

Making Ends Meet and Competing Financial Priorities During COVID-19 Pandemic: A Study in A Malaysian Public University

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Abstract

This study analysed the financial behaviours of UiTM Melaka academicians before and during the movement control orders (MCOs) as imposed by the Malaysian Government due to COVID-19 pandemic. We examined the effect of financial risk tolerance (FRT), financial priority before and during MCO (FPBMCO and FPDMCO, respectively) on savings readiness behaviour (SR). Primary data were collected using non-probability judgmental sampling technique. 113 academicians from UiTM Melaka participated in a questionnaire through email. We employed structural equation modelling (SEM) to evaluate the relationship between FRT, FPBMCO, FPDMCO and SR. Only FRT has significant and positive effect towards SR. Thus, FRT is a better predictor of savings readiness as compared to FPDMCO and FPBMCO. However, we identified a substantial change in financial priorities during the MCO. This study imparts the importance of a sound financial planning and creates awareness on coping with volatile, uncertain, complex, and ambiguous (VUCA) environment such as COVID-19 pandemic. A better understanding of the factors influencing SR can help working individuals, financial advisors, financial institutions, and policymakers strengthen their understanding and increase initiatives towards financial preparedness. This study provides meaningful insights on how individuals can manage their risk tolerance level and key financial priorities to maintain their financial security. Malaysian working adults can utilise the findings to disentangle their financial vulnerabilities and improve their financial decision-making skills, for short- and long-run. The findings will also contribute to the body of knowledge in the area of financial preparedness research.

Keywords: Academician, financial priority, financial risk tolerance, financial shocks, savings readiness, Smart-PLS.

Introduction

The COVID-19 pandemic and the economic crisis that ensued have devastated people's lives and livelihoods around the world. During this challenging period, the COVID-19 pandemic has disrupted the livelihoods of Malaysians, albeit unevenly. The business operations and movement are restricted, resulting into declining business revenue, and subsequently give pressure to the labour market. The movement control orders (MCOs) has greatly impact the all sectors of the Malaysian economy, as many working adults experienced unemployment, pay cuts, reduction in working hours, or involuntary separation scheme (Department of Statistics

Malaysia, 2020b). Overall, this has resulted to the total employment fall to 14.88 million persons, while unemployment rate has increased to 5.1% in the second quarter of 2020 (Department of Statistics Malaysia, 2020a).

The pandemic has also unearthed a long-standing issue of insufficient savings. The lack of awareness among Malaysians to have savings for long-term financial needs raises concerns in a recent findings of the Malaysia National Strategy for Financial Literacy (2019-2023) (Financial Education Network, 2019). It is reported that 84% of Malaysians who claim to save regularly do so only for the immediate term, rather than long-term. They typically withdraw their savings during month-end to cover their daily expenses. Although 76% of Malaysians have a budget, 40% of them find it difficult to spend within their budget. Alarming, 20% of Malaysian working adults did not save in the previous six months at the time of study. Bank Negara Malaysia disclosed that only 6% of Malaysians have 6-month worth of emergency savings (Abd Rahman, 2019). In 2019, gross national savings (GNS) dropped to 24.9% from 26.7% and 29.2% in 2018 and 2017, respectively (Bank Negara Malaysia, 2019). This decline is “inevitable”, given the prolonged reliance on consumer spending to drive economic growth over the last few years. However, this is an alarming trend, as it suggests that Malaysians have not earned enough to cover their expenses, hence must continuously dip into their savings. In short, it can be said that almost majority of Malaysians are still not financially prepared for any income shocks or emergency situations.

Malaysia recorded the highest number of public employees comparative to the global population. Among them are from the education sector, which include academicians (Abas, 2019). Although there has been a generic profile on savings behaviour among Malaysians (Financial Education Network, 2019; RinggitPlus, 2020), there is a lack of information on savings readiness behaviour among academicians in the public sector. As such, we have very little understanding of how academicians in the public universities manages their financial priorities, especially during prolonged adverse crisis like COVID-19 pandemic. Therefore, this study is conducted to provide a baseline to understand how financial priorities and financial risk tolerance influence the savings readiness behaviour among academicians in public university. This study empirically tests academicians’ behaviour on eight financial priorities before and during MCOs. The financial priorities are saving for children’s education, retirement, vacation, building emergency funds, home purchases, committing with everyday bills, paying off debt such as credit cards and education loan. The sample for the survey consists of academicians from three campuses of Universiti Teknologi MARA (UiTM) in Melaka, Malaysia. They are being selected as sample to represent the academicians in the public tertiary education sector and are making many key financial decisions that will have substantial impact on their current and future financial lives. All these could impact their financial flexibility over time; thus, it is crucial to examine savings readiness in depth.

Therefore, this study is timely to help Malaysians to better cope with greater uncertainty and financial complexity when managing their key financial priorities. The main contribution of this study is to provide meaningful insights on how individuals could manage their key financial priorities to maintain their financial security. Importantly, this unique study explores the impact of COVID-19 on the financial risk tolerance of the academicians in Malaysia. This is necessary to identify possible actions to minimize the financial damage caused by the pandemic. The findings will be informative for Malaysian working adults who wish to address their financial vulnerabilities and improve their capabilities in making sound financial decisions for short-term purposes (such as daily commitments), and for long-term purposes (such as emergencies and retirement). The findings will also be useful for financial advisors to design and deliver effective financial education programs, to better help individuals who are in financial distress. A better understanding of the factors that influence savings readiness could

also help working individuals, financial institutions, and policymakers to strengthen their understanding and initiatives toward financial preparedness.

Literature Review

Savings Readiness

The modern economic theory defines savings as “the residual of income from current consumption” (Prinsloo, 2000, p. 3). Keynes (1936) identified two dimensions of savings decisions: (1) the propensity to consume; and (2) the liquidity preference (for example, how much one prefers to retain in cash). Saving forms a part of the gross domestic product equation, hence its importance in economic growth is unquestionable (Prinsloo, 2000; Bank Negara Malaysia, 2021). Despite its benefits, lack of saving remains among the leading challenges for many developing economies (Mori, 2019). Individuals in these economies tend to spend most of their income to serve their loan repayments. As a result, individuals are left with marginal surplus of money to spend for other aspects of life, leaving little or no room for savings (Mbukanma et al., 2020).

The literature on savings is extensive but fraught with controversies (Ozcan et al., 2003; Schunk, 2007; Chamboko & Chamboko, 2020; Satsios et al., 2020). Studies suggest that saving readiness will help in retirement (Ozcan et al., 2003; Satsios et al. 2020), education (Schunk, 2007; Satsios et al. 2020), emergency situations, investment, and other dimensions (Satsios et al., 2020). These studies postulate that delaying financial planning will lead to insufficient savings, which may eventually lead to financial distress. In contrary, Chamboko & Chamboko (2020) found that having saved in the past 12 months does not reduce the odds of being financially distressed. This may shed the lights that propensity to save is dynamic and may be reliant on individuals’ priority and tolerant towards risks.

Ozcan et al. (2003) suggest that precautionary saving results from the knowledge that the future is uncertain. Thus, households adjust their savings to smooth out consumption over time, where they save in ‘good times’ to consume in ‘bad times’. Uncertainty has been examined in the context of earnings, medical expenses, and lifespan (Guiso et al., 1992; Chamon et al., 2010). However, there is a lack of focus on the role played by economic uncertainty (Serido, 2020; Latsos & Schnabl, 2021). In the light of the recency of the COVID-19 pandemic and the severity of its impacts, studies on focusing on saving habit during this period deserves an urgent attention.

The saving readiness among Malaysian government employees is an often-overlooked component, due to the confidence in having sufficient pension scheme provided by the Government to sustain post-retirement life. Unfortunately, for the past five years, 6.84% of the Malaysians government employees faced atypical financial circumstances – acquiring assets and liabilities that negatively affected their financial outlook, which led them to the brink of bankruptcy (Malaysia Department of Insolvency, 2021). This suggests that government employees are still susceptible to fall into a vicious debt cycle without adequate liquid funds. Thus, saving readiness is important for government employees in making key financial decisions, and, helping them to maximise their wealth, manage setbacks and avoid financial hardships.

Financial Risk Tolerance

Financial risk tolerance is defined as the willingness to engage in behaviors in which the outcomes remain uncertain with the possibility of an identifiable negative outcome (Irwin, 1993). Everyone might face financial risk and struggle to cater the situation. Increase in debt level, variety of investment and any financial decisions made will increase the level of risk tolerance accordingly. Households, regardless of demographic characteristics, have various

level of financial risk tolerance. Before making a financial decision, it is crucial to consider one's level of risk tolerance, to avoid over exposure to risks. Individuals with higher risk tolerance may take financial decisions that involve a higher level of risk, as compared to their less risk tolerant counterparts.

In standard life cycle model, empirical evidence implies that those with high risk aversion tend to save more (Magendans et al., 2017; Schildberg-Hörisch, 2018). These individuals are more cautious in their finances, particularly their savings, when they perceive there is an existence of high risk in the external environment. Saving is highly preferred during unwanted situations. On the contrary, individuals can become risk takers when it comes into an investment decision during critical period. They believe investment can be used for emergency purpose in addition to saving. However, few studies proved that investment and saving are related and useful in any future event (Kwon, 2002).

Financial risk tolerance of adults can be controlled by their level of financial knowledge (Samanez-Larkin et al., 2020). Risk can be tolerated, and it depends on the scenario especially when it comes into unexpected incidents. Most individuals, particularly the Asians, are risk-taker when it comes to financial decision, but become risk-averse during the COVID-19 crisis period (Islam & Volkov, 2020). This finding suggests that individual risk tolerance is dynamic and can decrease in the light of unforeseen adverse situations. The individual's acceptance level of risk might affect their own saving readiness as their financial decision will be more stringent. Not only that, the financial services industry in a country would also been affected when individuals' risk tolerance is declining.

Financial Priorities

Financial priority, also known as financial goals, is a solid and measurable goal, benchmarked by a specific amount of savings that individuals want to achieve. To build a solid financial future, one should start with an emergency fund, before working toward paying off debts. During this process, it is also important to protect assets by purchasing insurance. These foundational pieces will keep one protected while addressing his or her short-term goals (paying off any debts). The next level is for longer-term planning, which include college and retirement savings. When the other areas are taken care of, one could start with legacy planning, a vacation home, or any other goals one might have for their future.

Many households are faced with scarce funds and conflicting financial objectives. The literature has documented evidences on how the trade-off between financial objectives affects savings behaviour (Ozcan et al., 2003; Bernstein, 2004; Schunk, 2007; Satsios et al., 2020). In a study on retirement savings, Bernstein (2004) highlighted that households with high levels of credit card debt or non-deductible consumer loans may be inclined to place a higher priority on paying off debt, improving credit scores, getting rid of mortgage insurance, and realising lower interest costs, over saving for retirement. The process of delaying saving for retirement expands the amount of funds available for current consumption, giving an illusion that one has an excess of disposable income, thus motivating them to expand current consumption. Consequently, potential savings from debt reduction will not be realised.

Babiarz & Robb (2014) and Ketkaew et al. (2020) postulate that in managing financial priority, individuals should have a clear financial knowledge, as well as specific short- and long-term goals. These will help one to effectively execute a financial plan. The absence of adequate short-term planning for saving readiness does not only adversely affect individuals, but can extend to their families, and eventually the entire society. Failing to start saving from today can cause serious long-term consequences. For example, it may reduce one's ability to cope with health and financial shocks (Chien & Devaney, 2001). Thus, by carefully managing financial priority, individuals could have a good control of their own financial well-being and

be prepared to cushion against any unexpected events or uncertainties.

Based on the literature review, the following hypotheses are developed and will be tested in this study:

H₁: There is a significant relationship between FRT and SR

H₂: There is a significant relationship between FPBMCO and SR

H₃: There is a significant relationship between FPD MCO and SR

Methodology

Research Design

This study focuses on extending the knowledge of savings readiness behaviour to assist individuals to prepare for income shocks or any adversities with sound financial planning and preparation to saving readiness, particularly among government employees. Survey questions were distributed through email. The data were collected and analysed using the SPSS and Smart-PLS software, to explore the factors that contribute to saving readiness behaviour among academics in three UiTM Melaka campuses. Firstly, SPSS is used to generate the descriptive analysis, and to analyse the demographic characteristics of the sample. Next, we used Smart-PLS to analyse any differences (before and during MCOs) in eight financial priorities items among academicians. The dataset is expected to provide a unique opportunity to analyse the financial behaviours of academicians during this very challenging time in the Malaysian history, due to COVID-19 pandemic. All variables were checked for reliability, and factor analysis was conducted. Discriminant and convergent validity were conducted to determine whether the predictors in the model are highly correlated. We used Smart-PLS because it does not put emphasis on the normality of data distribution, which allows us to use raw data in the analysis without having to transform the data to normalise the distribution (Hair et al., 2011). Furthermore, Smart-PLS could work with a broad range of sample size (Hair et al., 2011).

Population and Sample of Study

The total targeted population for this study is 558 academicians in UiTM Melaka, Malaysia, comprising from three campuses: Alor Gajah Campus, Melaka City Campus and Jasin Campus. They consist of various positions, ranging from lecturer, senior lecturer, associate professor to professor. They are selected as sample to represent academicians in the biggest public university in Malaysia and due to accessibility of data where bureaucracy is absence when obtaining the survey responses. Another reason is the knowledge level of the university employees, who seem to be more knowledgeable and professional in financial matters due to the consistency in conducting conferences, training programs and academic workshops. Statistics have shown that, the level of financial literacy in Malaysia is very low as compared to the global average (Financial Education Network, 2019). Thus, there is a wide array of opportunities for knowledge sharing, which leads to the development and retention of new knowledge within universities and the communities. These employees are also the backbone of the government services with imperative role of producing highly intellectual human capital, to support the government's development policies. We performed power analysis using G*power calculator to determine the minimum sample size required in the study, following Memon et al. (2020). The sample size was calculated based on 95% power, an alpha level of 5%, effect size of 0.5, and statistical *t*-test. The result indicates that the appropriate sample size is 45 respondents. From the online survey, we managed to obtain 113 complete responses. This is deemed an adequate sample size, as the accuracy of results from PLS analysis can be improved and easy to assess with a minimum of 100 sample (Chin, 2010).

Measurement of Variables

Dependent Variable

The dependent variable for this study is saving readiness (SR). Saving, in general, has been defined as the act of setting aside some current income for future needs. In this study, we follow Johnson & Widdows (1985), who suggested that an individual should have between three to six months equivalent of living expenses to cater for unexpected future events. The SR indicators were measured using a modified version of the five-item scale that was developed by Lay & Furnham (2018) to determine the savings readiness practices of individuals. Each item uses a five-point response scale (1 = “strongly disagree”; 5 = “strongly agree”).

Independent Variables

Three important components are being assessed towards SR, consisting of financial risk tolerance (FRT), financial priority before MCO (FPBMCO), and financial priority during MCO (FPDMCO). FRT is the ability of an individual to endure potential financial losses (Grable & Joo, 2004; Heo et al., 2020). The FRT indicators uses the modified version of Magendans et al. (2017) to illustrate the attitudes of individuals towards risk and uncertainties. Each item is measured using five-item scale (1 = “strongly disagree”; 5 = “strongly agree”). Meanwhile, financial priority is the ability of an individual dealing with the most important thing before considering other or everything else (Bernstein, 2004; Society of Actuaries, 2018). Modified from Satsios et al. (2020), the financial priorities items are saving for children’s education, retirement, vacation, building emergency funds, home purchases, committing with everyday bills, and paying off debt such as credit cards and education loan. Identical items were used for FPBMCO and FPDMCO to allow us to determine any changes of priorities during the periods. Respondents are required to rate the items according to their priority based on five-item scale (1 = “low priority”; 5 = “high priority”).

Findings and Discussion

Demographic Profile of Respondents

Table 1 presents the demographic characteristics of the sample. Most of the participants in the sample are female academicians (78.8%) whereas male academicians represent 21.2% only. This is almost in alignment with the female-to-male ratio in the three UiTM campuses. Our respondents largely consist of young (25 to 38 years old) and middle-aged working adults (39 to 53 years old). Only 3.5% of the respondents are in the senior-age range of 54 to 63 years old. Majority of the respondents are married (71.7%) and highly educated, with 83.2% of the respondents are Master holders and the 16.8% are PhD holders. Most of them are holding senior lecturer positions of at least grade DM51/52 (66.4%) and attached to various faculties from the three campuses. Interestingly, almost 43% of respondents are from the Faculty of Business Management and Faculty of Accountancy.

Table 1: Demographic characteristics of sample (N=113)

Demographic characteristics	n	% of total sample	Demographic characteristics	n	% of total sample
Gender			Faculty		
Male	24	21.2	Faculty of Business & Management (FPP)	47	41.6
Female	89	78.8	Faculty of Mass Communication & Media Studies (FKPM)	10	8.8
Age			Faculty of	3	2.7

			Accountancy (FPN)		
25 - 38	67	59.3	Faculty of Tourism & Hotel Management (FPHM)	8	7.1
39 - 53	42	37.2	Faculty of Arts & Design (FSSR)	4	3.5
54 - 63	4	3.5	Faculty of Plantation & Agrotechnology (FPA)	1	0.9
Marital status			Faculty of Mathematics & Computer Science (FSKM)	9	8.0
Single	31	27.4	Academy of Contemporary Islamic Studies (ACIS)	6	5.3
Married	81	71.7	Academy of Language Studies (APB)	20	17.7
Divorce	1	0.9	Faculty of Law (JUU)	5	4.4
Workplace			Household income		
KBM	38	33.6	B1: < RM2,500	3	2.7
KAG	53	46.9	B2: RM2,501 - RM3,170	6	5.3
KJM	22	19.5	B3: RM3,171 - RM3,970	3	2.7
Position			B4: RM3,971 - RM4,850	5	4.4
DM41/45	35	31.0	M1: RM4,851 - RM5,880	7	6.2
DM51/52	75	66.4	M2: RM5,881 - RM7,100	13	11.5
DM53/54	2	1.8	M3: RM7,101 - RM8,700	19	16.8
VK7	1	0.9	M4: RM8,701 - RM10,970	18	15.9
			T1: RM10,971 - RM15,040	23	20.4
			T2: > RM15,040	16	14.2

Descriptive Statistics

Table 2: Mean and standard deviation

Variable	Mean	Std deviation
SR	3.79	0.87
FRT	3.59	0.98
FPBMCO	3.76	1.17
FPDMCO	3.66	1.18

Notes: SR: saving readiness; FRT: financial risk tolerance; FPBMCO: financial priority before movement control order; FPDMCO: financial priority during movement control order

Table 2 demonstrates the descriptive statistics of the full sample for all the studied variables: SR, FRT, FPBMCO and FPDMCO. SR and FRT were each measured on a five-scale basis (1 = “strongly disagree,” and 5 = “strongly agree”). The mean score for SR is 3.79, indicating a high level of savings readiness among the respondents. The mean score for FRT is 3.59, representing a high level of risk tolerance. Meanwhile, FPBMCO and FPDMCO were each measured on a five-scale basis (1 = “low priority,” and 5 = “high priority”). The change in financial priority mean scores (FPBMCO = 3.76; FPDMCO = 3.66) indicate that individuals change their financial priorities during crisis period. Lower mean score during MCO may signal those individuals ‘loosen’ their commitments to have extra cash at their disposal. In addition to that, the moratorium facilities offered by the government mean that individuals do not have to focus on loan repayment during the period. The standard deviations of all variables were smaller than the mean value, indicating that the data points are clustered tightly around the mean.

Factor Analysis and Reliability Analysis

We next conducted factor analysis to determine the factor loadings, which express the strength of the relationship of each variable to the underlying factor (Kline, 2014). Factor loadings close to -1 or 1 show that the factor strongly influences the variable, while loadings close to 0 indicate a weak influence of the factor. Overall, the loadings for the reflective (outer) set are uniformly high, which is which is above 0.6. This indicates that, the dimensions of the factors have been appropriately accounted for by the variables (Yong & Pearce, 2013), and the factor extracts sufficient variance from that variable (Child, 2006), meeting the factor loadings rule of thumb (0.6 or higher) after eliminating the latent variables (Gefen & Straub, 2005; Kline, 2014). Thus, the FRT, FPBMCO and FPDMCO underlying factors have substantial relationship towards SR

The reliability and validity of the construct measures provide an evaluation on how accurate (i.e., reliable) the set of items measure as a group. To test for this, we estimate the Cronbach’s alpha, composite reliability and average variance extracted (AVE) values. Based on Table 3, each variables have Cronbach’s alpha of >0.6, composite reliability of >0.70, and average variance extracted (AVE) of >0.50. Since the Cronbach’s alpha values for all variables are greater than 0.60, this indicates that, the items are reliable in each group of dimensions (variables) (Gliem & Gliem, 2003).

Table 3: Factor loadings, construct reliability and validity

Variable	Items	Factor loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
FPBMCO	FPBMCO 15	0.772	0.614	0.791	0.560
	FPBMCO 17	0.793			
	FPBMCO 19	0.673			
	FPBMCO				
FPDMCO	FPDMCO 21	0.779	0.719	0.834	0.626
	FPDMCO 24	0.745			
	FPDMCO 28	0.846			
	FPDMCO				
FRT	FRT 34	0.820			
	FRT 35	0.759			
	FRT 36	0.636			

	FRT 37	0.801			
	FRT 38	0.633			
	FRT		0.791	0.852	0.539
SR	SR 41	0.882			
	SR 42	0.904			
	SR		0.746	0.887	0.797

Meanwhile, the composite reliability is a closer approximation under the assumption that the parameter estimates are accurate. Composite reliability of SR was 0.887, FRT was 0.852, FPD MCO was 0.834 and FPBMCO was 0.791. The composite reliability values for all variables are above 0.70, indicating that the instrument has good reliability of the measures (Hair et al., 2011). The AVE assess the convergent validity, which demonstrates the extent to which the items are strongly correlated to each other for each construct (Gefen & Straub, 2005). An AVE value of 0.50 and higher indicates a sufficient degree of convergent validity, suggesting that the latent variable explains more than half of its indicators' variance (Hair et al., 2011). The AVE for FRT (0.539), FPD MCO (0.626), FPBMCO (0.560) and SR (0.797) all exceed the recommended level of 0.5, providing evidence for convergent validity in each variable.

Discriminant Validity

Discriminant validity is conformed when the square root of the AVE for each construct exceeds the correlation values between the given construct and each of the other constructs (Hair et al., 2011). Table 4 shows that the square root of the AVE is larger than the correlation values, suggesting that acceptable discriminating validity exist for the measurements (Hair et al., 2011) and indicates each measurement item only weakly correlates with all other constructs (Gefen & Straub, 2005). For robustness, we added the heterotrait-monotrait ratio of correlations (HTMT), and the numbers (see Table 4) confirm the results of AVE in Table 3. The results of HTMT values are below the conservative threshold of 0.85, as suggested by (Kline, 2014). Among all HTMT values, SR and FPD MCO have the lowest correlation value at 0.321. However, it is still significant to the SR since the value is below the HTMT threshold of 0.85. Overall, multicollinearity issues are not detected in the data analysis, and this suggests that the measurements have acceptable discriminant validity (Table 4) (Ab Hamid et al., 2017).

Table 4: HTMT correlation

	FRT	FPDMCO	FPBMCO	SR
FRT	0.7342			
FPDMCO	0.567	0.7912		
FPBMCO	0.512	0.717	0.7483	
SR	0.495	0.321	0.518	0.8927

Analysis of Structural Model and Hypothesis Testing

Table 5: Parameter estimation - full model

	Coefficient	Standard Deviation	t-statistics	p-values
FRT → SR	0.322	0.121	2.612	0.008**
FPBMCO → SR	0.236	0.123	1.933	0.055
FPDMCO → SR	0.033	0.131	0.251	0.802

Notes: **p-value < 0.05, t-value > 1.96

As for robustness measure, we employ structural equation model to determine the relationship between FRT, FPBMCO and FPDMCO with SR. Table 5 illustrates the result for each of the three measures of SR based on parameter estimation. Among the three variables, only one variable (FRT) supports the hypotheses. FRT has the most significant and positive effect towards SR ($\beta = 0.322$, t -statistic = 2.612, $p < 0.05$). The result supports H₁, indicating that, FRT is a better predictor of savings readiness as compared to the other two variables. This empirically suggests that most of the academicians were saving enough according to their financial priorities and needs. The result of this path analysis is supported by Chin (2010) and Kline (2014).

Table 6: F-squared values

Variable	SR	Effect size
FRT	0.110	Medium
FPBMCO	0.055	Small
FPDMCO	0.001	Small

A significant positive coefficient suggests individuals with high financial risk tolerance is associated with stronger saving readiness behavior. Respondents are willing to take financial risk because they are well-educated and employed by the Government thus having a stable income, with low risk of salary cut or retrenchment. These conditions increase their capability to take protective measures, or taking advantage to invest aggressively in the market, which leads to greater saving readiness for financial buffer. The result of this study is similar to Heo et al. (2020), but contrary to Magendans et al. (2017). The latter report that risk averse individuals are predicted to save more than risk taker individuals. We report that FPBMCO and FPDMCO do not have any significant influence towards SR, thus do not support H₂ and H₃. Interestingly, a two-sample t -test indicates there is a substantial change in managing financial priority during the MCO (t -statistic = 0.251, $p > 0.05$).

Based on Figure 1, 22.8% of the variance in the SR are explained by the FRT, FPBMCO and FPDMCO. The result indicates that the model has a small effect on the saving readiness items (Table 6), and that there are many other factors (77.2%) that may influence the savings readiness behaviour. The FPBMCO and FPDMCO have a small effect size, while FRT variable has a medium effect size to SR at the structural level. Based on Table 6, it depicts that FPBMCO and FPDMCO have the smallest value that explain the exogenous variables towards SR. Meanwhile, FRT has the largest value of exogenous variable towards SR, indicating that, academicians' FRT has the largest effect towards their own SR (F-value = 0.110). Although FPBMCO and FPDMCO do not really impact SR, but, in overall, the three variables do have influence towards SR behaviour among academicians. Both R-squared and F-squared values meet the rule of thumb and support the statistical significance proxies of independent and dependent variables (Kotrlik et al., 2011; Kock & Hadaya, 2018).

In summary, the survey shows that most academicians indicated they can maintain the current standard of living despite facing unfavorable changes in economic conditions (FRT 34). Further, most academicians agreed that they will have enough savings and investments to protect their family if the MCO being extended (FRT 35). Also, most of them will have enough savings after the fixed expenses being deducted (FRT 38). The result is similar to Lim (2020) and Department of Statistics Malaysia (2020b). The latter indicates that government employees manage to prepare at least 3 months of savings during the pandemic. If the MCO is extended, 55% of the government employees will be financially prepared. This is highly correlated with the individual's household income level, given that, even if the MCO is being extended, they

are able to make adequate savings as their financial buffer.

Table 3 also highlights the financial priorities of respondents before MCO. Based on Table 3, the top three highest financial priority for academicians before MCO are they being able to afford everyday bills (FPBMCO 17), building up emergency fund (FPBMCO 15), and paying off their credit card debt (FPBMCO 19). The respondents of this study are appeared to be in a better financial position than the average Malaysians, and, will be able to sustain their living expenses during adverse economic situations. Financial Education Network (2019) reported that 52% of Malaysians have difficulty to raise RM1,000 as emergency funds; and only 24% of Malaysians are able to sustain living expenses for at least 3 months or more if they lose their main source of income.

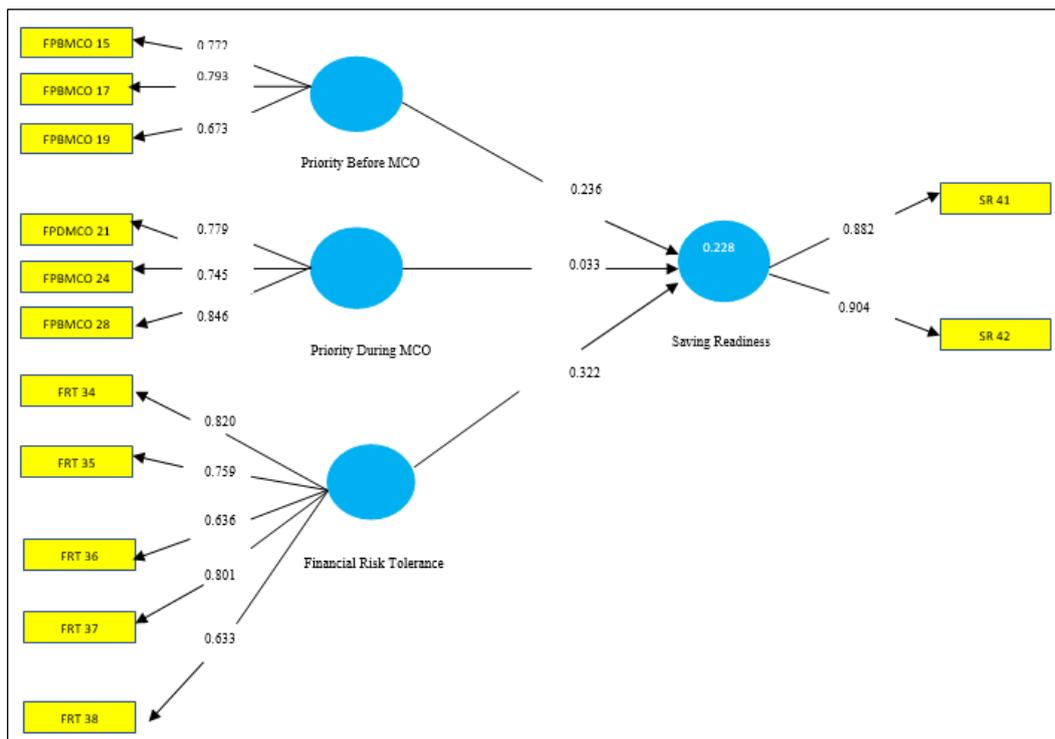


Figure 1: Structural model

Before MCO, respondents tend to focus on settling everyday bills, building up emergency fund, and paying off credit card debt (Table 3). However, during MCO, their priority shifted to savings for children’s education (FPDMCO 21), savings for home purchase or upgrade (FPDMCO 24), and, paying off education loan (FPDMCO 28). This is a good move, as individuals can reduce their monthly debt commitments, which will allow individuals to get better financial flexibility in the future. Ultimately, academicians can focus on saving for children’s education and saving or upgrading family home. The importance of education has led parents to save to finance their children's education, especially in higher education (Fang & Abd. Hadi, 2020). In addition, saving for buying or upgrading home is also important for academicians, as they need conducive workspace to deliver online and distance learning activities for students.

Conclusion and Implications

This study aims to examine the effect of FRT, FPBMCO and FPDMCO on SR. Only FRT has been found to have a significant positive effect towards SR, but not FPBMCO and FPDMCO. The empirical findings from this study suggest that individuals with high financial

risk tolerance are associated with stronger saving readiness behavior. The findings from this study are unique, but it is limited by the fact that it was conducted on a small-scale sample of a public university employees in Malaysia. Further research could extend the current work into private working sector to generate more reliable results. Furthermore, the study examined the effect of a few psychological variables on saving readiness, while future studies might examine macroeconomic influences, individual differences, and other psychological process factors as well.

Our findings suggest that it is critical for working individuals to have sufficient savings and build up emergency funds to prepare for uncertainties. The findings from this study may provide additional insights to the Government and related agency like the Credit Management and Counselling Agency (AKPK). Even though majority of the government employees are perceived to have permanent position with stable and good income, yet many are still facing with financial vulnerability due to high debt and inadequate savings. The financial situation of working adults in Malaysia is characterised by a high level of debts, which warrants greater attention. The increasing debt burden requires better financial preparedness and money management practices to navigate financial decisions, especially in the complex financial landscape and uncertainties in the economies. Therefore, it is important to reset financial priorities to form a more effective financial planning, so as to avoid being in a vulnerable financial position, which may lead to financial distress.

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