

CHAPTER 5

DISCUSSION, IMPLICATION AND CONCLUSION

5.1 Introduction

This chapter provides a discussion about the analysis results in previous Chapter 4. The chapter begin with a discussion about the factors of indebtedness, and the relationship between factors of indebtedness with working behavior (job satisfaction, retention, work-life balance). Following this, the chapter explains the implications of this study. Finally, the chapter explains about the limitation and suggestion for future study.

5.2 Factors of indebtedness

A statistic shows that there were 45,147 out of 80,625 bankruptcy cases were among Malays. In percentage, 56% of the figure involving Malays as compared to other races which are Chinese, Indians and others with 26%, 11% and 6.7 % respectively (Berita Awani Online, 17 October 2019). Therefore, this study is conducted to understand the main reason that contribute to bankruptcy, which is indebtedness. In specific, this study examines the factors of indebtedness among Muslim (Malay) youth in the area of *Projek Perumahan Rakyat (PPR)* in Kuala Lumpur. In addition, this study examines the correlation between the factors of indebtedness (credit card loan, vehicle

loan, personal loan) and work behavior such as job satisfaction, retention and work-life balance.

Based on the analysis results in previous Chapter 4, there are various factors of indebtedness such as credit card loan, housing loan, vehicle loan, education loan, researcher can conclude the factors of indebtedness are housing loan, vehicle loan, education loan and personal loan.

5.2.1 Credit card loan

From the credit card loan table, it shows only 7.6% of Muslim youth make a credit card loan. They choose to make the loan because of they did not have enough money to pay other expenditure and they feel like they are afforded to pay back the credit card loan. They also feel by using the credit card it will make their purchasing things become easier by only swapping the credit card on the machine. Additionally, they also did not have enough knowledge and information about the negative effects of credit card loan if they could not manage to pay back the loan.

Basically, credit card ownership function is to reduce one's purchasing power. But many people think otherwise of it. The findings from Yasmin and Anuar (2017) show that less than half of respondents have an understanding of credit card ownership, and the credit card owners are easily fooled by hidden payment charges.

However, 92.4% of Muslim youth are not purchase a single of credit card loan and it give good news to societies and relatives because from that, we are free from encouragement of make credit card loan. Positively, youth nowadays seem have a good knowledge about credit card loan for instance the amount of interest in the purchase. Youth also know the weaknesses of credit card loan will be a huge burden to them. The consequences of credit card loan will make youth more knowledgeable and more careful in any situations.

5.2.2 Financial loan

Furthermore, from the financial loan part, it shows that 34.3% of Muslim youth make a financial loan. The financial loan is also has its own dangerous. Youth tend to make this financial loan due to did not have enough saving money. The financial loan here are including housing loan, education loan, vehicle loan and personal loan.

5.2.2.1 Housing loan

From the findings, this study found that there are 10.5% of Muslim youth are making a housing loan. The advantage of housing loan such as bank offered a low house loan repayment with low interest level that make youth not hesitate to start make a loan. Even though cost of house increasing per month, youth cannot avoid from having their own asset for their family life. Especially for newlyweds who are just start a new life with new family need a house as their safety.

5.2.2.2 Vehicle loan

In addition, 7.6% of the Muslim youth make a vehicle loan. When grow up, youth are usually applying job to make money and to pay their basic needs. Through it, youth are normally buying vehicle to help make them easier to go to the workplace. They tend to have their own vehicle instead of using public transport because it is more comfortable and no need to compete with other passenger in buying the public transport ticket. Another reason that encourages youth to make a vehicle loan is because buying a vehicle will not require them to pay a deposit. The finding of this study is in line with previous study by Nur Aisyatul and colleagues (2015) who found that the most widely used debt is to buy a vehicle.

5.2.2.3 Education loan

This study found that only 1.9% of Muslim youth in this study making an education loan. There are number of potential reasons that contribute to this low percentage. First, youth can apply educational scholarship from government (i.e Jabatan perkhidmatan Awam, Majlis Amanah Rakyat, Yaysan Negeri) and private agencies (i.e Petronas, Tenaga Nasional Berhad, Telekom Malaysia). Second, the youth parents have made education saving since they are still child. Third, youth nowadays are more independent. Some of them working part time to cover their study fees.

5.2.2.4 Personal loan

This study found that 14.3% of Muslim youth in this study made personal loan. Some youth make a personal loan because they cannot afford to pay their medical fees. For example, they are involved in an accident that causes a huge amount of fees, so they did not have any choice to pay the fees. They also might not apply an insurance related to medical policy, and therefore make personal loan.

However, this study found that most of the Muslim youth in this study (65.7%) are not making a personal loan. This is because they knew the consequences of making a loan. They also realized if they cannot afford to pay back the amount of interest offered from bank, they will be punished and will get the fine burden. They also have enough money to purchase things because they already have their own saving. In the study by Fidlizan and colleagues (2015) stated that individuals with financial knowledge are more likely to provide themselves with a variety of financial plans. This is because the financial plan is very important for future use.

This indicates that youth are rarely making a loan to purchase things. The result may have an indirect implication to financial institutions to target the young worker groups to purchase their loan products. The study also finds strong support that associate negatively money management skills with debt. In particular, Malaysian young adults who have poor money management skills may have higher debt than those who are financially literate. The result implies that to minimize debt accumulation, money

management skills must be inculcated among youth by educating them on the basic financial management knowledge at an early age.\

5.3 Effect Debt toward Working Behavior

This section discusses about the correlation between factors of indebtedness (i.e credit card loan, vehicle loan, personal loan) and working behavior such as job satisfaction, retention and work-life balance in the context of Muslim youth who staying in *Projek Perumahan Rakyat* (PPR) Kuala Lumpur.

5.3.1 Job Satisfaction

Based on the analysis result, there is a positive relationship between credit card loan, personal loan and job satisfaction. However, the relationship is not significant. It means that credit card loan and personal loan do not affect the Muslim youth level of job satisfaction. One possible reason is due to the purpose of credit card loan and personal loan is to fulfill the life need, which not related to youth life in the organization.

However, this study found that vehicle loan shows negative but significant relationship with job satisfaction. It means that the higher the vehicle loan, the level of Muslim youth job satisfaction will become low. In other word, low vehicle loan can increase the level of job satisfaction among Muslim youth. Vehicle loan can affect

youth job satisfaction because the loan duration is short (maximum 9 years). Short loan duration requires high monthly financial commitment. This situation could push youth to find extra income, which consequently could affect their level of happiness in the workplace. On the other hand, if youth have made full settlement for vehicle loan, they can maximize their monthly income to fulfill their living needs, and this can make them happier in the workplace.

5.3.2 Retention

This study found that there is no significant relationship between factors of indebtedness (credit card loan, vehicle loan, personal loan) with retention. It means, the credit card loan, vehicle loan and personal loan are not the factors that determine whether the Muslim youth want to stay in their current organization. This could be possible because in general an individual will decide to stay in organization or not depend on the work environment. The work environment here are including salary, benefits, supervisor, peers, organizational culture, and job responsibility. It could be the credit card loan, vehicle loan and personal loan will affect the individual aspect such as level of stress, happiness in life, and social life. However, further study are require to explore this issue.

5.3.3 Work-life balance

This study found that there is no significant relationship between factors of indebtedness (credit card loan, vehicle loan, personal loan) with work-life balance. It means, the credit card loan, vehicle loan and personal loan are not the factors that

determine the work-life balance of Muslim youth in this study. Although some of Muslim youth in this study involve in credit card loan, vehicle loan and personal loan, their total loan liability are still within their capability. They still can give full commitment to their job responsibility in the workplace, and at the same time able to manage their life.

5.4 Implication of the Study

This study provides essential information about the reason of indebtedness among Muslim youth, particularly who staying in *Projek Perumahan Rakyat* (PPR) Kuala Lumpur. Even though only minority of youth in this study involve in credit card loan, personal loan, vehicle loan, education loan and housing loan, but the authority person or agency need to improve awareness among youth regarding debt. For instance, promoting credit literacy may help youth to manage themselves, and launch campaigns aimed at educating youth on manage their financial. In addition, the government can control the aggressive promotional campaigns that card issuers use to attract consumers to their cards. Minimum age and income requirements might be imposed for granting credit cards due to young and low-income consumers are more likely to develop card debt problems. Furthermore, policy makers could consider restrictions on the issuance of new cards so that credit could not be extended to applicants who are already in debt with other types of credit or with other cards. The government might also impose a cap on interest rates charged on card balances so that users might find repayment less of a burden. These efforts not only can minimize debt

among Muslim youth, but also can decrease bankruptcy issue among Muslim in this country.

5.5 Limitation and Suggestion for Future Study

The findings of this study should be interpreted with some limitations. Firstly, due to time and resources constraints, the sampling frame was limited to a geographical area covering only seven zones in *Projek Perumahan Rakyat* (PPR) in Kuala Lumpur which are only involved Ppr Seri Sabah, Ppr Setapak Jaya 1A, Ppr Wangsa Maju R10, *Perumahan Awam* Seri Perak, Ppr Pekan Batu, Ppr Loke Yew and Ppr Intan Baiduri. Thus, the sample size of this study may not fully represent the young Malaysians as a whole. Future study should increase the sample size by covering respondents in other states in Malaysia.

In addition, this study used only a sample of youth-based respondents, so this study does not reflect the overall low-income population in Malaysia. Future study can carry out the larger respondents with variety of groups of age to present the human being reflection of debt problem in our society.

Besides that, this study only employed five factors of indebtedness to explore factors of debt influencing Muslim youth in *Projek Perumahan Rakyat* (PPR) in Kuala Lumpur. Future studies may include other variables such as financial literacy, self-control, spending tendencies, compulsive buying, and financial worry. Possible

critical impact of youth loan debt on the future of our societies and economies calls for further research to fill the gaps in this limited extant literature. This includes moving beyond PPR-focus, its dependence on secondary datasets, and its narrow focus within a small number of disciplines. In addition, future studies can also identify the more detailed factors of indebtedness and strengths other than the results of this study which could impact on low-income families in the future such as religion, lifestyle, health and neighborhood.

5.6 Conclusion

Muslim youth must have a good financial management means that the individual must have knowledge on how to manage their financial budget. This attitude can avoid them to get a financial problem that can drove them into debt trouble. Once they involved in debt problem, it is hard to pass from the violent debtors.

The research provided significant contribution to the Muslim youth in Malaysia, academy and practitioners of da'wah and management. The study finding may be used to enhance management of finance and behaviour. The ongoing efforts to empower Muslim youth and their communities as well as the institutions that are entrusted with their lead should be enhanced from time to time.

All parties, especially those involved either directly or indirectly in the efforts to spread and strengthen the knowledge of finance and behaviour management, should work together to intensify the appreciation of Islamic life among Muslim youth.