

MONEY MANAGEMENT IN UNIVERSITY STUDENTS

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ABSTRACT

This paper investigates the sources of allowance, spending and saving behavior of students. The results show that the majority of the Thai youngsters are dependent, extravagant, having high expenses with little or no savings. The researcher suggests that money management and saving culture should be developed in order to create self and social responsibility among students.

INTRODUCTION

One of the most important areas of responsibility for university students is to manage their money or allowance and this responsibility becomes part of the university students' lives. Being on their own for the first time after high-school is a new experience for many teens. The freedom of choosing friends, food, dormitory and life styles are challenging. Having such freedom together with high responsibility could be harmful without proper monitoring (http://www.osfa.uiuc.edu/finaid_basics/money_manage.htm). Although many universities have developed the student financial aids centers, some teens may still lack money management skills and this often causes problems to parents, friends, society and themselves (<http://www.uiowa.edu/financial-aid/managing/college.html>).

The management of money in university student lives was cited as the management of the amount of money coming in or allowance, management of what the students have got to pay as expenses and management of savings (<http://afaweb.esd.usc.edu>).

The amount of money coming in or allowance includes financial assistance or help from relatives, loans, scholarships, part-time or full-time jobs. Amount of money to be paid or expenses include tuition, books, fees, transportation, clothing, food, housing, utilities, entertainment, and other expenses. Lastly, saving is the amount of money left over after all the expenses have been paid for (<http://falcons.tamucc.edu/~hsweb/newstudents/Money.html>).

Starting with young age, the understanding of personal finance should be installed in the youngsters so that they would understand the value of money and be able to manage their resources effectively. The research question arising is: How do university students in Thailand acquire, spend and manage their financial resources?

This research attempted a preliminary answer to the question by using survey technique as the methodology to investigate the sources of allowances, spending and saving behavior of the students in one public university in Thailand. A total of 203 students responded to the set of questions about (1) allowances, (2) expenses and (3) savings. Further questions were also asked about sources, attitude and ability to control the three variables for each student. This paper starts with the discussion of sample, followed by the discussion of the findings and ends with a statistical testing of the correlation between variables

The characteristics of the sample are shown below:

Table 1: General Characteristics of Sampled Students

Sample/Variable		Percentage
Gender		
	Male	45.0
	Female	55.0
	Total	100.0
Age		
	20 or lower	35.8
	20 or higher	64.2
	Total	100.0
Allowance		
	Less than 5,000 baht	17.4
	Between 5,000 to 7,500 baht	34.9
	More than 7,500 baht by less than 10,000 baht	21.1
	More than 10,000 baht	26.6
	Total	100.0

Source: Developed for this Research

It is shown that the participating students were female (55%) and male (45%) with the age of more than 21 years old (64.2%). Most of the students have siblings (79.8%) and tend to live with their parents (65.1%) rather than living alone in the dormitory (34.9%). Only 34.9% of the students drive to school while the rest use public transportation (50.5%) and drop-off (14.7%). During the free time, the students prefer traveling (33.9%), following by shopping (31.2%), reading (24.8%) and clubbing (10.1%). When asked about their living allowance, the majority of the students get a monthly allowance of between 5,000 baht to 7,500 baht (34.9%), while only 17.4% of the students get lower or equal to 5,000 baht, 21.1% get more than 7,500 baht but less than 10,000 baht and 26.6% get more than 10,000 baht.

Allowances

When asked about the sources of allowance, 72.5% of the students get their monthly allowances from their parents and only 20.2% get their allowances from their part-time jobs. However, only 52% of the students are satisfied and 51% are happy with the level of allowances they get each month. The students also mentioned that there are times in which the allowances are not enough to cover expenses and 59.6% tend to ask for more money from their parents while 67% prefer to find part-time jobs or spend less. Most of the students were certain (64%) about the

amount of monthly allowances they would get, however, only 57.7% believe that the specified amount is enough for them.

The correlation suggested that students who get their allowance from parents feel happy, secure, and certain about the amount of monthly allowance they would get as well as the expenses that would incur. They tend not to have or find part-time job. The evidence also shows that this group of students is dependent; they prefer to seek for helps from their parents or relatives if they have financial problems rather than finding their own ways to deal with it. Later on, this group of students is called the “Dependent Group”.

On the other hand, students who get their allowance from part-time or full-time jobs are less likely to know the exact amount of money coming in each month. Although they are not happy with the amount of money they earn, they are independent and tend to find their own ways to manage the money rather than asking for financial aids from their parents or relatives. Later on, this group of students is called the “Independent Group”.

Expenses

Students have two sources of expenses which are those incurred from necessity and/or luxury products. Some of the students spend their money on only necessary products; however, other students

spend their money on both necessity and luxury products. They agree that 66.1% of their allowances are for necessary products and only 39.4% were allocated to luxury products. When being asked about their attitude towards their expenses, 64.2% stated that they think before the would spend money but 46.8% still find that they have too many bills to pay, 40.3% agreed that they spend too much because the necessary items are expensive (49.6%). Only 52% stated that they have control over their spending. Furthermore, less than 30% of the students think they know exactly what amount they spend each month.

The correlation suggested that students who spend more of their budget for necessary items tend to think that they have too many bills to pay. While the group of students who spend more on luxury items think that they have so many bills to pay and it results in them not being able to control their expenses.

Savings

Although 50.5% of the student agreed that saving is important, only 25.7% of the students agreed that they save every month. However 31.9% mentioned that their savings grow larger every month and they are happy about this. A total of 36.7% added that they often spend their savings on necessary items such as food and magazines, 39.5% stated that they often spend their savings on luxury items such as mobile phone, car accessories, handbags and clothes, 85.3% of the students think that they should start saving about 10-20% of their monthly allowance as soon as possible.

The correlation suggested that students who have saving every month will think that saving is important to them and tend to be happy with the growing amount of their savings. This group of students also plans their budget ahead of time if they would need to buy necessary or luxury items. When being asked about proportion of saving relative to their income, they replied that approximately 10-20% of their monthly allowance would be saved. However, there is no statistical significant results about the students who do not save money regularly.

The Findings

After the descriptive statistical analysis, students are grouped into (1) dependent and (2) independent groups according to their sources of money. This section will show the integrated empirical results by using these two important groups as independent variables. The section will also discuss the characteristics of these two significant groups of students.

Students in dependent group (1) accounted for more than 70% of the samples and are statistically more likely to be female with allowances of less than 7,500 baht per month and without part-time jobs. They are also happy with their allowance level and tend to ask for additional funds from their parents or relatives if they are in need of money. They are less likely to find their own way of dealing with the insufficient situation as shown by the significant negative relationship between variables (see table 2). It is also shown that this group of students tends to spend their monthly allowances on both necessary and luxury items. Therefore, their monthly expenses are high. It is also suggested by the empirical evidence that this group of students tends not to save money and even though they think saving is important, they stated that it is hard for them to follow the budget and control their spending. See table 2.

Students in the independent group (2) accounted for less than 30% of the samples though there is no significant relationship between the source of income and personal data. The characteristics of this group are independent as they seek for very little or no financial aid from their parents or relatives. Even though they think their monthly allowance is unstable, they tend to manage it well. This group of students also shows more responsibility in the monthly bills payment. They are more likely to save monthly. They also feel happy to see their monthly savings grow. Even though, sometimes, they would need to spend their savings on necessary or luxury items, they tend to plan ahead and prepare their budget well before spending. See table 2.

Table 2: Correlation Between Groups and Variables

Variables		Group 1	Group 2
Allowance	Attitude		
	Sufficiency	0.113	-0.058
		0.241	0.551
	Happiness	0.257	-0.014
		0.007	0.885
	Degree of Dependent	0.360	-0.166
		0.000	0.085
	Degree of Independent	-0.149	0.174
		0.122	0.040
	Control		
Expenses	Certainty of Control	0.280	-0.149
		0.003	0.122
	Coverage	0.145	-0.029
		0.133	0.768
	Sources		
	Necessity Items	0.266	-0.071
		0.005	0.005
	Luxurious Items	0.139	0.172
		0.005	0.075
	Attitude		
Saving	Responsibility	-0.022	0.074
		0.818	0.442
	Level of Spending	-0.064	0.007
		0.509	0.942
	Budgeting	0.095	0.046
		0.323	0.632
	Control		
	Ability to Control	-0.019	0.037
		0.848	0.706
	Certainty	0.112	-0.063
Saving		0.247	0.513
	Responsibility	-0.127	0.253
		0.188	0.008
	Sources		
	Monthly Savings	-0.083	0.282
		0.390	0.003
	Attitude		
	Happiness	-0.001	0.162
		0.993	0.093
	Necessity of Saving	-0.071	0.215
Saving		0.460	0.025
	Control		
	Planning	-0.040	0.147
		0.682	0.128

Highlighted cells are statistically significant using Pearson Correlation at 0.005

Source: Developed for this research

Conclusion and Implication

In this study, the main characteristics of the two groups of students who are financially dependent and independent are preliminary determined. The key results found that students who are financially dependent form the large proportion of the students. They tend to have little or no understanding about money management. They find no difficulty in obtaining money as they can ask for it from reliable sources which are their relatives or parents. This results in them being careless in spending on both necessary and luxury items. Living and spending without planning causes few or no savings left at the end of each month and the students would tend to turn back to their parents or relative for additional funds. On the other hand, students who are financially independent are a small proportion. They take more responsibility for themselves. Wise planning leads to sufficient savings and less liability on their parents or relatives.

The significant differences between these two groups of students leads to more understanding about the importance of money management in teenagers. The problematic group is the dependent group which is the largest and the most important group that schools, colleges and universities in Thailand should pay more attention to, especially new students. It is suggested that knowledge about money management should be instilled in students before they start university life in order for them to be able to plan and set appropriate budgets during their years of study.

Not many studies have been trying to define what a good teacher is. Orsmond (1993) stated that for 20 years have examined teacher personal characteristics, behaviors, attitudes, values, abilities, competencies, methods, and many other characteristics to find the best form for being an effective teacher. Some theoretical ideas may help

...the future quality of the education system will depend upon the efforts of teachers currently in the system. Good teachers are not only the ones who give knowledge to students, but also are guides for them.

Assumption University of Thailand is Thailand's first international university. Students come from various nations worldwide. The university has produced a number of graduates who are qualified to

Variables	Group 1	Group 2
http://afaweb.esd.usc.edu/dcpage2.cfm?PageBaseID=50319		
http://falcon.tamucc.edu/~hsweb/newstudents/Money.html		
http://www.ext.nodak.edu/extnews/newsrelease/2002/060602/07money.m.htm		
http://www.louisville.edu/a-s/students/ssw/Chap12-2.html		
http://www.osfa.uiuc.edu/finaid_basics/money_manage.htm		
http://www.uiowa.edu/financial-aid/managing/college.html		
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