

# A Comparative Study of Money Management Attitude among Students Pursuing Professional Courses

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## Abstract

*There is a visible change in the spending and saving patterns of the youth in India as compared to the earlier generations. India for a very long time was known to be a country of savers. The economic policies, financial infrastructure and investment climate in India has always been leaning towards a cautious approach to spending. The past decade however has witnessed a transition in the spending habits of people. India is slowly becoming a “consumerist” nation with companies all over the world targeting the Indian market with its products. This product explosion has a very strong impact on the young generation. In this changing context, the researchers felt the need to explore the importance the Indian youth attach to saving money, their impulsive behaviour towards spending and their long term plans of financial stability. In this study the researchers are trying to study the attitudes of students pursuing management and engineering courses towards money management through a descriptive survey research method. The research also tries to explore the influencers of these attitudes and whether these habits can be changed with better access to information.*

**Keywords:** Money management, saving habits, spending habits.

## Introduction

The importance of savings in the development of a nation is well known as it is the main determinant of investment, which again is widely acknowledged as the primary engine of economic growth. India is traditionally acknowledged as a country of savers with a cautious approach to spending. The economic crisis of 2008 badgered the US and European economies but failed to cause much harm to the Indian economy. This resilience is mainly due the strong foundation of the Indian economy at a macro level and a strong mindset towards asset creation and savings at a micro level. The past decade however has witnessed a transition in the spending habits

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of people. India is slowly becoming a “consumerist” nation. India has more than 50% of its population below the age of 25 and more than 65% below the age of 35. It is expected that, in 2020, the average age of an Indian will be 29 years, compared to 37 of China and 48 for Japan. It is this unique demography, a thriving middle class and the increased spending potential that has captured the world's attention towards India. Companies all over the world are targeting the Indian market with its products and the Indian consumer has responded positively by not only having a spending capacity but also by having a willingness to try out and adapt new and innovative items. The onslaught of the social media and the various methods of advertising lures the customer to buy even though at times there may not be a pressing need to buy. It is a well known fact that a person's ability to manage money is one of the key factors for his or her success in life.

For generations children have seen their parents save up for their education, marriage and future needs. The shift in the work culture with more women joining the workforce has seen a shift in the family's saving and spending habits as well. Today, parents in addition to saving for their children's needs are also saving for their own retirement needs. India is witnessing a cultural shift in the changing dynamics of the Indian family structure with the emergence of the nuclear family, a relentless impact of the social media and emergence of online shopping. All these factors and the fact that both parents are working has contributed to a higher amount of disposable income in the family and a higher amount of pocket money given to children to meet their needs. In this changing context, the researchers felt the need to explore the importance the Indian youth attach to saving money, their impulsive behaviour towards spending, their long term plans of financial stability especially among students who were pursuing professional courses as they are the leaders in the near future.

## **Conceptual Framework**

### **Attitude towards Money Management**

According to Wikipedia, **Money management** is defined as the process of managing money which includes investment, budgeting, banking and taxes. Money management is a strategic technique employed at making money yield the highest of interest-yielding value for any amount of it spent. The present study focused on the following two areas of attitudes towards money management:

- 1) Saving Habits – based on the following three parameters
  - i) Importance of Financial Security
  - ii) Long term planning
  - iii) Credit card usage
- 2) Spending Habits – based on the following three parameters
  - i) Lack of budgeting
  - ii) Impulsive Buying
  - iii) Borrowing money

### **Variables**

Students who are pursuing the following professional courses have been considered:

- i) Management
- ii) Engineering

### **Aim of the study**

To compare the attitude towards money management of students pursuing professional courses of management and engineering

### **Objectives**

- 1) To compare the saving and spending habits of students pursuing the professional course of management towards money management based on gender.
- 2) To compare the saving and spending habits of students pursuing the professional course of engineering towards money management based on gender.

- 3) To study the attitude of students pursuing professional courses of management and engineering towards money management.

### **Hypotheses**

- 1) There is no significant difference in the saving and spending habits of students pursuing management on the basis of gender.
- 2) There is no significant difference in the saving and spending habits of students pursuing engineering on the basis of gender.
- 3) There is no significant difference in the attitudes of students towards money management on the basis of the professional course pursued.

### **Scope and limitations**

Students from Panvel area & who fit the criteria of pursuing a professional course of management or engineering were considered.

### **Significance of the study**

This study will benefit the following:

- a. Students – This study will help students to understand the importance of saving and the need for conscious spending. A positive attitude towards money management will help them work systematically towards their long term goals and
- b. Parents - This study will help parents to understand the importance of instilling the habits of saving money among children from a tender age. In most cases, parents are the first role models for their children. Their attitude and habits towards saving and spending influences their children in a very big way. Teaching children about money management is also the primary responsibility of parents.
- c. Policy makers – This study will benefit policy makers as they can frame policies which will help tap the savings of the youth. A conducive environment

and incentivized methods of savings can encourage more youth to value the importance of savings and help them to contribute positively to the nation.

## **REVIEW OF RELATED LITERATURE**

In the present study research reviews are classified in two categories:

### **1. Studies conducted abroad**

#### **1a. An Empirical Investigation on Determinants of Attitude towards Saving Behavior**

*by Shafinar Ismail, Rohaiza Kamis, Nurhaslinda Hashim, Hazalinda Harun, Nadia Syazwani Khairuddin*

In this research paper the authors have specified that knowledge of the importance of saving can be gained from education. These include formal education, such as high school or college course, seminars and training classes outside of school as well as informal sources such as from parents, friends, and work (Keller and Staelin 1987). Bodie, (2002) stated that individuals repeatedly made the same mistakes in not saving their money because of insufficient knowledge of the importance of saving money. The authors also suggest that social influences like parents, spouse, friends, children peoples' suffering and others have strong effects on saving behaviour.

#### **1b. Financial Attitudes and Spending Habits of University Freshmen**

*by Melissa McElprang Cummins, Janaan H. Haskell and Susan J. Jenkins*

This study evaluated the financial attitudes and perceptions, as well as the spending habits, of university freshmen at Idaho State University. At Idaho State University, lack of financial management is a reason students do not graduate (Eskelson, 2005). Financial management capabilities are essential to students' personal success and their academic success. Students able to manage their finances are more likely to organize their lives and manage their time in a way conducive to good academic progress (Weaver, 1992).

### **2. Studies conducted in India**

#### **2a. Spending & Saving Habits of Youth in the City of Aurangabad**

*by Abhijeet Birari & Umesh Patil, MGM Institute of Management, Aurangabad, Maharashtra*

This study evaluated the spending patterns among three groups of students i.e junior college, graduation and post graduation level students in Aurangabad city, Maharashtra. The study revealed that students belonging to different education levels differ significantly in spending in many categories. The study recommended that the youth should cultivate a habit of rational spending and should save and invest more in fixed deposits, mutual funds, gold etc. The study also concluded that there was an opportunity for online advertisers to tap the spending potential of the youth.

## **2b. Spending & Saving Habits of Youth in the City of Indore**

*By Rekha Attri, Core Business School, Indore*

This study addressed the question of why, where and how the youth spend and evaluated the spending and saving habits of the youth in the city of Indore. The study concluded that there is a huge influence of peer group in the youth below nineteen years while making purchase decisions. With the maturity of the respondents this influence of friends and family decreases and he/she relies more on evaluating the product/service features and characteristics and makes an independent decision. A difference was also observed on the gender wise purchase behaviour and their saving habits. The study also revealed that the youth does not believe much in saving and believes in spending more on entertainment, gadgets, eating out and personal grooming.

## **Research Methodology of the present study**

In the present study the attitude of students pursuing professional courses of management and engineering towards money management has been examined. Since the data will be collected in the present context and situation, the descriptive survey research method is employed.

## **Sampling Technique of the present study**

In the present study the researcher has used the simple random probability sampling techniques.

**Sample: Size and nature**

Sample was collected in two stages. In the first stage students pursuing the professional courses of management and engineering were identified from Panvel. In the second stage random selection was done.

**Table no. 1 shows distribution of sample size and nature**

	Male	Female	Total
Students pursuing management studies	92	88	180
Students pursuing engineering studies	84	73	157

**Tools for the present study**

The following tools were prepared for the study

- a. Personal Data Sheet
  - b. 4 point Attitude Rating Scale was prepared
- a. Personal Data Sheet – It included six areas of name, age, gender, professional course pursued, source of money and source of knowledge about money management.
- b. 4 point Attitude Rating Scale with twenty items out of which seven were negative based on two areas; that of Saving Habits and Spending Habits. The details are given in the following table.

**Table no. 2 shows the Items of the Attitude Rating Scale**

Dimension	Items	Total
Saving Habits	1,2,3,4,5,8,9,10,11,12,16,17,19	13
Spending Habits	6,7,13,14,15,18,20	07

The scoring pattern is given in the following table. The tool was constructed on a four point rating scale. They are Always, Often, Sometimes and Never.

## **Analysis of data in the present study**

In the present study the descriptive and inferential analysis were adopted

### **Descriptive Analysis**

In the present study descriptive analysis was done by using:

1. Measures of Central tendency: Mean
2. Measures of variability: Standard Deviation

### **Inferential Analysis**

This is also known as the testing of hypothesis. It involves the use of statistical techniques in order to arrive at generalizations and conclusions about the nature of data and the relationship between various variables of the study. Generalizations arrived at through inferential analysis can be extended to infer population parameters.

### **Statistical techniques**

The present study involves the statistical technique “t-test” for testing of null hypothesis.

## **Analysis of the Data**

### **Inferential analysis of the data**

#### **Hypothesis**

In the present study null hypotheses have been formulated in order to eliminate personal bias.

#### **The level of Significance of the present study**

In the present study the researcher has decided to use 0.05 or 5% level of significance for testing the Null Hypothesis.

## Testing of Hypotheses

In the present study the inferential analysis is done using 't' test

The test of the significance of difference between two means is known as the t test. It involves the computation of ratio between experimental variance. In the present study 't' test is used to ascertain the significance of mean with reference to the attitudes towards money management which is done by studying the saving and spending habits of students pursuing management and engineering.

**Objective 1** To compare the saving and spending habits of students pursuing the professional course of management towards money management based on gender

### Testing of Hypothesis 1

There is no significant difference in the saving and spending habits of students pursuing management on the basis of gender.

**Table no. 3 Scores of saving and spending habits of management students based on their gender**

Dimension	Gender	N	Mean	SD	t value	Sign (0.05)
Saving Habits	Male	92	39.01	4.03	0.3782	NS
	Female	88	39.69	6.16		
Spending Habits	Male	92	20.39	3.02	0.7003	NS
	Female	88	20.20	3.47		

## Interpretation & Conclusion

Mean of the male and female students pursuing management is similar in the case of Saving and Spending Habits. However, even though the Standard Deviation in case of spending habits for male and female students are similar,

the Standard Deviation of saving habits for female students is higher indicating a greater spread of scores.

Table value of t for *df* 178 is 1.98 at 0.05 level. The calculated t value is 0.378 in the case of Saving Habits and 0.7003 in the case of Spending Habits which is lesser than table value 1.98 and therefore it is not significant at 0.05 level.

There is no significant difference in the scores of Saving and Spending habits of management students on the basis of Gender. The null hypothesis is accepted.

**Objective 2** - To compare the saving and spending habits of students pursuing the professional course of engineering towards money management based on gender

**Testing of Hypothesis 2:** There is no significant difference in the saving and spending habits of students pursuing engineering on the basis of gender

**Table no. 4: the scores of saving and spending habits of engineering students based on their gender**

Dimension	Gender	N	Mean	SD	t value	Sign (0.05)
Saving Habits	Male	84	39.88	3.95	0.4568	NS
	Female	73	39.41	3.92		
Spending Habits	Male	84	21.18	3.17	0.4016	NS
	Female	73	21.59	3.09		

### Interpretation & Conclusion

Mean and Standard Deviation of the male and female students pursuing engineering is similar in the case of Saving and Spending Habits indicating that the group is homogeneous.

Table value of t for *df* 155 is 1.98 at 0.05 level. The calculated t value is 0.4568 in the case of Saving Habits and 0.4016 in the case of Spending Habits which is lesser than table value 1.98 and therefore it is not significant at 0.05 level.

There is no significant difference in the scores of Saving and Spending habits of engineering students on the basis of Gender. The null hypothesis is accepted.

**Objective 3:** To study the attitude of students pursuing professional courses of management and engineering towards money management.

**Testing of Hypothesis 3:** There is no significant difference in the attitudes of students towards money management on the basis of the professional course pursued

**Table no. 5: the dimensions of money management of management and engineering students**

Dimension	Course	N	Mean	SD	t value	Sign (0.05)
Money Management	Management	180	29.82	10.27	0.8227	NS
Money Management	Engineering	157	30.52	9.81	0.9787	NS

### Interpretation & Conclusion

Mean and Standard Deviation of the management and engineering students are similar in the case of attitudes towards money management indicating that the group is homogeneous. Table value of t for *df* 178 is 1.98 at 0.05 level. The calculated t value is 0.8227 in the case of money management attitudes of management students is lesser than table value 1.98 and therefore it is not significant at 0.05 level. Table value of t for *df* 155 is 1.98 at 0.05 level. The calculated t value is 0.9787 in the case of money management attitudes of engineering students is lesser than table value 1.98 and therefore it is not significant at 0.05 level.

There is no significant difference in the the attitude of students pursuing professional courses of management and engineering towards money management. The null hypothesis is accepted.

## Analysis of sources of money and knowledge about money management

**Table no. 6 : Distribution of Sources of Income**

	Parents	Occasional Jobs, Gifts & Others	Total	% of Parents to Total
Students pursuing management studies	151	29	180	83.89 %
Students pursuing engineering studies	125	32	157	79.62 %

### Conclusion

The source of income for a majority of students pursuing management and engineering courses was from their parents. The main reason may be that the students are still studying and may not be encouraged to take up occasional jobs, besides there may be a high level of parental control.

**Table no. 7 :Distribution of Sources of knowledge of money management**

	Parents	Friends, newspapers Classes & workshops	Total	% of Parents to Total
Students pursuing management studies	143	37	180	79.44%
Students pursuing engineering studies	138	19	157	87.89%

### Conclusion

A majority of students pursuing management (79.44%) and engineering (87.89%) courses stated that they learnt about money management from their parents. In the case of engineering students this maybe due to less exposure to knowledge on financial matters. The percentage in the case of management students getting information on money management from parents is 79% which however is high considering that the students were pursuing post graduation studies and had a reasonable exposure to financial knowledge due to their

curriculum. The influence of their management education was not visible in their approach towards money management.

## **Summary of findings**

- This study revealed that a majority of students pursuing management and engineering courses felt that saving money regularly and keeping track of expenses was important and rated these two parameters highly.
- While both set of students felt that investing is an important part of financial planning, most of them did not invest their money in any securities. This could be due to the fact that they do not have much money at their disposal to invest or they lacked financial skills of investing. It was also observed that the students pursuing engineering rated this aspect of investing lower than the management students. This could be due to a lack of exposure to any work environment and the fact that engineering students were pursuing undergraduate level studies and had no knowledge about financial matters.
- 95% of students planned to own a house in future showing a traditional approach towards savings.
- Approximately 50% of students did not feel that using credit card is a mistake, though they would use it only when it was absolutely essential. This shows that the students are in sync with the times and maybe using the online platform for making purchases.
- The male students preferred shopping with a list as compared to the female students showing the only gender wise difference in this study.
- 91% percent of the students felt that it was the primary responsibility of parents to teach their children about money management.

## **Conclusions**

- The study revealed that the students pursuing management and engineering courses had an attitude of saving as far as as money management is

concerned. Both set of students were not spendthrift in their approach to spending.

- There was no difference in the attitude towards spending of males and females. In the literature review of studies conducted in India, there was a difference in the purchase behaviour and spending habits based on gender.
- Parents are the main influencers of financial planning and investments. Unlike the West, in India children are dependent on their parents at least, until they are employed.
- Even though the respondents were in the age group of 20-24, they showed a high level of dependence on their parents for knowledge about financial matters. There seems to be a lack of interest in financial matters even though, nowadays, information is so readily available on the internet.

## **Suggestions**

- Parents must inculcate saving habits from a very young age as they are the major influencers in their children's lives. In her New York Times best seller book, *Get a Financial Life*, author Beth Kobliner suggest various age appropriate money lessons and tips for children and stresses the importance of teaching children about saving habits right from age 3 through various activities.
- Parents must encourage their children to operate bank accounts by depositing their monthly allowances instead of giving them regular allowances in cash which in turn may help children to save and also multiply their savings.
- The high school curriculum for all streams viz. Arts, Science & Commerce could include topics of financial security and planning as a part of life skill training so that students are better equipped to face the challenges in future.
- Students may be encouraged to improve their awareness on financial matters by accessing newspapers, watching business news and learn about financial

planning and security. Students must be made aware of the fact that it is not only important to have an attitude towards savings, it is equally important to make that savings work to get better returns.

## **Scope for further research**

The study of the attitude towards money management among students has a lot of scope for further research and is a topic that deserves continued time and attention. The literature review from studies conducted abroad supports the fact that there is a strong relation between financial management and academic success. Research can be extended to study whether there is any correlation between the above mentioned factors in India. A study can also be carried out to find out whether there is a change in the money management attitude after these students get employed and are less dependent on their parents.

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