

## Entrepreneurship Motivation among Accounting Students: The Role of Financial Literacy and Financial Behaviour

*(Motivasi Keusahawanan dalam Kalangan Pelajar Perakaunan: Peranan Literasi Kewangan dan Tingkah Laku Kewangan)*

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### ABSTRACT

*This study explores the effects of financial literacy and financial behaviour on entrepreneurial motivation among accounting students in Malaysia's public universities. University students' financial literacy level and financial behaviour level are also explored. This study employed a quantitative survey method and used twenty financial items and ten entrepreneurship motivation items to answer the research questions. A total of 530 accounting undergraduates from three public universities in Malaysia were given a financial and entrepreneurial test. To get results, data were analysed using mean and frequency analysis, a reliability test, Pearson's product-moment analysis and regressions. Our findings demonstrated that the accounting students' financial literacy and financial behaviour was at a moderate level. However, accounting students possessed a high level of entrepreneurship motivation. Supporting past research, this study found that financial literacy and financial behaviour affect accounting students' entrepreneurial motivation. This research has valuable implications for educators, higher education and policymakers by designing a more integrated education curriculum and effective policy mechanism that strengthens students' entrepreneurial motivation.*

*Keywords: Financial literacy; financial behaviour; entrepreneurship motivation; accounting; universities*

### ABSTRAK

*Kajian ini meneroka kesan literasi kewangan dan tingkah laku kewangan terhadap motivasi keusahawanan dalam kalangan pelajar perakaunan di universiti awam Malaysia. Tahap literasi kewangan dan tahap tingkah laku kewangan pelajar universiti juga diterokai. Kajian ini menggunakan kaedah tinjauan kuantitatif dan menggunakan dua puluh item kewangan dan sepuluh item motivasi keusahawanan untuk menjawab persoalan kajian. Seramai 530 pelajar perakaunan dari tiga universiti awam di Malaysia telah diberi ujian kewangan dan keusahawanan. Untuk mendapatkan keputusan, data dianalisis menggunakan analisis min dan kekerapan, ujian kebolehppercayaan, analisis momen produk Pearson dan regresi. Penemuan kami menunjukkan bahawa literasi kewangan dan tingkah laku kewangan pelajar perakaunan berada pada tahap sederhana. Walau bagaimanapun, pelajar perakaunan mempunyai tahap motivasi keusahawanan yang tinggi. Menyokong kajian lepas, kajian ini mendapati bahawa literasi kewangan dan tingkah laku kewangan mempengaruhi motivasi keusahawanan pelajar perakaunan. Penyelidikan ini mempunyai implikasi yang berharga kepada pendidik, pendidikan tinggi dan penggubal dasar dengan mereka bentuk kurikulum pendidikan yang lebih bersepadu dan mekanisme dasar yang berkesan yang mengukuhkan motivasi keusahawanan pelajar.*

*Kata kunci: Celik kewangan; tingkah laku kewangan; motivasi keusahawanan; perakaunan; universiti*

### INTRODUCTION

Financial literacy and entrepreneurship have been of great interest to academicians, scholars and governments in the last decades. Financial literacy is a key factor in improving financial competencies and positively affects individual financial behaviour (Oseifuah 2010). It consists of essential elements such as ideas, values and technological resources, which relate to smart financial practices (Akca et al. 2018). For instance, financial literacy can foster individual financial management to help manage finances more effectively. In contrast,

entrepreneurship has captured attention due to its contribution to strengthening nations' economic growth and job creation. Entrepreneurship has been perceived as an engine for economic development, providing jobs opportunities and a solution to societal issues (Ambad & Damit 2016).

Due to the increasing need for financial knowledge, the Malaysian government has established the National Strategy for Financial Literacy 2019–2023 (NSFL) (PIDM 2019). It was established by the Financial Education Network (FENetwork), an inter-agency group formed by Bank Negara Malaysia and the Securities

Commission Malaysia. The National Strategy sets goals and actionable strategies to help Malaysians foster healthy financial management attitudes. The main aim of this five-year plan is to increase the financial literacy level of Malaysians in all stages of life. Subsequently, financial skills that have been instilled contribute to a positive financial attitude and motivate youth to get involved in essential fields, such as entrepreneurship.

In an economic context, to overcome unemployment issues, youth are encouraged to find job opportunities in self-employment or entrepreneurship (Musie 2015). Factors influencing students' motivation regarding entrepreneurship should be studied to analyse how self-employment intention can be created (Allgood & Walstad 2019; Bartley 2011). In parallel with this matter, the National Entrepreneurship Policy (NEP) aims to encourage youth to get involved in entrepreneurship as well as to enhance the skills of young entrepreneurs to establish their own business activities. One of NEP's objectives is to equip entrepreneurs with financial knowledge and entrepreneurial skills in order to sustain their businesses. Entrepreneur is described as an individual who is concerned with the creation, allocation and use of assets, and includes risk-takers and those active in decision-making business activities (Vodă & Florea 2019); however, achieving business success is also determined by entrepreneurs' good financial management skills (Sucuahi 2013). Indeed, the financial skills of young potential entrepreneurs have become more crucial in fostering the growth of businesses (Al Mamun 2016; Xiao et al. 2014).

In light of this, a financially literate entrepreneur is required in order to manage a business effectively (Oseifuah 2010). As discussed by Suparno and Saptono (2018), financial literacy is essential for entrepreneurs in terms of literacy concerning credit management, financial risks, budget management and investment. Entrepreneurial skills include the personality traits of an entrepreneur, which will influence the growth of a business (Karabulut 2016). In addition, Israr and Saleem (2018) emphasised that to be an entrepreneur as a profession, it must be supported by financial skills that can help in creating good business. Financial literacy is recognised as having significant influence on the competence of an entrepreneur in terms of skills in forecasting financial attachment in the social economic mainstream (Trunk & Dermol 2015). Moreover, financial literacy enhances entrepreneurial skills in terms of understanding financial products, risks arising from business initiatives and money management (Trunk & Dermol 2015). Studies have indicated that people who are exposed to financial education and entrepreneurship activities tend to have better skills in decision making, overcoming obstacles and having a good sense of control (Al Mamun 2016; Vodă & Florea 2019). To sum up, as youth entrepreneurs play an important role in national economic growth, they must be financially literate and acquire entrepreneurial skills before they engage in business activities (Eniola & Entebang 2017).

Nevertheless, in reality there are many young entrepreneurs who have failed in managing their businesses, although they are getting support and assistance from the government and other institutions in terms of grants, funding, training provisions and advisory services. Fatoki (2014) found that only around 20 percent of youth entrepreneurs in the market are successful. This finding highlights that the success rate among youth entrepreneurs is still low; hence, the factors that influence youth to be effective entrepreneurs must be emphasised. Therefore, Vodă and Florea (2019) suggested that people who want to become entrepreneurs must analyse their own capabilities before engaging in business activities. A previous study reported that youth entrepreneurs lacked financial skills in managing business activities, unplanned growth and the mismanagement of capital (Eniola & Entebang 2017). Other influencing factors include excessive investment in fixed assets, overspending as well as poor strategic and financial projections (Lusardi, Mitchell & Curto 2010). Thus, these issues need to be discussed and settled by the government and related parties.

Furthermore, Fuller et al. (2018) indicated that the reason for failure among youth entrepreneurs in new venture creation is because they set their main priorities on business production, services and marketing but overlooked their financial management practices. Moreover, youth entrepreneurs with insufficient financial management skills also tend to face challenges in terms of access to finances (Musie 2015). Financial knowledge provides information about the responsibility of an entrepreneur in terms of business finances and budgeting (Jappelli & Padula 2013). In fact, good financial behaviour is one of the financial competencies for entrepreneurial business performance and growth (Karabulut 2016). In spite of numerous work that exist on financial knowledge, financial literacy and entrepreneurship, there are still inadequate studies and literature that explore the link between financial literacy, financial behaviour and the entrepreneurial motivation of accounting undergraduates. Hence, based on the importance of financial knowledge in youth entrepreneurship development, this study attempts to fill this gap in the literature.

## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

### FINANCIAL LITERACY AND FINANCIAL BEHAVIOUR

Financial literacy determines an individual's ability to manage personal finances, such as saving, spending, borrowing, budgeting and investing to ensure financial well-being and a sustainable standard of living (Remund 2010). Financial behaviour refers to an individual's behaviour that relates to financial activities (Valencia, Montoya & Montoya 2015). Studies have also shown that people can better manage their wealth when they

have excellent financial knowledge and make the right decisions on important financial activities, such as savings and future retirement plans (Akca et al. 2018). To ensure financial well-being, each individual must be responsible for managing their own personal finances and develop an understanding of the trends in the financial market (Trunk & Dermol 2015).

In the education sector, there has been a tremendous increase in student enrolment at both colleges and universities. During higher education, students experience various stages of the transition to adulthood (Gale & Parker 2014). This transition generally highlights the cognitive development of youth between the ages of 18 and 25, and students also start to live independently (Arnett 2007). During this period, students develop financial independence: for instance, they will slowly reduce their dependency on their parents as they further their studies (Garg & Singh 2016). As the students start their new life in college or university, financial knowledge becomes critically important to them, as they now have the freedom to spend on their own (Ahmad et al. 2019; Khaire 2010). Some of these students continue their education with scholarships, while others are supported by their parents, but most of them finance their education through education loans (Khaire 2010; Shaari et al. 2013). The current situation highlights the critical need for knowledge in managing personal finances effectively.

However, a previous study indicated that the majority of students encounter financial difficulties when entering university or college, as it is their first time living independently and their first experience in managing money by themselves (Shaari et al. 2013). More recent studies by Garg and Singh (2016) and Allgood and Walstad (2019) showed a lower level of financial literacy among the young. Lusardi et al. (2010) reported that youth lack financial knowledge on insurance, investments, debt and saving. The findings revealed that most respondents lacked interest rate awareness, which causes significant problems relating to finance and investment. The main cause of this problem is poor financial awareness and a lack of trust in seeking guidance from others. To some extent, the decisions regarding finance taken by undergraduates appear to have an effect on their future prospects.

Unfortunately, it has been shown that a person who is financially illiterate will experience financial problems, such as poor spending and bad borrowing habit (Lusardi et al. 2010). It is anticipated that an individual with poor financial literacy will eventually face future financial problems. Financial illiteracy will result in a lack of financial understanding and could affect students' academic performance, leading to financial stress and affecting their ability to find a job after graduation (Albeedy & Gharleghi 2015). Undergraduates may also face financial stress if they are unable to pay their debts. This will have a major impact on their academic performance. For example, Xiao et al. (2014) claimed that financial illiteracy increases risky spending behaviour

without considering the effect and that this behaviour could lead to poor academic performance.

Correspondingly, Norvilitis et al. (2006) indicated that the effect of individual financial literacy on financial behaviour is significant. Financial literacy correlates with the knowledge of financial terms and problems to learn and understand (Remund 2010). It is seen as a major factor in determining financial behaviour. Lusardi et al. (2010) indicated that the general concept of financial activity applies to human financial management behaviour, including budgeting, borrowing, saving, expenditure and investment. For this reason, Gale and Parker (2014) emphasised that graduates should improve their capability and obligation to navigate these rising economic and social conditions. Effective financial management skills encourage individuals to organise their finances efficiently, establish safer and more responsible financial behaviour, as well as to make well-informed financial decisions (Marzieh et al. 2013). Hence, appropriate financial behaviour ensures financial well-being and satisfaction in future life (Xiao et al. 2014).

In summary, this study emphasises that it is essential for university students to be financially literate and prepare themselves with financial knowledge in order to manage their money well. Garg and Singh (2016) claimed that students need sufficient financial knowledge and financial education to better manage their finances. Thus, based on the above literature this study hypothesises that:

H<sub>1</sub> Financial literacy is positively associated with accounting students' financial behaviour.

#### FINANCIAL LITERACY, FINANCIAL BEHAVIOUR AND ENTREPRENEURIAL MOTIVATION

The role of entrepreneurs in boosting business growth and job formation in a country is essential. In a way, entrepreneurship is considered a growth engine that stimulates economic development through innovation and the creation of entrepreneurial ventures. Hence, entrepreneurship acts as an important source of employment by forming a successful business and fostering economic and social growth (Khaire 2010; Wise 2013). For the above reasons, entrepreneurial activities are encouraged among the younger generations, especially university undergraduates, as they provide competitive advantages to Malaysia's economy.

Scholars have claimed that financial literacy has a significant effect on students' financial behaviour and entrepreneurial intention (Fatoki 2014; Trunk & Dermol 2015). Entrepreneurial activities are considered to be related to financial implications in business. Financial skills are an instrument in decision-making which influences entrepreneurial behaviours in managing firms' business activities. Financial management skills are traits that once acquired by entrepreneurs lead to good governance and encourage higher productivity and

business growth (Sucuahi 2013). Thus, entrepreneurs must be supported by financial competencies so that they can manage their business effectively (Marzieh et al. 2013). Financial behaviour is related to an entrepreneur's responsibility in terms of business finances, investments, cash flow and budgeting (Jappelli & Padula 2013). In fact, financial behaviour is one of the financial competencies for entrepreneurial business performance and growth.

Suparno and Saptono (2018) emphasised that exposure to the entrepreneurial knowledge may create positive attitudes towards entrepreneurship intention. Entrepreneurial education is therefore an effective way to promote entrepreneurship among university students. Pickernell et al. (2011) identified entrepreneurial education as a good way to promote and strengthen students' interest in entrepreneurship. Moreover, Israr and Saleem (2018) argued that education could motivate students to see entrepreneurial and financial skills as essential skills needed by an entrepreneur. More recent studies have also shown that a high level of financial literacy can motivate graduates to become excellent entrepreneurs (Trunk & Dermol 2015), as it increases students' entrepreneurship awareness (Karabulut 2016).

To improve financial literacy, initiatives need to be implemented holistically. It is acknowledged that the knowledge and skills acquired through education lead to appropriate financial behaviour. Recent studies by Fuller et al. (2018) and Raza et al. (2018) indicated that financial literacy and financial behaviour influence the students' desire to start a new venture. These contributing factors are needed for motivation, which Raza et al. (2018) described as a driver in assuming responsibilities and achieving success and which may play an influential role in shaping personal intentions to start a firm. Teenagers who prefer to be entrepreneurs are boosted by motivational factors, such as excellent finance knowledge (Pickernell et al. 2011). This shows that an individual who has a high level of intention and motivation is more likely to be involved in entrepreneurial activities (Ahmad et al. 2019). In fact, the knowledge students have about financial literacy could motivate them to engage in entrepreneurship. From an action theory perspective, Frese (2009) stated that moderate risk-takers are people who have a high level of need for accomplishment.

Additionally, Raza et al. (2018) argued that the need for accomplishment has a positive association with students' entrepreneurial motivations to own a business.

As stated by Jappelli and Padula (2013), financial behaviour provides information on the extent to which entrepreneurs are responsible for the finances and budgeting of business. Previous research conducted by Musie (2015) has shown that good financial behaviour facilitates effective decision-making, such as related to timely bill payments, adequate investments, debt management, bookkeeping, and business planning, that aids entrepreneurs to boost their business performance and also their economic development. Effective financial behaviour allows entrepreneurs to understand the overall impact of financial decisions on business performance as well as to make the right decisions regarding cash management, insurance, savings, business planning and bookkeeping (Oseifuah 2010). Financial literacy gives an entrepreneur the ability to use financial statements to calculate financial ratios, which can be used to evaluate and manage a business (Dahmen & Rodríguez 2014). Likewise, Wise (2013) claimed that financial literacy improves entrepreneurs' capabilities in reading and preparing the basic financial statements for business performance and growth.

Recent studies have indicated that most failures in businesses are attributable to the inability of entrepreneurs to administer their financial resources (Eniola & Entebang 2017; Musie 2015; Peng et al. 2015). Thus, it is important to acquire financial management knowledge, which leads to entrepreneurial success. Financial literacy allows entrepreneurs to construct effective decisions in utilising financial products and services (Wise 2013). In order to achieve targeted results, entrepreneurs are required to obtain knowledge about financial management issues, such as anticipating financial needs for business, gaining funds and allocating funds. Entrepreneurial financial literacy enhances the use of financial strengths as literate entrepreneurs are more likely to use and access financial services that help improve their business performance (Fatoki 2014). For instance, financial literacy has a positive influence on the entrepreneur's ability to increase his financial forecasts regarding the social economic mainstream (Dahmen

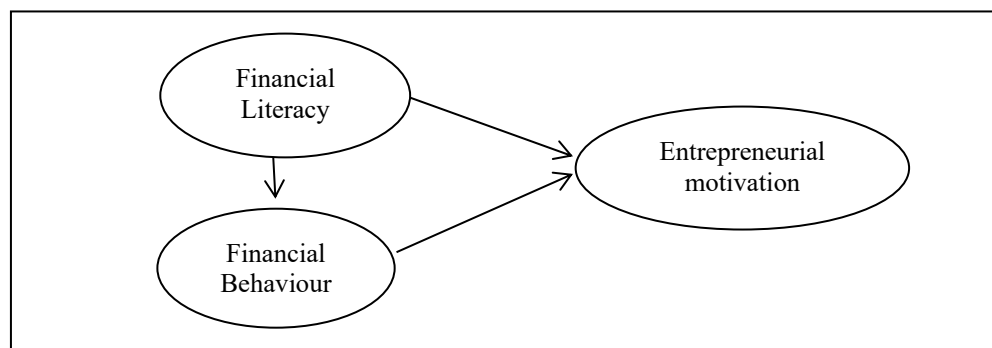


FIGURE 1. Research framework

& Rodríguez 2014). Hence, having a good financial knowledge could influence the younger generations to get involved in entrepreneurship. Based on the review of literature, the following are hypothesised:

- H<sub>2</sub> Financial literacy is positively associated with entrepreneurial motivation.
- H<sub>3</sub> Financial literacy positively affects accounting students' entrepreneurial motivation.
- H<sub>4</sub> Financial behaviour is positively associated with entrepreneurship motivation.
- H<sub>5</sub> Financial behaviour positively affects accounting students' entrepreneurial motivation.

Figure 1 displays the association between financial literacy, financial behaviour and the entrepreneurial motivation of university students. It has been recognised worldwide that financial literacy is an essential element of financial well-being and economic growth (Atkinson & Messy 2012). Based on an OECD (2011) report, financial behaviour is a fundamental component of financial literacy. Scholars have claimed that financial literacy has a significant effect on students' financial behaviour and entrepreneurial intention (Trunk & Dermol 2015). It is acknowledged that the knowledge and skills acquired through education lead to appropriate financial behaviour (Akca et al. 2018). The financial behaviour of a person gives information about how they manage money, their savings and expenditures as well as how they balance the risk and return of their investment decisions (Garg & Singh 2016). In essence, entrepreneurial motivation has a partial relationship with financial literacy since financial knowledge cannot be significantly related to entrepreneurial intent without being converted to behaviour or attitude (Ergun 2017).

METHODOLOGY

RESEARCH DESIGN

This study explores the impacts of financial literacy and financial behaviour on entrepreneurial motivation. The scale used in this research is a self-administered questionnaire adapted from the OECD report (2011), with some items added from Atkinson and Messy (2012) to measure financial literacy and financial behaviour. To measure entrepreneurial motivation, a scale with 10 items, which were derived from Ahmad et al. (2019), was employed. A survey questionnaire was used to describe the attitudes, opinions or behaviour of respondents. The questionnaire was divided into four sections, namely sections A, B, C and D. Section A details items related to the respondents' profiles. Section B provides questions related to financial literacy, section C includes items related to financial behaviour, and section D provides

questions related to entrepreneurship motivation. This study recorded responses on a 5-point Likert scale, from 5 indicating strongly agree to 1 indicating strongly disagree.

DATA COLLECTION AND ANALYSIS

In the study, Pearson product-moment analysis was conducted to establish the existence of a relationship between dependent and independent variables (Christensen et al. 2015). Regression analysis was performed to examine the effects of financial literacy and financial behaviour on entrepreneurial motivation among accounting students (Christensen et al. 2015). The population of the study consisted of accounting students from three public universities in Malaysia. Purposive sampling was used to collect data from respondents of the target population who meet certain practical criteria, such as being approachable, geographical proximity or having a willingness to participate. The questionnaires were administered to a total of 530 respondents, who were undergraduates in semesters 7 and 8. The selection of the samples was based on a study by Chen and Yolpe (1998) and one by Ahmad et al. (2019), which indicated that final year students have gained more financial knowledge compared to other students. Respondents had completed the majority of their finance-related courses; thus they had knowledge and experience with managing finances while studying. Besides, samples from university students are considered to be the most relevant because students are regarded as a potential entrepreneurial population based on their knowledge of finances and entrepreneurship (Singh & Masuku 2014).

RELIABILITY ANALYSES

A pilot study was conducted with 45 business students to analyse the validity and internal consistencies of the scale. The reliability value was assessed by utilising Cronbach's alpha analysis on the scales labeled as financial literacy (FL), financial behaviour (FB) and entrepreneurship motivation (EM). The suggested alpha value of items ranged between 0.71 and 0.99, which are considered to be the best level of reliability (Tavakol & Dennick 2011). Table 1 below presents the findings of Cronbach's alpha analysis.

TABLE 1. Cronbach's alpha

Item	Total items	Cronbach's Alpha
Financial literacy (FL)	10	.778
Financial behaviour (FB)	10	.830
Entrepreneurship motivation (EM)	10	.955

## FINDINGS

Table 2 and Table 3 present some background information regarding the respondents as well as the financial management and entrepreneurship courses attended by respondents. There were a total number of 530 respondents, of which 33.9% were male, and 66.1% were female. The majority of respondents (90.5%) were between 22 and 24 years old. All respondents were final-year students majoring in accounting. Approximately 72.8% of respondents had a total income below RM2,000 per semester. Students' sources of income were their respective parents, scholarships and loans from the government, banks and others.

TABLE 2. Demographic profiles

Variable	Frequency (n)	Percentage (%)
<i>Gender</i>		
Male	180	33.96
Female	350	66.03
Total	530	100.00
<i>Age</i>		
22–24 years old	480	90.56
25–27 years old	50	9.43
Total	530	100.00
<i>Total income per semester</i>		
Below RM2,000	386	72.83
RM2,001–RM4,000	180	33.96
Above RM4,000	36	6.79
Total	530	100.00
<i>Total spending per month</i>		
RM200–RM400	130	24.52
RM401–RM600	320	60.37
RM601–RM800	54	10.10
RM801–RM1,000	19	3.54
Above RM1,000	7	2.27
Total	530	100.00

TABLE 3. Courses attended

Item	Frequency (n)	Percentage (%)
<i>Attended Financial Course</i>		
Yes	284	53.54
No	246	46.41
Total	530	100.00
<i>Attended Entrepreneurship Course</i>		
Yes	326	61.50
No	204	38.49
Total	530	100.00

With respect to total spending, approximately 24.5% of respondents spent between RM200 to RM400 per month, while 60.3% respondents spent between RM401 and RM600. Additionally, 10.1% of respondents

spent between RM601 and RM800, and about 5.8% of respondents spent between RM801 and RM1,000 and above RM1,000 respectively. In relation to findings on the courses attended, results showed that 53.5% of respondents had attended a course on financial management, and 61.5% of respondents said that they had attended an entrepreneurship course.

## FINANCIAL LITERACY- AND FINANCIAL BEHAVIOUR-LEVEL FINDINGS

Table 4 and Table 5 exhibit the mean values and standard deviations of financial literacy and financial behaviour items. General studies have agreed that higher overall scores suggest a higher level of financial literacy and good financial behaviour. This study found that respondents' financial literacy was at a moderate level ( $M = 3.43$ ). The highest mean value was obtained for item 5, 'I am certain about where my money is spent' ( $M = 4.08$ ), while the lowest mean value was for item 1, 'I understand my current financial situation' ( $M = 3.10$ ).

Similarly, the results for financial behaviour indicated that respondents' financial behaviour was also at a moderate level. Findings reported that item 7, 'I plan and implement a regular savings programme', had the highest mean value ( $M = 4.16$ ), followed by item 2, 'I prepare a budget every month', with mean value of  $M = 4.13$  as the second highest mean value. The lowest mean value was obtained for item 9, 'I keep a close personal watch on my financial affairs' ( $M = 3.42$ ).

## ENTREPRENEURSHIP MOTIVATION-LEVEL FINDINGS

Table 6 presents the results concerning respondents' agreement on the significance of financial literacy with respect to entrepreneurship motivation. Results indicated that accounting students' entrepreneurship motivation was at a high level ( $M = 4.24$ ). The data set showed that the highest mean was for item 5, where financial literacy provided skills for 'solving financial problems' ( $M = 4.48$ ). In contrast, the lowest mean was for item 1, where financial literacy instilled 'entrepreneurial motivation' ( $M = 3.67$ ). This result indicated that financial literacy was not the main indicator motivating students to become entrepreneurs, but it was still at a moderate level.

## REGRESSION ANALYSES

To identify the interaction effects, Pearson's correlation test was performed to determine the relationship of the construct items. Table 7 depicts the correlation coefficients between dependent and independent variables. Results showed that correlation coefficients between the variables were significantly positive. Findings indicated there was a significant medium level of relationship between financial literacy and financial behaviour ( $r = 0.797$ ,  $p < 0.01$ ) respectively. This result supported the first hypothesis  $H_1$ , in which it was

TABLE 4. Means and standard deviations (SD) for financial literacy

Items	Statement	N	Mean	SD
L1	I understand my current financial situation.	530	3.10	.684
L2	I understand the risk of using a credit card.	530	3.45	.593
L3	All types of investment are profitable.	530	3.24	.804
L4	Buying insurance is important for protection in the future.	530	3.37	.572
L5	I am certain about where my money is spent.	530	4.08	.757
L6	Investment is important.	530	4.05	.745
L7	I set long-term financial goals and strive to achieve them.	530	3.36	.516
L8	I tend to do financial planning for my financial well-being.	530	3.26	.505
L9	I am prepared to risk some of my own money when making an investment.	530	3.11	.516
L10	I find it more satisfying to save money for future undertakings.	530	3.31	.636
	Total		3.43	.763

TABLE 5. Means and standard deviations (SD) for financial behaviour

No.	Statement	N	Mean	Std. Deviation
B1	I have a life insurance policy.	530	3.74	1.045
B2	I prepare a budget every month.	530	4.13	.567
B3	I maintain adequate financial records.	530	3.71	.627
B4	I contribute to an investment account.	530	3.67	.804
B5	I keep track of my expenses on a regular basis.	530	4.10	.652
B6	I get cash advances from my credit card.	530	3.62	.556
B7	I plan and implement a regular savings programme.	530	4.16	.742
B8	I compare prices when shopping for purchases.	530	3.65	.778
B9	I keep a close personal watch on my financial affairs.	530	3.42	1.059
B10	I read to increase my financial knowledge.	530	4.08	.542
	Total		3.67	.875

TABLE 6. Descriptive statistics

No.	Statement	N	Mean	Std. Deviation
E1	Instill entrepreneurial motivation.	530	3.67	1.059
E2	Preparing financial reports.	530	4.43	.567
E3	Managing working capital.	530	4.33	.650
E4	Preparing sufficient cash flows.	530	4.22	.804
E5	Solving financial problems.	530	4.48	.572
E6	Dealing with financial debts.	530	4.36	.556
E7	Understanding financial reports.	530	4.25	.624
E8	Estimating cost of a product.	530	4.20	.636
E9	Allocating financial resources.	530	4.15	.611
E10	Budgeting and planning financial resources.	530	4.37	.562
	Total		4.24	.756

TABLE 7. Pearson's correlation analysis

Variables		1	2	3
Independent Variables	1	FL	1.000	.797**
	2	FB	.797**	1.000
Dependent Variables	3	EM	.875**	.635**
			.635**	1.000

\*\* p < 0.01 level (2-tailed).

posited that financial literacy has a direct and positive relationship with financial behaviour.

Furthermore, the data revealed that the strongest relationship was between financial literacy and entrepreneurial motivation ( $r = 0.875$ ,  $p < 0.01$ ). The results suggests that an increase in financial literacy will result in strong entrepreneurship motivation among respondents. Accordingly,  $H_2$  was supported. In addition, financial behaviour also had a positive relationship with entrepreneurship motivation ( $0.635$ ,  $p < 0.01$ ). Hence,  $H_4$  was supported.

Multiple regression was used to determine the effects of financial literacy and financial behaviour on entrepreneurial motivation. This research applied the rule of thumb from Williams (2007) to calculate the sample size required since our sample size was sufficient. As the sample size for this research was 530, this indicates that the sample size complied with the rules.

#### EFFECT OF FINANCIAL LITERACY ON ENTREPRENEURSHIP MOTIVATION

Table 8 displays the findings of the influence of financial literacy on entrepreneurial motivation. The highest standardised beta coefficient was 0.919, which was contributed by L9, 'I am prepared to risk some of my own money when making an investment'. This result indicated that L9 had the strongest unique contribution in explaining the entrepreneurial motivation compared to other items. The second highest standardised beta coefficient was 0.912, which was contributed by L8, 'I tend to do financial planning for my financial well-being'. In contrast, the data demonstrated that L1, 'I understand my current financial situation', L2 'I understand the risk of using a credit card', and L7 'life insurance cannot guarantee protection for policy holders against financial burdens' had no contribution to explaining entrepreneurial motivation ( $p \geq .05$ ). This result supported the third hypothesis  $H_3$ , in which it was posited that financial literacy had a direct effect on accounting students' entrepreneurial motivation.

#### EFFECT OF FINANCIAL BEHAVIOUR ON ENTREPRENEURSHIP MOTIVATION

Table 9 shows that the highest standardised beta coefficient was 0.971, which was contributed by item B2, 'I prepare a budget every month'. This result indicated that B2 had the strongest unique contribution in explaining the dependent variable (entrepreneurial motivation) as compared to other items. The second highest standardised beta coefficient was 0.902, which was contributed by item B10, 'I read to increase my financial knowledge'. An increase of one unit in B10 resulted in an increase of 9.607 in entrepreneurial motivation. The data demonstrated that overall items of financial behaviour had a significant effect on accounting students' entrepreneurial motivation ( $p \leq .05$ ). Thus,  $H_5$  was supported.

#### SUMMARY OF EFFECTS ON ENTREPRENEURSHIP MOTIVATION

Table 10 shows the effects of financial literacy and financial behaviour on entrepreneurship motivation.

Based on Table 10, the R value was greater than 0.9, which indicates that the independent variables (financial behaviour and financial literacy) were highly correlated. The R-squared value of the model summary explained 86.3% of the variance in entrepreneurial motivation among undergraduate accounting students. The largest standardised beta coefficient was 0.619, which was contributed by financial literacy, while the standard beta coefficient of 0.404 was contributed by financial behaviour. These results indicated that financial literacy had a stronger unique contribution to explaining the dependent variable (entrepreneurship motivation) as compared to financial behaviour. Moreover, the unstandardised beta coefficient showed that an increase of one unit of financial literacy resulted in an increase of 0.981 in entrepreneurial motivation, while an increase of one unit of financial behaviour led to an increase of 0.377 in entrepreneurial motivation. In conclusion, the results of the multiple regression analysis indicated that there was a significant effect on entrepreneurship motivation when financial literacy and financial behaviour were regressed at the same time.

#### DISCUSSION AND CONCLUSION

This paper has explored the effect of financial literacy and financial behaviour on entrepreneurship motivation among accounting undergraduates. Additionally, the study endeavoured to discover the financial literacy, financial behaviour and entrepreneurship motivation levels among respondents. Results showed that accounting undergraduates had an average level of financial literacy. These results coincide with the findings of Shaari et al. (2013), who discovered that undergraduates had a moderate level of financial literacy. In the context of programmes, prior research indicated that accounting students had higher levels of financial literacy than students in human resource management, marketing, banking and finance (Oppong & Kansanba 2013). This is not a shocking finding, as the data reflect the nature of an accounting programme that emphasises financial and accounting knowledge. To some extent, accounting students are expected to have higher financial literacy as compared to students from other programme. Conversely, a study by Norvilitis (2006) reported that college and university students had low level of financial literacy. In addition, findings by Lusardi et al. (2010) also showed that high school students and youth still lacked financial knowledge.

Regarding students' financial behaviour, undergraduates were certain about where they spent their money. Students' financial behaviour can be defined as



TABLE 8. Effect of financial literacy on entrepreneurship motivation

Items	Unstandardised Coefficients b	Standardised Coefficients $\beta$	Sig.	95.0% Confidence Interval for $\beta$	
				Lower Bound	Upper Bound
L1	-.280	-.033	.733	-1.905	1.345
L2	-.531	-.055	.575	-2.403	1.340
L3	5.868	.818	.000	5.073	6.664
L4	9.210	.885	.000	8.413	10.006
L5	9.335	.905	.000	8.705	10.263
L6	.246	.881	.798	-1.653	2.145
L7	-.419	-.052	.593	-1.968	1.130
L8	9.330	.912	.000	8.693	10.250
L9	9.522	.919	.000	8.735	10.310
L10	7.853	.866	.000	6.978	8.728

TABLE 9. Effect of financial behaviour on entrepreneurship motivation

Items	Unstandardised Coefficients b	Standardised Coefficients $\beta$	Sig.	95.0% Confidence Interval for $\beta$	
				Lower Bound	Upper Bound
B1	3.349	.606	.000	2.503	4.196
B2	9.882	.971	.000	9.412	10.351
B3	7.083	.770	.000	5.951	8.215
B4	3.699	.652	.000	2.892	4.485
B5	.593	.067	.491	-1.107	2.293
B6	3.750	.688	.000	2.989	4.511
B7	-1.852	-.238	.013	-3.308	-.397
B8	3.640	.640	.000	2.842	4.453
B9	3.622	.623	.000	2.740	4.421
B10	9.607	.902	.000	8.723	10.491

TABLE 10. Model summary and coefficients

	R	R-Squared	Adjusted R-Squared	Unstandardised Coefficients b	Standardised Coefficients $\beta$	Sig.	Collinearity Statistics Tolerance
Entrepreneurship Motivation	.929	.863	.859	-14.974		.000	
Financial Literacy				.981	.619	.000	.578
Financial Behaviour				.377	.404	.000	.592

attitudes in terms of budgeting, spending and saving practices (Shaari et al. 2013). Respondents agreed that it was more satisfying to save money for future undertakings. Data showed that respondents planned and implemented a regular savings programme. This indicates that respondents were aware of the importance of savings and personal management in their study lives. Students need to have good attitude about money in order to have good control over their incomes (Norvilitis et al. 2006). In other words, they must bear in mind that it is necessary for them to practise savings habits in their lifestyles. Savings are considered important for each individual, especially university students who face the reality of life

after they have graduated from university. Students must create long-term financial targets and aspire to achieve them. This is in agreement with the statement of Remund (2010), who stated that financial literacy determines an individual’s level of apprehension regarding the fundamental idea of finance, behaviour, ability and trust in managing individual personal finances.

This study has shown that there is an association between financial literacy and financial behaviour. A general evaluation of the results has proved that improving financial literacy is one of the many ways to enhance autonomy and quality of one’s financial life. Therefore, effective financial decisions can be constructed

when students gain awareness and intelligence about the conception of financial management. As highlighted by Trunk and Dermol (2015), students with higher levels of financial literacy were able to make efficient and efficacious decisions regarding personal finance. This is apparent in students' potential to organise their personal finances, properly and consistently handle savings and have appropriate insurance. This research is consistent with prior studies (Chen & Volpe 1988; Vyviyan et al. 2014), which illustrated that financial literacy has an effect on students' financial conduct of the.

In the context of Malaysia, a study conducted by Delafrooz and Laily (2011) reported that students' saving behaviour was significantly influenced by financial literacy. In addition, Albeerdy and Gharleghi (2015) reported that through a study in colleges and universities in Malaysia, they found that financial knowledge had implications for students' financial behaviour. Ergün (2017) found that students with higher financial literacy tended to avoid using credit cards. Essentially, Ergun (2017) suggested that in order to boost better financial behaviour, it is helpful to encourage students to use debit cards rather than credit cards. Vodă and Florea (2019) indicated that undergraduates with excellent financial understanding will subsequently exhibit excellent financial behaviour.

In the context of entrepreneurship, the data demonstrated that financial literacy had a significant association with entrepreneurial motivation among accounting undergraduates. Results of this study revealed that both financial literacy and financial behaviour had a strong level of relationship with entrepreneurial motivation. This is similar to the findings of Wise (2013) and Oseifuah (2010) who found that financial literacy had an strong influence on attitudes towards the creation of new ventures among youth. Moreover, Valencia et al. (2015) claimed that students who have high levels of financial literacy have higher entrepreneurial motivation than students with low levels of financial literacy. Students with higher financial literacy are also better equipped with financial knowledge and take more effective action to start their business (Çolakoğlu & Gözükara 2016).

Financial literacy has been identified as one of the key managerial talents for entrepreneurs in determining the success of their business. Undoubtedly, the success of a business depends on the entrepreneur's ability to manage financial matters (Akca et al. 2018; Jappelli & Padula 2013). Wise (2013) has argued that financial literacy enables entrepreneurs to make effective decisions in utilising financial goods and operations. It is pivotal for entrepreneurs to acquire the key financial concepts of management in order to operate their businesses (Sucuahi 2013). This is consistent with the findings of Dahmen and Rodriguez (2014), who revealed that financial management skills are important in understanding financial reports and generate financial ratios for business success. Entrepreneurs with high levels of financial literacy will be able to read

and visualise the fundamental meaning of financial statements as well as to make effective decisions in terms of budgeting and planning financial resources. This is similar to the findings reported by Musie (2015) that financial behaviour affects decision-making with respect to managing working capital to ensure effective business performance and economic development. Moreover, Sucuahi (2013) argued that financial management skills boost entrepreneurial motivation and at the same time increase business productivity. In fact, entrepreneurs are significantly devoted to the economic expansion of a country. As indicated by Raza et al. (2018), entrepreneurship is a cornerstone of a country's economy and generates a domino effect in the society.

In conclusion, this study illustrates that financial literacy affects entrepreneurship motivation among accounting students. Financial literacy is one of the vital components in the advancement of entrepreneurship among young entrepreneurs. Similarly, financial literacy positively contributes to good financial behaviour. Thus, there is a need for young entrepreneurs to enhance their financial skills so as to attain business success in the future. The education system in higher institutions should emphasise financial and entrepreneurial education, as it plays a critical role in reinforcing the entrepreneurship spirit. Universities should offer diverse financial courses, seminars and training that focus on financial management skills aimed at embedding financial knowledge and effective financial practices. Students from different age groups, backgrounds and programmes can enhance their financial knowledge by attending financial courses or seminars related to finance. The data showed that even though accounting students had attended one or two entrepreneurship courses, these experiences did not contribute significantly to entrepreneurial motivation. Therefore, universities must revise the curriculum to ensure that the course is able to influence students' entrepreneurial motivation. A more integrated education curriculum should be designed by higher education institutions, and effective policy mechanisms should be developed by policymakers to strengthen students' entrepreneurial motivation.

This paper has several limitations. As the targeted samples were three selected universities, future research should use a larger sample from all private and public universities in Malaysia that offer accounting programmes. This study did not make comparison between accounting students and non-accounting students; thus, future research can include non-accounting students to compare financial literacy, financial behaviour and entrepreneurship motivation between accounting students and non-accounting students.

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