Spending Trends among Youth in Malaysia

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Abstract

This research was done to study and determine the spending pattern of youth in Malaysia. The research was conducted by distributing questionnaires to 50 respondents from different backgrounds that are in the 18 to 30 years of age. The research identifies four variables that best represent the data which is spending on food, transportation, entertainment and sports activities and electronic and gadgets. From the data obtained, the analysis shows that there are significant relationship between the spending pattern of youth with food and transportation. On the other hand, there are slightly significant relationship between spending pattern of teens and young adult with entertainment and sports activities along with electronic and gadgets. Therefore, youth spend most of their income towards food and transportation.

Keywords: Youth, Spending Pattern, Demographic Factor. Economic Challenge

1.0 Introduction

Ever since we gain independence and the introduction of our own currency, Malaysia has seen tremendous growth in every aspect of its development albeit faced with a few bumps and bruises along the way.

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This is the results of hard work, detailed planning and cooperation between the building blocks of the nation which is the people. The most significant and proud achievement of Malaysia would be how fast we establish our name through the network of intricate economic and nation development planning. Over the years, the spending pattern changes as the economy improves which drives income level to increase. Therefore it is significant that we determine if these changes have an impact on the spending behaviour of Malaysian.

This research will reveal how Malaysian teens and young adults proportionate their income to handle their daily expenses. The reason that this research is done is to better understand the purchasing power of these subset of society in hopes that it can benefit in law and policy making as well as insight to the culture and trends of spending among teens and young adults today. There has been statement made by teens and young adults that their source of income is not sufficient to sustain them over the constant increment of prices in goods and services in this country. Therefore this research is done to determine where they spend their money as to better understand the reason why they are having financial shortages. Based on the preliminary hypotheses, this study can determine that there are four areas that can be potentials research fields. These four areas will hopefully reveal significant relationship between the insufficient source of income and the spending pattern.

2.0 Literature Review

Generally, according to Fan et al (2007) cited in Helen, L., & Andrew, T. (2006) the research done to study the food intake patterns of Americans showed that they spend 40 to 50 per cent of their food expenditure on meals eaten away from home . A journal published by Heng, H. L. S. et. al. (2007) showed that Malaysian spend the most on food with 34% of total spending. The abundance of restaurants, fast food joints and hawker stalls has made many teens and young adults switching preferences from home cooked meals to buying food outside. This in turn affect their spending allocation as food prepared by restaurants are normally charged with service tax coupled with marginalised profit while food prepared at home are on cost price.

Moreover, based on the research being done by Nik Mustapha, R. A. (1994) stated that 28% of Malaysian household in the highest expenditure groups allocate their expenditure into transport. Frank, E. (2000) research on the single unmarried Americans revealed that there is a 2.3% drop in the expenditure of transportation

H. L. S. et. al. (2007) determine that an average monthly expenditure of Malaysian household in transport is RM327 from RM168 in 1993, an increment of more than 90 per cent. Therefore, it is important to determine the level of expenditure of teen and young adults in Malaysia on transportation expenses as many of them are starting to allocate more of their spending on it.

In addition, according to H. L. S. et. al. (2007) found out that an average monthly expenditure of Malaysian household in recreation services and culture increased to RM101 in 2006 from RM53 in 1993. . H. L. S. et. al. (2007) determine that Malaysian spend 3.2 per cent of average total monthly expenditure of RM1509.54 on leisure activities which include entertainment. Cirera, X., & Masset, E. (2010) found that almost 40 per cent of respondents allocated money for entertainment such as going to the movies.

A study done by Cirera, X., & Masset, E. (2010) showed that 72 percent of Norwegian respondents have spent their money in cell phones. Frank, E. (2000) determine that 25 per cent of the respondents spent their money on cell phones while 7 per cent spent their money on gadgets. A study by Binkley, J. K. (2005) found out that electronics and gadgets accounts to 7 per cent of the total budget spent by American teenagers. Therefore, there is no doubt that electronic and gadgets are playing an important role in the spending pattern of teen and young adults in Malaysia.

3.0 Methodology

In this study researcher collected data through two resources which is primary data and secondary data. Primary data is collected through the questionnaires while secondary data is obtained through the published journals and research. 50 printed questionnaires were distributed around Kuala Lumpur and Shah Alam through personal interface. Once the necessary data has been collected, the data will be analysed and summarized in an understandable and interpretable form.

The Statistical Package for the Social Science version 20 was chosen for this task. The results will be in form of reliability testing, frequency distribution and Pearson Correlation.

4.0 Result and Discussion

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	24	48.0	48.0	48.0
	female	26	52.0	52.0	100.0
	Total	50	100.0	100.0	

Age of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-20	18	36.0	36.0	36.0
	21-25	24	48.0	48.0	84.0
	26-30	8	16.0	16.0	100.0
	Total	50	100.0	100.0	

Source of Income

		Frequency	Percent	Valid Percent	Cumulative Percent
	parents	13	26.0	26.0	26.0
	PTPTN loan	16	32.0	32.0	58.0
Valid	scholarships	1	2.0	2.0	60.0
	work	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

Income Range

		Frequency	Percent	Valid Percent	Cumulative Percent
	less than RM500	18	36.0	36.0	36.0
	RM500-RM999	14	28.0	28.0	64.0
	RM1000-RM1999	3	6.0	6.0	70.0
Valid	RM2000-RM2999	9	18.0	18.0	88.0
	RM3000-RM3999	5	10.0	10.0	98.0
	RM4000-RM4999	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

Based on the following table showed that as for gender, there are more female respondents as compare to male. However, the difference is insignificant which is by only 4 per cent. Next, for age of respondents, majority of the respondents are from the age of 21 to 25 with a value of 48 per cent out of all the respondents. In addition, for source of income, majority of the respondents are either obtaining their income from work or from PTPTN loan, which suggest that 40 per cent of the respondents have jobs while 32 per cent of the respondents, are still students. Finally, for income range, majority of the respondents are in the less than RM500 income bracket.

4.1 Cronbach Alpha Analysis

Variables	Results
All Variables	0.837
Food	0.804
Transportation	0.837
Entertainment and Sports activities	0.764
Electronic and Gadgets	0.718

From the data obtain, all variables shows above 0.6 which is at 0.837. This indicates that the questionnaire is very good in terms of its reliability. The first variable for the reliability test is food. From the results, with 3 items, the score 0.804 which indicates the spending on food questionnaire is very good in terms of its association with reliability. The second variable for the reliability test is transportation. From the results, with 3 items analysed, the score is 0.837, which indicates that the spending in transportation is very good in terms of its association with reliability.

Next is the third variable, it was tested with 2 items which resulted in 0.764. This indicates that it is good in terms of its association with reliability. Moreover is the final variable, which is electronic and gadgets, it was tested with 3 items and the score is 0.718 which means the spending on electronic and gadgets questionnaire is good in terms of its association with reliability.

4.2 Pearson Correlation Coefficient Analysis

Correlations

		Gender	Age of respondent	Source of income	Spend on public transport	Spend on car
Gender	Pearson Correlation	1	.069	.014	-.033	.149
	Sig.(2-tailed)		.632	.923	.870	.431
	N	50	50	50	27	30
Age of respondent	Pearson Correlation	.069	1	.729[**]	.269	.490[**]
	Sig. (2-tailed)	.632		.000	.174	.006
	N	50	50	50	27	30
Source of income	Pearson Correlation	.014	.729[**]	1	.494[**]	.575[**]
	Sig. (2-tailed)	.923	.000		.009	.001
	N	50	50	50	27	30
Spend on public transport	Pearson Correlation	-.033	.269	.494[**]	1	.443
	Sig.(2-tailed)	.870	.174	.009		.20
	N	27	27	27	27	10
Spend on car	Pearson Correlation	.149	.490[**]	.575[**]	.443	1
	Sig.(2-tailed)	.431	.006	.001	.200	
	N	30	30	30	10	30

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

From the Pearson Correlation Coefficient analysis, spending in transportation reveals that:

i) There is moderate relationship between age of respondents and their spending on cars.

ii) There is small relationship between age of respondents and their spending on public transport

However, if both the analysis is group together into transportation, they are above the 0.7, which means that for transportation, there is a strong relationship between age of respondents and spending in transportation.

Correlations

		Gender	Age of respondent	Source of income	Food at home spending	Food away spending
Gender	Pearson Correlation	1	.069	.014	-.070	.037
	Sig.(2-tailed)		.632	.92	.881	.812
	N	50	50	50	7	43
Age of respondent	Pearson Correlation	.069	1	.729**	.560	.553**
	Sig.(2-tailed)	.632		.000	.191	.000
	N	50	50	50	7	43
Source of income	Pearson Correlation	.014	.729**	1	.910**	.575**
	Sig.(2-tailed)	.923	.000		.004	.000
	N	50	50	50	7	43
Food at home spending	Pearson Correlation	-.070	.560	.910**	1	.b
	Sig.(2-tailed)	.881	.191	.004		.
	N	7	7	7	7	0
Food away spending	Pearson Correlation	.037	.553**	.575**	.b	1
	Sig.(2-tailed)	.812	.000	.000	.	
	N	43	43	43	0	43

**. Correlation is significant at the 0.01 level (2-tailed).
b. Cannot be computed because at least one of the variables is constant.

Spending in food reveals that:

i) There is a moderate relationship between age of respondents and food at home spending

ii) There is a moderate relationship between age of respondents and food away from home spending

iii) There is strong relationship between food at home spending and source of income.

Under the food variable, we can conclude that there is a very strong relationship between food and the age of respondents when we group the data from both questions into a single group.

Correlations

		Age of respondent	Source of income	Income range	Spend on entertainment and sports
Age of respondent	Pearson Correlation	1	.729[**]	.145	.230
	Sig.(2-tailed)		.000	.315	.108
	N	50	50	50	50
Source of income	Pearson Correlation	.729[**]	1	.235	.165
	Sig.(2-tailed)	.000		.100	.251
	N	50	50	50	50
Income range	Pearson Correlation	.145	.235	1	-.087
	Sig. (2tailed)	.315	.100		.550
	N	50	50	50	50
Spend on entertainment and sports	Pearson Correlation	.230	.165	-.087	1
	Sig.(2-tailed)	.108	.251	.550	
	N	50	50	50	50

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

Data analysis from spending on entertainment and sports activities reveals that:
i)   There is a small relationship between age of respondents and spending on entertainment and sports activities

Therefore, this study can conclude that under the entertainment and sports activities, there   are not relationship between age or respondents and entertainment and sports activities.

Correlations

		Age of respondent	Source of income	Income range	Spending on electronic and gadgets
Age of respondent	Pearson Correlation	1	.729[**]	.145	.375[**]
	Sig. (2-tailed)		.000	.315	.007
	N	50	50	50	50
Source of income	Pearson Correlation	.729[**]	1	.235	.445[**]
	Sig. (2-tailed)	.000		.100	.001
	N	50	50	50	50
Income range	Pearson Correlation	.145	.235	1	.101
	Sig. (2-tailed)	.315	.100		.486
	N	50	50	50	50
Spending on electronic and gadgets	Pearson Correlation	.375[**]	.445[**]	.101	1
	Sig. (2-tailed)	.007	.001	.486	
	N	50	50	50	50

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

Under the spending on electronic and gadgets data analysis, it is reveal that:

i)   There is a small relationship between age of respondents and spending on electronic and gadgets.

Thus, it can be summarized that there is no relationship between spending on electronic and gadgets with age of respondents.

5.0 Conclusion

In this ever changing economic condition, understanding how it moves can help us better understand the current situation and problems that may arise from it. Research has proven that there are a number of factors that affects how the spending pattern of society evolves. Therefore, it is pertinent that the relevant bodies be it the public sector or the private sector understand this.

The reason is because the public is what drives the economy and development of a country and if the increment of prices in goods and services are not monitored and controlled, a satisfactory lifestyle could not be achieved by the public as their income are continuously insufficient to accommodate the ever increasing expenditure.

From the Pearson Correlation Coefficient, the information obtain is that teens and young adults in Malaysia are spending money on food and transportation. However, the research also identifies variables that do not have significant impact towards the spending patterns of teens and young adult in Malaysia. Spending in entertainment and sports activities along with electronic and gadgets have less significant presence in the results. Therefore, we can conclude the current spending pattern of teens and young adults in Malaysia are focused on food and transportation. Continuous studies and research need to be done to understand and determine the ever-changing spending pattern of the public.

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