Original Research Article

RELATIONSHIP BETWEEN FINANCIAL LITERACY AND ITS COMPONENT: A RESEARCH ON WORKING WOMEN

Abstract

For developing countries, Malaysia is in need of working women to ~~in~~ help~~ing~~ to improve the country's economy. Thus~~,~~ it is of immense need for our economy to take into consideration the fact that where and how working women are spending or investing their funds. For appropriate utilization of funds, working women need to be financially literate. 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 namely ~~(~~financial education, financial attitude, financial behavior and financial knowledge~~)~~. Data were analyzed~~processing of this study~~ using a pearson correlation coefficient and the sample size~~with the number of samples~~ of 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.

INTRODUCTION

Malaysia's economic growth 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 hitting~~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.

Financial literacy is the convergence of financial, credit and debt management and the knowledge that is necessary to make financially responsible decisions. 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 componentsthings 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.

The levels and influences of financial literacy are of immense need for employers, policy makers, educators, but to mention a fewetc. Thus, it is important to identify barriers and suggest solutions for the growth of its____incomplete??? (Lusardi and Tufano, 2009). 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 influenced by the the financial literacy of individuals such as gender, age, marital status and financial decision-making process (Agarwalla, Barua, Jacob & Varma, 2013). Lusardi and& Mitchell (2007) revealed that women tend to report lower financial literacy than men. Lusardi and Tufano (2009) supported the finding

that males are ~~is~~ more financially literate than females and the respondents who are divorced, widowed and separated haves a low level ofin financial literacy.

In the working world, financial challenges~~problems~~ have clear negative consequences on a worker's health and job performance. 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 chellenges~~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 main components of financial literacy. But, not all the components will affect the financial literacy among working women. Thus, this study was designed~~conducted~~ to assess the correlation between financial literacy and its component (financial education, financial attitude, financial behavior and financial knowledge).

METHODOLOGY

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 technique was~~were used in order to collected the data via self administered questionnaire~~ employed to select a sample of 35 working women. The structured ~~set of~~ questionnaires consisteds of 37 items onof financial literacy. The working women responses towards questionnaire were illustrated in semantic scale not clear??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 description is not clear The data collected were analyzed using Pearson correlation by utilizing Statistical Package of Social Science (SPSS).

RESULT AND FINDINGS

Table 1

Demographic Characteristics of Respondents

Demographic	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 – RM 2,999	13	37.1
	RM 3,000 – RM 4,999	11	31.4
	RM 5,000 – RM 6,999	6	17.1
	RM 7,000 – RM 8,999	4	11.4
	More than RM 9,000	1	2.9

Table 1: Descriptive Statistics not relevant here

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 aged between 20 and~~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%).not clear 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% of the respondents)~~ and Indian are(5.7%~~)~~. 62.9% of the respondents are working in private sector while 37.1% of the respondents work~~ing~~ 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.correct the grammar errors.

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	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
	.892	.893	25

109 Table 2: Reliability Statistics should be the caption of this table

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

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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 Correlation	.675**
	Sig. (2-tailed)	.000
	N	35
Financial Knowledge	Pearson Correlation	.193
	Sig. (2-tailed)	.266
	N	35
Financial Literacy	Pearson Correlation	1
	Sig. (2-tailed)	
	N	35
**. Correlation is significant at the 0.01 level (2-tailed).		

119 Table 3: Correlations

120 This study sought to establish the correlation between the dependent variable which is financial

121 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 hhasave 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 betweenfor financial literacy andagainst 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.

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. Provide this as a recommendation

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