RES MILITARIS
REVUE EUROPEENNE D ETUDES EUROPEAN JOURNAL OF MILITARY STUDIES

Social Science Journal

Factors Affecting Financial Distress among Malaysian Young Working Adults In Malaysia

By

Wong Chun Tat
Faculty of Business and Communication, Inti International University, Persiaran Perdana BBN, Putra Nilai, 71800, Nilai, Negeri Sembilan, Malaysia

Cherish Liew Peh Ting
Faculty of Business and Communication, Inti International University, Persiaran Perdana BBN, Putra Nilai, 71800, Nilai, Negeri Sembilan, Malaysia

Asokan Vasudevan
Faculty of Business and Communication, Inti International University, Persiaran Perdana BBN, Putra Nilai, 71800, Nilai, Negeri Sembilan, Malaysia
*Corresponding author: asokan.vasudevan@newinti.edu.my

Wong Yee Fong
Faculty of Business and Communication, Inti International University, Persiaran Perdana BBN, Putra Nilai, 71800, Nilai, Negeri Sembilan, Malaysia

Chuah Suan Cheng
Faculty of Business and Communication, Inti International University, Persiaran Perdana BBN, Putra Nilai, 71800, Nilai, Negeri Sembilan, Malaysia

Toong Hai Sam
Faculty of Business and Communication, Inti International University, Persiaran Perdana BBN, Putra Nilai, 71800, Nilai, Negeri Sembilan, Malaysia

Xue Ruiteng
Rising Capital Sdn. Bhd., 27-1, Jalan Eco Santuari 8/1C, Persiaran Eco Santuari, 42500, Telok Panglima Garang, Selangor, Malaysia.

Abstract

The research objectives aim to study the factors contributing to financial distress among young Malaysian working adults. The research focuses on the factors contributing to financial distress among young Malaysian working adults. The geographical focus is located in Malaysia. 14 The target sample is young Malaysian working adults. The unit of analysis is young working individuals. The research methodology approach uses using analysis approach, particularly in a quantitative method, and this research makes use of primary data. Raosoft calculator determines the sample size, and the Statistical Package for Social Sciences (SPSS) software version 24.0 is used for data collection. The results show that spending and investing have a significant positive relationship with financial distress, saving behaviour has a negative relationship with financial distress, and financial literacy 55 has no significant relationship with financial distress. The findings of this research provide an understanding of the mentality of Malaysian young working adults in saving, spending and investing, and how they behave accordingly. Among young Malaysian working adults, money is believed to be spent but not to be saved, and their investment sense and vision are not good enough. As a result, young

Malaysian working adults with such beliefs are likely to be involved in high spending, low saving, and high investment, which cause their financial distress.

Keywords: Financial Distress, Spending Behaviour, Saving Behaviour, Investment Behaviour.

Introduction

This study examines the conditions of financial distress along with Malaysian young working adults in Malaysia. The formation of the research foundation is initiated by the general issues of ageing and bankruptcy in Malaysia as the background, followed by the specific issues face by Malaysian young working adults relating to financial distress, including saving behaviour, spending behaviour, investing behaviour and financial literacy in the problem statement. In this chapter, the background, problem statement, research objectives, and significance of the research will be determined first, followed by the limitations and the scope of the research, and then the ethical consideration.

Young working adults start to work after they have finished their enlightenment and compulsory education, also known as Generation Y (Yong, Yew and Wee, 2018). After the Baby Boomers' retirement, the labour force of Malaysia will be dominated by Generation Y because they have outnumbered Generation X and become the largest generation in the world (Lin, 2018). As illustrated in Chart 1.1, the regressive pyramids in 2010 and projected in 2040 have tighter bases and wider apexes compared to 1957 and 1970, which shows that Malaysia has had low fertility rates and an ageing population in recent years (DOSM, 2017). As a result of the generation shift in the labour force in Malaysia, millenniums have more burdens and responsibilities in economic stabilization and productivity improvement compared to other generations due to the decline in the working-age population and the increase in the retirement age population (Mansor, 2019). Therefore, it is crucial to study the factors of financial distress among young Malaysian working adults because the financial distress not only negatively impacts their quality of life as individuals but also drags down the country's productivity and the economy as a whole (Adzis et al. 2017).

The followings are the specific problems confronted by Malaysian young working adults associated with financial distress in terms of saving behaviour, spending 6.40% 5.70% 6.90% 6.15% 5.45% 0.00% 1.00% 2.00% 3.00% 4.00% 5.00% 6.00% 7.00% 8.00% 2015 2016 2017 2018 2019 EPF Dividend Rate of Conventional Savings from 2015 to 2019 EPF Dividend Rate of Conventional Savings from 2015 to 2019 11 behaviour, investing behaviour and financial literacy. In savings behaviour, the Employee Provident Fund (EPF) provides legal security for workers in the private sector and for government employees who choose to participate in EPF regardless of their status (Samad and Mansor, 2017). However, Chart 1.3 shows that EPF has the lowest dividend rate of conventional savings in 2019 throughout the five years. In addition, a study by the EPF found that 70% of the members used up all their savings within ten years and had financial distress before retirement (Adzis et al. 2017). This raises a big question about whether the amount saved in the EPF account is sufficient for a young Malaysian working adult to settle his/her financial difficulties (Ibrahim, Isa and Ali, 2012).

In terms of spending behaviour, the over-consumption of Malaysian can cause the rise in credit card debts, leading to financial distress (Teo et al., 2013). Credit cards were initially applicable only to entrepreneurs and professionals, but nowadays, every Malaysian can easily apply for a credit card with a yearly income of RM24000 and two credit cards with a yearly income of RM36000 (Noordin et al. 2012). As a result, Malaysia's number of credit card owners reached approximately 3.6 million in 2017 (DOSM, 2019). In this case, the Malaysian young working adults with high usage of credit cards are more tend to have participated in heavier debts and higher spending behaviour, including compulsive buying, specifically in online shopping, which refers to purchasing online excessively as a control disorder (Quoquab, Yasin and Banu, 2013; Teo et al. 2013). Concerning investing behaviour, Malaysian young working adults have prevailing default behaviour on investment decisions. Malaysian young working adults are not prepared to deal with investment uncertainty and risk, and lack understanding of how important an investment decision making could postpone or delay their financial planning. Simply inactive to make investment decisions and think the future is still a long way ahead (Ibrahim, Isa and Ali, 2012). However, high-risk investment produces high income, Malaysian young working adults as investors avoid investing in high-risk ventures because they fear losses from the investments (Ung, 2012). As a result, they merely rely on EPF to decide their retirement savings investment decisions in approved unit trust with low investment returns 12 (Jamaludin and Gerrans 2015). By overlooking the importance of making suitable investments through investment portfolios, they are not receiving any investment return as a source of income in the long term to avoid financial distress (Ibrahim, Isa and Ali, 2012).

Financial literacy led to better financial risk management options, strengthened individual wellbeing at the individual level, and strengthened collective decision-making, protecting consumers and investors at the government level (Yew et al. 2017). Malaysia as a developing country which aims to be a high-income nation in 2020, financial literacy is essential to shape rational behaviours of the Malaysian young working adults in saving, spending and investing for financial prudence in order to reduce household debt rates and bankruptcy rates in Malaysia caused by financial distress (Pillai, Carlo, and D'souza, 2010; Yew et al. 2017). However, the financial literacy level in Malaysia is generally low, and many Malaysians still lack basic financial concepts to make rational financial decisions and money management (Kimiyaghalam and Yap, 2017). As a result, young Malaysian working adults who lack financial literacy tend to be involved in financial exclusion and are unable to overcome financial problems as individuals, households and consumers (Mokhtar et al., 2018).

The research objectives stated the following: -

1. To determine the association between spending behaviour and financial distress among young Malaysian working adults in Malaysia.
2. To determine the association between saving behaviour and financial distress among young Malaysian working adults in Malaysia.
3. To determine the association between investing behaviour and financial distress among Malaysian young working adults in Malaysia
4. To determine the association between financial literacy and financial distress among Malaysian young working adults in Malaysia

Literature Review

Financial Distress

Due to the diverse definition and degrees of financial distress, the determinants of a person's financial distress are situational (Ware, 2015). For instance, a person faces financial distress due to his/her unemployment, while another person faces financial distress due to his/her investment failure (Hynes, 2012). Although the causes of financial distress differ, Ware (2015) summarized the factors contributing to financial distress into two broad areas: poverty and unmanageable debt. McCarthy (2011) found that demographic, economic and behavioural factors have a more significant impact than financial literacy on financial distress in a case study of the US subprime mortgage market. In Malaysia, research carried out by Koon and Nurazrin (2015) has similar findings: spending behaviour, savings habit, and financial management were closely related to financial distress, but financial literacy was less related to financial distress. However, Idris, Krishnan and Azmi (2017) investigated that financial distress was determined by financial literacy concerning productivity.

Past research conducted by Hwee, Lin and Sellapan (2010) found that most young working adults are Generation Y who are grown up in a wealthy and stable economy which is good to provide them with more job opportunities and higher living standards compared to their previous generations. However, in many cases, this protective environment causes them to be unable to decide on their life, especially in the financial aspect. It is supported by the findings of a survey conducted by The Western Union Money Mindset Index (as cited in Idris, Krishnan and Azmi, 2017) about half of the young working adults feel more and more pressure because of financial commitments, and one-third of them have a worsening financial situation over the past six months.

When scrutinizing the situation of young Malaysian working adults, most have similar financial distress conditions to Western countries such as the US. Because they graduate with education debts and have car and housing loans after getting a job, they tend to change jobs repeatedly in a short period under fierce job competition due to their short-term orientation. They are not well-prepared to face real-world challenges (Mariadas and Murthy, 2017). Hence, such patterns, together with a lack of job security due to various reasons, are distressing them financially and economically as it may lead to the degradation of financial health and quality of life and potential social problems which may hinder Malaysia's development processes (Idris, Krishnan and Azmi, 2017).

Spending Behaviour

Norman (2010) found that most of the financial distress 17 faced by young working adults is primarily due to poor spending decisions with poor financial literacy. It is supported by Jorgensen et al. (2017) that excessive spending has saddled many young working adults with debts. This phenomenon can be triggered by the current technology development, especially in E-commerce as a trend for young working adults to follow up the rapidly changing fashion such as purchasing the latest electronic gadget and online shopping (Idris, Krishnan and Azmi, 2017).

Credit card spending and compulsive buying are two high spending behaviours among young Malaysian working adults (Hassan, Abdullah and Hassan, 2018). Regarding the credit card's repayment, a credit card holder should spend around RM50 or 5% interest as the monthly payment for owning a credit card. A credit card holder should repay 18% interest when the credit card holder spends surpass the credit card balance, which increases the financial distress risk of the Malaysian young working adults when his or her income earned is unable to fulfil the financial obligations raised by the credit card spending (BNM, 2019). On the other hand, the most common meaning of compulsive buying is to purchase repetitively as a way to avoid emotions such as anxiety, worries, psychological anguish, anger, pain and stress, and many Malaysian young working adults are engaged in compulsive buying in order to gain social acceptance and enhance their perceived social image (Quoquab, Yasin & Banu, 2013).

In terms of credit card spending, Bank Negara Malaysia (BNM) (as cited in Wei et al. 2018) revealed that in the one year ended June 2016, the total amount of credit card applications by young working adults had increased by 56.8% due to their consideration of the versatility provided by the credit cards in payment and financing. Meanwhile, in compulsive buying, many young Malaysian working adults have compulsive online shopping, which increased from 24.5% in 2011 to 48% in 2017 since online shopping applications are easy to download using smartphones (Chuah et al. 2018). Therefore, many young working adults have struggled to pay off their debts of mortgages and credit cards and cannot spend more than their financial ability due to their poor spending behaviours, which ultimately leads to their financial distress (Santos and Abreu, 2013).

H_1: Spending behaviour positively impacts financial distress among young Malaysian working adults.

Saving Behaviour

The importance of saving for economic development is debatable because the rise in saving means that people are not spending in an economy, thus not contributing to the Gross Domestic Product (GDP) or Gross National Product (GNP) of a nation (Bottey, 2018). According to a press released by EPF (2020), the Malaysian Government has reduced the employees' contribution from 11% to 7% to their saving accounts to energize the Malaysian economy by encouraging domestic spending. However, Mahdzan and Tabiani (2013) argued that saving could contribute to economic growth because it gives a foundation for infrastructure development and investments in the long term. At the household level, Kapounek, Korab and Deltuvaite (2016) also argued that households could use their savings to protect from unexpected economic conditions and redistribute economic resources over the life cycle.

Copur and Gutter (2019) proposed that economic, sociological and psychological factors saving behaviour can be determined saving behaviour, but it has no comprehensive model since it is based on different circumstances. The findings of several empirical studies are shown as followings. In economic factors, the demographic variables, including age, gender, income and education level, can influence saving behaviour (Aktas et al., 2012; Whitaker et al., 2013). Besides demographic variables, Niculescu-Aron and Mihaescu (2012) have realized that economic growth as a socioeconomic factor has a positive effect on saving behaviour, but political instability harms saving behaviour. In sociological factors, previous research has revealed the influence of financial socialization, including childhood learning, self-control and parent-child interactions about money towards saving behaviour (Elliott et al. 2011). Loibl et al. (2010) investigated that future-oriented individuals were more likely to save money in psychological factors. However, Copur and Gutter (2019) investigated that saving behaviour was more likely to be influenced by economic and sociological factors instead of psychological factors.

Malaysian young working adults with financial distress have often reported little or no savings and high domestic debts (Koon and Nurazrin, 2015). As shown in Chart 2.1, a cross-countries survey conducted by HSBC (as cited in Ganesan, 2012) found that Malaysians have the lowest saving ratio compared with China, South Korea, Taiwan, India and Singapore. As claimed by Rajasekharan Pillai (as cited in Birari and Patil, 2014), young working adults infrequently apply financial skills in their long-term financial planning in terms of saving and budgeting. An online survey by The RinggitPlus Team (2018) revealed that one-third of the Malaysians did not have a saving account and many Malaysian young working adults faced the "middle-income trap" as the higher income they earned, the lesser money they saved. As a result, they cannot confront unexpected financial problems even though they realize the importance of saving (BNM, 2013). Although there are several surveys related to Malaysians saving, most previous research focused more on areas other than saving behaviour with direct impacts on Malaysian young working adults' lives, including credit cards, insurance and banking (Nga and Yeo, 2018).

H2: Saving behaviour negatively impacts financial distress among young Malaysian working adults.

Investing Behaviour

In general, investing behaviour aims to mitigate risk while optimizing returns which is opposed to a speculator who embraces a higher risk level in hopes of 21 generating a higher-than-average benefit (Garg and Mishra, 2020). It is challenging for an investor to make an investment decision like "buy low, sell high" (Riaz, Hunjra and Azam, 2012). Although there are so many publications and knowledge about how to make sound investments, it remains challenging to achieve investment goals because the investor's rapidly changing economic conditions are hard to capture during the decision-making process (Jaiyeoba et al. 2018).

Different investors have different investing behaviours. Some investors are risk takers who buy a particular share to make a big profit over a short period, but it is more likely to be a gamble than an investment (Pikulina, Renneboog and Tobler, 2017). On the other hand, some investors are risk-averse and persuaded that there is no secure investment to produce significant returns in a short time (Bucciol, Cavasso and Zarri, 2019). In this case, investing behaviour is in close relation to behavioural finance and behavioural economics through economic, cognitive and emotional influences in order to understand Malaysian young working adults as investors to make an investment decision and the effect they have on the stock price, return and resource allocation (Garg and Mishra, 2020). Thus, the investing behaviour affects the investor's present and future financial distress, showing that investment and economics are fundamentally connected (Marwaha and Arora, 2017)

Based on the findings of Forbes reports (as cited in Ganesan 2012), around 40% of young working adults are not willing to invest in the stock market, and 30% of young working adults liquidate their assets in cash to avoid financial fluctuations in the equity markets showing that the concept of risk aversion is instilled and shared among many young working adults. Like the ICI's 2011 Annual Mutual Fund Shareholder Tracking Survey (as cited in Mitchell and Smetters, 2013), young working adults are likelier to take average risk than above average risk compared to older generations as investors. According to research by Helman and Sutton (as cited in Wang 2011), many young working adults do not invest in generating wealth and saving for retirement, and they are fragile to job losses and financial bubbles, which may lead to their financial distress. In the Malaysian context, there are only 12% of the investors in stock markets are young working adults, as reported by Bursa Malaysia, showing that Malaysian young working adults are less interested in investing for wealth management as a means to prevent their financial distress (Min, Gee and Kian, 2014).

H3: Investing behaviour negatively impacts financial distress among young Malaysian working adults.

Financial Literacy

In tandem with global economic growth, the definition of 'literacy' has broadened to the ability and constant use in a social system (Starček, S. and Trunk, 2013). It involves the receipt, understanding, production and use of vocabulary for everyday purposes (Amran et al., 2018). In this case, financial literacy is deeper than pure financial knowledge about the understanding of finance through financial education because financial literacy engages another dimension of the use of finance knowledge in financial management (Norvilitis & Maclean, 2010; Xiao, Chen, & Chen, 2014). Financial illiteracy can cause poor money management in spending, saving, and investing as a person does not know or use financial knowledge properly (Raaij, 2016).

Ooijen and Rooij (2016) studied the concept of 'debt literacy' the ability to take simple debt contract decisions and apply basic interest compounding information to daily financial options among Americans. The study showed that low debt literacy was widely shared among females, senior citizens, certain minorities and impoverished people, leading to over-indebtedness due to high-cost borrowings and financial ignorance (Lusardi and Tufano, 2015). A similar study on financial literacy and debt burden among a sample of Malay youth workers analyzed by Idris et al. (2016) found that most respondents have a basic understanding of financial literacy. However, it failed to measure their debt burden, which required an appropriate education on debt literacy.

There have also been several previous studies carried out in Malaysia concerning the impacts of financial literacy on personal financial planning, individual saving and investment decision, to name a few (Boon, Yee and Ting 2011; Jonubi and Abad 2013; Janor et al. 2017). Boon, Yee and Ting (2011) observed that financial literate persons concentrated more on personal financial planning to escape the negative consequences of financial difficulties on their lives than those financial illiterate persons. Meanwhile, Jonubi and Abad (2013) found that financial literacy positively affects individual saving, ceteris paribus. Besides that, Janor et al. (2017) noted that financial literacy is closely linked to investment decisions and further revealed the knowledge gap in investment types, risk tolerance levels, financial literacy measurements and financial knowledge sources. On the other hand, several studies indicated that Malaysians are generally financially illiterate. In a survey conducted by Amran et al. (2018), more than half of the Malaysians have low financial knowledge scores with a vague understanding of financial risks and returns to make rational financial decisions. Moreover, a 2015 Bank Negara Malaysia (BNM) financial literacy survey showed that even RM1000 was hard to raise in case of an emergency for three-quarters of Malaysians, less than 25% of them had any investments, and more than 3000 Malaysians had no proper budget or financial discipline to control their spending and debt (BNM, 2015).

H_4: Financial literacy negatively impacts financial distress among young Malaysian working adults.

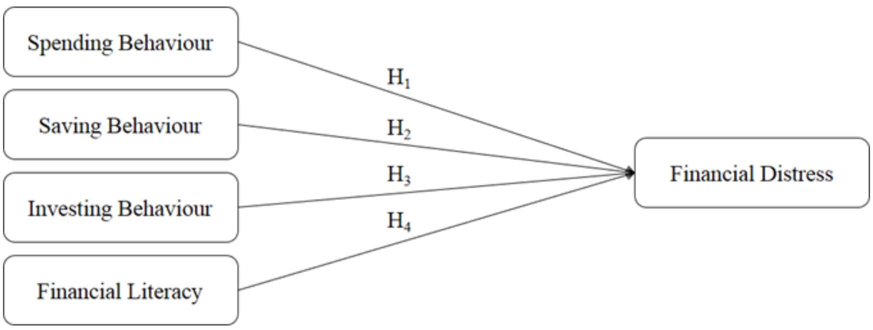

Figure 1: *Conceptual Framework*

Methodology

Samples

Research methodology is divided into research design, descriptive analysis, validity and reliability test and analysis, research population, unit of analysis, sample selection and sampling procedures, and data collection and analysis methods. The formation of the research hypothesis is initiated by identifying the dependent and independent variables, followed by the formation of the four hypotheses to determine if there is a significant relationship between the independent and dependent variables. The researcher distributed the online questionnaires to young Malaysian professionals in both private and public sectors throughout Malaysia. Young professionals aged 25 to 34 years old were selected for the study. Random sampling was chosen as a non-probability sampling method. The researcher chose this sampling method because it is convenient to distribute the questionnaire through the internet, and the questionnaires can easily reach the respondents nearby (Etikan, Musa and Alkassim, 2016). This study focuses on young Malaysian professionals who live and work in Malaysia. Therefore, the sample size for this study was 385 respondents. The data collected from the respondents were analyzed using Statistical Package for Social Sciences (SPSS) statistical software. In this study, three hundred and eighty-five online questionnaires were distributed via Google Forms, a widely used online survey tool, to young Malaysian professionals working in both the public and private sectors in Malaysia. All three hundred and eighty-five online questionnaires were successfully collected, indicating an overall response rate of one hundred per cent. This subsection determines the demographic profile, including gender, age, marital status, monthly income, occupational level and education level of the three hundred and eighty-five respondents.

Table 1 *Respondents' demographic profile (N-385)*

		Frequency	Percent
Gender	Male	193	50.1
	Female	192	49.9
	18-24	125	32.5
Age	25-34	128	33.2
	35-44	132	34.3
	Single	198	51.4
Marital Status	Married with Children	146	37.9
	Married without children	41	10.6
	Below RM1000	45	11.7
	RM1001-RM2000	87	22.6
Monthly Income	RM2001-RM3000	22	5.7
	RM3001-RM4000	49	12.7
	RM4001-RM500	72	18.7
	Above RM5001	110	28.6
	Senior Management	40	10.4
	Middle Management	44	11.4
Occupational level	Executives/Officers	177	45
	Clerical Level	68	17.7
	Technicians/Assistants	56	14.5
Education level	Primary	14	3.6
	Secondary	11	2.9
	Diploma	44	11.4
	Degree	222	57.7
	Master	82	213
	Doctorate	12	

Table1 shows that the participation of male and female respondents in this online survey is almost the same. One hundred and ninety-three male respondents correspond to 50.13% and one hundred and ninety-two female respondents correspond to 49.87%. It can be seen that the participation of respondents from the three age groups in this online survey is almost the same. In this case, there were one hundred and thirty-two respondents aged 35 to 44years old, which accounted for 32.29%, followed by one hundred and twenty-eight respondents aged 25 to 34years old, which accounted for 33.25%, and one hundred and twenty-five respondents aged

18 to 24years old, which accounted for 32.47%. From the study, most of the respondents who participated in this online survey are single, and the least of the respondents who participated in this online survey are married and have no children. In this case, 51.43% of the respondents are single, followed by 37.92% of the respondents who are married with children and only 10.65% who are married without children.

One hundred and ten respondents with a monthly income of more than RM5001 constitute the most significant proportion at 28.57%. Eighty-seven respondents have a monthly income of RM1001 to RM2000, which accounts for 22.60%. Seventy-two respondents have a monthly income of RM4001 to RM5000, which accounts for 18.70%. Forty-nine respondents have a monthly income from RM3001 to RM4000 (12.73%), forty-five respondents have a monthly income of less than RM1000 (11.69%), and only twenty-two respondents have a monthly income from RM2001 to RM3000 (5.17%) constitute the minor proportion. From the study, most of the respondents who participated in this online survey are executives/officials, and the other occupational levels are distributed without extreme differences. In this case, managers/officials account for the most significant percentage of respondents with 45.97%, followed by sixty-eight respondents with 17.66% from clerical, fifty-six respondents with 18.70% from technical/assistant, forty-four respondents with 11.43% from middle management, and forty respondents with 10.39% from upper management. Two hundred and twenty-two respondents with a college degree represent the most significant percentage at 57.66%, followed by eighty-two respondents with a master's degree (21.30%), forty-four respondents with a graduate degree (11.43%, fourteen respondents with an elementary school degree (3.64%), twelve respondents with a doctorate (3.12%), and only eleven respondents with a secondary school degree (2.86%) represent the smallest percentage.

Measures

Saving Behaviour

This construct consists of four items, which are adapted from Ganesan (2012) using the 5-Point Likert Scale, ranging from 1 (strongly disagree) to 5 (strongly agree). An example of an item includes " 1) You put your money aside regularly for the future.". The Cronbach alpha coefficient was .808.

Spending Behaviour

This construct consists of four items, which are adapted from Ganesan (2012) using the 5-Point Likert Scale, ranging from 1 (strongly disagree) to 5 (strongly agree). An example of an item includes " 1) Money is there to be spent." The Cronbach alpha coefficient was .825.

Investing Behaviour

This construct consists of four items, which are adapted from Waruingi (2011) using the 5-Point Likert Scale, ranging from 1 (strongly disagree) to 5 (strongly agree). An example of an item includes " 1) After a prior gain, you are more risk-seeking than usual." The Cronbach alpha coefficient was .744.

Financial Literacy

This construct consists of four items, which are adapted from Atkinson and Messy (2012) using the 5-Point Likert Scale, ranging from 1 (strongly disagree) to 5 (strongly agree). An example of an item includes " 1) After a prior gain, you are more risk-seeking than usual." The Cronbach alpha coefficient was .817.

Data Analysis

The researchers used SPSS version 24.0, Statistical Packages for Social Sciences, to analyze the data. Several levels of analysis were used to test the objectives of the study. Descriptive analyzes of the data were conducted to assess the frequency distribution of respondents' backgrounds and unstudied characteristics. The relationships among saving, spending, investing, financial knowledge, and financial distress were then examined using Pearson correlation analysis. Finally, multiple regression analysis was performed to examine the various job satisfaction factors. All statistical tests had a cut-off value of 0.05, which was used as a measure of significance.

Results

Based on Table 2, it is found that all the variables are significant at 0.000, which is lesser than 0.001. The result also shows that spending behaviour (SPB) (r=0.708), investing behaviour (IB) (r=0.816), and financial literacy (FL) (0.720) have a strong positive relationship with financial distress, but saving behaviour (SVB) (r=-0.715) has a weak solid relationship with financial distress (FD).

Table 2: *Pearson's Correlation Coefficient*

Correlations

		FD	SVB	SPB	IB	FL
FD	Pearson Correlation	1	-.715**	.708**	.816**	.720**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	385	385	385	385	385
SVB	Pearson Correlation	-.715**	1	-.608**	-.702**	-.738**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	385	385	385	385	385
SPB	Pearson Correlation	.708**	-.608**	1	.703**	.668**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	385	385	385	385	385
IB	Pearson Correlation	.816**	-.702**	.703**	1	.717**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	385	385	385	385	385
FL	Pearson Correlation	.720**	-.738**	.668**	.717**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	385	385	385	385	385

**. Correlation is significant at the 0.01 level (2-tailed).

The results of the multiple regression analysis to examine the predictors of employee satisfaction are shown in Table 3. From Table 3, it can be seen that the R-squared value of 0.734 indicates that 73.4% of the variation in financial distress among young Malaysian professionals as dependent variables can be explained by four factors, namely saving behaviour, spending behaviour, investment behaviour and financial distress as independent variables. However, it also means that the remaining 26.6% of the variation in financial distress cannot be explained by the tested independent variables but may be explained by other factors. In addition, the R-value of 0.857 shows a strong positive relationship between the four independent variables and overall satisfaction. The Durbin-Watson value of 2.075 is close to

2, indicating that there is no autocorrelation in the multiple regression analysis, which means that there is no relationship between the values separated from each variable and the pattern in this study is error-free.

Table 3: *Multiple Regression*

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.857[a]	.734	.731	.32234	2.075

a. Predictors: (Constant), FL, SPB, SVB, IB

b. Dependent Variable: FD

As shown in Table 4, the resulting equation from the analysis is financial distress (FD) = 1.270 – 0.195 saving behaviour (SVB) + 0.163 spending behaviour (SPB) + 0.479 investing behaviour (IB). Moreover, the unstandardized B value determines whether the relationship between the variables is positive or negative.

Table 4: *Multiple Regression Coefficients*

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.270	.270		4.705	.000		
	SVB	-.195	.046	-.178	-4.205	.000	.391	2.557
	SPB	.163	.035	.182	4.607	.000	.447	2.235
	IB	.479	.045	.471	10.648	.000	.359	2.786
	FL	.140	.048	.129	2.900	.004	.352	2.844

a. Dependent Variable: FD

The relationship between saving behaviour and financial distress has a p-value of 0.000, which is lesser than the significance level of 0.001. The saving behaviour's unstandardized B value of -0.195 indicates a negative relationship. It means that every one unit increase in saving behaviour will lead to a 0.195 decrease in financial distress among Malaysian young working adults. This case supports that H2 is significant and does not reject H2.

Similarly, the relationship between spending behaviour and financial distress has a p-value of 0.000, which is lesser than the significance level of 0.001. The spending behaviour's unstandardized B value of 0.163 indicates a positive relationship. It means that every unit increase in spending behaviour will lead to 0.163 increases in financial distress among young Malaysian working adults. In this case, it also supports that H2 is significant and does not reject H1.

However, about the relationship between investing behaviour and financial distress, even though it has a p-value of 0.000 which is lesser than the significance level of 0.001, its unstandardized B value of 0.479 indicates that the relationship is positive, which is inconsistent to H3. Every unit increase in investing behaviour will lead to 0.479 increases in financial distress among Malaysian young working adults. In this case, it rejects H3, although H3 is significant.

Last but not least, the relationship between financial literacy and financial distress has a p-value of 0.004, which is more than the significance level of 0.001, indicating that the relationship is insignificant. Therefore, the resultant equation excludes financial literacy, and H4 is accepted

Discussion and Limitation of the study

There are several limitations to be addressed in this research. One of them is the time constraint. The duration of collecting data is short. Time is also limited to collecting more surveys and the need to generate the data in a short period. Although it can meet the research objectives, the consistency and accuracy can be strengthened if the period for this research is longer. Another limitation is that there is respondent bias during the data collection. The respondent may not understand and be clear about the questionnaire content. Some respondents may be unclear or do not read the question carefully and answer the questionnaire correctly when completing the online survey. Due to the Movement Control Order (MCO) in Malaysia as the government policy to confront COVID19, the data collection process is challenging. It only allows online surveys, which reduces the data authenticity as everyone can answer the questionnaire being distributed online.

The following limitation is the limited studies on young working adults in the Malaysian context. Although there are a significant number of studies in connection with young working adults regarding the influence of financial behaviours and financial literacy on financial distress are performed in countries outside Malaysia. However, these are yet to be performed in Malaysia, which hinders comparison in the literature review. The adoption and implementation of journals and results in the context of oversea countries may be unreliable and insufficient because of the cultural, educational, environmental and other factors variations that may not have the same significance in Malaysia.

Conclusion ad Recommendation

Overall. the study provides an understanding of the mentality of Malaysian young working adults in saving, spending and investing, and how they behave accordingly. Among young Malaysian working adults, money is believed to be spent but not saved, and their investment sense and vision are not good enough. As a result, young Malaysian working adults with such beliefs are likely to be involved in high spending, low saving, and high investment, which cause their financial distress.

In saving behaviour, the Malaysian young working adults' saving behaviour is found to be an essential factor in reducing their financial distress; Malaysian Government should develop saving programs to encourage saving behaviour among the Malaysian young working adults and the Malaysian young working adults as individuals should also start to save not only for emergencies but also for their retirement in order to get rid of financial troubles

A suggestion for future research is that the analysis approach could be qualitative rather than quantitative so that a detailed discussion can occur. It is believed that more information and knowledge about the financial distress issues in Malaysia can be obtained using a qualitative approach. The understanding from qualitative research makes it possible for researchers to gain in-depth information to know why and how Malaysian young working adults have financial distress conditions to determine the factors affecting financial distress among Malaysian young working adults. The approaches to be recommended are an interview and focus group, which will examine explanations for the reasons for Malaysian young working adults' financial distress.

Another suggestion for future research is that future researchers can focus on the areas not being tested in this research. They are recommended to use other research models to analyze more variables more suitable to identify the factors affecting financial distress among young Malaysian working adults. For instance, they can further improvise this research based on different demographics and locations in detail to provide distinctive perceptions and more accurate research results. Hence, the factors affecting Malaysian young working adults' financial distress should be further determined in various aspects as an ongoing process to have more comprehensive knowledge about the reasons for the financial distress happening among Malaysian young working adults.

Acknowledgment

The authors offer special gratitude to INTI International University for the opportunity to conduct research and publish the research work. In particular, the authors would like to thank INTI International University for funding to publish this research work.

References

Adzis, A.A., Bakar, J.A. and Shahar, H.K., 2017. Factors Influencing Young Adults’ Debt in Malaysia. Journal of Business and Retail Management Research, 12(1)

Aktaş, A., Güner, D., Gürsel, S. and Uysal, G., 2012. Structural determinants of household savings in Turkey: 2003-2008 (Doctoral dissertation).

Amran, N.A., Sawandi, N., Shaari, H., Saad, R.A. and Bakar, A.S.A., 2018. Financial Literacy among Malaysian Households in Managing Income. Indian Journal of Public Health Research & Development, 9(11), pp.1213-1219

Birari, A. and Patil, U., 2014. Spending and Saving Habits of Youth in the City of Aurangabad. The SIJ Transactions on Industrial, Financial & Business Management (IFBM), 2(3), pp.158-165.

BNM, 2013. Bank Negara Malaysia Annual Report 2013. [online] Available at: https://www.bnm.gov.my/index.php?ch=en_publication&pg=en_ar&ac=19 [Accessed 20 April 2020].

BNM, 2015. Bank Negara Malaysia Annual Report 2015. [online] Available at: https://www.bnm.gov.my/index.php?ch=en_publication&pg=en_ar&ac=22&en [Accessed 20 April 2020].

BNM, 2019. Credit Card. [online] Available at: https://www.bnm.gov.my/index.php?ch=57&pg=137&ac=809&bb=file [Accessed 20 April 2020].

BNM, 2019.Credit Card.[online] Available at: https://www.bnm.gov.my/index.php?ch=57&pg=137&ac=809&bb=file [Accessed 20 April 2020].

Boon, T.H., Yee, H.S. and Ting, H.W., 2011. Financial Literacy and Personal Financial Planning in Klang Valley, Malaysia. International Journal of Economics and Management, 5(1), pp.149-168.

Bottey, H., 2018. Examining the Relationship between Financial Literacy and Personal Savings among Individuals in Adeiso (Doctoral dissertation, University of Cape Coast).

Bucciol, A., Cavasso, B. and Zarri, L., 2019. Can Risk-Averse Households Make Risky Investments? The role of trust in others. The Scandinavian Journal of Economics, 121(1), pp.326-352.

Chuah, C.S., Ng, L.P., Khan, M. and Rita, N., 2018. Compulsive Online Shopping in Malaysia/Chuah Soo Cheng, Ng Phaik Lian and Noor Rita Mohamad Khan. Advances in Business Research International Journal, 4(2), pp.1-8.

Copur, Z. and Gutter, M.S., 2019. Economic, Sociological, and Psychological Factors of the Saving Behavior: Turkey Case. Journal of Family and Economic Issues, 40(2), pp.305-322

DOSM, 2017. Population and Demographics - Ageing. [online] Available at: https://www.dosm.gov.my/v1/uploads/files/6_Newsletter/Ageing.pdf [Accessed 20 April 2020].

DOSM, 2019. Stats Malaysia – Pocket Stats Quarter 4, 2018. [online] Available at: https://www.dosm.gov.my/v1/uploads/files/7_Publication/Infographic/PocketStats/Pocket_Stats_Q4-2018.pdf [Accessed 20 April 2020

Etikan, I., Musa, S.A. and Alkassim, R.S., 2016. Comparison of Convenience Sampling and Purposive Sampling. American journal of theoretical and applied statistics, 5(1), pp.1-4.

Elliott, W., Choi, E.H., Destin, M. and Kim, K.H., 2011. The Age Old Question, which comes first? A Simultaneous Test of Children's Savings and Children's College-Bound Identity. Children and Youth Services Review, 33(7), pp.1101- 1111

Ganesan, A.S., 2012. Consumption, Spending and Investment Behaviour of Malaysia Generation Y (Doctoral dissertation, UTAR).

Garg, S. and Mishra, S., 2020. A Study on Analysis of Investors Behaviour While Investing in Stock Market. Studies in Indian Place Names, 40(69), pp.67-79

Hassan, H.B., Abdullah, S.H. and Hassan, J.B., 2018. A Conceptual Framework on Social Platform, Compulsive Buying and Responsible Use towards Credit Card Debt among Young Adult. The Journal of Social Sciences Research, pp.30-35

Hwee J.K., Lin L.H. and Sellapan R.D., 2010. Financial Planning and Youth: Implications in Educating Generation Y. The 4E Journal, pp.18-20.

Hynes, R., 2012. Payday Lending, Bankruptcy, and Insolvency. Wash. & Lee L. Rev., 69, p.607.

Ibrahim, D., Isa, Z.M. and Ali, N., 2012. Malaysian Savings Behaviour towards Retirement Planning. In International Conference on Economic Marketing and Management (Vol. 28, pp. 102-105).

Idris, F.H., Krishnan, K.S.D. and Azmi, N., 2017. Relationship between Financial Literacy and Financial Distress among Youths in Malaysia-An empirical study. Geografia-Malaysian Journal of Society and Space, 9(4).

Jaiyeoba, H.B., Adewale, A.A., Haron, R. and Ismail, C.M.H.C., 2018. Investment Decision Behaviour of the Malaysian Retail Investors and Fund Managers. Qualitative Research in Financial Markets.

Jamaludin, N. and Gerrans, P., 2015. Retirement Savings Investment Decisions: Evidence from Malaysia. Journal of the Asia Pacific Economy, 20(4), pp.644- 657

Janor, H., Yakob, R., Hashim, N.A., Zanariah, Z. and Wel, C.A.C., 2017. Financial Literacy and Investment Decisions in Malaysia and United Kingdom: A Comparative Analysis. Geografia-Malaysian Journal of Society and Space, 12(2).

Jonubi, A. and Abad, S., 2013. The Impact of Financial Literacy on Individual Saving: an Exploratory Study in the Malaysian Context. Transformations in Business & Economics, 12(1), p.28.

Jorgensen, B.L., Foster, D., Jensen, J.F. and Vieira, E., 2017. Financial Attitudes and Responsible Spending Behaviour of Emerging Adults: Does Geographic Location Matter?. Journal of family and economic issues, 38(1), pp.70-83

Kapounek, S., Deltuvaitė, V. and Koráb, P., 2016. Determinants of Foreign Currency Savings: Evidence from Google Search Data. Procedia-Social and Behavioral Sciences, 220, pp.166-176.

Kimiyaghalam, F. and Yap, S., 2017. Level of Financial Literacy in Malaysia. International Journal of Research, 4(7), pp.1065-1074

Koon, F.U. and Nurazrin, J., 2015. Factors that Lead to Financial Distress of Generation Y in Malaysia. International Journal of Accounting, Business & Management, 3(2), pp.109-120.

Lin, S.Y., 2018. Millennial moment: Coming of Age of the World's Big Spenders. [online] Available at https://www.thestar.com.my/business/business-news/2018/08/25/millennial-moment-coming-of-age-of-the-worlds-big- spenders/ [Accessed 20 April 2020].

Loibl, C., Grinstein-Weiss, M., Zhan, M. and Red Bird, B., 2010. More than a Penny Saved: Long-Term Changes in Behaviour among Savings Program Participants. Journal of Consumer Affairs, 44(1), pp.98-126

Lusardi, A. and Tufano, P., 2015. Debt Literacy, Financial Experiences, and Overindebtedness. Journal of Pension Economics & Finance, 14(4), pp.332- 368

Mahdzan, N.S. and Tabiani, S., 2013. The Impact of Literasi Keuangan on Individual Saving: An Explotary Study in Malaysian Context. Transformations in Business & Economics, 12(1), p.28.

Mansor, 2019. Dividend from an Ageing Population. [online] Available at: https://www.nst.com.my/opinion/columnists/2019/04/479798/dividend-ageing-population [Accessed 20 April 2020].

Mariadas, P.A. and Murthy, U., 2017. Factors Influencing the Adoption of Islamic Banking in Malaysia. International Journal of Business and Management, 12(11), pp.187-193.

Marwaha, K. and Arora, S., 2017. Individual Investor Behaviour towards Investing in Low and Medium-Risk Investments: An Exploratory Study. IIMS Journal of Management Science, 8(1), pp.15-28.

McCarthy, Y., 2011. Behavioural Characteristics and Financial Distress.

Min, L.C.S., Gee, P.S. and Kian, W.W., 2014. Investment Behaviour Among Generation Y (Doctoral dissertation, UTAR).

Mitchell, O.S. and Smetters, K., 2013. The Market for Retirement Financial Advice: an Introduction. The Market for Retirement Financial Advice, pp.1-10

Mokhtar, N., Dass, T.M., Sabri, M.F. and Ho, C.S.F., 2018. A Preliminary Evaluation of Financial Literacy in Malaysia. Journal of Wealth Management & Financial Planning, 5, pp.3-16

Nga, K.H. and Yeoh, K.K., 2018. An Exploratory Model on Retirement Savings Behaviour: A Malaysian Study. International Journal of Business and Society, 19(3), pp.637-659

Niculescu-Aron, I. and Mihăescu, C., 2012. Determinants of Household Savings in EU: What Policies for Increasing Savings?. Procedia-Social and Behavioral Sciences, 58, pp.483-492.

Norman, A.S., 2010. Importance of Financial Education in Making Informed Decision on Spending. Journal of economics and International Finance, 2(10), pp.199-207.

Norvilitis, J.M. and MacLean, M.G., 2010. The Role of Parents in College Students' Financial Behaviours and Attitudes. Journal of economic psychology, 31(1), pp.55-63

Noordin, N., Zakaria, Z., Sawal, M. Z. H. M., Ngah, K., &Hussin, Z. H., 2012. Bankruptcy among Young Executives in Malaysia. 2012 International Conference on Economics Marketing and Management, 28, pp.132-136.

Ooijen, V.R. and Rooij, V.M.C., 2016. Mortgage Risks, Debt Literacy and Financial Advice. Journal of Banking & Finance, 72, pp.201-217.

Pillai, R., Carlo, R. and D'souza, R., 2010. Financial Prudence among Youth.
Pikulina, E., Renneboog, L. and Tobler, P.N., 2017. Overconfidence and Investment: An Experimental Approach. Journal of Corporate Finance, 43, pp.175-192
Raaij, V.W.F., 2016. Understanding Consumer Financial Behaviour: Money management in an age of financial illiteracy. Springer.
Riaz, L., Hunjra, A.I. and Azam, R.I., 2012. Impact of Psychological Factors on Investment Decision Making Mediating by Risk Perception: A Conceptual Study. Middle-East Journal of Scientific Research, 12(6), pp.789-795.
Quoquab, F., Yasin, N.M. and Banu, S., 2013. Compulsive Buying Behaviour among Young Malaysian Consumers. World Review of Business Research, 3(2), pp.141-154.
Santos, E. and Abreu, M., 2013. Financial Literacy, Financial Behaviour and Individuals' Over-Indebtedness
Samad, A.S. and Mansor, N., 2017. Population Ageing and Social Protection in Malaysia. Malaysian Journal of Economic Studies, 50(2), pp.139-156.
Starček, S. and Trunk, A., 2013, June. The Meaning and Concept of Financial Education in the Society of Economic Changes. In international conference "Active Citizenship by Knowledge Management & Innovation ", held in Zadar, Croatia in.
Teo, T. J., Sabri, M. F., Rahim, H. A., Othman, M. A., and Arif, A. M., 2013. The Influence of Financial Knowledge, Financial Practices and Self-esteem on Money Management Skills of Young Adults. Malaysian Journal of Youth Studies. pp.23-37.
Ung, W.W., 2012. Behaviour of Malaysian Investors Towards Stock Market and Investment Activities (Doctoral dissertation, Universiti Malaysia Sarawak).
Wang, A., 2011. Younger Generations' Investing Behaviours in Mutual Funds: Does Gender Matter?. The journal of wealth management, 13(4), pp.13-23.
Waruingi, K.V., 2011. A Survey of Behavioural Factors Influencing Individual Investors' Choices of Securities at the Nairobi Securities Exchange. Unpublished research project. University of Nairobi, Kenya.
Wei, C.Y., Chin, L.K., Kuah, Y.C. and Chia, M.S., 2018. Attributes of Academicians' Credit Card Usage Behaviours in Malaysia. Journal of Contemporary Issues and Thought, 8, pp.73-85.
Yew, S.Y., Yong, C.C., Cheong, K.C. and Tey, N.P., 2017. Does Financial Education Matter? education literacy among undergraduates in Malaysia. Institutions and Economies, pp.43-60.
Yong, C.C., Yew, S.Y. and Wee, C.K., 2018. Financial Knowledge, Attitude and Behaviour of Young Working Adults in Malaysia. Institutions and Economies, 10(4).
Ware, S.J., 2015. Debt, poverty, and personal financial distress. Am. Bankr. LJ, 89, p.493.