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ANALYSIS OF PARENTAL SAVING ON CHILDREN'S TERTIARY EDUCATION

TAN XIAO FANG



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2021



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DISSERTATION PRESENTED TO QUALIFY FOR A MASTERS IN ECONOMICS (RESEARCH MODE)

**FACULTY OF MANAGEMENT AND ECONOMICS
SULTAN IDRIS EDUCATION UNIVERSITY**

2021



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ACKNOWLEDGEMENT

First of all, I feel very grateful that I was able to successfully complete my master thesis at the end of this year. This effort is unlikely to succeed without the help, guidance, inspiration and support of various parties. I would like to thank all those who have supported me throughout the entire process.

I would like to express my deepest appreciation and millions of thanks to my supervisor lecturer Dr. Fatimah Salwa binti Abd. Hadi of Sultan Idris Education of University. The phone of Dr Fatimah was always on when I had a question about my research or writing. She consistently guided me in the right direction thought I needed it. Thank Dr Fatimah for all the useful comments, remarks and engagement through the learning process of this master thesis. All the efforts given by Dr Fatimah to help me complete the master thesis at the end of this year are greatly appreciated.



I would like to express my gratitude to my beloved family for their unconditional love and support throughout my studies life. Thank you so much to daddy and mummy who willingly to provide a lot of financial and moral support throughout my preparation of my master thesis. Further, I would also like to thank to my friends Mei Ling, Foon Yin, Camellia and Kok Jing who helped me a lot without feeling tired. Thank you for sharing your knowledge and willingness to take the time to provide help and guidance for me. I really appreciate all your help.

I must thank to the expert who were involved in the validation questionnaire for this research. Without their passionate participation and input, the survey could not have been successfully conducted. Also, I like to thank to faculty and university for giving me a chance to further my master degree in Sultan Idris Education of University (UPSI). Thank you for made me to achieve the next level in my entire life.

Lastly, I would also thank to all the participants in my survey, who have willingly to share your precious time to filling up my questionnaires. I really appreciate all your contributions.

“Thank you for everything”





ABSTRACT

The purpose of this study is to analyze parental savings for children's tertiary education. This study used a questionnaire set as the research instrument and purposive sampling method had been adopted for data collection purposes. A total of 392 respondents; which were comprised of parents with children at tertiary education level participated in this study. Data were analyzed through mean, frequency, percentage, multiple regression analysis tests and were processed by using SPSS software version 23. The results showed, there is no significant difference between number of parents who make savings and the number of parents who do not make savings for their children's tertiary education. In addition, own savings accounts were identified as the most popular medium of savings among the parents. The findings of multiple regression analysis showed that; income ($\beta = 0.179$, $p = 0.001$), people surrounding ($\beta = 0.392$, $p = 0.000$), expectation ($\beta = 0.364$, $p = 0.000$) and institutions ($\beta = 0.146$, $p = 0.014$) factors were positively and significantly related to parental saving. Meanwhile, only awareness ($\beta = 0.047$, $p = 0.328$) factor was found to be insignificant. In conclusion, all parties should work together to increase public awareness in recognizing the importance of making savings as early as possible to ensure sufficient savings to cover the cost of children's tertiary education. Bank and non-bank institutions can offer attractive and affordable schemes to enable parents to make loans according to their ability. The findings of this study may provide successful implications to parental awareness on the importance of financial planning and adequate savings to fund their children tertiary education.



ANALISIS SIMPANAN IBU BAPA UNTUK PENDIDIKAN TERTIARI ANAK-ANAK

ABSTRAK

Tujuan kajian ini adalah untuk menganalisis tabiat simpanan ibu bapa untuk pendidikan tertiar anak-anak. Kajian ini menggunakan kaedah kuantitatif dengan menggunakan borang soal selidik sebagai instrumen kajian, dan pengumpulan data menggunakan kaedah persampelan bertujuan. Seramai 392 ibu bapa; yang mempunyai anak di peringkat pengajian tertiar terlibat dalam kajian ini. Data yang diperoleh di analisis menggunakan ujian min, kekerapan, peratusan, ujian regresi berganda, dan di proses menggunakan perisian SPSS versi 23. Hasil kajian menunjukkan bahawa tiada perbezaan yang signifikan diantara kumpulan responden yang membuat tabungan dan kumpulan responden yang tidak membuat tabungan. Selain itu, akaun simpanan dikenal pasti sebagai medium simpanan yang paling popular dalam kalangan ibu bapa. Dapatan dari analisis regresi berganda menunjukkan faktor pendapatan ($\beta=0.179$, $p=0.001$), orang sekeliling ($\beta=0.392$, $p=0.000$), jangkaan ($\beta=0.364$, $p=0.000$) dan institusi ($\beta=0.146$, $p=0.014$) adalah signifikan dan berkaitan secara positif dengan simpanan ibu bapa. Sementara itu, hanya faktor kesedaran ($\beta=0.047$, $p=0.328$) didapati tidak signifikan. Sebagai kesimpulan, semua pihak harus bekerjasama untuk meningkatkan kesedaran masyarakat terhadap kepentingan membuat simpanan seawal mungkin bagi memastikan dana untuk menampung kos pendidikan tinggi anak-anak mencukupi. Institusi bank dan bukan bank boleh menawarkan skim yang menarik dan berpatutan untuk membolehkan ibu bapa membuat pinjaman mengikut kemampuan mereka. Hasil kajian ini berupaya memberikan implikasi yang berkesan terhadap tingkat kesedaran ibu bapa mengenai kepentingan perancangan kewangan yang baik dan mempunyai simpanan yang mencukupi untuk membiayai pengajian anak-anak di peringkat pendidikan tinggi.





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LIST OF ABBREVIATIONS

MOE	Ministry of Higher Education
MOHE	Ministry of Higher Education
NHEFC	National Higher Education Fund Corporation
JPA	The Public Services Department
SSPN	<i>Skim Simpanan Pendidikan Nasional</i>
PNB	<i>Permodalan Nasional Berhad</i>
ADAM50	<i>Amanah Dana Anak Malaysia 2050</i>
ACPF	The African Child Policy Forum
TVET	Technical and Vocational Education and Training
HIV/ AIDS	Human Immunodeficiency Virus Infection and Acquired Immune Deficiency Syndrome
IBM	Identity-based Motivation Theory
LMS	Learning Management System
PLS-SEM	Partial Least Squares Structural Equation Modelling
PSID	Panel Study of Income Dynamics
CDS	Child Development Supplement
TA	Transition into Adulthood
LMS	Low-Moderate Income
CSAs	Children's Savings Account





CHIP	China Household Income Project
NLSY	National Longitudinal Survey of Youth
FSAG	Florida Student Access Grant
UPSI	Sultan Idris Education University
SPSS	Statistical Package for Social Science
UKM	National University of Malaysia
UM	University of Malaya
UNIMAP	University of Perlis
UIAM	International Islamic University of Malaysia
UPM	University Putra Malaysia
UMT	University Malaysia Terengganu
UMP	University Malaysia Pahang
UTem	The Technical University of Melaka
UTM	University Technology Malaysia
PTPTN	<i>Perbadanan Tabung Pendidikan Tinggi Nasional</i>
EPF	Employees Provident Fund





CHAPTER 1

INTRODUCTION

1.1 Introduction



In general, tertiary education is essential for sustainable economic and social development over the years. It contributes to economic and social development through human capital formation, building of knowledge bases, dissemination and use of knowledge and preservation of knowledge. Hence, education can be defined as one of key drives of growth performance, prosperity and competitiveness. To further discuss about this, there have eight sections are discovered in this chapter. It included the research background, problem statement, the research objectives, research questions, research justification, research limitations, operational definitions and research framework of parents' saving. Each of these will be discussed carefully and in detail in the following sections.





1.2 Research background

According to Parankimalil (2012), education is a systematic process by which children or adults receive knowledge, experience, skills and good behaviors. Through education, an individual will be civilized, refined, cultured and educated. Kumar and Ahmad (2007) define education as a process of intentional, conscious or unconscious, psychological, sociological, scientific and philosophical, which can bring about the development of the individual to the fullest extent. Education can also provide maximum happiness and well-being to the community. In other words, education is the development of an individual according to his needs and demands of society.



In Malaysia, the education structure can be distinguished into two parts which are pre-tertiary and tertiary education level. The pre-tertiary level is from pre-school to secondary education, while the tertiary education level include certificate, diploma, undergraduate, as well as postgraduate studies. Previously, there were two governing authorities in education. For pre-tertiary education sector was placed under jurisdiction of Ministry of Education (MOE), while the tertiary education level came under the Ministry of Higher Education (MOHE). However, these two ministries were merged as one entity named Ministry of Education Malaysia (*Kementerian Pendidikan Malaysia*) in May 2013 (Malaysia's Premier Education Resource Guide Online, 2015).





Generally, tertiary education also known as higher education in Malaysia. According to World Bank (2017), tertiary education can be defined as all post-secondary education, including both public and private universities, colleges, technical training institutes, and vocational schools. This includes diplomas, undergraduate and graduate certificates, and associate's, bachelor's, master's and doctoral degrees. There are two categories of higher education institutions in Malaysia which are government-funded public universities and private higher education institutions. Government-funded public universities include polytechnics, community colleges and public colleges and universities. The private higher education institutions include non-university status institutions such as private colleges, university status institutions such as private universities and university colleges and foreign university branch campuses like Monash University Malaysia and The University of Nottingham Malaysia Campus.



Meanwhile, education brings benefits to individuals, people, communities and nations. Education can help individual to develop their skills and change the society positively. It also helps people reorganize their life experiences and adapt to changing environments. Through proper education, people will be given the opportunity to gain moral and social values that will help them become a reason for society to achieve positive change towards success. In addition, education is a great tool for the rising education to become aware and understand their duties and rights of having a democratic country where everyone is given the opportunity to express and be treated equally ("Function of Education in the Society," 2015).





In essence, education is extremely important and crucial to each individual but it is also clear that not everyone can receive the level of education they have a right to. The first disadvantages if people are not getting proper education is the level of income. There is no doubt that educated people are giving more opportunities to get a good job, generate better income and consume better food which could leads them to longer life. On the contrary, uneducated people do not have the opportunity to have high-paying jobs and they have to work very hard labor which puts them at high risk for illness and poor health. In the end, this pushed their families deeper into poverty (“Educated VS Uneducated,” 2014).



Level of income also bring the elements of social status. Normally, well educated people with high level of income would be respected by other people as compared to the opposite group. Other than that, those who are uneducated or poor, they did not have the same opportunities in life as compared to the opposite group of people. In general, when a person has obtained a high quality education and they certainly have an advantage of greater knowledge about the world and people compare with a person who don't has proper education. Meanwhile, if a person does not have the proper education, they tend to follow the same path and practices of their parents and what they are experiencing in their life and pass on the same mentality to their children who are unaware of the importance of education through absence their own mistakes (“Educated VS Uneducated,” 2014).

The important of education ease the children to the glory path and hence, parents nowadays play an important role in children education development due to parents have a





major impact on the success of the process of education and upbringing of children. Students are capable to achieve highest achievements if they get a very supportive environment. Therefore, parents' involvement in the development of education may start at home by giving them a suitable and encouraging environment, changing for learning experience, support and optimistic attitudes towards learning. Besides that, parents also can monitor the progress and participation of children in the school through various ways including parent-teacher conferences, activities, workshops, seminars, mentor-mentee and so on. Such activities have been proven that can boost the achievement and performance of the children adolescents (Long, 2007; Rich, 1987).



Furthermore, in the research of Amatea and West (2007) show that parental involvement is more important to children's academic success than their family's socioeconomic status, race, ethnicity, or educational background. Parental involvement can drive children's achievement by helping their homework while the parents are at home. Parents who read to their children, help them with homework, and provide tutoring using resources provided by teachers tend to do better in school than children whose parents do not assist them (Ball & Blachman, 1991).

In addition, parental involvement in the development of children's education is essential to helping their children succeed, but the best legacy that parents can give to their children is also good education. However, to ensure the best education possibly comes at a very high price and a great deal of sacrifice. With the rising in education cost, the ability





in providing education becomes more and more difficult especially to the parents who did not possess savings in hands. Thus, setting aside funds as early as the child is born can help parents to build substantial amount of savings before the child begins school.

Saving is an important protective factor in reduce the college debt of children in their future. Parents with saving habit also can help inculcate the savings habit of child. When a child grows up with a savings plan, they can see for themselves how a small sum can grow and it can encourage them to manage their money responsibly and avoid running into debt as soon as they start earning. Hence, the spirit of saving for children's education should be the first obligation for each parent.



Consequently, society should assert the importance to saving for education because education is a panacea for all evils. It is the key to solve the various problems of life. Through education, the poverty can be eliminated and today uneducated parents also willing to change paths so that their children can make a better life for themselves changing the fate of future generations.



1.3 Problem statement

Generally, education brings many benefits to people. It offers a passport to help people success in modern life. It helps people to improve their quality of life and the people around them. It also provides the specific tools for a career, and is the machine of knowledge creation. However, Daniel (2018) claimed that the rising cost of higher education increase the dropout rate of college students. In March 2009, the Dewan Rakyat reported that 4,800 students became dropouts or expelled from public institutions of higher learning every year.

Education is both the basis of innovation and the driving force behind a productive economy, which are crucial components of Vision 2020 that Malaysia aims to become fully developed nation by 2020 (Tenth Malaysia Plan, 2011-2015). As a consequence of this renewed focus on education, government has shown a continuous interest in the entire education system, which strongly reflect the social and economic needs of the global economy. In other words, government is increasingly the demands of more skilled, better-trained and adaptable workforce to meet social stratification.

Other than that, between 1979 and 2016, the tertiary school enrollment in Malaysia has increase from 3.82 percent to 44.12 percent (UNESCO Institute for Statistics (UIS), 2019). The sharp rise in tertiary enrollment is due to significant expansion in the supply of tertiary education that made by government Malaysia since years 1990. According to Ministry of Education (MOE) (2014), 16 percent of Malaysia's annual federal budget was



spent on education. Besides that, Malaysian also try to expand private higher education institution to increase access leading to high fee level which preclude by poor who are now being squeezed by rising fee level at public institution (Welch, 2009).

Additionally, government also take initiatives to help in taking off some of the financial burden such as the National Higher Education Fund Corporation (NHEFC) that gives out study loans to students pursuing tertiary education in Malaysia. Government also stepped us as well to provide various types of scholarship to help Malaysian students who pursue their tertiary education in any public and private universities around the world, it includes The Ministry of Higher Education (Scholarship Division), The Public Services Department (JPA) Sponsorship Programme, various state foundations and government-linked companies.

In fact, except loan and scholarship offers, government has also provided many platforms for parent to save for their children's tertiary education. For example, the government has offered several schemes such as *Skim Simpanan Pendidikan Nasional (SSPN)*, through its SSPN- i Plus plan to allow parents to save from as little as RM30 monthly. SSPN-i Plus plan also comes with Takaful insurance protection benefits. The coverage includes death and permanent disability, critical illness and hospital allowance. For instance, with a minimum commitment of RM30 per month, parents can also receive the protection from Takaful insurance that protect them from any unfortunate event. This





allows for relaxation of the mind and the child will still be able to continue studying (Suliat Asri, 2018).

Moreover, government also has cooperated with *Permodalan Nasional Berhad* (PNB) to inculcate a habit of saving and investing among Malaysians by launching the *Amanah Dana Anak Malaysia (2050)*. *Amanah Dana Anak Malaysia 2050* (ADAM50) is a special free incentive for every Malaysian baby born from January 2018 until 2022 to receive RM200 worth of unit trust (Tan, Chung, & Zazali Musa, 2018).

Furthermore, other institutions such as bank and insurance company also offered few medium for parents to fund for their children's tertiary education. For instance, major banks offer junior saving accounts and fixed deposit accounts to help parents finance for their child future. Junior savings accounts require customers to save at least RM1 and will pay higher interest rates than regular adult savings accounts. With a junior savings account, for children over the age of 18, children can also receive various benefits such as free personal accident (PA) coverage, unique coin boxes and cash rewards for outstanding exam results. In addition, for fixed savings accounts, it helps parents to increase their savings faster and without the risk of other high-yield investments.

Besides banks, many insurance companies also offered child education policy for parents to provide their child with an amount of money when he or she is ready to go to a





university or college. In spite of great effort that have made by government and private institutions in Malaysia, but, how society or Malaysian parents react to the initiative that implement by government and private institutions, are Malaysian parents prepare for their children's financial commitment ahead. According to Melanie Chalil (2019), many parents in Malaysia hope they were financially better to prepare for their children's tertiary education. According to the HSBC survey, Melanie Chalil also found that 49 percent of parents with children in the university worried they lacked the financial resources to support their children while 49 percent hoped they had started saving early. Therefore, it can be seen that Malaysian parents are committed and prepared for their children's tertiary education finances.



Nowadays, tertiary education expenses including three-to-four-years programme fees and cost of living. In the meantime, private out of pocket spending on education has also grown. Education cost not only focus on programme fees, it also includes registration fees (only in the first year), tuition fees (per semester) and cost of living (accommodation, food/housekeeping, clothing and laundry, public transport, mobile phone bills, utilities, books, reading materials, stationary, medical and personal expenses. The total cost of living for a student will average at RM1,800 (US\$450) per month or RM21,600 (US\$5,400) per year (Malaysia's Premier Education Resource Guide Online, 2017). It was becoming an increasingly bigger financial burden to many families.





Basically, education can lift households into higher income thus significantly reducing poverty and its consequences. Yet, nowadays, tertiary education cost in Malaysia is keep rising and shifting initially become the responsibility of the society to individual burden. Thus, this spectacle leading greater application of loan among students. McMahon (2012) stated that the college tuition costs have increased more than two and a half times the rate of inflation in the last 20 years. According to Malaysian digest (2014), the average cost for a degree in finance at a local public university is around RM9800 to RM15000 for three years of study. On the other hand, while at a private university or college, it costs a lot, which is about three to five times higher. As a general rule, it costs RM3,500 a year to study at a public university and RM25,000 at a local private institution. These numbers may reflect the cost shift more than the absolute increase in costs, and their effect can be seen in educational achievement, especially for low-income students, who may be most sensitive to prices.

Besides that, HSBC Bank study on 2016 stated that there have 57 per cent of the 411 Malaysian parents surveyed took up loans to finance their children's tertiary education, even though they have savings in hand. Malaysian parents spend an average of RM38,000 a year on their child's tertiary education (Zulita Mustafa, 2017). However, while the London-based Expert Market survey ranked Malaysia as the fifth most expensive country to get a tertiary education, it also ranked the Malaysia as having the lowest tuition fees from the top 10 most expensive places for higher education. But, if we look at the ratio of income to education costs, parents here spend more than half their salary on education.





Furthermore, Zainal, Rohana, and Saiful Nathan (2009) also raised up the issue related to the dependency of the children on their parents especially on the issue of financial assistance of their tertiary education. Previously, the responsibilities to pay the college fees were carried out by the family traditionally. However, here comes the problem that low socioeconomic groups may face obstacles to saving. They are insufficient saving for tertiary education and they become the most easily affected in educational cost, especially tertiary educational expenses as the government has great strides in providing citizens with access to primary and secondary education.

Elliott and Nam (2012) also found that education considered as one of the crucial factors that can help young people to succeed especially for black people. However, many barriers need to cater by them including the difficulty to enter the college and also to complete the whole designed programs for them. The government was done many appropriate strategies to help them succeed in tertiary education level.

According to Ganeshwaran Kana (2018) in the star online stated that in Kuala Lumpur, most Malaysian workers are still paid far less than the amount required achieving an “acceptable minimum standard of living”. He also said that almost 50% of working adults in Kuala Lumpur earned less than RM2,500 a month in 2016, significantly lower than the RM2,700 living wage recommended by Bank Negara. In fact, up to 27% of households in Kuala Lumpur earn below the average living wage in 2016.





Apart from that, the salaries and low wages in Malaysia, as half of Malaysians who work earn less than RM1,700 a month and the average starting salary for a diploma graduate is only around RM350 above the minimum wage. Although the level of income of Malaysians has increased significantly over the years, the dissatisfaction has increased with the decline in purchasing power. With rising costs of living, Malaysians are becoming more suspicious as their disposable income slows down, now there is less space for long-term savings and investment, especially for low-income households in Malaysia. They are the most easily affected and in need of job stability and higher income to meet the costs of education, house ownership and living costs. The increase in monthly household income in Malaysia may not necessarily reflect increased private consumption among Malaysians because of the rising cost of living. In other words, rising cost of living can make it meaningless for low-income households (Ganeshwaran Kana, 2018).



Moreover, Nam and Huang (2009) also claimed that students who come from wealthy families tend to have more available liquid assets which make them preferred to enroll in tertiary education. On the other hands, students who come from lower income families may qualify for more need-based financial assistance which leave them facing the greatest obstacle in financing for tertiary education. Many financial professionals suggest that parents start saving as early as possible for college for children (Cha, Weagley & Reynolds, 2005). Thus, parents must finance the substantial portion tertiary education expenses for their own children due to parental wealth plays a strong predictor of enrollment in tertiary education.





Basically, in this 21st century full of science and technology, everything, including banking, is at our fingertips. People nowadays are spending more than they can afford and the habit of saving is getting neglected. Hence, this research aims to remind all the parents 'save first and spend later'. Parents should put it a priority save some money for their children's education so that they do not need to be burdened by debts when the time came for them to go to university or college. As the Malay saying goes '*sikit-sikit, lama-lama jadi bukit*', so start saving and secure your child future.

With the total cost of tertiary education growth, the future financial burden to parents in Malaysia is uncertain and the roles of saving are extremely important.

Nevertheless, a key issues raise up now, how parents help to fund for children's tertiary education? Do parents know the importance of education savings? Do parents make savings for their future generation? How much do they save per year? What are the medium of saving they used for save and what are the factors that contribute to their savings? Therefore, this study seeks to investigate parents' saving for tertiary education in the case of Malaysia.



1.4 Research objectives

The objectives of this research are as below:

- a. To identify parents' saving for children's tertiary education.
- b. To identify the medium of saving for children's tertiary education.
- c. To analyze factors that contributes to the parents' saving for children's tertiary education.

1.5 Research questions

The research intent to answer the following questions:

- a. What are the parents' saving for children's tertiary education?
- b. What are the medium of saving for children's tertiary education?
- c. What are the factors that influence parents' saving for children's tertiary education?

1.6 Justification of research

The results of this study are expected to provide clear information about the parents' saving for children's tertiary education. Otherwise, there are various importance that are expected to provide clear information that related to parents' saving for children's tertiary education toward specific parties. The following are the main stakeholders in the study:

1. Government

This study will provide the initial information to government to consider tertiary education cost as sizeable private cost of education which adversely affects children demand for education. Meanwhile, those the suggestion that provided in this research could help government develop useful scheme to help ease the daily burden, particularly of those low-income household. Based on the study, government also can conduct some of the financial management educational program to all parents in order to increase their knowledge of educational saving program. Other than that, government can analyze the reasons for the parents did not save thus introduce savings programs according to the household's preference so that each child has opportunities to continue their study at the higher level. Therefore, quality of life of the community can be improved strategically.

2. Parents

Throughout the result, it can increase the awareness of parents save for children since the expenses of cost for tertiary education keep increasing every year. Based on the information in this study, parents can get clear picture to choose the best portfolio to save money for their children tertiary education. For example, parents can do saving via saving account that provide by bank or any saving program like what have been offered by insurance or Takaful company to plan the most suitable ways for their client.

3. Students

Based on the result that provided from this study can be used as a reference to students who are interested in the field of saving and tertiary education expenses. Thus, it can be a guild line in providing knowledge to students at university level who are interested in producing a new study on this issue with wider and deeper scope. Furthermore, it also can be an alert to student about the importance of saving thus encourage them to practice the saving habit since young.

4. Body of knowledge

Based on the study, the results provide the latest literature to the lectures, student and practitioner. It can be a reference and information for those are explore in the field of saving. The result of this study also can be useful information to the professional to plan the strategic ways to develop various financial education workshops to increase the financial literacy of household. Thus, implement the suitable financial education program to further influence parents' saving awareness.



1.7 Research limitations

The purpose of this research is to determine the parents' saving for children's tertiary education. Therefore, this research will only focus on the parents who have children studying in tertiary education level. This is because only parents who have children in tertiary education know and can figure out the actual expenses on tertiary education.

In addition, there have many factors influence to saving such as socio-economic status, wealth, asset, income, household education level, household sizes, unemployment rate and inflation. However, this research only focuses on five factors that contribute to parents' saving for children's tertiary education which are income, people surrounding, awareness, expectation and institutions. Other factors will not include in this study. The reason choosing these five factors is due to many researchers found that these five factors are crucial and significant influence saving, the discussion can be referring to chapter 2 literature review.

Besides that, this study only focuses on three main objectives which are to identify parents' saving for children's tertiary education, to identify the medium of saving for children's tertiary education and to analyze the factors that contribute to the parents' saving for children's tertiary education. The objectives of this study aim to identify parents' saving for children's tertiary education in case of Malaysia.



1.8 Operational Definition

The operational definition used to define a variable is clear and concise. If the data were not defined properly, it would cause inconsistent and error in the result. Therefore, an operational definition is essential to ensure that everyone has the same understanding and opinion on the data that collected in making a decision.

1.8.1 Saving

The simplest definition of “saving” that can be applied to all households is income deducting current consumption in a year or other time period (Browning & Annamaria, 1996). Additionally, Finlay and Price (2015) stated that saving is calculated as the difference between disposable income and consumption. Saving captures only active saving and does not include any capital gains or losses.

Saving is a net increase in value. Net worth consists of tangible assets (machines, houses, etc.) and net financial assets - the difference between gross financial assets and gross liabilities. Thus, the change in tangible assets - investment – is by definition already an act of saving (Lindner, Fabian, 2013).

Furthermore, Thulani Niwanthika (2016) declared that savings is a portion of income not spent on current expenditures. In another words, saving refers to the process of setting aside extra money for future use. According to the Keynesian economics, savings comprise the amount left over when a person's cost of consumer spending is subtracted from the amount of disposable income earned over a given period. In this study, saving is defined as certain amount of money that parents save for their children's tertiary education expenses.

1.8.2 Parents

According to Unicef (2018), the term of parents is used to refer to the primary caregiver of the child; they are not limited to biological or legal parents, or, indeed, even to parents. This area is very important as most children are raised by people other than their parents.

Under section 576 of the Education Act 1996 define parents as all natural (biological) parents, whether they are married or not; any person who, although not a natural parents, has parental responsibility for a child or young person; and any person who, although not a natural parents, has care of a child or young person.



The Child Welfare Information Gateway (2018) stated that there is various meaning for parents. A parent means a mother, a father of a legitimate child, a person to be considered a father of a legitimate child and foster parents. The term ‘parents’ do not include a parent whose parents-child relationship to the child has been terminated by judicial decree. In the common law, a parent was simply the father and mother of a child and for a time, only those children born within wedlock. In this study, parents refer to legal guardians that have responsibilities to rise up the child with basic needs.

1.8.3 Children



According to The African Child Policy Forum (ACPF) (2014), a child refers to every person below the age of 18 years. Meanwhile, Unicef (2018) states that children can defined as a person below the age of 18 and therefore includes adolescents and younger children, unless that certain state laws set the legal age for younger adults.

In England, Northern Ireland and Wales, a child is someone who has not yet reached their 18th birthday. Once they turn 18, they are legally an adult. Furthermore, the definition of child in Scotland is varies. In most cases, a child is someone who is under 18. But in some contexts, for example Children’s Hearings and child protection orders, a child





is defined as a person under the age of 16. Overall, in this study, children can be defined as person who need guidance and cares under parents.

1.8.4 Tertiary education

Tertiary education refers to formal educational institutions that ‘build on secondary education’ (UNESCO, 2011). This category of institutions includes universities, medical and business schools, polytechnics and technical colleges, teacher-training colleges and two-year further education institutions. Formal post-secondary technical and vocational training, leading to a diploma or a degree certificate, has also been included in the scope of the study.

Moreover, Gupta (2008) stated that tertiary education known as higher education. It can be defined as courses that lead to degrees, higher degrees, and post graduates’ diplomas. In a nutshell, tertiary education encompasses all post-school learning. It includes higher education, vocational training and training in foundation skills where these have not been obtained during schooling. It includes structured learning in a variety of settings such as workplaces, universities and polytechnics.





According to the World Bank Group (2016), tertiary education refers to all education either at the public or private level following secondary education. The term of tertiary education usually differs from higher education, which refers more closely to the education that offered at universities and colleges that offer academic degrees and professional qualifications. Tertiary education also includes a variety of public and private post-secondary institutions in specific countries including technical and vocational education and training (TVET) institutions, community colleges, nursing schools, research laboratories, centers of excellence, distance-learning centers, and many more.

In this study, tertiary education refers to all education that occurs after secondary education. It includes the diploma and degrees program that offers in any public universities of Malaysia.



1.8.5 Expenses

Badmaeva (2011) offers the following definition of expenses: “Expenses are spending of resources of resources that can be attributed to the reporting period when calculating financial results for this period”. Furthermore, Kondrakov (2013) believes that expenses are the cost of resources used for a particular purpose. Laab (2006) defines expenses as “the input value of goods and services used to achieve their results”. Overall, expenses are





the costs or money that use to make a payment for a purpose. In this study, expenses are defined as the cost to pay for tertiary education uses such as tuition fees and living cost during studying.

1.8.6 Income

According Kaplow (2008) based on the optimal tax theory, the definition of income is labor earnings that are a function of ability and effort. Besides that, Hewett & William (1925) stated that income is a flow of services from wealth and human beings, and those who use the term of mean a flow of commodities and services which is wealth itself.

The International Financial Reporting Standards (IFRS Foundation 2015) define income as an increase in economic benefits during an accounting period in the form of inflows or increases of assets or decreases of liabilities resulting in an increase in equity, in addition to those related to contributions from participants' equity. Thus, income as profit or interest from anything, as well as revenue. Moreover, Hicks (1972) refer income as an excess of well offenses at the end of the period compared to well offenses at the beginning of the period.





In this study, income can be defined as profit that earn by each household or parent to support their children's tertiary education cost in future.

1.8.7 People surrounding

Actually, the definition of people surrounding in my research refers to society which means friends and family that stay around parents and help parents to fund for their children's tertiary education. Firstly, society can refer to the association for welfare, religion, cultural, scientific, patriotic, political and others (Lanski et.al, 1995).



MacIver and Page (1965) defines society as the social relation of men, expressing their character by creating and re-establishing organizations that guide and control their behavior in various ways. Society is liberating and limiting the activities of men and this is a condition that is necessary for every human being and for life to be fulfilled. Society is a system of usages and procedures of authority and mutual aid many divisions of controls of human behavior and of liberties. This changing system, we call society and it is always changing.

According to Calhoun and Craigh (1994), a society is an autonomous group of people who inhabit a common area, share a common culture (a set of values, beliefs,





customs and so on) and are connected to each other through social interactions and interdependent statuses and roles. Society also means a certain population group or a community.

Maryanski and Turner (1992) also state that a society is a group of individuals united by a particular relationship or behavior that distinguishes them from others who do not enter into that relationship or who are different from them in the behavior. Therefore, it can be concluded that society is a complex whole of social behavior and a network of social relations. It is universal and widespread and has no set boundaries.



1.8.8 Expectation

Referring to Ferguson (2001), expectation in economics refers to the predictions or assumptions that decision makers hold about future prices, incomes, taxes, or other key variables. The importance of expectation is due to the significant impact on the current choice of companies and households, and therefore on current prices and overall levels of economic activity.

Moreover, expectation can be defined as the desire of the consumer's needs as they feel that service providers should rather than be offered (Parasuraman, Zeithaml & Berry,



1988). Sheth (1973) also states that expectation is perceived potential of alternative suppliers and brands to satisfy a number of explicit and implicit objectives in any particular buying decision. In this study, expectation can be defined as the views and forecast of parents to future cost and scenario of their children's tertiary education.

1.8.9 Awareness

Robert (2007) define awareness is associated with terms such as feeling, perception, feeling, and cognition. Furthermore, awareness refers to the processing that occurs as a result of the interaction of an animal's nervous system (including sensory apparatuses) and its environment, in which it processing results in a basic ability of animals to respond to stimuli from the environment (Bear, Connors, & Pardiso, 2001; Brefczynski & DeYoe, 1999; Farah, 1997).

According to Abdul Gafoor (2012), awareness can be defined in three meanings. First, the meaning of awareness in education is knowledge from environment without direct teaching such as public awareness of cancer, human immunodeficiency virus infection and acquired immune deficiency syndrome (HIV/ AIDS) awareness or nutritional awareness. This can be call as awareness about. It also can refer to general or common knowledge or understanding of social, scientific, or political issues. Second, in psychology, awareness is



awareness as self-perceptions. For example, when we say awareness of body, emotional awareness, awareness of self or strength awareness. This can be described as awareness of. This can be seen as sensitivity to oneself. Third, awareness is awareness of ability to handle certain situations and tasks such as computer awareness tests.

In this study, awareness can be defined as the ability of parents to perceive, to feel or to be conscious of the enrollment and expenses of children's tertiary education.

1.8.10 Institutions



Institutions mean the general and common understandings developed by people and by groups such as culture are the fundamental to designing a more specific regulatory framework governing human behavior (Piet Keizer, 2008).

North (1990) conceptualized institutions are the rules of the game in a society or more, formally are the constraints designed by humans that shape human interaction. There are two types of game rules which are the formal one and informal one. The formal ones refer to the rules and contracts of the constitution, the property rights whereas the informal ones refer to the norms and customs.





Additionally, North (1990) also mentions the three important features of institutions apparent in this definition. Firstly, they are “humanly devised,” in contrast to other possible underlying causes, such as geographical factors, that are beyond human control. Second, they are “the rules of the game” setting “limits” on human behavior. Third, their major effect will be through incentives.

According to Acemoglu, Johnson and Robinson (2006), institutions are the mechanisms by which social choices are made and implemented and it distinguishes between economic institutions and political institutions. The latter is the mechanism of the distribution of political power in various socioeconomic groups. Political power, in turn, determines economic institutions. For example, in Acemoglu (2003), institutions are represented by indicators denoting which groups of political pressures within a particular group have the power to control social choices. Institutional change is then the result of voluntary concessions by the controlling group, possibly under the threat of social contract.

Greif (2006) defines an institution as “a system of social factors that simultaneously generates a regularity of behavior”- by “social factors,” he means “man-made, non-physical factors that are exogenous to everyone they influence,” including “rules, beliefs, norms, and organizations.” In this study, institutions refer to the public and private institutions in Malaysia which offer some saving schemes, grants, scholarships, deposit plans, child education policy and loans for parents to support their children’s tertiary education.



1.9 Research framework

The research framework is based on factors that contribute to parents' saving for children's tertiary education. There are several variables that used in this study. The independent variables include in this research are income, people surrounding, expectation, awareness and institutions. While dependent variable is parents' saving (tertiary education) as shown in the figure 1.1.

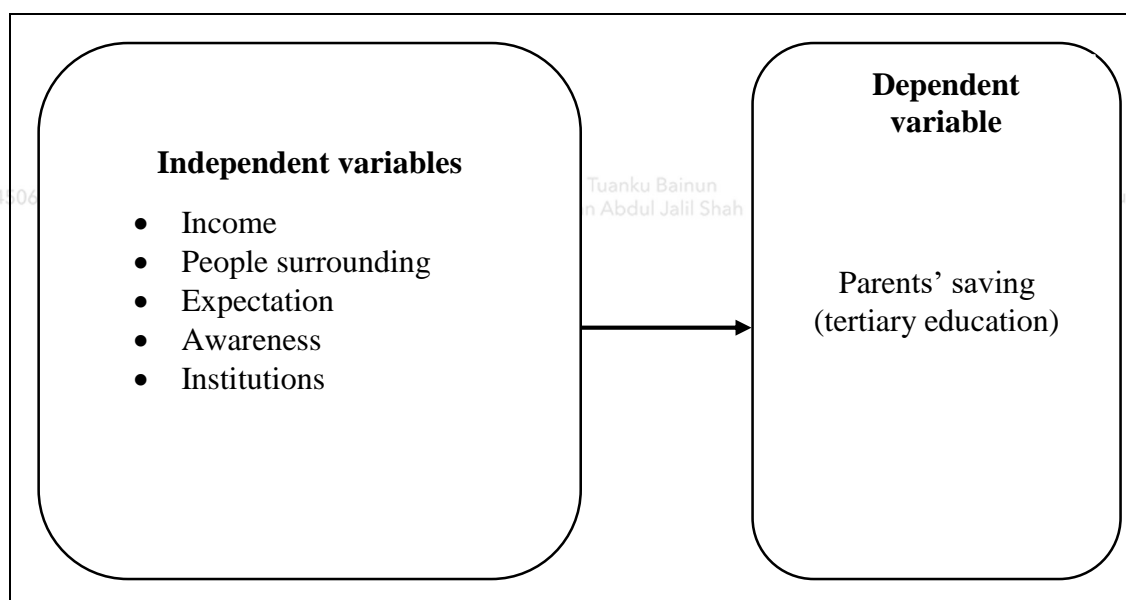


Figure 1.1. Conceptual model of study. Sources: Tan, 2021.



1.10 Summary

Tertiary education is important to individual, people, society and country. It can help young people succeed and helps to increase the moral values of society. It helps to balance the proportionately between rich and poor in a country. Nevertheless, along with the increasing in cost of living and tough economic climate, it become a challenging for parents in Malaysia to support their children studies. Thus, this research will identify the parents' saving for children's tertiary education. Overall, the present chapter discussed the introduction, research background, problem statement, research objectives, research questions, research justification, research limitations, operational definition and research framework. The remainder of this study will be organized as follows.

