

EXPLORING THE DETERMINANTS OF STUDENT SPENDING BEHAVIOUR AT UITM TERENGGANU

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Article history

Received date : 4-9-2025

Revised date : 5-9-2025

Accepted date : 5-10-2025

Published date : 30-10-2025

To cite this document:

Rusmayady, N. D. S., Zakaria, A. Z., Abd Ghani, N., Apandi, M. A. A., Amirruddin, N. A. F., Mat, K. A., & Md. Shariff, A. (2025). Exploring the determinants of student spending behaviour at UiTM Terengganu. *Journal of Islamic, Social, Economics and Development (JISED)*, 10 (77), 1102 – 1110.

Abstract: *This study investigates the key factors influencing student spending behaviour at Universiti Teknologi MARA (UiTM) Terengganu, focusing on parental income, peer pressure, social status, and promotional strategies. Using a quantitative approach, data were collected from 107 students through a structured questionnaire and analysed using SPSS. The results reveal that social status and parental income are the most significant predictors of spending behaviour, while peer pressure and promotional tactics show moderate but less predictive influence. These findings highlight the importance of socioeconomic background and social identity in shaping financial decisions among university students. The study underscores the need for targeted financial literacy initiatives that incorporate cultural and religious values to promote responsible spending habits.*

Keywords: *Spending Behaviour, Parental Income, Peer Pressure, Social Status, Promotional Approaches.*

Introduction

Understanding the determinants of student spending behaviour is crucial for addressing issues related to financial constraints, limited resources and the stress caused by the inability to spend among students in higher learning institutions. Past studies have shown that many behavioural and socioeconomic factors have significant influence on young individuals' spending behaviour. University students, particularly, often face financial challenges due to limited income, peer pressure and exposure to consumer marketing, which can lead to poor financial decisions and long-term consequences (Singh et al., 2020). At Universiti Teknologi MARA (UiTM) Terengganu, these challenges are compounded by socioeconomic diversity, as most students come from middle to low income families.

This study investigates the influence of parental income, peer pressure, social status and promotional approaches on student spending behaviour. These variables were selected based on recent empirical studies and their contextual relevance to Malaysian university students (Naradin et al., 2023; Ahmad et al., 2024). The research aims to fill gaps in the literature by focusing on a specific institutional population and incorporating both behavioural and socioeconomic factors.

Literature Review

Spending behaviour has been defined as how an individual manages, controls and uses his or her financial resources for the acquisition of goods and services. Frequency of purchase, decision-making activities and how such purchasing behaviour can be affected or affect other things in society (LeBaron-Black et al., 2023). According to Alekam, Salleh and Mokhtar (2018), young people in Malaysia are reckless in spending because they often fail to consider their financial ability to meet their demands. They tend to spend without evaluating the price, tempted by luxurious lifestyle and current trends. University students, particularly, have unique spending behaviour due to their limited income and high expenses.

Parental Income

Parental income is one of the significant determinants of university students' spending behaviour. Parental income is defined as the parents' level of earnings that may influence their children's ability to access resources, opportunities and consumption decisions (Cooper et al., 2017). At university, students often face the shock of spending where there are no parents to restrict spending. However, each student manages different expenses according to their parents' allowance (Rosmini & Khalid, 2016). Studies have shown that students from higher-income families tend to have more financial resources which influences their spending patterns (Naradin et al., 2023). Singh et al. (2020) noted that students from affluent backgrounds are more likely to engage in discretionary spending due to the financial cushion provided by their parents. Likewise, a study by Che Din et al. (2023) reported that students with higher financial knowledge, often correlated with higher parental income, exhibit better saving behaviour and fewer financial problems.

Peer Pressure

Peer pressure is another critical factor affecting student spending behaviour. The social environment in which students operate can significantly shape their financial decisions. Peer pressure can be described as the process where one person changes their response towards attitudes, behaviours or preferences when exposed to same-age peers, people of equal status, or

people with similar interests (Almeshal & Almawash, 2023). According to a study by Ahmad et al. (2024), peer pressure plays a substantial role in young adults' financial behaviour, including spending habits. The researchers highlighted that students often emulate their friends' spending patterns, which can lead to increased expenditure, especially when trying to match their peers' lifestyles. Laursen and Veenstra (2021) also found that peer comparison strongly correlates with increased spending habits among university students. When students compare themselves to their peers, they may feel pressured to spend on unnecessary items to meet perceived social expectations. This phenomenon is supported by the work of Makgosa and Mohube (2017), who noted that peers significantly shape attitudes, thoughts and actions, particularly during college or university years.

Social Status

Social status is defined as the perceived status or the standard and benchmark that the individual seeks to emulate (Cheng & Cheng, 2023). Social status is a powerful determinant of spending behaviour, as students often make purchases to enhance or maintain their social standing. Walasek and Brown (2021) demonstrated that individuals with higher social status are more likely to buy items that are visible to others that signify wealth or prestige. This behaviour is particularly evident among university students who are conscious of their social status. Similarly, Chia Mei Sia et al. (2024) found that students feel compelled to spend on luxury items or engage in activities that reflect a higher class of living, often leading to financial stress and impulsive buying behaviour. This aligns with the findings of Du et al. (2021), who reported that peer influence and social aspirations significantly drive spending behaviour among students.

Promotional Approaches

Promotional strategies, such as discounts and special offers, can also influence student spending behaviour. Tew (2021) noted that promotional approaches have a positive relationship with spending behaviour, as students are often enticed by price promotions like "buy one, get one free". This is supported by Chandon et al. (2020), who found that young consumers respond to both practical and hedonic promotions, which drive purchasing behaviour.

The impact of digital marketing on student spending behaviour is also significant. Mangold and Faulds (2020) highlighted the role of social media in shaping consumer trust and purchase decisions. Social media platforms allow companies to deliver targeted ads and influencer campaigns, which can significantly influence students' spending habits. Lou and Yuan (2018) further emphasized that influencer marketing builds trust, leading to increased purchase likelihood among young consumers.

Methodology

For this study, a quantitative, cross-sectional and descriptive-correlational research design was employed. This approach enables the systematic collection and analysis of numerical data to identify patterns and relationships among variables (Creswell, 2018). Quantitative research methods are commonly used to study student spending behaviour. Surveys are the primary tools for data collection allowing researchers to gather large amounts of data from diverse student populations.

The study utilised a correlational investigation to explore the relationships between the independent variables (parental income, peer pressure, social status, and promotional approaches) and the dependent variable (spending behaviour). A structured questionnaire was used to gather data from a sample of students at UiTM Terengganu, allowing for hypothesis testing. The unit of analysis is the individual student enrolled at UiTM Terengganu. Each respondent represents a single data point, enabling the analysis of personal financial behaviours and perceptions. This study adopted a cross-sectional design, with data collected within a one-month period via Google Forms.

The target population for this study comprises students from UiTM Terengganu's three campuses: Dungun, Bukit Besi, and Kuala Terengganu. The study focused on Dungun campus, the largest campus, to ensure diversity in academic backgrounds and socioeconomic status. A convenience sampling method was used due to its practicality and accessibility. While this non-probability technique may limit generalisability, it is effective for exploratory research in educational settings (Sekaran & Bougie, 2016). Based on the Krejcie and Morgan (1970) sample size determination table, a minimum of 366 respondents was required for a population of 7,921 students. However, due to time and logistical constraints, only 107 valid responses were collected.

This study employed a convenience sampling method, which, while practical and accessible, introduces potential bias and limits the generalisability of the findings. The sample may not accurately represent the entire student population at UiTM Terengganu, particularly those from other campuses or academic programmes. Additionally, the relatively small sample size ($n = 107$) falls short of the recommended number based on Krejcie and Morgan's (1970) table for a population of 7,921 students. As a result, caution should be exercised when interpreting the results, and future studies are encouraged to use probability sampling techniques to enhance representativeness and external validity.

Questionnaire Design

The questionnaire consisted of 34 items divided into six sections: demographic information, parental income, peer pressure, social status, promotional approaches, and spending behaviour. Items were adapted from Chang Lay Ying et al. (2019) and Tew Choon Poh (2016). The instrument was translated into Malay to enhance comprehension and response rates. A six-point Likert scale was used to eliminate neutrality and encourage decisive responses. A pre-test with three students was conducted to refine clarity and reliability. Participation was voluntary and informed consent was obtained from all respondents.

Measures for Analysis

To analyse the data collected, several statistical techniques were employed using SPSS software. Descriptive statistics were first used to summarise the demographic characteristics of the respondents. To examine the relationships between the independent variables—parental income, peer pressure, social status and promotional approaches—and the dependent variable, which is student spending behaviour, Pearson correlation analysis was conducted. This method allowed the researchers to determine the strength and direction of the linear relationships between variables.

Subsequently, multiple regression analysis was performed to assess the predictive power of the independent variables on spending behaviour. This technique enabled the identification of which factors significantly influenced students' financial decisions. The analysis included the coefficient of determination (R^2), which indicates the proportion of variance in the dependent variable explained by the model. Additionally, t-statistics were used to test the significance of each individual predictor, while the F-statistic was applied to evaluate the overall significance of the regression model. These statistical measures offered insights into the extent to which each determinant contributed to student spending behaviour.

Findings

This section presents the results of the quantitative analysis conducted to examine the determinants of student spending behaviour at UiTM Terengganu. The analysis includes descriptive statistics, correlation analysis, and multiple regression analysis.

Table 1: Gender of the Respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Female	81	75.7	75.7	75.7
Male	26	24.3	24.3	100.0
Total	107	100.0	100.0	100.0

The sample consisted predominantly of female students (75.7%), which is consistent with prior studies indicating higher female participation in financial behaviour surveys (Obagbuwa & Kwenda, 2020; Singh et al., 2020).

Table 2: Correlation Analysis

Dependent Variable	Independent Variable	Pearson Correlation	Sig. (2-tailed)	N
Spending Behaviour	Parental Income	.602	<.001	107
Spending Behaviour	Peer Pressure	.521	<.001	107
Spending Behaviour	Social Status	.711	<.001	107
Spending Behaviour	Promotional Approach	.407	<.001	107

All independent variables showed significant positive correlations with spending behaviour. Social status had the strongest correlation ($r = .711$), followed by parental income ($r = .602$), peer pressure ($r = .521$) and promotional approach ($r = .407$). These findings align with recent studies emphasizing the role of social comparison and financial background in shaping youth consumption patterns (Sia et al., 2024; Du et al., 2021; Ahmad et al., 2024).

Table 3: Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769	.591	.575	.56791

The regression model explains 59.1% of the variance in student spending behaviour, indicating a strong model fit.

Table 4: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	47.611	4	11.903	36.905	<.001
Residual	32.897	102	.323		
Total	80.508	106			

The ANOVA results confirm the statistical significance of the regression model ($F = 36.905$, $p < .001$), validating the predictive power of the selected independent variables. This is consistent with findings from Naradin et al. (2023), who also reported strong model significance in similar studies on student financial behaviour.

Table 5: Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	.608	.273		2.227
Parental Income	.297	.079	.292	3.750
Peer Pressure	.110	.071	.128	1.548
Social Status	.391	.063	.507	6.241
Promotional Approach	-.038	.106	-.028	-.361

The regression coefficients indicate that social status ($\beta = .507$, $p < .001$) and parental income ($\beta = .292$, $p < .001$) are significant predictors of spending behaviour. These results reinforce the idea that students often spend to enhance or preserve their perceived social standing (Walasek & Brown, 2021; Sia et al., 2024) and that financial support from parents plays a critical role in shaping spending patterns (Che Din et al., 2023; Singh et al., 2020).

Interestingly, peer pressure and promotional approaches were not statistically significant in the regression model, despite showing moderate correlations. This suggests that while these factors may influence spending attitudes, they are less predictive of actual behaviour when controlling for other variables (Makgosa & Mohube, 2017; Tew, 2021).

Discussion

The findings of this study highlight the significant influence of social status and parental income on student spending behaviour at UiTM Terengganu. Social status emerged as the strongest predictor, suggesting that students are highly motivated by the desire to maintain or enhance their perceived social standing. This aligns with the work of Walasek and Brown (2021), who found that individuals often engage in conspicuous consumption to signal wealth and prestige. The influence of parental income further supports the notion that students with greater financial support from their families are more likely to engage in discretionary spending. This is consistent with Che Din et al. (2023), who reported that students from higher-income households tend to exhibit more confident and liberal spending patterns due to financial security.

Interestingly, while peer pressure and promotional approaches showed moderate positive correlations with spending behaviour, they were not statistically significant predictors in the regression model. This suggests that although students may be influenced by their peers and

marketing strategies, these factors are less impactful when considered alongside financial background and social identity. This finding contrasts with earlier studies, such as those by Ahmad et al. (2024) and Tew (2021), which emphasized the role of peer dynamics and promotional tactics in shaping youth consumption. The discrepancy may be attributed to contextual differences or the possibility that students are becoming more selective in their financial decisions, especially in a post-pandemic economic climate.

Despite the valuable insights gained, this study has several limitations. The sample was predominantly female (75.7%), which may have influenced the findings, as gender differences can affect financial attitudes and behaviours. As such, the results may not fully represent the spending behaviour of male students. Additionally, the use of convenience sampling and a relatively small sample size ($n = 107$) limits the generalisability of the findings to the broader student population. Future research should aim for a more balanced and representative sample, possibly through stratified random sampling, to enhance the robustness and applicability of the results.

Conclusion and Recommendations

This study successfully explored the determinants of student spending behaviour at UiTM Terengganu, focusing on the roles of parental income, peer pressure, social status and promotional approaches. The results revealed that social status and parental income are the most significant predictors of spending behaviour, while peer pressure and promotional strategies, though correlated, were not statistically significant in the regression model. These findings suggest that students' financial decisions are shaped more by their socioeconomic background and desire for social recognition than by external marketing or peer pressure. Overall, the results highlight the complex relationship between economic resources and social motivations in shaping student financial behaviour.

In light of these findings, several recommendations are proposed. First, UiTM students who are majority Muslims should be given additional guidance based on Islamic religious values that emphasize prudent spending while discouraging wastefulness and spending for social display. This could help students develop a more holistic understanding of money management and spending. As Malhotra and Baag (2021) suggest, enhancing students' financial self-efficacy and critical thinking can help mitigate the influence of social pressures and impulsive tendencies. Besides, parental engagement should be encouraged so that parents can avoid providing unnecessary financial support, which may indirectly encourage discretionary spending. Parents should also be educated to monitor their children's spending behaviour. This study further recommends that future research explore additional variables, such as digital financial tools and cultural influences, to provide a more comprehensive understanding of students' spending behaviour.

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