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Assessing the Impact of COVID-19: Savings Behavior and Financial Self-Efficacy of private college staff in Malaysia.

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ABSTRACT
This study delves into the changing landscape of personal savings behavior among employees in the backdrop of the ongoing COVID-19 pandemic. Focusing specifically on Private college staff, the research investigates key determinants such as financial knowledge, financial self-efficacy, risk perception, and income level, and their impact on saving habits. The investigation reveals the heightened significance of these factors amidst economic uncertainty and highlights the essential role of proactive financial planning and the cultivation of personal values in achieving financial stability. Furthermore, the study emphasizes the potential influence of individual risk perception and income levels on saving behaviors. The findings contribute to an understanding of saving behavior alterations during crises and provide insights to promote better financial planning among employees.

Keywords: Savings, COVID-19,financial Behavior, Financial Self-Efficacy, financial knowledge, risk perception and Income level

I. INTRODUCTION:

The COVID-19 pandemic has imposed substantial changes in various aspects of daily life, especially in the economic landscape. Particularly, the saving behavior of individuals has been significantly affected. Amidst these uncertain times, many are compelled to reassess their spending habits and resort to an increased focus on saving. This study aims to explore the factors that influence saving behavior among Private college employees during the pandemic. By investigating financial knowledge, financial self-efficacy, risk perception, and income level, this research strives to shed light on the underlying dynamics affecting personal savings during these challenging times. This understanding will prove essential in formulating strategies to enhance financial stability among employees and reduce the economic impact of such crises in the future.

II. LITERATURE REVIEW:

On exploring the myriad factors influencing financial behavior dependant variable, this literature review encompasses seven major theories. According to Bandura (1991), the Social Cognitive Theory of self-regulation, which centers on the concept of self-efficacy, plays a crucial role in personal financial management. The Risk Perception Theory (Raude et al., 2005; Burns & Slovic, 2012) emphasizes the influence of perceived risks on financial decisions, especially during crises. Ajzen's (1991) Theory of Planned Behavior posits that intent, underscored by the perception of outcomes, drives savings behavior. The Life Cycle Hypothesis (Beverly, 1997; Kenton, 2020) contextualizes spending and saving behaviors across different life stages. Kahneman and Tversky's (1979) Prospect Theory highlights the irrationality in financial decision-making rooted in loss aversion. Eccles and Wigfield's (2002) Expectancy-Value Theory introduces the concept of success likelihood and the value attached to success as key determinants of financial behavior. Lastly, the Financial Socialization Theory (Gudmunson & Danes, 2011) underscores early socialization experiences as instrumental in shaping financial behavior. Together, these theories offer a comprehensive overview of the multifaceted elements that shape financial behaviors.

Financial Knowledge: Despite the perceived connection between financial knowledge and responsible financial behavior, several studies have shown that a high level of financial knowledge does not necessarily translate into excellent financial decision-making and management abilities. However, it has been identified that a strong understanding of financial matters is crucial in formulating strategic financial plans and can have an indirect influence on mitigating financial challenges. The article highlights that greater financial awareness is linked to superior financial behavior, improved financial management skills, and increased motivation to save and invest.

Financial Self-Efficacy: This is an individual's belief in their ability to manage their financial assets. The article discusses how a high degree of financial self-efficacy positively influences financial behavior and decision-making, particularly in times of financial crisis. However, self-efficacy does not appear to significantly impact individual saving behaviors. Encouragingly, higher levels of financial self-efficacy correlate with decreased levels of indebtedness and increased savings. Furthermore, in women, a high level of financial self-efficacy is associated with the likelihood of possessing investment, mortgage, or savings accounts but inversely related to loan and credit card possession.

This article explores the roles of two independent variables – risk perception and income level – in financial decisions and behavior. Risk perception refers to an individual's propensity to engage in financial risks, primarily regarding savings or investments. Research reveals that risk perception impacts the choice of savings instruments for households, with a higher financial efficacy leading to increased acceptance of risky decision-making situations. This can improve financial success rates.

Moreover, the paper discusses the concept of risk aversion, which suggests a preference for risk avoidance among investors when faced with high-risk financial products. It is observed that an individual's inclination towards financial risks positively correlates with better financial conduct. However, general risk-taking propensity doesn't significantly influence a person's financial behavior.

Income level is another critical independent variable. Although there's a general correlation between rising household income and the tendency to save, an individual's income level does not always positively influence their financial conduct. High-income earners can exhibit impulsive decision-making and lack of financial responsibility. The paper also finds no substantial impact of present bias and income frequency on personal annual saving rates. However, regular income disbursements are preferred for promoting even consumption and saving habits.

III. METHOD:

The study employed a quantitative research design to examine the personal saving behavior among Private college staff during the Covid-19 pandemic. The research variables included financial knowledge, financial self-efficacy, risk perception, and income level (independent variables), and the personal saving behavior (dependent variable). A combination of dichotomous questions, multiple-choice questions, and a five-point Likert scale were used to collect data from approximately one hundred academic staff members at the Kuala Lumpur campus, chosen using a stratified random sampling method. Data collection was conducted online using Google Forms, primarily comprising structured questionnaires. The analysis involved descriptive and inferential statistical approaches, focusing on measures of centrality and hypothesis testing to understand the correlations between variables

IV. RESULTS AND FINDINGS:

Based on the Pearson Correlation Analysis, the study revealed significant relationships among the variables examined. The range of possible correlation coefficients (-1.0 to 1.0) indicate the strength and direction of the relationship, with a negative coefficient suggesting an inverse relationship, a positive one indicating a direct relationship, and a value of zero suggesting no correlation. In this context, the relationship between the personal saving behavior of Private college staff during Covid-19 and the independent variables—financial knowledge, financial self-efficacy, risk perception, and income level—were analyzed.

A strong positive correlation was identified between the personal saving behavior and the level of financial knowledge, suggesting that increased financial literacy leads to more significant savings behavior. There was also a moderate correlation with financial self-efficacy, implying that the confidence in one's financial abilities influences their saving behavior. Risk perception had a weak positive correlation, indicating that the understanding of financial risks slightly impacts savings behavior.Interestingly, the income level showed only a weak positive correlation, suggesting that higher income does not necessarily lead to more significant savings behavior. Consequently, the hypotheses that posited significant relationships between the saving behavior and financial knowledge, financial self-efficacy, and risk perception were accepted. The hypothesis suggesting a significant relationship between income level and saving behavior was rejected.The study underscores the importance of financial knowledge and self-efficacy in fostering saving behaviors, with risk perception and income level playing minor roles. The findings also highlight the consistent results generated by the

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construct measures, validating the reliability of the research instruments used.

V. DISCUSSION

The research demonstrated significant relationships between financial knowledge, financial self-efficacy, risk perception, and personal saving behavior among Private college staff during the Covid-19 pandemic. Staff with financial knowledge were more likely to save, corroborating the findings of Widjaja et al. (2010), Arifin (2017), and Abdul Kadir et al. (2021). Similarly, individuals with financial self-efficacy engaged more in saving behavior, supported by studies conducted by Radianto et al. (2020), Farrell et al. (2016), and Kusairi et al. (2019). Also, a positive link was identified between risk perception and saving behavior, indicating that heightened risk awareness promoted saving, consistent with research by Kusairi et al. (2019), Termprasertsakul et al. (2017), and Dahlback, O. (1991). However, there was no significant relationship between income levels and saving behavior, suggesting saving attitudes remained constant despite income fluctuations during the pandemic, as supported by studies from Arifin (2017), Pieterse (2019), and Mensahklo, Kornu, and Dom (2017). These findings have implications for various sectors, including future researchers, society, banks, and governments, highlighting the importance of financial knowledge, self-efficacy, and risk perception in promoting savings behavior, particularly in times of economic uncertainty.

VI. CONCLUSIONS:

The study analyzed the influence of four parameters on the personal saving behavior of Private college staff during the Covid-19 pandemic: Financial knowledge, Financial self-efficacy, Risk perception, and Income level. The findings revealed significant relationships between saving behavior and financial knowledge, financial self-efficacy, and risk perception, while no notable association was found between saving behavior and income level. Individuals with more financial knowledge and self-efficacy tend to exhibit stronger saving behaviors, and those with a higher risk perception are likely to save more. However, income level does not appear to influence saving behaviors significantly. This aligns with past studies such as those by Arifin (2017), Abdul Kadir et al. (2021), Radianto et al. (2020), and Farrell et al. (2016). The study also suggests that better financial literacy can lead to better savings behaviors, irrespective of income level. Such findings have substantial implications not just for individuals seeking to improve their financial habits, but also for organizations, such as banks and governments, aiming to promote and encourage better saving behaviors amongst the population. For example, financial institutions can provide educational opportunities focused on financial literacy, and the government can launch campaigns to raise public awareness about the significance of saving. This can help to foster a more economically secure society, particularly in times of uncertainty, such as during a pandemic.

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