



I-RELAY  
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Project

## TOPIC:

### **Young People's Views on Money Management and a Fruitful Life**

**Project-based Report**

*Hong Kong Shue Yan University*

**Entry Number: B128**

Lee Mei Lee, Milly

Ma Sin Yi, Joyce

Ng Cheuk Yin, Alex

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## **Topic: Young people's views on money management and a fruitful life**

### **Introduction**

In these recent years, the students' loan problem is upward trending. According to the report of the Student Financial Assistance Agency in the first half of 2013, there are 280 cases of bankruptcy over the five different loan schemes which increase 17% than the previous year. Especially in non-means-tested Loan Scheme for Full-time tertiary students, the numbers of bankruptcy has increased in doubled from seven to fifteen(Oriental Daily News, 2013).

Simple credit card applications offered by banks maybe one of the reasons that leads to students' loan problem. As banks treat tertiary and university students are future potential customers and seek to gain revenues from them, the procedures of credit card application was simplified without income proof, in order to attract tertiary and university students to apply. Under this attractive and convenience condition, they mostly own more than one credit card on average(Sing Tao Daily, 2013).Back to basic, wrong money management is the fundamental reason causes the students' loan problem as they overspend their future money for high consumption and entertainment without a clear consideration. As a result, some students apply a new credit card to pay for the previous loan times by times. Long-term debts and financial burden are made. In a more serious way, illegal activities such as robbery will be done as they try to recover their debts without any solution. Their personal reputation and future will be affected and destroyed by their illegal action (Sing Tao Daily, 2013).It seems that the bad money management on college students has about a deeply influence on their life.

## **Objective**

In case of this, a research of young people's views on money management and a fruitful life should be done. The research targets young people who are at the age of 18-24 and college students. They need to manage their own money related activities. The research objective is to identify young people's views on money management and fruitful life respectively, verify if there are any correlations between these two variables and also is there any other factors that affect young people fruitful life beyond money management.

## **Literature Review**

### *i. What is money management?*

Money management is important in people's life. According to Rosen (2012), money is a well-recognized cue for substance use and it has a great potential as a reinforcer that can compete with substance use. Rosen (2012) also states that money may be compulsively acquired and saved, instead of being compulsively spent. For money management, it mostly focuses on long-term budgeting and planning for long-term goals. With a good money management, it is necessary to have a great balance between these three aspects: acquirement, saving and spending. Having a clear and organized budget and planning with control system are also involved in good money management (Mitchell and Mickel, 1999).

### *ii. Gender differences*

In the part of money management, Falahati and Paim (2011) state that there is a



notable sex differences among adolescents on personal financial satisfaction and financial behavior and not only influenced by economic factors, but also the sex differences on social and psychological issues. Falahati and Paim (2011) report that female students have a significantly higher level of financial satisfaction but lower level of financial knowledge and late age financial socialization compared to male students.

*iii. What is fruitful life?*

Fruitful life means quality of life which includes two levels: material enjoyment and spiritual. For material enjoyment, people are satisfied on great materials conditions of life and self-aggrandizement is also enhanced as people tend to use money for having better materials conditions of their life (Christopher et al., 2004). For spiritual, people have a positive life satisfaction. They tend to enjoy their life through happiness, feelings and positive psychological status without money consideration (Adler, 2013).

*iv. How fruitful life and money management correlated?*

Money management and fruitful life have a positive relationship. For spiritual, according to Rosen (2012), youngsters value their money itself more than what the money can purchase as the “money illusion”. They use money as a tool to be a proxy for social status or to money’s ability to facilitate social contact due to money facilitates bartering. Also, money provides security feeling to college students to make their future benefits more tangible and reduce some uncertainty.

For material enjoyment, Tatzel (2003) says that money does increase well-being for basic needs and the happiness range will be moved toward the upper end due to

income raises. Also, Richins and Dawson (1992) found that highly materialistic people believed they needed more income to satisfy their needs and prefers to pursue happiness by acquiring possessions.

v. *Other factors affect fruitful life*

However, money management is not the only reason to have fruitful life. There is other factors affect fruitful life: family and culture. Family and culture can influence adolescents positively by providing materials and mentally support (Balcells-Balcells et al., 2011; Eastman et al., 1997). On the other hand, the view on fruitful life will is valued differently across cultures. For example, Hong Kong people may perceive high in materials success as having a fruitful life(Wirtz, D., 2012).

### **Data Collection**

In the research, convenience sampling of non- probability sampling is used. The number of sample size is 114as tertiary and university students are selected to be the target population to do the research. There are two ways to collect the data: Web-based questionnaires and paper questionnaires. The data will be collected via these two methods half and half. For paper questionnaires, interviews will be done in few universities in Hong Kong. The questionnaire will be divided in five scale (5 is the highest and 1 is the lowest). SPSS is used to analyze the data for confirmatory. Independent-sample t-test and linear regression are used to be data analysis as statistical analysis techniques.

## Data Analysis and Discussions

### *i. Basic findings*

Before analyzing the hypothesis testing, the basic findings will be described, including the independent variables (money management, family and friends, culture) and dependent variable (fruitful life).

Figure 1- Mean of money management, family and friends and culture

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Money	114	2.50	5.00	4.4547	.61219
Family and friends	114	2.33	5.00	4.2719	.59590
Culture	114	1.33	5.00	3.6667	.90666
Valid N (listwise)	114				

The means of good money management, family and friends and culture variables are 4.4547, 4.2719 and 3.6667 respectively. Good money management scores the highest mean that means it is the most important element to affect one's fruitful life.

Figure 2 - Mean of good money management

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Spending	114	2.50	5.00	4.4547	.61219
Saving	114	1.00	5.00	3.5439	1.21306
Acquirement	114	2.00	5.00	4.2281	.84178
Valid N (listwise)	114				

For the money management variables, it is combined by spending, saving and



acquisition. The mean for these three components are 4.4547, 3.5439 and 4.2281 respectively. It can be concluded that young people are good at managing their spending and acquiring while they are not doing good in saving.

Figure 3 - Mean of fruitful life

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Spiritual level	114	2.00	5.00	3.7851	.62782
Material enjoyment level	114	2.83	5.00	4.1711	.39878
Valid N (listwise)	114				

For the fruitful life variable, it is constructed by material enjoyment level and spiritual level. The mean for material enjoyment level is 4.1711 while spiritual level is 3.7851. Therefore, it is concluded that young people view fruitful life as material enjoyments rather than spiritual enjoyment.

ii. *Linear-regression analysis*

Figure 4 - Regression of 3 independent variables and dependent variable

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.468	.289		8.551	.000
	Money	.345	.124	.529	2.777	.006
	Family and friends	.003	.127	.005	.027	.979
	Culture	-.011	.036	-.026	-.318	.751

a. Dependent Variable: Fruitful



Figure 5 - Regression of good money management and dependent variable

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.592	.270		9.583	.000
Acquirement	.333	.071	.509	4.676	.000
Saving	-.035	.027	-.106	-1.303	.195
Spending	.007	.051	.014	.130	.896

a. Dependent Variable: Fruitful

Figure 6 - Regression of 3 independent variables and the materials enjoyment level

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.296	.488		4.706	.000
Money	.741	.210	.723	3.527	.001
Family& friends	-.403	.214	-.382	-1.880	.063
Culture	-.025	.061	-.036	-.413	.681

a. Dependent Variable:  
Fruitful life – materials enjoyment level

Figure 7 - Regression of independent variables and the spiritual

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.640	.287		9.201	.000
	Money	.410	.126	.612	3.251	.002
	Family& friends	-.051	.124	-.078	-.412	.681
	Culture	.002	.036	.005	.062	.951

a. Dependent Variable: Fruitful life – spiritual level

level

Refer to figure 4, the significant level of good money management, culture, family and friend are 0.006, 0.979 and 0.751 respectively. Only the significant level of money management (0.006) is smaller than the  $\alpha$  (0.05), which means that good money management will lead to fruitful life. To dig deeper, only good money management will lead to fruitful life in both the level of materials enjoyment with the significant level of 0.001 in figure 6 and the level of spiritual with the significant level of 0.002 in figure 7. Among the three elements in the concept of good money management, acquirement scores 0.000 for the significant level, which exerts great influences on one's fruitful life. The reasons are shown as below:

According to the basic findings part, most of the respondents view fruitful life as materials enjoyments. Therefore, a good money management will lead them to a fruitful life as they will have enough money to afford materials enjoyments by the acquisition different possessions, such as luxury brand stuff, latest technology and enjoy high-class delicious food. This confirms with Richins and Rudmin (1994), which stated that materialistic individuals tend to need possessions to be happy in life, satisfying materials needs and spiritual needs at the same time. Besides, money acquirement

especially important to them since it provides them purchasing power to spend. Although young people can experience fruitful life through feeling positive psychology status without loneliness (Adler, 2013), the basic findings and SPSS show that young people tend to use money to satisfy their spiritual needs. Therefore, only money management is valid in the linear regression test.

iii. *Independent sample t-test analysis*

Figure 8 - T-test result of the gender differences towards money management

		Independent Samples Test				
		Levene's Test for Equality of Variances				
		F	Sig.	t	df	Sig. (2-tailed)
Money	Equal variances assumed	4.818	.030	5.730	112	.000
	Equal variances not assumed			4.630	41.139	.000

Figure 9 - Mean of money management among different gender

Group Statistics				
Sex	N	Mean	Std. Deviation	Std. Error Mean
Money M	81	4.6399	.43338	.04815
F	33	4.0000	.74419	.12955

An independent sample t-test (two-tail test) was used for this in order to test the gender difference in the money management. Hypotheses are shown as below:

*H1*: The money management of female is not equal to males.

*H0*: The money management of female is equal to males.

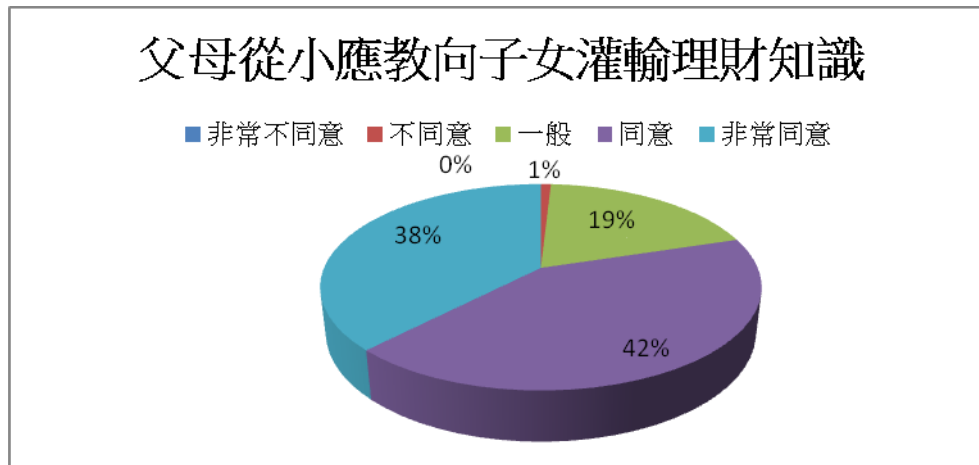
Based on the result, the calculated p-value is 0.000. Provided that the p-value (0.000) is smaller than  $\alpha$  (0.05), thus  $H_0$  is rejected. In other words, there is a gender difference in money management. From the comparative of means in figure 9, it shows that male young people have better money management than female. It also shows that the mean of the male young people (0.46399) is higher than female (4.00). The existing gender difference is attributed to the differences of gender role expectations among two sexes (Falahati and Paim, 2011). Research from Wilhelm, Varcoe, & Fridrich (1993) provides further explanations that boys have grown up with the expectation of being the family breadwinner while girls have grown up with the expectation of being the caregiver, thus the differences in gender role expectations lead to the differences in money management.

### **Recommendations**

Based on the SPSS findings, it is proved that good money management is positively correlated to fruitful life, especially the saving acquirement of money. Different stakeholders can also help young people to build up a good money management in which lead them to fruitful life. Recommendations for various aspects will be provided in order to enhance young people's money management and alter their views on materials enjoyments.

i. Parents

Figure 10 - Pie chart of parents should teach their children financial knowledge.



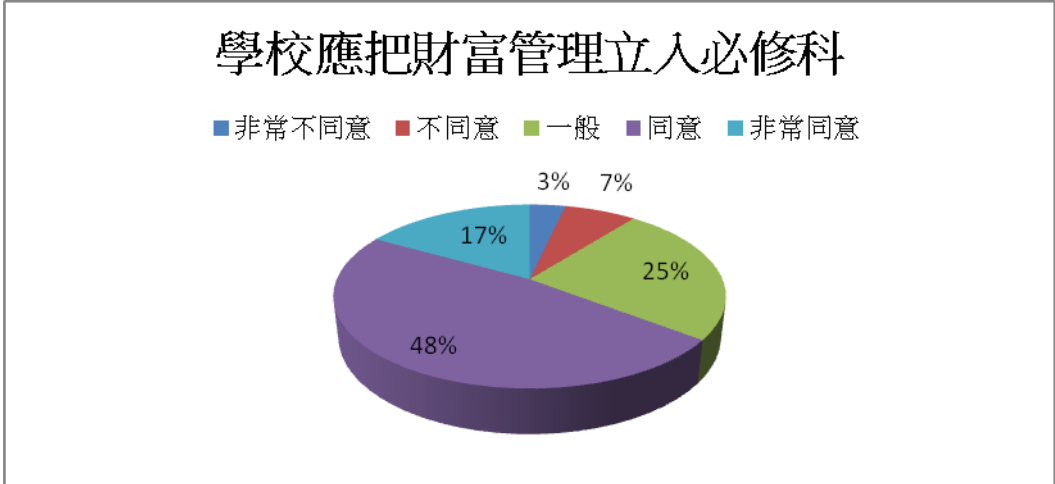
It is suggested that parents should teach more financial knowledge to children, especially saving, as it is scored with the worst performance among the three components of money management (Refer to figure 2). Nearly 80% of respondent agree that parents should teach financial knowledge to children. As the understanding of money and financial behaviors are mainly learned and affected by parents during childhood and they are the closest people to kids and they are easy to imitate parents' financial behavior through financial socialization, which is the process of young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace(Ward, 1974).So parents should equip their children financial knowledge at a young age by being their role model and making use of daily activities to explain and analyze any related money management concepts with them. For example, parents can teach them to save when they have spare money to spend and help them to build up the habit of saving. Parents also need to pay attentions to their consumption patterns and behavior, especially in front of their children. Otherwise, the kids will learn their bad financial behaviors.

Besides, parents can encourage and reward children to mark down their money

and purchase records to let them know the importance of budgeting. Moreover, it is recommended that parents can open a bank saving account with children when they are getting older, so as to provide some basic knowledge for future saving and investment. These are the examples of experiencing positive financial socialization to children. Consequently, a better money management will be resulted.

ii. Schools

Figure 11 - Pie chat of school should list money management as a compulsory subject



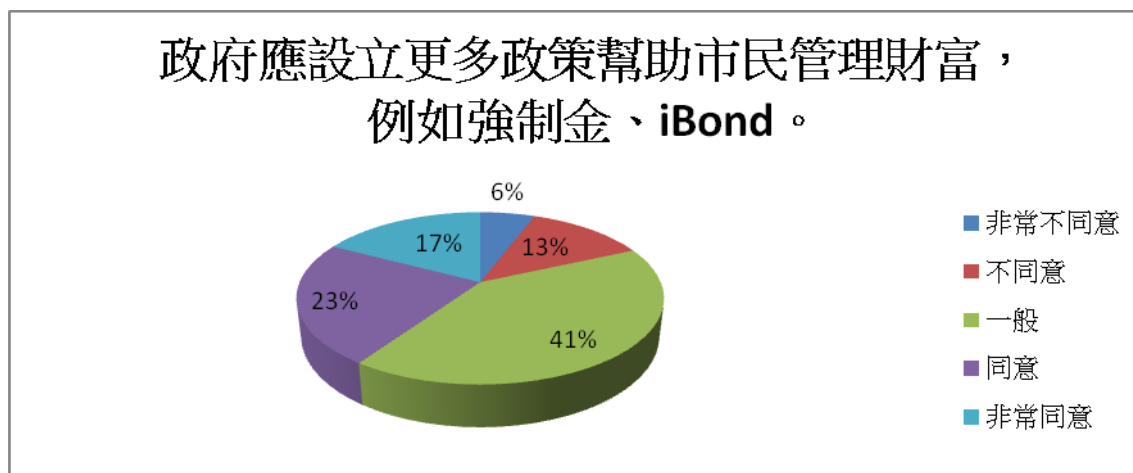
It is suggested that schools can make use of its lessons or extracurricular activities to remind students the right way for money management and educate their values of life beyond materialism. Apart from parents, schools also play an important role in affecting young people's money management as most of them spend lots of time at schools. For the majority of students the first time they are financially independent and responsible for keeping track of their expenses is when they are at schools (Falahati and Paim, 2011). The long schooling years may form one's financial experiences. Thus both the primary and secondary schools can include topics of money management into the content of liberal studies. More than half of respondents (64%) agree that school should add money management into the liberal study. Teachers can lead group

discussions to stimulate students' thinking on nowadays' society consumption patterns and let them realize the several consequences of over-spending and the importance of saving. The regular lessons of liberal studies on every week are able to illustrate and give financial knowledge to them too. Liberal studies, subjects like economics can broaden a greater area of coverage of financial or investment tools knowledge into the teaching content so as to provide the secondary students more opportunities for economics practices. As young people must pass through the stage of primary and secondary schools, it is believed that the financial socialization in these two stages is needed to pay extra attentions.

For extracurricular activities, schools are suggested to encourage students to participate in more different kinds of events, such as inter-schools competitions for budgeting, book reports competitions or even sport competitions. Students can find out their own interests and talents by joining these events so they will not only resort to consumptions to spend their leisure times. This can also help to build a healthy atmosphere of having a life beyond money and materialism that makes students understand that there are still lots of areas are worth to pay attentions.

iii. Government

Figure 12 - Pie chart of government should set up more tools and policy to help residents to manage wealth



It is suggested that the government should promote these investment tools to the young people in advance. Only 40% of respondents agree to promote more investment tools which may relate to the insufficient promotions to young people. In case of this, government should let young people to recognize the benefits of these financial tools before they are fully devoted into the society to be a full time employee. In this case, schools and educations are needed to match up with the government's promotions. For example, the Mandatory Provident Fund Schemes Authority can cooperate with the Education Bureau to hold talks at secondary schools or universities, which helps to equip students' basic knowledge for governmental investment tools and how to choose among different portfolios. Besides, the government can aim at the young people to promote the benefits of MPF as most of the TV advertisements are targeted at the employees. It is definitely needed to raise their awareness of MPF and let them know it is not something irrelevant to them.

On the other hand, the government can provide more job opportunities or increase the job seeking channels for young people. For more job opportunities, the government



can hold up more internship programs for university students. It does not only increase their wealth, but also let them gain more working experiences and discover their career by finding out what is the most suitable for them. The government can trigger the leading effects and be the leading role to other enterprises, illustrating that young people are important resources to make use of. This could help their money acquirement through the monetary level and spiritual level as they can develop their career too. For increasing job seeking channels, the Labor Department can provide more platforms for employers and young people to communicate many young people cannot find a decent job without proper experiences and the employers do not trust with their ability. Therefore, a larger scale of recruitment day can be held up. The Labor Department can also make use of the social media, like Facebook or mobile apps, as a channel for job recruitments, thus young people can find jobs much easier.

### **Conclusion**

To sum up, it is discovered that young people in Hong Kong associate material enjoyment with the fruitful life. Moreover, good money management is the main reason contributes to a fruitful life, no matter in spiritual level or material level. Besides, acquirement has the greatest influences on fruitful life and male has better financial management than female. Based on the above findings, stakeholders of young people, including government, school and parents, can lead young people to a fruitful life. After all, fruitful life is an abstract concept. In reality, there are many variables leading to fruitful life. As the saying "Happiness lies in contentment", young people should change their view on fruitful life instead of emphasizing on material.

(2874 words)

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## Appendix - Questionnaire

### 有關金錢運用與豐盛人生問卷調查

A. 請就以下關於豐盛人生的句子表示同意度(1 為非常不同意,5 為非常同意)						
1.	我認為豐盛人生是指享有一定的物質享受, 如擁有金錢,名牌衣飾,最新科技產品,能夠享用美食等等。	1	2	3	4	5
2.	對我而言,物質生活比其他生活方式最為重要。	1	2	3	4	5
3.	錢是生活中不能缺少的東西。	1	2	3	4	5
4.	擁有不同的財產(如物業、車、股票) 為我帶來心靈上的滿足。	1	2	3	4	5
5.	物質上的享受令我感到自己高人一等, 帶給我榮耀感。	1	2	3	4	5
6.	錢絕對能夠帶給我快樂。	1	2	3	4	5
7.	我認為豐盛人生除了物質享受外,還包括心靈和生活上的滿足感。	1	2	3	4	5
8.	我認為豐盛人生除了滿足自己外,還要對他人有貢獻, 如家庭、朋友、社會等。	1	2	3	4	5
9.	我對自己目前的生活感到滿意和快樂。	1	2	3	4	5
10.	快樂不能用錢去衡量, 亦不能用錢買到。	1	2	3	4	5
11.	心靈上的滿足感為我的人生帶來快樂, 如幫助他人、跟家人朋友共處、做自己喜歡的事、達成個人期望和對未來感到安全。	1	2	3	4	5
12.	心靈上的滿足感比物質上的滿足感更為重要。	1	2	3	4	5

B.請就以下關於金錢的運用和管理表示同意度 (1 為非常不同意, 5 為非常同意)						
13.	「今朝有酒今朝醉」是我對金錢運用的觀念。	1	2	3	4	5
14.	我差不多每月都入不敷支。	1	2	3	4	5
15.	每次消費前, 我很少考慮清楚才行動。	1	2	3	4	5
16.	我有為未來儲蓄的習慣。	1	2	3	4	5
17.	我有養成記錄收入和支出的習慣, 例如手機應用程式, 記事本等。	1	2	3	4	5
18.	支出應該根據收入作出相對的調整。	1	2	3	4	5
19.	我經常負債, 以及常常為此感到煩惱。	1	2	3	4	5
20.	父母每月都給我一定量的零用錢。	1	2	3	4	5
21.	我有一份或以上的兼職以賺取金錢。	1	2	3	4	
22.	我很少進行投資。	1	2	3	4	
23.	我會選擇借錢 (如學資辦免入息審查貸款計劃) 進行消費。	1	2	3	4	
24.	當入不敷支時, 我只繳付最低還款額(Min Pay)。	1	2	3	4	

C. 請就以下有關親友關係與香港文化表示同意度 (1 為非常不同意,5 為非常同意) :						
25.	我感到自己與家人和朋友擁有良好關係。	1	2	3	4	5
26.	我們之間互相重視。	1	2	3	4	5
27.	我感到家人和朋友的愛。	1	2	3	4	5
28.	香港是個金錢掛帥的地方。	1	2	3	4	5
29.	香港人常以賺錢能力用來反映出個人成就高低。	1	2	3	4	5
30.	香港人讀書是為了將來能賺取更多的金錢。	1	2	3	4	5

D. 請就以下句子表示同意度 (1 為非常不同意,5 為非常同意) :						
31.	每人應從小培養及發掘多方面的興趣。	1	2	3	4	5
32.	每人應從小養成理財習慣。	1	2	3	4	5
33.	父母從小應教向子女灌輸理財知識	1	2	3	4	5
34.	父母對於個人金錢管理和運用影響極大。	1	2	3	4	5
35.	父母不應注重物質	1	2	3	4	5
36.	學校應把財富管理立入必修科。	1	2	3	4	5
37.	政府應設立更多政策幫助市民管理財富，例如強制金、iBond。	1	2	3	4	5

### E. 個人資料

38. 你的性別：

男           女

39. 年齡：

18-19 歲    20-21 歲    22-23 歲    23-24 歲

40. 每月收入(包括零用錢和兼職收入)：

\$1000 或以下    \$1001-\$2000    \$2001-\$3000    \$3001-\$4000  
 \$4001-\$5000    \$5001-\$6000    \$6001 或上

41. 每月儲蓄佔收入的比例：

0%    1-20%    21-40%    41%-60%    61%-80%  
 81% - 100%

42. 每月支出佔收入的比例：

20%或以下    21-40%    41%-60%    61%-80%    81% - 100%  
 101% 以上