

**UNIVERSITI TEKNOLOGI MARA  
FACULTY OF ADMINISTRATIVE SCIENCE AND POLICY STUDIES  
BACHELOR OF ADMINISTRATIVE SCIENCE (HONOURS)**



**APPLIED RESEARCH PROJECT (ADS555)**

**SPENDING HABITS AMONG UNDERGRADUATES STUDENT IN UNIVERSITI  
TEKNOLOGI MARA (UTM) SAMARAHAN 2**

**NUR FATIN AMIRA BINTI RUZANI**

**2015570871**

**SITI NAEMAH BINTI ZAMHARI**

**2015139973**

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Nur Fatin Amira binti Ruzani

Siti Naemah binti Zamhari

Bachelor of Administrative Science (Honours)

Faculty of Administrative Science and Policy Studies

Universiti Teknologi MARA, Kota Samarahan

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# CHAPTER 1

## INTRODUCTION

### 1.1 Research Background

“According to (Kennett-Hensel, Neeley and Min, 2011) they stated that Generation Y are viewed “as a generation with very high buying power” as they have annual incomes totaling USD211 billion and spend USD39 billion per year (Nowak, Thach and Olsen 2006). In (Visa USA Inc., 2007) statistics it stated that by 2015 Generation Y will account for approximately USD2.45 trillion in annual spending. Therefore, businesses across all industries will need to know and appreciate the qualities and values of the Gen Y and being sensitive to their needs will be the key factor in expanding current businesses.”

In addition, spending money is a big part of our daily life. Smart spending habits keep the student from paying too much for an item, needs and wants. Students tend to overspend their saving for their course activities, lecture session, assignment, shopping and any other social problems around them. Apart from that, living in a college is a change from youth into adulthood that makes student life more difficult and harder because they have to settle on a choice for themselves. In the ages past, book stationeries, clothes, and other comparative things for study were bought by the students. In the present time, student`s needs have expanded without a doubt, when tablets and others gadgets are required for assignments and for a few, vehicles outside the essential necessities that a student should possess. For students that having a bad financial literacy and not well in organizing their own money tend to get stressed as they will try hard to find the money for their daily use from many sources.

## **CHAPTER 2**

### **LITERATURE REVIEW & CONCEPTUAL FRAMEWORK**

#### **2.1 Introduction**

This chapter have two parts. The first part provides the related literature review of the study. In this context, the review of available literatures on the spending habits among student is the main focused. The second part discussed the conceptual framework of the study.

##### **2.1.1 Family background**

Parents appear to be most instrumental in teaching their children on consumer behavior through direct communication processes and also by influencing their interactions with other sources of consumer influences and by mediating the effects of agents of socialization of all the social entities from which their children may learn. (Moschis, 1985). Parents also provide children with income to spend in the amount of which is generally progressive with age in both Asian and Western environment (McNeal, Viswanathan and Yeh, 1993) and teach them how to spend it and save it (McNeal, 1987). From a US perspective, it appears that both the information contained in advertising messages and the information obtained during store visits also contribute to the development of the child as a consumer (McNeal, 1992)

Children learn to become consumers through what appears and that will be a five-stage process beginning at a median age of two months (McNeal, 1992a). First, children visit stores with their parent which it more often in supermarket. By that, they can observe and listen to their parents in comparing prices and products while receiving small treats along the way. Then, at around 24 months of age, children learn to make requests for goods and services and at the same