

Review Article

## THE INCOME-EXPENDITURE PATTERN OF UNIVERSITY STUDENTS: A MEASURE ON DEGREE OF IMPORTANCE OF EXPENDITURE ITEMS

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### Abstract

The objectives of this study are; i) to identify students' expenditure pattern; ii) to determine students' expenditure level and expenditure composition of total income and finally, iii) to measure the degree of importance of the expenditure items. A total of 301 university students participated in this study. The instrument used for data collection is a questionnaire set, which is constructed by using Google form and is distributed through link sharing. The data are analysed by using SPSS version 23 software. The findings of the analyses documented, the average (calculated) income level of the students is RM539.70. For expenditure pattern analysis, students allocate the highest amount of money on Foods & Beverages and Accommodation. These two items are considered as the most important items than others in the list. A moderate amount of money (RM50-RM80) is allocated for items 3 (Stationery), 4 (Transportation), 10 (Personal Goods) and least amount of money is allocated for the rest of items. The analysis on the Degree of Importance of Expenditure Items provides indication Foods & Beverages, and Accommodation again is ranked as the most (Very) important expenditure items to the university student. Other items are in the ranking of Important and Moderately Important items. With an average (calculated) income level equals to RM539.70, the expenses for the main two items (Foods & Beverages and Accommodation) totalled up RM498.61 or is 92.39% of the overall income. Following the priority ranking, the leftover of RM41 may be allocated either for internet or for other necessity items. The overall findings lead us to conclude, the university students' income is relatively low and barely meet the self-sufficiency level. In assisting and enhancing the challenging life of a university student, the authorities need to further investigate and diagnose the issue; and restructuring on the value of loan provision for university students is necessary if needed.

**Keyword:** income, expenditure, degree of importance of expenditure items, university students.

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### INTRODUCTION

Living in the new age, expenditure level of the university students have increased over time as their spending patterns are unique compares to other categories of students in the education sector. If focused individually, the expenditure behaviour among students has a high tendency to be different as the level, and sources of income among students is different. Some students are born rich, may receive their high funds from their rich parents or through few sources; while some may receive the certain minimum amount from the parents and receiving welfare money from non-profit or welfare organizations, or religious agencies. The financial burden faced by the poor students to some extent forced them to do a part-time job to support their living cost and education expenses while in university (Nizar & Abdullah, 2010).

The issue of financial and spending conduct of the youth or specifically, students, has never been steady. It has been a continuous problem from one era to another. At present, student society is assumed to play a vital role in being part of the general purchasers in the nation. In previous years; books, stationaries, garments and other comparable items were the main items purchased; but at this present age, student's needs have increased because items like laptops, android handphone are among the required items that students must have while going through their studying years.

The issue highlighted above is directly linked to the students' level of income and expenditure. From past literature, many kinds of research were conducted on university students' income-expenditures status, and many had found poor financial management of university's students (Barjoyai & Fairuz, 1996; Rubayah et al., 2015). This discovery has raised many new questions such as; Do university students really lack the knowledge of financial management to the extent that inefficiencies in money management occur (Sosooshian & Tan,

2014)? Moreover, does the inequality of income and expenditure have to do with spending behaviour that does not prioritize needs but give priority to luxury goods (Noor A'lim, 2005)? Also, is this inaccuracy driven by students' own behaviour (Abd. Aziz, 2006; Noor A'lim, 2005)?

In relating to the problem discussed above, the current study aims to investigate this issue further. The general scope of the study is to focus on the expenditure analysis of university students. Specifically, the objectives of the study are: i) to identify the students' expenditure pattern; ii) determine students' expenditure level and expenditure composition of total income and iii) to measure the degree of importance of students' expenditure items.

### LITERATURE REVIEW

The study of income and expenditure involves a broad scope. From the past literature, this theme has been researched in a various group of economic sectors or units. Among the many studies, the current study put the focus on households (Rashid et al. (2010), entrepreneurs (Jalil et al., 2017; 2019); teachers (Jalil et al. (2018) and university students (Rubayah et al., 2015; Sosooshian & Tan, 2014; Abd. Aziz, 2006; Noor A'lim, 2005; Asri et al., 2017; Hassan et al., 2018; and Haderi et al., 2018).

Rashid et al. (2010), who survey into household expenditure behaviour in the East Coast, found that the overall findings provide evidence on the significant relationship between the income and the expenditure levels. In particular, the high correlation between the income and the total expenditure is observed in the housing loan, automobile loan and educational expenditure.

Studies of Jalil et al. (2019, 2017) in general, put the focus on the business sector. In specific, the studies are doing income measurement and expenditure management of women

entrepreneurs at the East Coast of Malaysia. The findings of this study lead them to conclude; the ability to manage income and expenditure guarantees business profitability, which then is becoming an inspiration and motivation to the entrepreneurs to continue operating the business and stay in the system.

Other than entrepreneurs, there are also studies on expenditure behaviour, focusing on a group of teachers. Among them are studies conducted by Jalil et al. (2018) and Ramli (2013). The study by Jalil et al. (2018) focuses on a group of teachers in deciding their expenditure on home purchases. The two main factors tested in this study are economic factors and non-economic factors. The final results provide indication; economic factors (income) are the dominant factors in influencing teacher's decision on home purchase expenditure. In other words, a given level of income along with effective expenditure decision help the teachers to realize their dream.

The study by Ramli (2013) also analyses the expenditure pattern of the teachers. In specific, his focus is more into income-expenditure management. The findings discover respondents aged more than 45 years old had good financial management behaviour compares to younger aged respondents. In other words, as they grew older, they cultivate organized expenditure pattern, and this leads to stable and better saving habit. Here we may imply, the financial behaviour describes the financial well-being of an individual or group; which then may influence the individual product level.

There are also studies of income-expenditure that focus on university students. Among the few to be highlighted in this article are; Rubayah et al. (2015); Sosooshian & Tan (2014), Abd. Aziz (2006), Noor A'lim (2005), Asri et al. (2017), Hassan et al. (2018), and Haderi et al. (2018). In general, the direction of the studies is divided into several areas namely; 1) students' degree of knowledge in expenditure management, 2) students' attitude toward expenditure activities, and 3) students' skills in expenditure decisions.

Rubayah et al. (2015), in their study, found; the average level of financial literacy (knowledge) among students was low. The results show that many students are unable to manage their budget to an extent the level of spending is always higher than the income level. A study by Sosooshian & Tan (2014) is slightly different from Rubayah et al. (2015). Sossshian & Tan (2014) even though acknowledged students' knowledge in terms of expenditure management; however, inefficiency in money management persists because most of the students do not use the knowledge and skills they have in their daily financial management. The findings of both studies are in line with the findings of Barjoyai and Fairuz (1996).

Another study which focuses on students' level of knowledge in managing expenses is the research conducted by Asri et al. (2017). The results of their study show that there is no problem in students' decision making between necessities or non-necessities expenditure; but element of money management problem is detected to exist in the study and this is due to lack of knowledge in financial management. This finding clearly indicates that a low level of knowledge promotes failure in managing income and expenditure, thus leading to overall money management failure.

Other than knowledge, a study by Abd. Aziz (2006) concludes, attitude factor also contribute significantly to student inefficiency in financial management. According to the researcher, some students feel that when they are away from the family, they gain the freedom to decide what to do and to buy without family intervention. This scenario not only leads them towards bad money allocation (between the necessity and the non-necessity expenses) but also inclined them to be trapped in an overspending behaviour. This kind of attitude

factor is also related to the study conducted by Noor A'lim (2005). He concludes that the allowance received every semester by the students has not been spent wisely. Students had been spending the money without setting any priority to

academic and health needs, but using the money for entertainment such as watching movies and vacationing with friends. The same finding was obtained in the study of Mamat et al. (2013). The results show that the students do not have the financial management skills. Their expenditures outweigh the available financial resources and students spend more money on non-academic matters than on academic matters. This finding is supported by Mustafa and Fikri (2011).

In the same vein, Hassan et al. (2018) studied the expenditure patters among UUM international students in Changlun to see the potential impact on the local development of Changlun businesses. Using questionnaires survey disseminated to 150 UUM international students, their expenditure patterns are examined according to expected expenditure in a month, the place that they spend and the occurrence of spending. The findings of this study reveal that their subsistence spending provides significant impacts on Changlun economy, leading to continuous developments of a range of industries, namely foods & beverages, clothing, telecommunication, and entertainment.

In addition, since many studies on university's students did not base on theory, Haderi et al. (2018) investigated three factors in financial management that influence the saving behaviour using Planned Behaviour Theory. This study utilized a survey questionnaire distributed to 340 students from Universiti Utara Malaysia. Findings of the study showed that the three factors, namely self-control, social pressure and knowledge in financial management, are positively related to the saving behaviour, and social pressure gave the most impact on saving behaviour.

## RESEARCH METHOD

This section explains the methods used for data collection and data analysis. This study is an exploratory study which involves primary data. The respondents of this study are economic students at Universiti Pendidikan Sultan Idris, Tanjung Malim, Perak, Malaysia. The instrument used for data collection is a questionnaire set which is distributed through Google form. The form is comprised of three main sections; A (Demographics), B (Income Analyses), and C (Expenditure Analyses). The collected data are coded and then are analysed by SPSS Version 23 software. This study is a quantitative analysis and employs categorical, continuous and scale data. For demographic analysis, categorical data are used, while objectives 1 and 2 employ continuous data while for objective 3, this study utilizes 5 points Likert scale data. The data are analysed by using the descriptive statistics method, which mainly involves the minimum, maximum, and means calculations.

## RESULTS

The discussion in this section is divided into four parts; the demographic analysis, the income analysis and the expenditure analyses of the university students. Further, the expenditure analyses are divided into three parts; expenditure pattern analysis, expenditure level and composition analyses, and finally analysis on the degree of importance of expenditure items.

### The Demographic Analysis

The respondents' profile is displayed in Table 1.

**Table 1. Respondents' Profile**

Items		Frequency	Percent
GENDER	Male	70	23.3
	Female	231	76.7
	<b>Total</b>	<b>301</b>	<b>100.0</b>
RACE	Malay	203	67.4
	Chinese	22	7.3
	Indian	32	10.6
	Bumiputra	38	12.6
	Others	6	2.0
	<b>Total</b>	<b>301</b>	<b>100.0</b>
AGE	18-23	294	97.7
	24-29	5	1.7
	30 And Above	2	.7
	<b>Total</b>	<b>301</b>	<b>100.0</b>

A total of 301 respondents took part in this study. For gender distribution, the female category comprised of 231 people (76.7%) while the balance comprised of male students. The results for race distribution show the highest percentage (67.45% or 203 people) is for Malay race followed by Bumiputera of 38 people (12.6%), India with 32 people (10.6%), Chinese with 22 people (7.3%) and the least are of others race which comprised of 6 people (2.0%). The age distribution shows that the youngest age starts from 18 years

and extended to the maximum above 30 years old. By category, ages ranging from 18 years to 23 years showed a total of 294 respondents (97.7%), ages between 24 years to 29 years comprised of 5 respondents (1.7%) and for those ages 30 years and above, is consisted of 2 (0.7%) people.

#### Income Analysis

The overall findings of this analysis are displayed in Table 2.

**Table 2. Income Analysis**

Item	N	Minimum	Maximum	Mean	Std. Deviation
Monthly Income	301	50	5000	<b>539.70</b>	571.485

Table 2 shows the minimum and maximum monthly income earned by students are RM50 and RM5000. The average income value is RM539.70. Students' income is obtained from various sources, namely, PTPTN (government's loan), government scholarship, state scholarship, religious fund, parents, part-time working, investment and others.

#### Expenditure Analyses

The expenditure analyses are divided into three; the expenditure pattern analysis, the expenditure level and composition analyses, and the degree of importance of expenditure items.

#### The Expenditure Pattern Analysis

In this analysis, the list of expenditure items is divided into two categories; the necessities (items 1-8) and the non-necessities (items 9-12). The overall results are shown in Table 3. Throughout the list of given items, the highest mean values are recorded at items 2 (accommodation), followed by item 1 (food

and beverages), and item 7 (other types of necessity items) with the amount of RM265.85, RM232.70 and RM77.69, respectively. These three highest mean scores show the distribution of students income are mainly allocated on these main three items (accommodation, foods & beverages and other types of necessity items).

The lowest mean values are documented in items with mean expenditure values below RM50. The items which are least spent by university students are item 11 (others), item 10 (clothing), and item 6 (cost of handphone usage), item 5 (internet), and item 8 (entertainment), each with mean values extended from RM23.64 (lowest) to RM30.43, RM32.57, RM34.99, and RM37.22 (highest) respectively. Transportation, stationery and personal goods documented mean values between 50 to 60. The findings provide an indication that transportation, stationery and personal goods, by ranking, are moderately important to the students.

**Table 3. The Expenditure Pattern**

Expenditure items	Min.	Max.	Mean	Std. Deviation	Ranking
1. Foods & beverages	0	960	232.76	130.431	2
2. Accommodation (including utilities)	0	1618	265.85	309.303	1
3. Stationery	0	500	56.57	59.713	4
4. Transportation	0	400	50.92	54.373	5
5. Internet	0	500	34.99	40.237	8
6. Cost Hand phone Usage	0	180	32.57	31.708	9
7. Other types of necessity items (example: fix monthly medical expenses)	0	1500	77.69	116.972	3
8. Entertainment	0	300	37.22	48.682	7
9. Personal Goods	0	300	50.61	44.335	6
10. Clothing	0	600	30.43	52.034	10
11. Others	0	1000	23.64	68.968	11

Overall expenditures			915.94		
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### The Expenditure Level and Composition Analyses

To identify the expenditure level and the composition of the expenditure item to income, the information in Table 3 is simplified into Table 4.

**Table 4. Expenditure level and Expenditure Composition**

Income level	Mean RM539.70		
Expenditure items	Mean	Ranking	Composition of expenditure by income
1. Foods & Beverages	232.76	2	43.13
2. Accommodation (including utilities)	265.85	1	49.26
3. Stationery	56.57	4	10.48
4. Transportation	50.92	5	9.43
5. Internet	34.99	8	6.48
6. Cost Handphone Usage	32.57	9	6.03
7. Other types of necessity items (example: fix monthly medical expenses)	77.69	3	14.40
<b>Total expenditure on necessity items</b>	<b>774.04</b>		143.42
8. Entertainment	37.22	7	6.90
9. Personal Goods	50.61	6	9.38
10. Clothing	30.43	10	5.64
11. Others	23.64	11	4.38
<b>Total expenditure on non-necessity items</b>	<b>141.9</b>		26.29
<b>Overall expenditures</b>	<b>915.94</b>		169.71

Table 4 lists out 11 expenditure items. Items 1-7 are categorized under necessity items, while items 8-11 are categorized under the non-necessity items. The results show that the overall mean value for necessity items is RM774.07 while for the non-necessity items is RM141.94. These two values, when compared with the level of income, the amount of expenditure appear to be bigger than income for both cases.

Focusing on the composition of expenditure by income, items 1 and 2, each is comprised of 43.13% and 49.26% of overall

income. This finding provides an indication that students allocate most of their money on necessity items which are foods & beverages and accommodation. The remaining of RM41.09 for other items categorized under moderately important items.

### Degree of Importance of Expenditure Items

In this section, the input is documented in the Likert scale format. The values are extended from 1 (very not important) to 5 (very important). The overall findings of the analysis are summarized in Table 5.

**Table 5. Degree of Importance of Expenditure Items**

Expenditure Items	1 Very not important	2 Not Important	3 Moderate	4 Important	5 Very Important	MEAN (Ranking)
	Frequency & Percentage					
1. Foods & Beverages	3 1.00%	1 0.30%	16 5.30%	31 10.30%	250 83.10%	4.74 (1)
2. Accommodation	12 4.00%	4 1.30%	18 6.00%	55 18.30%	212 70.40%	4.50 (2)
3. Stationery	5 1.70%	8 2.70%	79 26.20%	112 37.20%	97 32.20%	3.96 (6)
4. Transportation	5 1.70%	10 3.30%	79 26.20%	105 34.90%	102 33.90%	3.96 (7)
5. Internet	5 1.70%	5 1.70%	40 13.30%	112 37.20%	139 46.20%	4.25 (3)
6. Cost Hand phone Usage	7 2.30%	22 7.30%	72 23.90%	111 36.90%	89 29.60%	3.84 (8)
7. Utilities	4 1.30%	8 2.70%	72 23.90%	120 39.90%	97 32.20%	3.99 (5)
8. Other types of necessity items (example: medical expenses)	16 5.30%	13 4.30%	39 13.00%	84 27.90%	149 49.50%	4.12 (4)
9. Entertainment	41 13.60%	89 29.60%	129 42.90%	31 10.30%	11 3.70%	2.61 (12)
10. Personal Goods	5 1.70%	18 6%	101 33.60%	115 38.20%	62 20.60%	3.70 (9)
11. Clothing	37 12.30%	51 16.90%	137 45.50%	51 16.90%	25 8.30%	2.92 (10)
12. Others	49 16.30%	52 17.30%	139 46.20%	48 15.90%	13 4.30%	2.75 (11)
Average mean						3.78

Based on the information in Table 5, the values of the mean scores are extended from 2.61 (lowest) to 4.74 (highest). The values obtained are interpreted in the following manner; Mean < 1.5 (Very not important), 1.5 < Mean < 2.5 (Not important), 2.5 < Mean < 3.5 (Moderate), 3.5 < Mean < 4.5 (Important) and Mean > 4.5 (Very important).

Based on the results shown in Table 5, the highest mean score of 4.74 is documented on item 1 (food and beverages) were 250 (83.1%) of the students agreed that this item is considered as a very important item, followed by 31 and 16 students, respectively, choose this item as important and moderately important. The second highest score is documented on item 2 (accommodation) with mean score values of 4.50. A total of 212 (70.40%) students consider this item as very important, while the following 55 (18.30%) and 18 (6.00%) students rank it as an important and moderately important item. Items 3 (stationery), 4 (transportation) 5 (internet), 6 (handphone), 7 (utilities), 8 (other types of necessity items) and 10 (personal goods) are all classified in the important category, and the last three items which are item 9 (entertainment), item 11 (clothing) and item 12 (others) are classified as relatively moderate by the ranking of importance.

### CONCLUSION

Based on the findings in Table 3 and 4, we may conclude that students allocate most of their money on foods & beverages and accommodation. These two items are considered as the most important items as compared to other items in the list. A moderate amount of money (RM50-RM80) is allocated for stationery, transportation and personal goods, while the least amount of money is allocated for the rest of the items. Based on the results in Table 5, foods & beverages and accommodation are ranked as the most or very important expenditure items to the university students. Apart from these two items, other items are being ranked as important and moderately important items.

Considering the average income level of a university student is RM539.70, the expenses for foods & beverages and accommodation totalled up RM498.61 or 92.39% of the mean income. The remaining of RM41.09 may be allocated either for the internet or for other necessary items.

The overall findings lead us to conclude that the students' income is relatively low and barely meet the self-sufficiency level. The challenging life of a university student certainly demands a great deal of personal and educational equipment, and this requires sufficient financial ability. With regards to this, the policymaker and government need to further investigate and diagnose the issue, and if necessary, they need to restructure the value of loan provision for university students so that the students can cope and undergo their studying period smoothly without facing any financial stress.

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