

MODERATION EFFECT OF GENDER ON FINANCIAL LITERACY, MONEY ATTITUDE, FINANCIAL STRAINS AND FINANCIAL CAPABILITY

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Abstract

The current economic volatility has affected the financial situation of individuals, particularly so in the case of the younger generation. This has given rise to growing concerns regarding financial literacy and money attitude as the resultant financial strain has brought about repercussions in the financial situation of individuals and their financial capability, affecting their lives. The study aims to examine the moderation effect of gender on financial literacy, money attitude, financial stress, and financial capability. In selecting the sample study from the states of Perak, Selangor, Federal Territory of Kuala Lumpur, and Federal Territory of Putrajaya in the central zone of Peninsular Malaysia, the study utilised the multi-stage random sampling method. A total of 508 respondents were selected comprising young employees aged 40 years and below working in public and private agencies in Malaysia. The total return rate was 84.7%. The study used a multi-group analysis of structural equation modelling with AMOS software in analysing the data. In testing the moderating effect in overall models, the results show that gender has moderating effect on the overall model χ^2 . Specifically, in testing the individual paths, the results revealed insignificant moderating effect of gender on financial stress, money attitude and financial capability. The implications and recommendations are discussed in this study.

Keywords: Gender; Financial Literacy; Money Attitude; Financial Strains; Financial Capability

Introduction

Malaysian individuals and households have become increasingly concerned about their financial management in the effort to protect their standard of living in the long term. This is due to the rising cost of living which has impacted people's spending, saving, and investing especially for young adults who felt the challenging circumstances. The young adults or prime adult is defined as an individual between 20 to 40 years of age (Erikson, 1997; National Youth Development Policy of Malaysia, 1997). During this period in their lives, they make crucial choices concerning marriage, family, work and lifestyle. They adopt more serious traits when they enter their thirties. Based on Levinson's (1986) thirty transition life cycle, individuals in their thirties may increase their financial and emotional investments. However, even though some of young adults may have been employed long enough to have been promoted and got salary increases and may have begun to focus on developing their careers to gain stability in their personal lives, some might have comparatively smaller incomes and fewer assets such as homes and savings. As a results of comparatively small income, The Consumer Research and Resource Centre (2012) on their study, found out that 15% of young employees have no savings and 37% of them live beyond their means.

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The difficulties facing by the young adults gaining the attention of the researcher on field of financial management. Past researcher such as Murugiah, 2016; Sabri & Zakaria, 2015; Roberts & Jones, 2001; Henry, Weber, & Yarbrough, 2001 and Parotta & Johnson, 1998, believe that young adults have begun to enter the phase where they need to make more complex financial decisions and live in a consumer culture where credit and debt is easily available. The high rate of financial debt and credit card usage among young adults (Lachance, Beaudoin, & Robitaille, 2006; Joo, Boddington & Kemp, 1999), has experiencing those to high levels of financial strain and dissatisfaction (Roberts & Jones, 2001). Knowing to the fact to the difficulties that lingering around young adults, past researcher therefore in order to determine the factor contributing towards young adults capabilities, shift their focus on gender differentiation where they found out that both male and female have different capability in handling the money. Studied done by Sabri and Zakaria (2015), found out that men were more capable in managing money compared to women where women tend to spend as many as five more years than men in retirement due to longer life expectancy.

Financial incapability among young adults is also the result of a lack of knowledge and skills, which leads to lower financial well-being. Lusardi, Mitchell and Curto (2010) in their study on financial literacy among young adults found that young consumers are confronted with complicated financial decisions in today's demanding financial environment. Many of today's young adults lack financial knowledge. This is evident from their responses when asked about financial matters, particularly concerning saving for retirement, investing, credit cards and debt. Though, general financial literacy among young were well unknown low, but from gender perspective, women were more less literate compare to male. This statement were agreed by Zissimopoulos, Karney and Rauer (2008), where they found out that women with college educated background not able to answer the questions of basic compound interest compare to male with same education background. In study research done by Janor, et al., (2016) among university student found out that male students are more financially literate than female when questions such as knowledge, attitude and experience were asked. At present, many countries are struggling to achieve economic prosperity and this is difficult for young people with no knowledge of budgeting to attain financial security. This somehow prove the statement from AKPK (2012), where they found out that most of young adults fail to plan their expenses especially in term of big expenses things such as house, car and expensive gadget as the results of low level of financial literacy.

Apart from the importance of financial literacy in financial environment, people's attitudes toward money also play important part as people's attitude are unpredictable, especially so in the 21st Century. The views toward money have changed over time and young adults are now being raised in a society that comfortable with debt as staying out of debt is no longer valued as an important social norm (Diamond & O'Curry, 2003). This is because today's young adults engage in compulsive buying hence they been brought up in a culture of indebtedness and immediate gratification (Autio, Wilska, Kaartinen & Lahteenma, 2009). On top of that, the levels of compulsive buying among young adults have been rising, resulting in increased personal financial problems, credit card debt and bankruptcies. This negative money attitude has led to

young adults feeling unhappy and dissatisfied, affecting their future financial and emotional well-being. The evidence from previous study also found the relationship between money attitude and financial management where the attitude towards money may act differently based on gender and general beliefs, thoughts, values and behaviour (Dowling et al., 2009; Lim & Teo, 1997). Male and female might have different ways in treating the money. On the other hand, Furnham, Stumm and Fenton-O'Creevy (2015) agreed that attitude towards money act differently between male and female. They classified female as worried spender where female treat shopping as part of therapy and worried about money later.

Young adults desire to achieve financial freedom without realizing the accompanying financial commitment leads them to difficulties for them to meet their financial obligations. On top of that, buying a home is probably the most important purchase young adults ever make. A home loan is likely to be not only the biggest household expense, but also the largest financial commitment of their lifetime. Choosing a financial package can be one of the most stressful and important decisions in their life. Young adults thus tend to carry higher debt burdens compared to older adults (Yilmazer & Devaney 2005) and without the necessary knowledge of personal finances, many of them end up struggling to manage their personal finances effectively. Apart from that, 50% of those who seek financial advice from the Credit Counselling and Debt Management Agency (CCDM or AKPK) are below the age 40 and 77% of young employees feel that their ability to manage their own finances is poor. Weir and Willis (2000) noted that female are at higher risk of financial problems as retirements approaching because of insufficient savings.

The findings of the 2011 report of the Federation of Malaysian Consumers Associations (FOMCA) reveal that Malaysians who were under 40 years of age comprised the majority of those declared bankrupt mainly due to credit card debt with 72% of them not having any retirement plans. In addition, 47% of young employees were reported to be in serious debt with monthly debt payment of 30% or more of their gross income. Adding to the problem, they had only four months' savings on average to tide them over if they stopped working. Besides that, the statistics from the Department of Insolvency Malaysia reveal that until September 2013, the highest number of bankruptcies involved those aged 25 to 44 years mainly due to hire purchase and personal loans. This represented 54.4% out of all age groups, clearly showing that young employees have poor financial management skills especially in long-term financial planning. With the recent scenario that happen to the young workers, there is a growth concern on the capability of young workers in managing their own money. The ignorance of managing the money might as well lead to the financial strain and eventually lead to serious mental and health problem later. As the level of financial strains rising up among young's, women according to American Psychological Association (2015), reported to be at unhealthy behaviour to manage stress and having hard time to coping with the problems.

Further studies concerning financial problems experienced by these young employees are needed to obtain more accurate information on their level of financial capability and the findings can be used to enhance the development of financial education in the future. In order to ensure continued personal and financial well-being, it is crucial for individuals to learn or revisit the basics of budgeting, how to manage

credit, protect assets and build savings, and prepare for retirement. The present situation and the resultant problems have become worrying. As such, this study aims to understand the relationship between financial literacy, money attitude, financial strain and financial capability in the case of young adults working in the public and private sectors in Peninsular Malaysia. In addition, this study aims to investigate the moderating effect of gender on financial literacy, money attitude, financial strain and financial capability. The study hopes that a greater understanding of the financial capability of young employees will help them to become financially prudent and thus reduce the number of bankruptcies among young employees in the long term.

Literature Review

1. Financial Literacy

Being financially literate persons enables people to make informed decisions regarding their money and this reduces the prospect of their being misled in financial matters (Beal & Delpachitra, 2003). Unfortunately, studies have shown that the financial literacy of young adults is considered to be low due to the increasing complexity of the financial world. In the US, for example, young adults have inadequate knowledge of personal finances. They fail to make correct decisions because they do not receive sound education in personal finance. Eitel and Martin (2009) stressed that financial literacy is important in ensuring the well-being of future generations. The consequence is a negative savings rate, a situation that needs to be dealt with for the financial well-being of future generations (Nellen & McWilliams, 2008). In another study, Hayslip, Bezerlein, and Nichols (1997) reported that young adults have high levels of retirement anxiety as they lack adequate information about retirement while Mitchell and Moore (1998) found that individuals do not plan for retirement because of a lack of financial knowledge.

OECD's study regarding financial literacy (2005) reveals that many countries, including developed ones, are confronted with the problem of a low level of financial literacy. The report states that 71% of young adults in Japan have no knowledge of investment in equities and bonds. The level of financial literacy in the US and Korea is similarly low. In surveys conducted in these countries, high school students failed a test that measured their ability to choose and manage a credit card or save for retirement. In the Malaysian context, financial literacy among young adults has also been found to be low. Due to the lack of knowledge regarding credit cards, loans and repayment of loans, 70% of these young adults feel that their ability to manage their own finances is very poor, leading to lower financial satisfaction. Alarmed by the rising number of bankruptcy cases among young adults, the Federation of Malaysian Consumers Associations (FOMCA) took the initiative to launch Financial Literacy Month in the effort to ensure their financial and personal well-being (FOMCA, 2011).

Therefore, Hilgert, Hogarth and Beverly (2003) in their research state that in order to improve financial well-being, people require knowledge and skills in order to manage their personal and household finances. Individuals with greater knowledge and understanding of finances and who possess financial management skills are better able to make good financial decisions, which lead to their life satisfaction. Individuals who are not financially literate will be unable to select the appropriate

savings or investments for themselves. Being financially illiterate also puts them at risk of fraud. Previous study also found the gender gap in financial literacy. Study by Fonseca, Mullen, Zamorro & Zissimopoulos (2012), revealed that men more often than women in financial decisions within households thereby acquiring more financial knowledge. Women (unmarried or married) also shown same level of known less about financial matter (Grahmann, 2016). Wagland and Taylor; 2009 and Bucher-Koenen and Lusardi (2011), also found that female were more financial literate than males. According to a report by National Financial Literacy Strategy (2011), financial literacy aids individuals and households to meet their financial goals and secure their financial well-being in terms of social inclusion. Financial literacy does not only encompass increased knowledge of money matters. It also includes the empowerment of consumers to make better financial decisions that lead to greater financial well-being.

2. Money Attitude

The role of money is not limited to being a medium of exchange in the current materialistic environment. It has also become the means and the end to happiness and well-being. While money speaks a common language in the consumer culture, attitude towards money exerts an influence over every area of life such as savings, spending, ideology, work performance and attitude towards the environment (Phau & Woo, 2008). The power of money lies in its ability to impact on people's well-being and cognition and to produce anxiety and unhappiness in those who lack it (Furnham, 1996). Money has been recognized as an important factor to attract, retain and motivate employees as well as significantly impact individuals' behaviour, performance and effectiveness in organizations (Milkovich & Newman, 1993).

In their study of the connection between individuals' orientation toward money and their life satisfaction, Nickerson, Schwarz and Diener (2007) found that people with high materialism or who are obsessed with money tend to be more satisfied with their finances as they are able to fulfil their material desires. This suggests that individuals with high financial aspirations can have greater personal financial well-being provided their financial aspirations are realistic.

Lim, Teo and Loo (2003) who conducted a study among the Singapore Chinese population concluded that in the Asian context, gender differences in money attitude may be linked to changes in gender role socialization and traditional expectations. In Asian societies, men are expected to be head of the family while women are expected to manage the household. This may account for men having a power-money attitude. Women, on the other hand, are concerned with the family budget, accounting for their retention-money attitude and their tending to view money as a means in the acquisition of valuable possessions.

However, less attention has been given to the psychological and symbolic aspects of money in predicting financial well-being. The understanding of money attitudes and the relationship of these attitudes towards financial well-being may help to show how the money variables that encompass the personality, cultural and economic aspects are related to financial well-being.

3. Financial Strain

Financial strain is the unpleasant feeling that individuals might experience when they are unable to meet financial demands, cannot afford the necessities of life and have insufficient funds to make ends meet, thus forcing them to reduce their standard of living, borrow to pay for monthly expenses or be even unable to pay for them. While the terms “financial strain”, “financial stress” and “financial pressure” are often used interchangeably (Davis & Mantler, 2004), the term “financial strain” is specifically used to measure the degree of the main stressors people cope with. Taylor (2009) examined the factors contributing to financial well-being and found that financial strain is a good predictor of financial well-being. The financial strain highlighted in the study include worries about the inability to pay medical bills and being depressed because of having little or no saving. As well as being related to an individual’s financial well-being, financial strain also affects an individual’s work productivity. This is as dissatisfaction with personal finances can lead to lowered workplace morale and a reduction in productivity (Garrett, 1993). Numerous studies have found financial responses and financial practices to be methods to achieve a satisfactory level of financial well-being (Kim, Aldrich & Keister, 2004; Porter & Garman, 1993; Scannel, 1990). Furthermore, research on financial distress and financial stress indicate a correlation between financial management behaviour and financial well-being (Xiao, Sorhaindo & Garman, 2006; Garman & Sorhaindo, 2005; Kim et al., 2004; Kim, Garman & Sorhaindo, 2003). In other words, an individual’s low financial well-being arises from the financial strain faced by the individual.

In the workplace, financial strain is linked to absenteeism from work (Kim & Garman, 2003). Lack of household insurance may render individuals unable to do home-based work as insurance may be required for certain equipment. Yet others may be worried about leaving their homes (Speak & Graham, 2000). Research conducted by the FSA in 2006 shows that low levels of financial well-being are associated with higher levels of mental stress. Research also indicates that 72% of males and 70% of females suffer due to financial strain and it makes sense, then, to address financial issues which may be contributing to their poor mental well-being. Hence, on average, women are less financially literate than men as women less prepared to take critical steps such as buying house and saving for retirement as they much depend on partner in doing leading them to financial stress (National Financial Educators Council, 2017).

4. Financial Capability

The four key components of financial capability which comprise managing money, staying informed, planning ahead and choosing products (Financial Industry Regulatory Authority [FINRA], 2009& OECD, 2005) have been the focus of many studies on financial capability. Financial capability requires financial literacy. However, it also requires access to appropriate financial products. This is to say that financial capability requires not only the ability to act which is the knowledge, skills, confidence and motivation, but also the opportunity to avail oneself of the beneficial financial products offered by financial institutions. Ability, opportunity and financial capability contribute to a person’s financial well-being (Johnson & Sherraden, 2007).

Further, findings of the survey by the Financial Services Authority (FSA) in 2006 shows that young adults often have a poor basic understanding of personal finance. The findings further reveal that poor financial capability is a major reason why adults do not access nor benefit from financial services. Their financial exclusion is reflected in an estimated two million adults in the UK not having a bank account. In Malaysia, women were reported have less savings in retirement scheme compared to men hence the women income were relatively small than men (Employees' Provident Fund, EPF, 2016). Falahati and Paim (2012), on their study towards university students in Malaysia, found that male doing better in managing money due to earlier socialization during childhood. A summary of the evidence in the Financial Capability Survey, the Thoresen Review (2008) and Atkinson et al. (2007) found that the group that those most likely to lack financial capability were those below the age of 45 years, female, married or living with a partner, with low income, living in a rented home and had low levels of education, literacy and numeracy.

5. Moderation Effect of Gender

Based on Gender Theory (England, 1993), both gender men and women react differently to general beliefs and values about money. The gender perspective looks at the impact of gender on people's opportunity, social roles and interactions. Gender was used as a moderator to investigate the difference between a group of young employed males and females in Malaysia. "Moderator" refers to the variable that may buffer or alter the relationship between independent variables and the dependent variable. A moderator is the variable that may change the relationship between the variables being measured (Little, Card, Bovaird, & Crandall, 2007). In general, few studies have focused on the differences between the genders in decision making (Francis, Hasan, Park, & Wu, 2015), marital adjustment (Okoh, 2011) and financial management (Falahati & Sabri, 2015). However, till to date, there is no study that has investigated the effect of gender as a moderator on the relationship between financial literacy, money attitude, financial strain and financial capability among young employees in the Malaysian context.

The current economic growth in Malaysia has provided better access to education, public transportation and health. It has also raised the cost of living, more so with the implementation of the 6% Goods and Services Tax (GST) in April 2015. In addition, increases in the prices of goods and services in the market place has created an additional burden to employees trying to make ends meet. Furthermore, women and men have relatively different levels of financial literacy (Chen & Volpe, 2002; Leila & Laily, 2011; Lusardi & Mitchell, 2011) with women being less informed on financial matters and men tending to have more knowledge concerning credit and risk management.

As such, the differences between males and females regarding the relationship between money attitude and financial strain on financial capability require further study. Further examination of the moderating effect of gender to explain the differences in their financial capability is important in helping to improve their financial knowledge and positive money attitude. In addition, investigating the differences in financial strain between males and females may provide a better platform to support young employees to improve their financial situation throughout their lives. The study

thus aims to examine the moderating effect of gender on the financial literacy, money attitude, financial stress, and financial capability of young male and female employees in Malaysia.

3. Methodology

3.1. Population and Sampling

A multi-stage random sampling technique was used to select the sample study in the central zone of Peninsular Malaysia, namely in Perak, Selangor, Federal Territory of Kuala Lumpur and Federal Territory of Putrajaya. A total of 600 young employees were selected as respondents using sample size by Krejcie and Morgan (1970). Five states in the central zone were randomly selected in the first stage. The target was to obtain 150 respondents in each state. At the second stage of random sampling, public agencies located in Perak and Federal Territory of Putrajaya were selected from a list of government departments, obtained from their websites. A list of private agencies in Federal Territory of Kuala Lumpur and Selangor was then obtained from the Malaysian Employers Federation (MEF) in selecting the sample. 600 questionnaires were distributed and 92 were returned as undelivered. The total return rate was 84.7%, reducing the total sample size to 508.

3.2. Instrument and Measurement

Self-administered questionnaires were used as the study instrument. The main study comprised five sections which included the respondent's profile, financial literacy, money attitude, financial strain and financial capability. All sections used close-ended questions for simplicity, easy analysis and to save participants' time. A discussion of the measurement of the variables is presented next.

3.2.1 Respondent's Profile

The respondents were asked to state their demographic characteristics which included gender, age, marital status, ethnicity and monthly household income.

3.2.2 Financial Literacy

The study measured financial literacy using the instrument developed by Sabri, Masud and Paim (2006) based on the Malaysian context. The instrument consisted of 34 statements requiring true or false answers. In this section, the respondents were asked to provide true or false answers based on statements concerning general financial knowledge, credit card, debt and loan, Islamic banking and products, savings and investment. Each correct answer was given one point while each false answer was given zero point. Item analyses with correctly identified items were totalled and the score was transformed into a percentage. Scores with a higher percentage signified a greater degree of financial literacy.

3.2.3 Money Attitude

The six dimensions in Furnham's Money Beliefs and Behaviors Scale (MBBS) were adopted to measure money attitude. These comprised obsession, retention, inadequacy, effort, power and security. Respondents were required to respond to 24

items describing their feelings and experiences on a five-point Likert scale which ranged from strongly disagree (1) to strongly agree (5).

3.2.4 Financial Strain

This study measured financial strain using the instrument developed by Aldana and Liljenquist (1998) and involving seven items. Respondents were required to respond to statements about the financial strain they experienced in the last six months using a three-point Likert Scale ranging from never (1), sometimes (2) and always (3). The statements were: "I am unable to sleep well as I worry about bills to be paid"; "I've been depressed due to lack of money" and "Current financial situation makes me more anxious" Higher scores represented higher levels of financial strain.

3.2.5 Financial Capability

To measure financial capability, respondents were asked to respond to twenty statements encompassing four different areas or domains (OECD, 2005) which were managing money, staying informed, choosing products and planning ahead, with each domain comprising five questions. The managing money section covered record keeping, planning for unexpected expenses and knowing where respondents stood regarding their finances. The staying informed section included the steps that respondents took to stay well-informed and used information and advice. The choosing products section included basic knowledge of financial products, confidence in selecting appropriate financial products and the extent of trust in financial advisers. The planning ahead section sought to distinguish between those who planned ahead and those who had adequate provision by default rather than by design. Participants were required to respond using the five-point Likert Scale which ranged from strongly disagree (1) to strongly agree (5).

3.3 Reliability of Measurements

Reliability coefficient analysis was performed on money attitude, financial strain, and financial capability questions to test the internal consistency reliability of the items used in the survey instrument. Rubin and Babbie (2005) suggest that internal consistency reliability is considered to be excellent when the alpha value is at about 0.90 or above, considered good when around 0.80 to 0.89, and a somewhat lower alphas can be considered acceptable. Table 1 presents the reliability coefficient for the pre-test and the actual test as measured using Cronbach's alpha. According to the table 1, Cronbach Alpha value for each variables are more than 0.70 indicate all the variables were higher internal consistency to perform next stage of analysis.

Table 1: Reliability Test

Section	Items analysed		Reliability coefficient (Cronbach's alpha)	
	Pre-test	Actual test	Pre-test	Actual test
Money attitude	22	24	0.784	0.805
Financial strain	7	7	0.803	0.838
Financial capability	20	20	0.896	0.937

Data Analysis and Results

1. Profile of the Respondents

Table 2 showed that 61.6% were female and 38.4% were male. More than one-third (35.4%) of the respondents were between 26 to 30 years old. The mean age reported was 31.2 years old. By combining categories, 68.5% of the respondents have married and the remaining respondents (31.5%) were never married. Majority of the respondents were Malay (90.4%) and followed by Chinese (4.5%), Indian (3.7%) and others were 1.4%. Household income refers to total income accrued to members of a household, both in cash and or in kinds on a regular basis in one year or more often. The result shows that about half (51.1%) of the respondents had monthly household incomes above MYR3,500. However, one-tenth (11.8%) of the respondents reported below MYR1,500 of monthly household income. Mean monthly household income of the respondents was MYR4,937.66 which is slightly lower than mean monthly urban household income indicated by Economic Planning Unit Malaysia in 2012 which was MYR5,742.

Table 2: Demographic Characteristics of the Respondents (n=508)

Demographic	Characteristics	n	%
Gender	Male	195	38.4
	Female	313	61.6
Age	20-25 years	68	13.4
	26-30 years	180	35.4
	31-35 years	159	31.3
	36-40 years	101	19.9
Marital status	Single	160	31.5
	Married	335	65.9
	Widow/widower/divorced/separated	13	2.6
Ethnicity	Malay	459	90.4
	Chinese	23	4.5
	Indian	19	3.7
	Others	7	1.4
Monthly household income	< RM1, 500	57	11.8
	RM1, 500- RM3, 500	179	37.1
	Above RM3,500	247	51.1

2. Measurement Model

The study empirically assessed the proposed research model with the most common SEM estimation procedure which is maximum likelihood estimation. This was done by

utilising a two-step structural equation modelling using AMOS software. The first step of the SEM was conducted to assess the measurement model. This analysed the reliability of the research items. AMOS 18.0 was used to make a confirmatory factor analysis (CFA) of the measurement model. The measurement model reflected adequate model fit (Anderson & Gerbing, 1988; Hair, Black, Babin, Anderson, & Tatham 2006). Table 3 shows the factor loadings, composite reliability, and average variance extracted (AVE) for our constructs variable.

Table 3: Validity

Construct	Factor loading	AVE	CR
Financial capability	86	0.608	0.875
Financial strain	97	0.723	0.833
Financial literacy	85	0.850	0.828
Money attitude	95	0.643	0.867

Standardized factor loadings were used to assess the convergent validity for each research construct (Anderson & Gerbing, 1988). The findings indicated that each factor loading of the reflective indicators ranged from 0.85 to 0.97. This exceeded 0.50 which is the recommended level. Each factor loading on each construct was more than 0.50. Thus this established the convergent validity for each construct. To assess discriminant validity for the research variables, the AVE was calculated (Hair et al., 2006). According to Awang (2015), the value of AVE should be 0.5 or higher for the validity to achieve. Based on the AVE provide on the table above, it ranged from 0.608 to 0.850 (Anderson and Gerbing, 1988; Hair et al., 2006) which indicate the validity achieved. On the other hand, CR or Composite Reliability should be 0.6 or higher based on Awang (2015). The value of CR on this study are more than what is required, therefore the composite reliability for a construct is achieved.

Table 4 shows the discriminant validity of the construct. The square root of the AVE between each pair of factors was higher than the correlation estimated between factors, ratifying its discriminant validity (Bagozzi & Yi, 1988; Hair, Black, Babin, & Anderson, 2010). Awang (2015), indicates the discriminate validity as a construct that free from redundant items. The requirement for discriminant validity is the correlation between exogenous construct should not exceed 0.85. Table 4 below, show that all the figure does not violate the requirement of discriminant validity.

Table 4: Discriminant Validity

Constructs	Financial strain	Financial capability	Financial literacy	Money attitude
Financial strain	0.674			
Financial capability	0.299	0.712		
Financial literacy	0.305	0.127	0.669	
Money attitude	0.462	0.329	0.421	0.705

3. *Structural Model*

The study then moved on the next step, which is the structural model. Table 5 below shows that the research model indicates the acceptable goodness-of-fit indices.

Table 5: Model Fit

CMIN	DF	CMIN/DF	RMSEA	GFI	IFI	TLI	CFI
698.982	291	2.402	.053	.885	.871	.929	.929

Table 6: Structural Model Results

Hypothesized		Estimate	S.E.	C.R.	P
relationship					
Financial capability	<--- money attitude	.029	.041	.229	.019
Financial capability	<--- financial strain	.084	.046	1.828	.068
Financial capability	<--- Financial literacy	.030	.008	2.440	.015

The findings shown in Table 6 indicate that financial literacy and money attitude have a relationship with financial capability. However, no significant relationship was found between financial strain and financial capability. The results indicate a significant relationship exists between financial literacy and financial capability, and between money attitude and financial capability among young employees in Malaysia. However, the inclusion of financial strain does not contribute to their financial capability.

4. Testing the Moderating Effect

To determine if gender is a moderator of the model's causal, the study conducted a multi-group analysis. First, the model was estimated on each of the two sub-groups separately. This was to confirm that it had acceptable fit for each group. A multi-group analysis then compared the two groups in association with the varying group. A comparison was then made of a constrained model, with structural parameters that were not different across the two sub-groups of subjects, against an unconstrained model, with all structural parameters that could be changed across the two sub-groups. Model Fit and a comparison of the χ^2 (CMIN), df and p between Unconstrained and Measurement Residuals showed both the models were significant ($p < .05$). However, the unconstrained model was better (χ^2 is smaller) than the measurement residuals model in this study. Then, to test significance of the χ^2 difference, Model Comparison was clicked and focus was on the "Assuming model Unconstrained to be correct" since the difference was significant ($p < \alpha$). The conclusion is there is some form of moderation effect of gender (male, female) on the overall model χ^2 . The result of the moderating effect is shown in Table 7.

Table 7: Moderation Test of Gender on Relationship between Financial Capability and Constructs Variables

Construct	B	P	CR Differences
Money attitude			
Female	.011	***	.165
Male	.006	***	.122
Financial strain			
Female	.095	**	1.353
Male	.075	.215	1.266
Financial literacy			
Female	.024	.032	2.145
Male	.015	***	1.260

Note: * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

Table 7 shows how gender moderates the three constructs towards financial capability. It can be seen that gender has significant moderating effect on financial stress, financial literacy and financial capability but has a substantial moderating effect on money attitude. The findings of the moderation effect of gender on the relationship between money attitude, financial strain, financial literacy and financial capability reveal females are more financially literate than males. This finding is, however,

contrary to a previous study that found women are more illiterate than males (Ingvarson, Haynes, & Dunt, 2007; Lusardi & Mitchell, 2011).

Discussion

The findings of this research confirm that money attitude and financial literacy have a significant relationship on financial capability in the case of young employees in Malaysia. In addition, an examination of the moderating effect of gender on financial capability reveals that males and females display different levels of financial literacy and financial strain. Whereas, there is a differences in money attitude and between the genders. Further, the findings reveal that males and females exhibit different levels of financial capability. The moderation effect of gender on the relationship between money attitudes, financial strain, financial literacy and financial capability reveals females are better than male however, male were more financially literate than female. As the findings reveal men are more financially literate than females, this provides better hopes for women to improve their financial capability. Women are the pillars in the household and thus working women have responsibilities for household chores, work commitments, school-going children and themselves. Hence, women play a crucial role as effective agents of socialization in educating their children on money matters. The same applies to men. Males with higher financial literacy may guide their families to make the best decisions related to money. However, both women and men should be provided with the necessary information, knowledge and skills in financial matters to become informed consumers. Hence women less knowledgeable in financial matter, thus, financial education in the form of workshops for example, should be provided in the workplace. These should not just comprise talks on financial matters but should also encourage audience participation. In this way, a combination of theory and practical application will enable the participants to apply what they learn to their own lives, raising their financial capability. Male on the other hand, not capable in handling the financial strain as what reported in the results above. It is because male were likely to feel pressure to be main earner in the family and tend to keep the pressure with themselves (Huffpost, 2016). Financial advice and counselling should put the worries at ease among the male as they can share the burden happen around them.

Nevertheless, the contribution of different factors in predicting financial capability among young male and female employees reveals the importance of gender studies in understanding the financial situation of young employees in Malaysia. The implication of this study especially for employers is that they should provide easy access and platforms to employees to get information, knowledge and practical assessment of financial matters by organizing financial education programmes. The effectiveness of such programmes will contribute to better money management and a better attitude towards money. Employers can also collaborate with the Credit Counselling and Debt Management Agency (AKPK) to provide free financial education programmes to help young employees avoid bankruptcy. The initiative of organising financial education programmes may provide male and female employees better access and opportunities to get a clear picture of their financial situation and to achieve financial capability. It is hoped that better access to information, knowledge and skills related to financial matters will enhance individuals' ability to manage their money, stay

informed, choose appropriate financial products and be better able to plan for their financial future.

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