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## The Determinant Factor of Probability of Individual Bankruptcy: The Case for the Army in Aviation Medical Institute, Subang

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### Abstract

The number of bankruptcy cases is rising significantly in Malaysia. According to the Malaysia Department of Insolvency, 2,591 individuals were declared bankrupt in May 2021. The movement towards personal bankruptcy is now one of the government's main concerns. Therefore, this study aims to determine the factors towards the probability of individual bankruptcy; financial planning, rate of income, and attitude towards debts among the army in the Aviation Medical Institute, Subang. The study adopted a cross-sectional design, and 110 questionnaires were distributed to the army in the Aviation Medical Institute, Subang. A simple random sampling technique was employed, and the data gathered were analyzed using mean, multiple regression, and Pearson correlation analysis. The findings indicate a positive relationship between financial planning ( $r = 0.799$ ,  $p < 0.000$ ), rate of income ( $r = 0.780$ ,  $p < 0.000$ ), and attitude towards debts ( $r = 0.715$ ,  $p < 0.000$ ). The multiple regression results have shown that the research model explains that 70 percent of the dependent variable variance and all independent variables except attitude towards debts significantly impact individual bankruptcy probability. The most contributing factor of the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang were financial planning factors with the value of 0.503 and a significant value of 0.000. To increase awareness of army personnel's financial planning, they must develop a better understanding of financial literacy, develop good attitudes towards spending, and seek financial advisors to guide financing planning. This study's findings are also beneficial for higher education, government, financial and legal institutions, society in general, and the army, especially in the context of consciousness and the cost of financial distress. The information enables everyone to avoid bankruptcy and take necessary precautions or rectification to reduce the number of bankruptcies. Therefore, this study sought to be a centerpiece to help the government authorities develop better support to guide the army to manage their financial planning sustainably.

**Keywords:** Individual Bankruptcy, Financial Planning, Rate of Income, Attitude towards Debt

### Introduction

Malaysia is one of the developing Asian countries with the aim in 2020 to become a high-income nation. The high bankruptcy cases in Malaysia, however, can impede the

achievement of this vision. Malaysian is one of the most heavily indebted persons among the 14 Asian nations (Cheng, 2014). Furthermore, Malaysia's economy is focused mainly on national consumption, and Malaysia's economic growth will be affected if this situation persists. We can see that the household debt increment in Malaysia is more than its income rates. This can impact repayment issues with the turnover of the credit cycles.

### **Problem Statement**

Bankruptcy refers to the approaches to law in which orders are won by High Court judgment. The command against people who could not repay their indebtedness is also referred to as debtors. Following a bankruptcy, all properties held by an entity may be managed, and this authority has the right to sell assets for settlement purposes. Through the Director-General for Insolvency (DGI), the person becomes bankrupt when the debt is up to RM30 000.00, under the Bankruptcy Act 1967. Therefore, the debt cap is raised to RM50 000 00 by October 2016 (Insolvency Act, 2016). The government recently announced the new amendment in the Insolvency Act, 2020 (Amendment) where the amount of debt is at RM100 000.00 for a person to be declared bankrupt (Yusri, 2020). This is reflected in the COVID-19 pandemic, affecting households' economy, generally, and national economies. The number of bankruptcies in Malaysia is gradually rising. The insecurity of companies means unemployment and underemployment directly. Malaysia's jobless rate, as planned in April 2020, rose to 5.0 percent. However, the number does not include unpaid leave, salary cuts, and other initiatives to save labor costs that reduce the person's income. Unemployment and underwork affect employees' different groups, with young people most vulnerable to constraints and more seasoned staff subject to cuts in salaries (PNB, Research Institute, 2020). According to the Malaysia Department of Insolvency, updated in December 2019, about 299,186 cases are rising. According to these figures, about 5.97 percent belongs to public servants from 895 individuals in 2018 and increased to 1246 individuals in 2019 (Malaysia Department of Insolvency, 2019). This number will be expected continuously to increase after the pandemic era, which has already triggered a world economic crisis.

From the Malaysia Department of Insolvency (2019), about 32.07 percent went bankrupt because of personal loans, and 10 percent went to credit card debt. It shows that people could be in debt recently due to higher living costs. Besides that, efficient financial management preparation is a difficult task for many Malaysians. In particular, scholars critically examined factors of individual bankruptcies among Malaysians that involved overload debts, financial literacy, divorce, and unemployment among Malaysians. Many scholars have explored and studied the problems of individual bankruptcy. Selvanathan, Krisnan, and Wen (2016) had investigated the Pearson correlation coefficient and multiple regression analysis in factors influencing personal bankruptcy from the sample of Klang Valley residents. They found a positive factor between financial literacy and the unemployment rate. To assess the prospect of bankruptcy in Malaysia, Nair et al (2016) applied logistic regression. They found that debt mindset and unemployment are significant predictors of personal bankruptcy. Murthy and Mariadas (2017), who are most responsible for managing financial literacy, have also supported this finding. Nor et al (2019) also found that financial literacy and debt levels could lead to individual bankruptcies. The study conducted by Nair et al. (2016) also sums up that not so many individuals have savings of their own in the future and are thus unable to afford significant expenditures such as a home or a car to pay for additional down payments. Moreover, they often feel that debts without understanding the implications are widely accepted, especially among individuals.

Furthermore, according to Lusardi and Tufano (2015), debt is a significant concern in many nations because debt levels increase over time during the life cycle. Debt and excessive spending are some of the biggest problems among individuals. In addition, debt is often correlated with high rates or charges that can, if not, lead to financial hardship or proper management of financial difficulties. In Swedish data, a country with a disposable share of household debt, its revenue almost doubled from 90 percent in 1995 to nearly 170 percent in 2015 in two decades (Box, Gratzner & Lin, 2019). In a country where large amounts of credit rose over a relatively short time, the economic bases, notably lower interest rates, might substantially justify the increase in debt size. In particular, the current phenomenon may also be indicative of debt habits due to cultural changes. Research by Garrett (2007) revealed that the number of individual bankruptcies in the United States is caused by debt overload and financial literacy among consumers.

Thus, the study can conclude that individual bankruptcy's determining factor could be related to financial literacy and debt overload. Until today in Malaysia, there is a lack of researchers pressing the factors on personal bankruptcy regarding the rate of income, financial planning, and attitude towards debts. There is also minimal focus on the population among enforcement officers such as police and the army. As mentioned above, the number of personal bankruptcies among civil servants increases by 5.97 percent from 2018 to 2019 (Malaysian Department of Insolvency, 2019). From this percentage, about 4.5 percent of individual bankruptcies are among the army rather than police officers (Malaysian Department of Insolvency, 2019). Thus, this paper will highlight the probability of individual bankruptcies for those three factors: the rate of income, financial planning, and attitude towards debt among the army. By understanding the different factors of individual bankruptcy among the army, the government will establish systemic approaches in improving a better policy. This study will help a person with sound financial planning prevent them from involving debt overruns and financial distress and affect the nation's economy, especially during the pandemic. This research shows that there can be many adverse effects on financial pressures and growing debts in the long term, such as bankruptcy and family problems. All of these could emerge if a financial person, particularly a public servant, including the police and army, are known to earn less. In addition, it may cause them to fall into a bankruptcy pit if they do not spend wisely for frivolous purposes, do not work within their means, and cannot realize the implications of taking debts. This study helps prevent the issue from being more severe by recognizing the underlying causes, particularly in military circumstances, predicting the probability of bankruptcy.

## **Literature Review**

### **Individual Bankruptcy Probability**

One of individual finance's most fascinating puzzles is why they mostly step away from default on their debt liabilities, which explains why very few debtors sued for negative net value through personal bankruptcy (Bhutta, Dokko & Shan, 2017). From the study by Gross (2014), they determined that the causes of bankruptcy are related to individuals' income statements. Moreover, Jullamon (2013) found that the bankruptcies were typically low-income earners, unemployed, property ownership, who were not covered by the loan agreement in their 50s. Besides, based on Zhu (2019) study, borrowing ability substantially impacts an individual's age and income, reflecting an individual filing bankruptcy. This situation also depends on households' risk status between an individual, the elasticity of temporal replacement, and the price reduction. The rate of personal bankruptcy filings in the

US, for example, has risen by 1.5 percent in the last decades from annual households in early 2015 (Gross et al., 2019). The bankruptcy file provides American individuals with a form of protection by supplying them with paying their debts. However, bankruptcy raises the cost of debt, restricting borrowers' ability to pay back, thereby reducing consumers' spending over time. On the other hand, an increase in individual bankruptcies has already commenced less than two months into the COVID-19 crisis, despite a substantial federal funds' influx. If the government attempts to counteract the economies shutdown are successful, there will be an immense wave of bankruptcies. The relationship between the economic crises and the individual filings of bankruptcy is often driven, as people ensure that the income is directly linked to GDP. This means the high income will contribute to the greater purchasing power of consumers. The current pandemic crisis could pose a much bigger problem among individual bankruptcy files than in past years. Specific bankruptcy risk factors such as income level, financial planning, and debt actions almost entirely shutdown would slowly be correlated with certain liabilities for bankruptcy (Skeel, 2020).

According to the Malaysian Department of Insolvency (2019), different debts, such as personal loans, hire purchase loans, credit card debt, and housing loans shall be specified for individual bankruptcies. Many filed for bankruptcy because of the increased interest rates and a lack of economic literacy; they learned and faced problems repaying the large debt volume. According to Mathur (2012), in his research, 42 percent of the respondents argued that credit card debt is one of the causes of bankruptcy due to the high insolvency of credit cards. Zhu (2019) also supported that behaviors towards debts have a significant effect on consumers' insolvency. The probability of individual bankruptcy, on the other hand, is linked to the portion of the personality, which affects debt levels (Pattarin & Cosma, 2012). In short, it indicates a positive relationship that leads to bankruptcy with previous research on personality, income, and debt. Hence, this research aimed to determine the variable's participation in different variable bankruptcy determinants among army personnel. This study is vital because if personal bankruptcies continue to grow, it will harm the Malaysian economy and society.

### **Financial Planning**

Financial planning, with its proper financial position, can be described as financial satisfaction. This has demonstrated the financial planning field's expertise, both directly and indirectly, and prevents bankruptcy. In addition, Crankshaw (2018) research showed that an individual pursuing financial independence is at risk of not having the resources to do this if no personal financial plans are made. Personal financial planning is an individual exercise in the implementation of risk management strategies. The risk assessment of credit risk, cash risk, and risk control should also be made more detailed in this sense.

In Malaysia, Rajna (2011) accurately reviewed that civil servants' budgetary sources' unfortunate cash and credit planning have caused the bankruptcy. It can also usually decimate the loans and the overall value for every person who suffers. Another research by Husniyah (2017), insolvency conditions because of reluctance to manage credit and cash flow in daily spending. Increasing responsibilities are also possible. Some Moore (2006) analysis expands that individuals gained knowledge in financial management through practical experience and a complex structure between people's learning. This means that individuals can become increasingly significant financially as they learn more about cash and credit planning. The same applies to Huston (2010) when a person who had excellent financial skills can neither show normal behavior nor increase his or her fiscal prosperity due to the



liquidation's various effects. Beal and Delpachitra (2003) agreed that proper budgeting would influence the improvement of financial capacity between individuals. It proved to be free of deregulation, and it turned out that credit administration was eventually easy.

The probability of bankruptcy and the credit score is also very significant for financial decision-making (Tsai, 2014). Moreover, bankruptcies have been usually examined as those without assets and forfeits in debt arrangements for lower-income earners. Cheng (2014), based on individual bankruptcy trigger factors, and Cheng (2015), using multiple linear regression analysis of psychographic factors, the limited effect on economic numeracy and financial management outcomes has been studied. They found that good financial countesses lead to better results and less financial stress and bankruptcy. The study results showed that financial numeracy and financial management had a positive connection in research conducted in 2015. Hence, from the above research, we can conclude that financial planning has a significant relationship with credit and cash planning; also, credit and risk management. When revealed as bankrupt, it will have an undeclared impact on financial management towards a person. This investigation also essentially shows a positive correlation between financial planning and bankruptcies. Therefore, this variable is vital to discourage more income spending and savings for the future among the army personnel.

### **Rate of Income**

Incomes are vital to the economic prosperity of most people. Usually, it relies on adequate and reliable sales to meet current expenditures and save the future. Some of them depend on their family members for external financial support. Historical changes in income level are referred to as the root of the economic conditions. In the theory of individual spending, income is one of the most significant variables influencing individual bankruptcy. Research by Shahida (2018) supported this argument. The critical factor determines individual spending and has a positive connotation with total expenditure and the income level (Sekhampu & Niyimbanim, 2013). In addition, the entire individual income also varies slightly from the position of an employee and earning rate. For instance, B40 groups have been forced to cover up the real cost of living with lower income rates.

Many scholars have answered mainly concerns about the financial wellbeing of employees related to income rate. In Malaysia, however, this is a matter that has been examined in detail, provided that the relationship is positive to bankruptcy (Poh & Sabri, 2017), mainly because of a rise in living costs, burden loans, a lack of financial expertise, and a financial management deficiency. The factors positively affected everyday living structures, resulting in a decreasing productivity level and increased insolvency and pressure on employees, especially during financial strain (Mokhtar & Husniyah, 2017). In Malaysia, several personal wealth management failures have been published in the mass media regarding income earnings. It includes different variables, including abuse of credit cards, large loans from banks, and a financial issue related to income. There have also been annual rises in individuals who have gone bankrupt.

Moreover, a Financial Stability Assessment article by the Central Bank of Malaysia, "Civil servants' debt: Risk and political factors," reported that government officials invest 52 percent of their payout debts, 20 percent more than the national average (Over 64,000 Malaysians Declared Bankrupt Since 2013, August 16, 2018, Ringgit Plus). Approximately two-thirds of officials receive less than RM5 000.00 every month. Just about 15 percent of their salaries will be saved or expended on non-essential items like luxury goods after their monthly

prepaid borrowing and expended on food, services, and other necessities. Thus, officials in this income category have minimal buffers to cope with financial shocks.

Furthermore, the study shows that Malaysia's incomes are very significant with personal finances and frequently worry about their monthly expenditures (Zainir (2019). Particularly low-income households appear to wait eagerly for their next paycheck and suggest surviving on tight monthly budgets. Johson (2006) tested the validity of continuing income estimates. Consumers spend 20 to 40 percent of their discounts on products that are not affordable. In particular, the effect on consumer demand for those with a lower income is essential. In the debt theory of consumer commitments, Chetty and Szeidl (2007) have examined risk preferences since they conclude that most individuals spend most of their income on consumption.

Moreover, Mokhtar et al (2015) studies show a positive relationship between income and financial wellbeing. From the research and study above, we can conclude that the rate of income contributes to individual bankruptcy probability. There can be measured earnings, savings, investment, household expenses, and purchasing power to cost of living. The higher income level is seen as financial wellbeing for financial satisfaction and happiness. Therefore, the income rate is an essential factor to consider, leading to individual bankruptcy among the army.

### **Attitude towards Debts**

Pankow (2012) described the behavior as social, persuasive, and judging people about the environment they inhabit. Substantially it represents a more significant role than qualities and is contracted by a person in his qualities. One of these hunts has shown that individuals play a significant role because it is one of the possible behavioral goals (Hrubes, 2001). In financial terms, Zhu (2019) has found that an attitude of household expenditures identified by spending out of capacity would affect financial security. This means that the individual cannot repay his remarkable creditors for household expenditure and completes this situation. In this regard, an investigation in Malaysia has shown that, due to their attitude, which neglected to track their use of charge cards, ages are becoming ever more bowing out of all financial obligations. This finding gave useful knowledge about the components of the individual's attitude to bankruptcy (Noordin & Zakaria, 2012).

Furthermore, the debt is related to repayments at high-interest rates, which are the source of financial distress for borrowers under Lusardi and Tufano (2015). Debt conduct refers to financial information or financial terms for money management. At the same time, money management is the most critical part of the attitude towards debts. A great attitude with a high level of knowledge is essential because people can handle debt better and boost their financial wellbeing with a better understanding (Sandra F. Braunstein & Carolyn Welch, 2002). Research has shown that cultural differences may lead to shaping debt choices because seemingly similar individuals can vary in credit arrangements (Badarinza, 2016). Thus, the research found that attitude and behavior are the main contributors to debt choices (Campbell, 2016).

Some reports have argued that this mindset can increase the number of household debts. Debt attitude has been related mainly to card credit for clear choices (Chien & Devaney, 2001). The approximate debt attitudes represent an individual's sense of goodness about the responsibility that has occurred or not (Almenberg, 2018). By looking at the debt mindset, we will understand and dissect higher outcomes regarding whether individual debt choices drive individual bankruptcy. Nair (2016) states the money attitude, the attitude to

credit, the attitude to expenditure, and several measured factors that relate to personal finance factors. In this analysis, individual attitudes towards personal finance were chosen as they are more critical to the probability of bankruptcy and helped measure a person's readiness to accept or respect his values or practices at the debt level. Debt is one of the options to gain buying power (Aaronson & Argawal, 2012). For example, credit cards are advantageous for consumers to buy a product without much money. The majority of people choose to purchase products or services with a credit card to meet their needs, and in some cases do not know that without limiting the use of a credit card, they become bankrupt. Thus, the analysis showed that the relationship between personal finance and bankruptcy expenditure is approximately 97 percent (Aaronson & Argawal, 2012).

In general, the results show that those who are highly disregarded with financial management will have higher levels of debt; people with strong financial management skills will have lower debt. Individuals with lower incomes will have higher debt. Thus, it raises an interesting analysis of the probability factors for individual bankruptcy among the army personnel.

## **Research Methodology**

### **Research Design**

A quantitative analysis was carried out in this research. Quantitative analysis is an organized, objective, and systematic way of obtaining numerical information on any topic through digital data (Burns & Grove, 2005). For this research, a cross-sectional study design was adopted. The design allows data to be collected once (Bland, 2007). The key strength of the cross-sectional analysis is that they are relatively straightforward and cost-efficient to perform. They are the best way to test and examine the occurrence of multiple exposures and consequences. The topics are not deliberately disclosed or addressed; thus, ethical questions rarely occur (Cheng, 2020). The cross-sectional was primarily used to explain how the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, prevailed. The design was to generate hypotheses and provide prevailing findings and knowledge that informs other study designs.

### **Unit of Analysis**

This fundamental research focused on the population. If all elements presented in the field of research are to be analyzed, a population study or an analysis unit is required. Sugiyono (2010) defined the people as many items or objects to learn and ends with researchers who evolve into quantities and unique features. A small population is used in this analysis with apparent quantitative sources and has limited characteristics (Moore, 2000). Therefore, the army personnel at Aviation Medical Institute, Subang were the population of this study. This study was performed in a group of military personnel in separate units of the Aviation Medical Institute, Subang, on the determinants of the probability of individual bankruptcy.

### **Sampling Technique**

A sampling of probabilities ensures that each population has the opportunity to be chosen. It is used predominantly in quantitative analysis. The research used a system of probability sampling to produce results that represent the whole population. The probability sample is four principal kinds. The researcher chose simple random sampling because it was a preliminary survey where the collection could be made in a convenient method (Saunders,



2009). Simple random sampling was selected because the findings are generalized to the study population (Chua, 2006). The study's results for the selected sample can explain the condition for the population represented by the sample. Therefore, this study examined a clear population framework.

### **Data Analysis**

Framework research was carried out using version 26 of the Statistical Program for the Social Sciences (SPSS). SPSS software is suitable for survey research. This application enables researchers to save time by simply entering data, automatically processing the data, and tabulating the results immediately. The data would then be evaluated whether the questionnaire findings fit the study aims. The researchers would subsequently have a conclusion based on the interpretation of their recommendation. In this study, the data analysis will present the interpretation and clarification of results and evaluate the methodology's empirical results to respond to the research objectives. Pilot tests will also be conducted to analyze for reliability and validity. The questionnaire comprises two sections: Section A consists of the respondents' demographic data and Section B consists of financial planning, rate of income, attitude towards debts, and individual bankruptcy probability.

### **Pilot Test**

Bryman and Bell (2007) advocated a pilot test before an actual test of experiments being performed. The final questionnaire errors can be minimized. Thirty respondents among the army personnel have been chosen for pilot testing. The pilot test results demonstrated that the army grasped the questionnaire layout easily through Google Forms and answered all the questions within 8 minutes to 10 minutes. The pilot study recognized the need to explain one question, which addressed more than one reply, and only one response was sought. All alpha values for all Cronbach's variables were above 0.70, and all variables were considered appropriate and positive (Sekaran, 2016). The Cronbach's Alpha scores showed a positive relationship between variables of items at 0.70 and above.

### **Findings**

#### **Response Rate**

The data collection persisted shortly, about a week that began on 16th of November 2020 and ended on 26th of November 2020. A total of 110 responses were received in a week, and out of check, questionnaires were mailed. Consequently, the survey's response rate was 100 percent. This percentage is higher than the estimated average for postal surveys randomly sampled without prior interaction. However, according to Krejcie and Morgan (1970), the analysis will be conducted on the sample size, 86 respondents (N=86). Table 1 shows in detail the response rate.

**Table 1 Response Rate**

Item	Description	N	Response Rate (%)
Total target population	110 among the army in Aviation Medical Institute, Subang	110	100
Total target sample	86 among the army in Aviation Medical Institute, Subang	86	100
Total data collected		110	100

### The level of the probability of Individual Bankruptcy among the Army in Aviation Medical Institute, Subang

#### H1 There is a high level of probability of individual bankruptcy among the army in Aviation Medical Institute, Subang.

The mean analysis was carried out to identify the level of the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. Table 2 below shows the mean, standard deviation, and scale used for each of the questions for all the variables in this study. Table 2 shows the mean value for all the independent variables and dependent variables, which indicates the value of 2.57, 2.39, 2.88, and 2.79, respectively. The result is that all mean values were in the range of neutral satisfaction for all independent and dependent variables. The cumulative level of individual bankruptcy probability was between 2.00 and 3.00 on average. According to Pallant (2013), if the mean value for each variable is over 50 percent of the overall score, the degree of satisfaction can be considered great. Therefore, H1 is accepted as a neutral level of a factor of the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang.

**Table 2 Mean, Standard Deviation, and Scales for Each of the Items**

Variables	N	Min	Max	Mean	Standard Deviation	Scale
Individual Bankruptcy Probability	86	1.00	5.00	2.5785	1.09964	
Financial Planning	86	1.00	5.00	2.3934	1.14015	1= Very Dissatisfied
Rate of Income	86	1.00	5.00	2.8837	1.45203	5= Very Satisfied
Attitude Towards Debts	86	1.00	5.00	2.7936	1.43905	

\*\* Mean score: 1, -2.33=Low, 2.34, -3.66=Neutral, 3.67, -5.00=High

### Relationship between Financial Planning and the probability of Individual Bankruptcy among the Army in Aviation Medical Institute, Subang.

#### H2 There is a significant relationship between financial planning and the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang

After the correlation analysis was conducted, table 3 shows the result. Table 3 presents a correlation test between financial planning and the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. It shows that  $r = 0.799$  and the  $n p$  value =  $(0.000) < (0.05)$ . There was a significant relationship between financial planning and the probability of individual bankruptcy, with the outcome of the correlation ( $r = 0.799$ ,  $p < 0.000$ ). If the R-value is between 0.5 and 1.0, the relationship between independent variables and a dependent variable is high (Cohen, 1988). It can be inferred that there was a very significant relationship between financial planning and probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. Thus, in this analysis, H2 is accepted.

**Table 3 Correlation Analysis for Financial Planning**

Variables	P value (sig)	N	Pearson Correlation
Financial Planning	0.00	86	0.799

\*. Correlation is significant at the 0.05 level (2-tailed)

### Relationship between the Rate of Income and the probability of Individual Bankruptcy among the Army in Aviation Medical Institute, Subang.

#### H3 There is a significant relationship between the rate of income and the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang

Table 4 below shows the outcome of a test correlation between the rate of income and probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, which indicates the value of  $r = 0.780$ . Meantime whereas the mean value of P-value,  $p (0.000) < (0.05)$ . Thus, there was a relationship between the rate of income and the probability of individual bankruptcy ( $r = 0.780$ ,  $p < 0.000$ ). In contrast, the R-value was between 0.5 – 1.0, which shows that the relationship between an independent variable and a dependent variable is solid (Cohen, 1988). In this analysis, it can be concluded that there was a very significant relationship between the rate of income and the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. H3 in this analysis is also accepted.

**Table 4 Correlation Analysis for Rate of Income**

Variables	P value (sig)	N	Pearson Correlation
Rate of Income	0.00	86	0.780

\*. Correlation is significant at the 0.05 level (2-tailed)

### Relationship between Attitude towards Debts and the probability of Individual Bankruptcy among the Army in Aviation Medical Institute, Subang.

#### H4 There is a significant relationship between attitude towards debts and probability of individual bankruptcy among the army in Aviation Medical Institute, Subang

Table 5 indicates the correlation analysis outcome at both attitudes towards debts and probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. The correlation test for the independent variable attitude towards debts and the dependent variable probability of individual bankruptcy showed  $r=0.715$  value and a significant  $p$ ,  $p(0.000) < (0.05)$ . The relationship between attitude towards debts and the probability of individual bankruptcy ( $r = 0.715$ ,  $p < 0.000$ ) can be considered significant. When R-value is between 0.5 – 1.0 the relationship between an independent variable and a dependent variable is strong (Cohen, 1988). In this analysis, it can be concluded that there was a very significant relationship between attitude towards debts and probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. This analysis, therefore, accepts H4.

**Table 5 Correlation Analysis for Attitude towards Debts**

Variables	P value (sig)	N	Pearson Correlation
Attitude towards debts	0.00	86	0.715

\*. Correlation is significant at the 0.05 level (2-tailed)

#### Most Contributing Factor towards the probability of Individual Bankruptcy among the Army in Aviation Medical Institute, Subang

In this analysis, the scientific literature question was measured with multiple regressions, which is designed to assess the most significant factor in the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. Table 6 is the Multiple Regression Analysis model description, and Tables 7 demonstrates all the independent variables used in this study as a result of Multiple Regression Analysis. The result below shows the R square value of 0.775, which is defined as the determination coefficient. The result indicates indeed that in all independent variables in this test, the dominant factor contributing to the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang with a significant value of 0.000 and F value amounted to 94.006 was approximately 70 percent of coefficient determination variance in the test. It can be assumed that 90 percent of determinants contribute to the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang.

To determine the most contributing factor towards the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, the value of the Standardized Coefficient (Beta) needs to be considered. Table 7 below represents the value of Standardized Coefficient (Beta) for each variable: financial planning, rate of income, and attitude towards debts, which indicates the value of 0.503, 0.383, and 0.104, respectively. The highest value of Standardized Coefficient (Beta) shows the most contributing factor to the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. The result obtained in Multiple Regression Analysis shows that the highest value of Standardized Coefficient (Beta) was financial planning with the value of 0.503 and a significant value of 0.000. Therefore, it can be concluded that financial planning is the most contributing

factor towards the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang.

**Table 6 Model Summary of Multiple Regression Analysis**

Model	R	R Square	Adjusted R Square	Std Error of Estimates	Durbin-Watson
1	0.880	0.775	0.766	0.53137	1.982

**Table 7 Multiple Regressions for Independent Variables**

Variables	Standardized Coefficient (Beta)	Sig
Financial planning	0.503	0.00
Rate of income	0.383	0.00
Attitude towards debts	0.104	0.282
Table	0.775	
F Value	94.006	

## Discussion

The main research findings have shown that the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. This study's outcomes have shown the mean value for both the independent variables and dependent variables. The mean values are 2.39, 2.88, and 2.79, respectively, for independent variables that are financial planning, income rate, and attitude towards debt. In the meantime, the dependent variable used for individual bankruptcy probability in this analysis indicates a mean value of 2.57. It shows a neutral level of probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, in light of the mean value for all independent variables and dependent variables concerning the questions that have been formed for every variable. It is possible to infer that in the army in Aviation Medical Institute, Subang, the overall probability factor of individual bankruptcy is 2.66 on average. To address the first research question, therefore, it can be concluded that the level of probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, is neutral. This shows the army in Aviation Medical Institute, Subang, did not display satisfaction or dissatisfaction concerning the probability of individual bankruptcy. This finding is also relevant to Nair et al (2016) research, as the study findings showed that the probability for bankruptcy is considerably predictable by assets ownership, debt attitudes, and financial management practices. The results were similar to Elangkovan (2012) studies. Researchers opined that those with many households who cannot afford to repay their housing loans would probably be bankrupted in the future because of a lack of financial planning. Besides, the study results confirmed with Joo and Grable (2004); and Warren and Tyagi (2003) survey findings that research on financial management generally shows that adults are more likely to get into financial trouble.



Based on the findings obtained, it is stated that the correlation test between financial planning and probability of individual bankruptcy among the army in Aviation Medical Institute, Subang indicates the value of  $r = 0.799$  with the significant value of  $p < 0.000$ . According to Cohen (1988), the result showed that there was a strong relationship with the  $r$ -value of more than 0.5, which is between financial planning and probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. Hence, it can be summarized that there was a positive relationship between financial planning and the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. The findings are consistent with the research conducted by Azmi (2019) on the moderating influence of excessive lifestyle on personal financial management's relationship to youth bankruptcy. It clarified a moderate relationship between personal financial management and the awareness of youth bankruptcy with excessive lifestyle. It may conclude that there is a close association between financial management and bankruptcy. Cheng (2014) survey also shows there is likely a causal association between financial events and personal insolvency.

For examining the relationship between the rate of income and the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, a correlation test was carried out in this study. The result obtained showed a significant value with the  $p$ -value,  $p < 0.000$ , and  $r = 0.780$ . Therefore, it can be concluded that there is a strong relationship between the rate of income and the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. Hence, it can be concluded that based on the findings of this study, the rate of income might have the potential to influence the level of probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. This finding is similar to Nor and Ismail (2019) research, which showed the income of the non-profit borrower and trouble borrower segmentation of different age groups on the characteristics of borrowers who are in distress, who could not pay their loans due to income. Besides this, Hart (2000) claimed that another clouding factor for debt-repayment predictions is how a five-year repayment plan is enforced, and a large portion of the income is allocated to debt repayment.

The relationship attitude towards debts and probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, can be determined by using a test of correlation. Based on the result that has been discussed in the previous chapter, there was a significant relationship between attitude towards debts and probability of individual bankruptcy with the value of  $r = 0.715$  and  $p < 0.000$ . Based on the results obtained, it can be understood that there was a strong positive relationship between the independent variable of attitude towards debts and the dependent variable of the probability of individual bankruptcy in this study. In other words, attitude towards debts is one of the determinant factors of the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. This positive outcome is compatible with Fazli et al (2019) research and shows that a debt attitude shapes how young workers handle money. The use of money represents one's lifestyle, and someone can end up in debt without understanding that with a bad attitude towards money. Facilities like household and vehicle properties can be acquired with a large amount, without resorting to loans, according to the Edelberg (2006) report. Naturally, a person between the ages of thirty and forty accrued more debt than older people since they can borrow from students, mortgages, children, and other expenses (Balcaen, 2012). Therefore, an inability to prepare a budget would cause someone to make poor financial decisions and spend more than unnecessary consumption. Phau (2008) also

indicated how the attitude towards debts could tremendously impact an individual's life, including the person's saving habit, spending behavior, working efficiency, politics and environmental perspective, and finally, the submission of bankruptcy.

Based on the findings, it has been stated that the most contributing factor that influences the level of probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, is financial planning. This is because the value of Standardized Coefficient (Beta) for financial planning indicates the large amount with the value of 0.503 compared with other variables. The highest value of Standardized Coefficient (Beta) represents the most contributing factor of the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang. It can be seen that in this study, financial planning plays a vital role in determining the factor of the probability of individual bankruptcy among the army in Aviation Medical Institute, Subang, which means that the army in Aviation Medical Institute, Subang, were more concerned with financial planning rather than the other aspects. Boon (2011) endorsed this argument and claimed that a safe financial and healthier lifestyle is becoming a necessity for individuals, as personal financial planning becomes more and more a good idea for all that it is not essential already. Financial education and literature have defined how well people know and critically apply financial planning in real life and avoid insolvency (Sandra, 2010). Boon (2011) found that a certain degree of financial literacy was advantageous in financial planning and banking. Financial literacy was a predictor of a person's decision on financial planning because individuals were better informed about financial planning to avoid adversely affected financial planning. This research was also supported by the review by Robb and Woodyard (2011). Moreover, Lee (2019) also revealed that the socio-demographic, literature, economic, financial, and financial position, and the independent variabilities in Kuala Lumpur, Malaysia, could positively affect the young working adult level finance. Their findings have been presented in the same report. The study listed financial failure, in particular in the youth community, as the number of bankruptcies would increase.

### **Recommendations for the Malaysian Government**

The first suggestion is that higher education plays a positive role and that higher financial literacy emphasizes the value of giving individuals the knowledge they need to help optimally handle their finances in the army. Different efforts should be further promoted and applied to educating them on financial management.

The government should also review the Poverty Line Income (PLI) as a methodology for measuring poverty in Malaysia. The Economic Planning Unit and Department of Prime Ministers should carry out this research with the Statistical Department's cooperation and several other ministries and relevant agencies to improve poverty measurement. This is because the rate of income is one of the critical measures of existence. COVID-19 pandemic represents one of the determinants for financial well-being, especially during the economic downturn. The lack of jobs and the direct impact on wages are affecting the majority of households. To further facilitate better policies against poverty, research can extend into understanding households more vulnerable to financial trouble.

Furthermore, financial institutions must also play an important role, particularly in the global pandemic, in addressing individual bankruptcy issues, mainly among the army in B40 groups. To build a framework focused on the situation where the government and people are free of debt crises, the financial institution must reform the current financial system. The banking system, which was routinely applied to the borrower's previous interest rates, must

also be resurrected for the army, especially, to reap real benefits and be prepared for their financial sectors. Banking systems must also diligently preach and cultivate so that individuals are dependent on investing and a valid method of assessing the financial systems well prepared and not based merely on material and financial calculations.

When the issues encountered by the individual bankruptcy relate to COVID-19's outbreak, a temporary suspension of individual obligations to file for bankruptcy should be considered. The mechanism for government obligations is not limited to countries but can typically be held responsible for debt accrued and payments made during payments. Thus, the government should reanalyze the bankruptcy regulations framework to help the individual's creditor be a priority. Although in normal times such unwanted laws can be essential to protect the interests of creditors, they may have the unintended effect of over-risking and preventing them from taking steps towards future restructuring in the current circumstances. For instance, temporary relief may be implemented to encourage individuals to take appropriate actions, such as personal responsibility for insolvent, to keep viable financial management among them. However, the relief can only be given if the individual feels that they will have a chance to cope with liquidity constraints in a fully informed and good faith manner, especially among the army with a middle level of income. During the COVID-19 outbreak, the regulations regarding bankruptcy need to be tailored to the judiciary and insolvency bodies' capacities and availability.

### **Recommendation for the Future Research**

There are a few recommendations for future research. First, future researchers are strongly suggested using daily, monthly or quarterly data to boost the data's frequency. A larger sample size among various military departments will increase the exactness and the probability of outcomes. Furthermore, the individual bankruptcy data of a single department tend to be proprietary data that are not available to the public freely, and on the paid data source like Bloomberg, these data are not released. It is only available if an application is currently time-consuming by the respective departments. Therefore, it is strongly recommended that other countries do the same thing as the United States does when divulging their country data (personal bankruptcy/case) to the public to increase exploration of this field, especially among the army in various stages of countries.

Second, as the research focuses only on the army in the Aviation Medical Institute, Subang, it can only be a useful guide for policymakers in a specific population. Therefore, it is recommended for potential researchers to include similar and other interesting independent variables to improve their understanding of the individual bankruptcy factor in various groups, such as among the B40 groups and other different economic, political, and social aspects. This will help the policymaker justify the actual problems regarding the increasing number of individual bankruptcies in Malaysia and review the bankruptcy framework regulations.

The third recommendation is expanding the areas of study among the army in various developed countries. The study of the army in the developed country is recommended for future researchers to vary from developing countries. As a result, the potential researchers have to understand the economic and policy conditions in the region. This would help the government analyze the perception of individual bankruptcy among the army in various levels of other countries. On the other recommendations, suppose the potential researcher has a versatile study duration. Future researchers are strongly encouraged to analyze data to

broaden the study by analyzing legal data to compare the results among different countries and not only concentrate on one country.

The last recommendations are this research used a quantitative approach as various questionnaires were distributed by connecting the Google Forms to targeted respondents. Therefore, a promising system for evaluating the degree of probability factor can be implemented using a qualitative method. Due to the various restrictions in the study, particularly during the COVID-19 pandemic and the need to adapt to the SOP as announced by the government, the researcher could not use a qualitative method to get the results for this study. Therefore, it is recommended for prospective scholars to follow a qualitative approach to gain a good picture of the probability factor for individual military bankruptcy. In performing a qualitative approach, the researchers will need to ask questions before achieving their target and purpose.

### **Conclusion**

In conclusion, this study aims to determine the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. The researcher discussed the findings from the statistical test used to achieve all the research goals established beforehand. There has been a neutral degree of satisfaction in terms of individual bankruptcy probability. Furthermore, the two-research objective results showed the significant relationship between all independent variables, including financial planning, income rate, and attitude towards debts. The major findings of this study found that the most contributing factor towards the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang was financial planning. Therefore, it can be concluded that financial planning is the most contributing factor towards the probability of individual bankruptcy among the army in the Aviation Medical Institute, Subang. Hence, it is suggested for the government to strengthen its strategies to fight the cost of living among the army in a comfortable atmosphere that will affect many economies and social issues, especially among the young military. This includes providing financial assistance and education for the army. Therefore, the present study should increase awareness of Malaysia's Government and state government in providing adequate public facilities and services in high quality to address the problem of individual bankruptcy among the army, especially. These findings will provide policymakers, investors, and consumers with some guidance to increase their understanding of Malaysia's factors. This is because the increasing number of individual bankruptcies would significantly impact its sustainability and development. Besides that, all relevant parties like Malaysian Governments, financial institutions, agencies, and credit organizations can decide what actions to be taken for those who have bankruptcy to sit for financial management courses to potential borrowers, tighten loan application procedure, offer low loan amount, shorter loan period, and regular follow-up on default accounts.

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