their finances. In reality, it was not easy for university students to achieve financial satisfaction because they were considered a high-risk group that needed to begin living independently in their university life and were presented with new financial responsibilities, especially in this current financial and economic well-being. When combined with improper financial management, this will add more challenges to them to face any financial condition, especially in their post-university life. It is important to have good financial behavior that can help university students manage their money wisely during their university life as it can help them avoid any financial crisis that might happen in the future, which in turn leads to achieving financial satisfaction. Therefore, this study attempts to develop a research framework on financial satisfaction among public university students. This study employs a qualitative research method to develop a research framework. The finding discovered that having a positive personal attitude with greater subjective norms and stronger perceived behavioral control leads the students to develop stronger financial behavioral intention which can encourage them to perform the financial behavior, which in turn achieves financial satisfaction.

Keywords:

Financial Behavior, Financial Behavioral Intention, Financial Satisfaction, Personal Attitude, Perceived Behavioral Control, Subjective Norms, Theory of Planned Behavior.

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Introduction

Financial satisfaction is one of the important things that must be achieved in every person's life, especially in the field of financial therapy. As reported by the World Bank, the current economic condition is experiencing the steepest slow-down economy compared to previous global economic crises that happened in the past decades (Guénette et al., 2022). Not only that, it is also reported that many central banks had raised their interest rates at a simultaneous pace to restore the level of inflation after facing the COVID-19 pandemic that affected all the economies around the world. The global recession can cause economic uncertainty and instability in the financial market which in turn reduces the investment value and employment opportunities. As a result, it will make the costs of borrowing more expensive, resulting in spending more money to pay for higher interests which potentially can decrease the financial satisfaction among borrowers.

In addition to Malaysia, Malaysian households are experiencing declining income and changes in the T20 and M40 income groups to lower income groups (Department of Statistic Malaysia, 2020). However, in today's world, having a lower income is not enough to deal with the rising costs of living (Bank Negara Malaysia, 2021). This is leading to financial stress among Malaysian households, which can make people unhappy and worried about their current situation. According to a survey conducted by Ringgit Plus in 2022, which involved 3,144 Malaysians aged 18 and above, it was found that most Malaysians do not have sufficient savings. The financial position of Malaysians has worsened between 2015 and 2022, especially after the Covid-19 pandemic. This issue is mainly due to the high inflation rate in the country, which coupled with the fact that the majority of Malaysians are experiencing a decline in their income level, is affecting their cash flow and savings. If any financial crisis happens in the future, those with low savings are expected to face huge threats to survive in their life. However, those who are experiencing a declining income and higher cost of living contribute to lower savings. It can be said that those who are facing reduced income might feel the burden to cope with higher costs of living which in turn, impacts lower or no savings, and expected to struggle to make ends meet leading to poorer financial satisfaction.

In addition to this, university students can be considered as a high-risk group that can directly impact financial satisfaction (Leach et al., 1999), especially in the current economic climate. When students enter university life, they begin to experience financial independence and have to make decisions regarding financial matters on their own (Choon, 2020). This new experience requires them to manage their money independently and take on new financial responsibilities such as budgeting, managing expenses, and paying bills (Johan et al., 2021). Improper financial management, combined with these new responsibilities, can lead to difficulties in surviving university life. A lack of financial satisfaction can arise among university students when they face outstanding debts in student loans or have no emergency funds (Aboagye & Jung, 2018). Therefore, university students need to develop good financial behavior to manage their money effectively during university life, to avoid financial crises in the future, and to achieve financial satisfaction.

Furthermore, previous studies on financial satisfaction have mainly focused on the impact of variables such as financial attitude, financial knowledge, and financial literacy on financial satisfaction. Therefore, this study adopts the Theory of Planned Behavior (TPB) by Ajzen (1991) to explore a different perspective on financial satisfaction. Furthering this, this study wants to develop a framework to examine financial satisfaction among public university students.

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Literature Review

Financial Satisfaction

Almost everyone in this world wishes to be happy and wants to achieve the goals of life satisfaction. Satisfaction can be defined as someone who can have a good life that brings happiness and life satisfaction. Ingrid et al. (2009) argued that one's quality of life can affect their life satisfaction. It is a type of happiness that one can achieve through personal effort and is known as the best personal accomplishment in life (Arifin, 2019). This means when someone achieves their goals and expectations in life, it indicates their satisfaction with their accomplishments (Ingrid et al., 2009). This is because most people will be happy to enjoy every moment in life after making many efforts and finally succeeding in achieving the target. However, satisfaction is a subjective experience that can be viewed as both a process and a result (Horn & Hom, 2003). Every person has a unique definition of satisfaction, which is dependent on their individual goals and aspirations. It can be challenging to provide a general definition of satisfaction that applies to everyone. Therefore, satisfaction is subjective and can be defined through various contexts that are unique to each individual, based on their own needs, wants, and desired level of achievement.

In addition to financial satisfaction, researchers believe that financial satisfaction is one of the satisfactions that can influence one's overall satisfaction with life (Arifin, 2019; Praag et al., 2003). Hansen (2009) defined financial satisfaction as an essential part that connects satisfaction in life and overall well-being involving experience in health, life, or happiness. Accordingly, financial satisfaction describes one's feeling of happiness in any aspect of their financial condition. It is known as part of the financial well-being that is connected with psychological well-being (Normawati et al., 2021). Besides, Rohani & Yazdanian (2021) revealed that financial satisfaction refers to a person's feelings and mentality toward their financial performance, reflecting their level of satisfaction over income and sources. Moreover, Sohyun Joo (2008) agreed that financial satisfaction describes someone who feels happy and satisfied with their current financial condition based on their perception of satisfaction in finance.

Overall, financial satisfaction is one of the crucial things that must be achieved in every person's life, especially in the field of financial therapy. People who are satisfied with their finances lead a better quality of life and free from financial worries. In contrast, those with financial difficulties might become stressed and depressed to fulfill their life satisfaction (Falahati et al., 2012). As mentioned above, it is generally believed that every person has their own goals to achieve financial satisfaction in life. Different people have different opinions about financial satisfaction depending on their needs and goals. It can be said that the level of financial satisfaction is determined by one's perception of the financial situation level to achieve financial well-being (Arsadena, 2020; Joo & Grable, 2004). Only the respective person knows their level of income and sources that help to determine their level of satisfaction.

Past studies investigated how variables such as financial attitude, financial knowledge and financial literacy affect financial satisfaction. There were some studies conducted on financial attitude impact on financial satisfaction. For example, there is a study examining men tend to be more satisfied with their finances when men have good financial attitudes. In contrast, women tend to be less satisfied with their finances when they have a good financial attitude (KIRBIŠ et al., 2016). In addition, Falahati et al. (2012) conducted a study among university students and it was found that students who cannot achieve a level of satisfaction towards

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money had negative attitudes that resulted in riskier financial behavior in managing money. Meanwhile, Johan et al. (2021) revealed that undergraduate students who took personal finance courses have greater financial knowledge in pension and stock funds, credit card ID theft, and inflation on purchasing power than students who did not while Lu and Micu (2019) stated having a financial knowledge can enhance healthier credit cards use that lead to greater financial satisfaction. In fact, Falahati et al. (2012) also revealed students with greater financial literacy tend to be satisfied with their finances.

Nevertheless, most of the past studies had conducted their study on a direct relationship of attitude, literacy, or knowledge toward financial satisfaction. However, this study emphasizes the need to explore the complex nature of the relationship. A simple relationship between the variables might not fully capture the complex mix of factors affecting financial satisfaction among students. This is because a direct link between the variables might not accurately encourage the students to achieve financial satisfaction. Therefore, this study explores other specific factors that can influence the financial satisfaction of university students which are personal attitude, subjective norm, perceived behavioral control, financial behavioral intention, and financial behavior.

Methodology

This study employs a qualitative research method to develop a research framework. This study wants to examine financial satisfaction through library research and reviewing the available literature. The selected databases are from Scopus, Science Direct and Emerald. In addition to this, this study attempts to develop the research framework on financial satisfaction among public university students.

Finding and Discussion

Underpinning Theory of Planned Behavior

The Theory of Planned Behavior was introduced by Ajzen (1991) as a continuum to the Theory of Reasoned Action to predict and fully understand how human intentions are developed for them to behave in specific actions and specific situations. Individuals are more likely to perform a behavior if they have a strong intention to do so. Humans will not perform the behavior if there is no desire to achieve what they want. According to the theory, human behaviors can be influenced by three determinants (personal attitude, subjective norms, and perceived behavioral intention) that can predict intention which in turn, leads to behavior. Therefore, it is generally believed that having a favorable attitude with greater support and perceived behavioral control can lead someone to have stronger intentions that encourage them to perform the behavior. These determinants are useful to predict the intention that can lead to the actual behavior. Figure 1 below indicates the model of the Theory of Planned Behavior:

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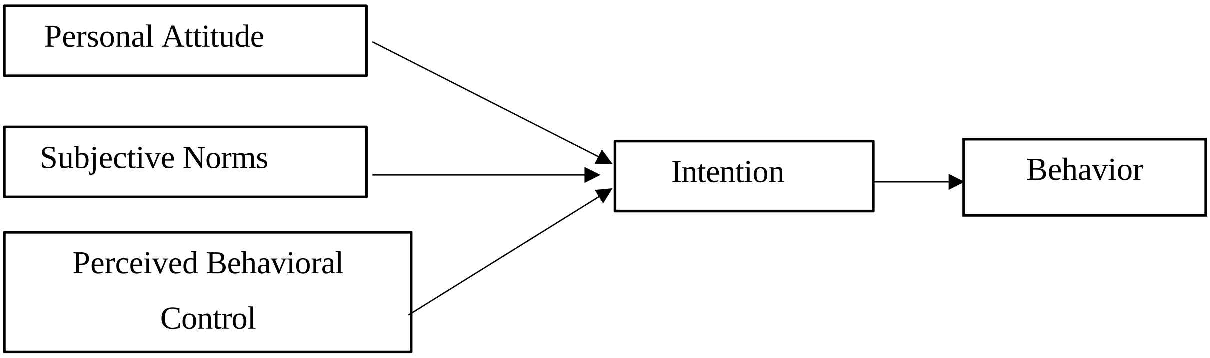
Figure 1: Ajzen's Model of Theory of Planned Behavior



Relationship among Variables

Personal Attitude

The theory of Planned Behavior posits that personal attitude is one of the determinants of developing the intention. Personal attitude is a person's set of beliefs, ideas, and judgements regarding money (Arifin, 2019). It also refers to a person who understands everything about finances, which is one of the important variables in financial decisions (Ilmu et al., 2016). It shows how a person can think, discuss, and evaluate everything that is related to finances (Borden et al., 2007). In this study, it was found that personal attitude has an influence on financial behavioral intention. Students who have a good personal attitude will develop stronger financial behavioral intentions to engage with financial behavior (Nizar et al., 2021). Besides, students who think saving can give a sense of security which they believe the importance of saving will develop stronger financial behavioral intention to save (Widyastuti et al., 2016). Therefore, it can be said that when someone believes that personal attitude, such as acknowledging the importance of saving money, tends to develop stronger financial behavioral intention to engage with the financial behavior.

Subjective Norms

The second determinant of the Theory of Planned Behavior is subjective norms. It can be defined as a person's expectation of whether to accept the opinion offered by their surrounding people such as family, friends, or colleagues (Xiao, 2015). It was found that subjective norms have an influence on financial behavioral intention. For example, when individuals who are close and important to students save money, it can easily influence and motivate them to do the same (Nizar et al., 2021). Furthermore, parents play a huge role in shaping the saving behavior of students so they will have the determination to engage with it (Shim et al., 2012). Therefore, it can be said that subjective norms developed through advice, opinions, and actions of close individuals, such as parents, partners, friends, or colleagues, which can lead to the development of stronger financial behavioral intention to save.

Perceived Behavioral Control

Perceived behavioral control is the third component of the Theory of Planned Behavior. It refers to the human's perception of whether the behavior is easy or difficult to perform (Ajzen, 1991). The level of ease or difficulty of perceived behavioral control is determined by the human's mind in conducting the behavior, reflecting both previous experiences and unexpected barriers (Xiao, 2015). This study found that perceived behavioral control has an influence on financial behavioral intention. Students with strong self-control tend to develop stronger

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financial behavioral intentions to save as it can help limit their desire to spend less and save more (Nizar et al., 2021). Many students are likely to be more motivated to save money if they have higher financial self-efficacy. This means students who feel confident with their ability to manage money are expected to have stronger intentions to save money, whereas those who lack decision-making power on financial matters may have less motivation to save (Mohamed et al., 2018). Not only that, perceived behavioral control was found to have a direct impact on behavior without any development of intention. It is unnecessary to have a financial behavioral intention before performing the financial behavior if the person is highly confident in his/her ability to perform savings (Satsios & Hadjidakis, 2018). Therefore, it is believed that the existence of high self-control in money management will result in one's higher probability of making savings, subsequently developing higher financial behavioral intention that can lead them to perform the financial behavior to save.

Financial Behavioral Intention

Intention refers to one's decision to perform a behavior, while financial behavioral intention refers to the willingness to manage one's finances (Shih et al., 2022). In this study, it was discovered that financial behavioral intention has an influence on financial behavior. Students who want to save for the future will develop stronger financial behavioral intentions, which in turn, influence the students to act on the behavior to save money (Widjaja et al., 2020). Furthermore, a strong commitment to saving is known as financial behavioral intention. In this regard, having the desire to save or invest their money will encourage individuals to focus on achieving their targeted goals (Widyastuti et al., 2016). It indicates that having stronger financial behavioral intention can influence the students to perform the behavior. On the other hand, financial behavioral intention also can be a mediator between personal attitude, subjective norms, and perceived behavioral control on financial behavior. A particular behavior could be influenced by these three factors and intention could serve as a proxy for a person to act on the behavior (Qaiser et al., 2020). As a result, this study discovered that intention is indeed a mediator that can influence the students to perform the behavior. Therefore, it can be said that students who wish to achieve the targeted goals are more likely to perform the behavior; nevertheless, students who do not have any intention may not invest any effort to achieve it.

Financial Behavior

Behavior can be defined as an action to be performed by one's intention (Ajzen, 1991) while financial behavior refers to someone who can organize, plan, budget, control, manage, and save all daily money. In this study, it was found that financial behavior influences financial satisfaction. Students who have good financial behavior such as planning for future savings, limiting their spending, and only buying necessary things tend to be more satisfied with their finances (Arifin, 2019; Dare, 2021). Moreover, good financial behavior such as savings, risk tolerance, cash flow management, and financial planning may lead students to achieve financial satisfaction (Robb & Woodyard, 2011). Therefore, financial behavior is a crucial component that should be implemented in every person's life. This applies particularly to university students as it can serve as a guideline for them to save, manage, organize, plan, and budget their money wisely.

Development of Research Framework

A conceptual framework serves as a crucial component in academic research as it aids in determining the research objectives and illustrating the influence of the variables under investigation. In this study, the Theory of Planned Behavior (TPB) model will be adopted as the conceptual framework (see Figure 2) to examine the influence of personal attitude,

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subjective norms, and perceived behavioral control toward financial behavior and financial satisfaction mediated by financial behavioral intention. Besides, this framework also wants to discuss the figure reflected in students' financial satisfaction.

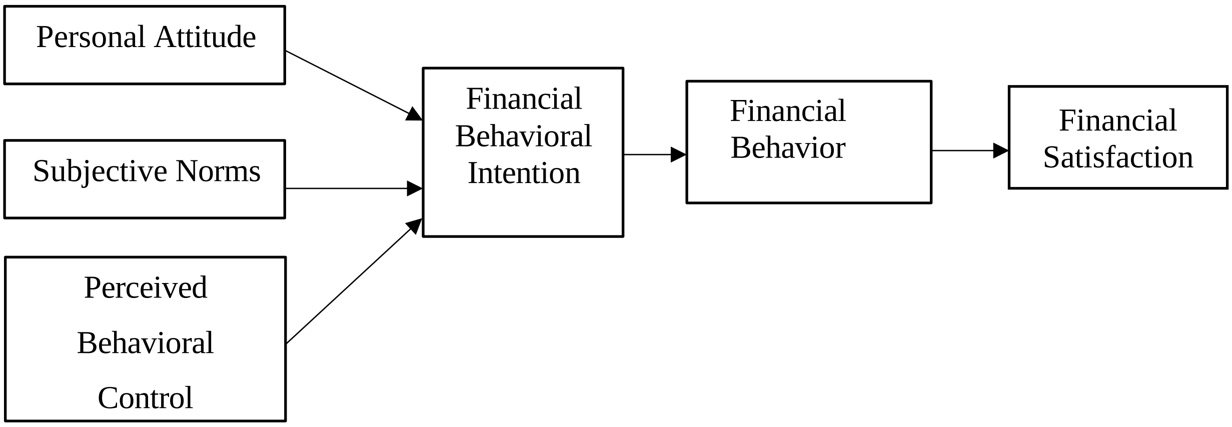

Figure 2: The Conceptual Framework of Determining Whether Financial Behavioral Intention Mediates the Effects of Personal Attitude, Subjective Norms, and Perceived Behavioral Control Toward Financial Behavior

Conclusion

Through the brief literature review above, a research framework is developed to examine the variables which are personal attitude, subjective norms, perceived behavioral control, financial behavioral intention, financial behavior and financial satisfaction. In a nutshell, this study achieves the objectives to develop a research framework to examine financial satisfaction among public university students. The research focuses on illustrating that having a positive personal attitude with greater subjective norms and stronger perceived behavioral control leads the students to develop stronger financial behavioral intention, which leads them to perform the financial behavior, which in turn achieves financial satisfaction. This study might benefit future researchers when applying and extending the Theory of Planned Behavior to examine financial satisfaction. Moreover, this study might help university students to achieve financial satisfaction during and after their university life. However, a few limitations found in this study which limits to university students only. Not only that, this study only has one mediator, which is financial behavioral intention was examine. Therefore, it is recommended for future researchers to examine financial satisfaction of general population in Malaysia and conduct financial behavior as mediator between financial behavioral intention and financial satisfaction.

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