A Study on the Retirement Planning Behaviour of Working Individuals in Malaysia

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ABSTRACT
This cross-sectional study is an explanatory research intended to establish the relationship between the retirement planning behavior and the various factors affecting the retirement planning behavior. A total of 300 working individuals in the age group of 26 to 55 years had participated in this study. The objectives of this study are to examine the retirement planning behavior of working individuals. This study contributes a clear view through the symbolic interaction theory and several past relevant empirical studies. The results identified several significant variables in the prediction of working individuals’ retirement planning behavior, including age, education level and income level. The findings of this research support the research model in which potential conflict in retirement planning, attitude toward retirement and retirement goal clarity are the significant predictors of retirement planning behavior. The results of this study have implications for working individuals to do early planning for retirement to enable them to have a strong financial base after retirement.

KEY WORDS
Retirement planning, post-employment planning, old-age planning, savings for retirement
Introduction

The Statistics of Labour Force, Malaysia, January 2010-series 7/March 2010 demonstrated that the number of employed person increased by 3.4 percent in January 2010 to 11.1875 million as compared with 10.817 million in January 2009. As this situation continues, the number of pre-retirees will increase in the future. The reality hits when people find that they are not affordable to retire because they had not seriously put aside the money in their early life (Habib, 2007). Individuals are encouraged to start planning for their later life of their retirement especially during their golden years and not only nearing the retirement. Therefore, retirement planning becomes an essential issue of the employee’s life. Malaysians have less confidence about preparing retirement plan due to the financial illiteracy (Hunt, 2009). According to Life Insurance Association of Malaysia (LIAM), only less than 5% of Malaysians are ready for retirement (Habib, 2007).

Problem Statement

The pre-retirees and workers are woefully unprepared for their golden retirement years. Bernheim (1992) found that they save just one-third of what they needed to retire comfortably. In fact, Warshawsky and Ameriks (2000) indicated that half of the individuals aging between 25-71 years will not have sufficient savings to support themselves in retirement. In many developing countries, the retirement has not been completely institutionalized (Szinovacz, 2003).

Many households are unfamiliar even about the most basic economic concepts needed to make saving and investment decisions (Lusardi & Mitchell, 2007). The young and older citizens in Malaysia appeared to be woefully under-informed about basic financial literacy; concepts, with serious implications for saving, retirement planning, mortgages, and other decisions. Due to financial illiteracy, the result is that no proper saving planning for their afterlife of retirement.

The younger generation of working individuals today think that retirement planning is a burden for them because it involves long-term planning. According to LIAM those people in 20’s think that they are too young to think about retirement, while in 30’s and 40’s tend to believe they are prepared because they have their Employee Provident Fund (EPF) savings. Meanwhile the reality at 55 is that most people cannot afford to retire, since they prepared late for retirement (Habib, 2007).
Hershey (2004) argued that although demographic factors have influenced the retirement saving decisions, in contrast, psychological factors also have direct effect on savings decisions (Hira, Rock and Loibl, 2009).

Research Questions and Objectives
In this study, two research questions are addressed: (1) Is the retirement planning behaviour of working individuals affected by different age groups? (2) What are the factors influencing retirement planning behaviour? The objectives of this study are: (1) To examine the retirement planning behaviour of working individuals from different age groups. (2) To examine whether other demographic variables are relatively important for retirement planning. (3) To determine the role of psychological variables in retirement planning behaviour. (4) To determine the characteristics of the demographic variables.

Significance of the Study
This study benefits the society especially working individuals to realize the importance of the retirement in life and the factors that might affect their behaviour of the retirement planning. Time might play an important role in the success of the retirement planning, therefore, readers might find out when is the suitable time to start the planning from this study. The government could refer this study to know the current situation in order to support the citizens in developing a better environment in their afterlife of retirement.

Review of the Literature
According to Kim, Kwon and Anderson (2004), the individuals’ retirement confidence tend to be higher than others as they calculated their retirement fund needs and had more savings. The level of confidence will increase as the higher household income provided that they are with better health. The working individuals who received workplace financial education and advice earlier help them to have more confidence toward retirement planning (Power & Hira, 2004).

According to Wong and Earl (2009), retirees neglected retirement planning because they have certain level of difficulty in adjusting to retirement. In the findings, the result suggests that only individuals: (1) demographic; and (2) health, and organizational: (1) conditions of workforce exit influences predict a better retirement planning. Psychosocial: (1) work centrality influences have no significant impact on retirement planning behaviour in an integrated model.

Lusardi and Mitchell (2007) showed that planners accumulate large wealth than non-planners through saving, investment, probability of selling house to finance retirement and
others. Joo and Pauwels (2002) indicated that for those who are younger and have higher level of education reported a higher retirement confidence. Hence the younger generation have an early retirement planning.

Lai, Lai and Lau (2009) found that there is significant difference between teaching position, education and age across the annual income levels from academics’ perspective. This survey found that academics exhibited positive attitude toward money and income considered to be the prime motivator.

According to Elder & Rudolph (1999) planning activities imply a higher likelihood of satisfaction even for those whose retirement decisions were not made voluntarily (either through health problems or an employer mandate). Marital status, health status, level of education, whether the individual was forced to retire, and pre-retirement occupation as well as the retirement planning have an impact on the level of the retirement satisfaction.

The future time perspective, financial knowledge, and financial risk tolerance are important variables when it comes to understanding individuals’ retirement saving practices (Jacobs-Lawson & Hershey, 2005). Stawski, Hershey and Jacobs-Lawson (2007) indicated that retirement goal clarity is a significant predictor of planning practices, and planning, in turn to predict savings tendencies. This study found that income and age were important elements of the model with income accounting for roughly half of the explained variance in savings contributions.

Dvorak and Hanley (2010) found that participants have a fairly good understanding of the basic mechanics of the plan but they have insufficient knowledge to differentiate among numerous investment options. Women have low knowledge, income and education compared with men. This study pointed that the older participants are more likely to make personal contributions. However, education is perhaps the most significant determinant of financial literacy.

**Review of Relevant Theory**

Symbolic interaction theory is a social science theory and was applied in this study. This theory claims that facts are based on and directed by symbols (Aksan, Kisac, Aydin & Demirbuken, 2009). According to this theory, people live both in the natural and the symbolic environment and focuses attention on the way that people interact through symbols such as words, gestures, rules and roles. There are three core principles in symbolic interaction perspective of Blumer, the founder of symbolic interaction theory, which are meaning, language and thinking. There are five concepts in symbolic interaction theory namely; role, self,
interaction, culture and norm (Meltzer, Petras & Reynolds, 1975). The working individuals are the target samples in this study. The symbolic interaction theory, helped in finding the perspective of working individuals toward the proximity of retirement planning. As the working individuals are divided into three groups according to their age, they might have different thinking and perspective toward the retirement planning among them. As a result, the attitude of individuals will influence their behaviour on making decision in retirement planning. Moreover, the way of their thinking might influence the group among them due to the social interaction process. The working individuals who are more knowledgeable about the retirement planning tend to influence other individuals from his or her point of view. When the interaction among the individuals is successful, the retirement planning might become a culture of society.

**Figure 1: Conceptual Framework**

![Conceptual Framework](image)

Adapted from: (1) Hira, Rock and Loibl (2009); (2) Lai, Lai and Lau (2009) and (3) Stawski, Hershey and Jacobs-Lawson (2007).

**Hypotheses Development**

Based on the literature review, the following hypotheses have been developed.

- **H1** Age group is significant related to retirement planning behaviour.
- **H2** Income level is significant related to retirement planning behaviour.
- **H3** Education level is significant related to retirement planning behaviour.
- **H4** Goal clarity is significant related to retirement planning behaviour.
- **H5** Attitude toward retirement is significant related to retirement planning behaviour.
H6 Potential conflict in retirement is significant related to retirement planning behaviour.

Research Design
This study is emphasized on studying why most people cannot afford to retire at 55 (Habib, 2007) in order to explain the relationship between the factors with the retirement planning. This study used survey strategy that collects quantitative data which is through the questionnaire. The data collected were used to explain the relationship between the factors and retirement planning.

Population Sample and Sampling Procedures
A total of 300 working individuals have participated in this study. Sample of this study is limited to working individuals from 26 to 55 years. Due to the equal chances of each working individual from 26 to 55 years being selected among the population in Malaysia is unknown, the sampling technique used is non-probability sampling. Quota sampling is used to select the data from a large population of working individuals. In this study, working individuals are divided into 3 age groups, which are 26 to 35, 36 to 45 and 46 to 55 years old and each group’s sample size is 100. The selected areas of this study in Malaysia are Kuala Lumpur, Selangor, Ipoh and Johor.

Data Collection Method
This study is conducted by collecting the primary data from the samples to represent the population. The method used in collecting data is the questionnaire technique. Each participant is asked to respond to the same set of questions, as it provides an efficient way in collecting responses from a large sample of working individuals to do quantitative analysis.

Pilot Survey
A pilot survey on 30 respondents was conducted in June 2010. In this pilot survey, the value of Cronbrach’s alpha of all the independent variables and dependent variable were less than 0.6 and considered poor in reliability test. This indicates that the internal consistency reliability of the measures in this pilot survey is considered to be poor. After ensuring the reliabilities obtained is correct, the adjustment of changing the wording of the questionnaire is started immediately. After changes in the questionnaire, the respondents found that the questions are easier to understand and able to choose the most appropriate answer. Thus, the internal consistency reliability of the measures used in independent variables and dependent variable of this study can be considered acceptable. In second pilot survey, all the reliabilities above the 0.7 in range and are considered acceptable. Attitude toward retirement and potential conflict scored the Cronbach’s alpha more than 0.8, it can be considered good.
Variables and Measurement

In this study, there are six independent variables and one dependent variable. The independent variables are divided into two sections, which are demographic variables: (1) age; (2) education level; and (3) income level and psychology variables: (1) goal clarity; (2) attitude toward retirement; and (3) potential conflicts in retirement planning. The dependent variable is retirement planning behaviour.

Variables that provide demographic information are age, gender, marital status, number of children, ethnicity, working status, investment instruments, education level, income level and percentage of income contributed, are categorized under categorical group. Nominal is the measurement scale for age of the working individuals (26-35, 36-45, and 46-55), gender (male and female), marital status (single, married, divorced, and widow), number of children (no children, 1-3, 4-6, 7-9, above 10) ethnicity (Malay, Chinese, India and others), working status (employed and self employed) and investment instrument (none, unit trust, property trust, equity trust, mortgage trust, stock, bond, life insurance and others). For education level, income level and percentage of income contributed, there are ordinal data. The education level was divided into seven groups, which are primary school, secondary, diploma, bachelor’s degree /professional, master’s degree, PhD/ doctorates degree and others. Income level was divided into five categories, less than RM 30,000; RM 30,001 – RM 60,000; RM 60,001 – RM 90,000; RM 90,001 – RM 120,000; more than RM 120,000. Percentage of income contributed was divided into five categories, no contribution, 1-4%, 5-9%, 10-14%, 15% and more (Stawski et al., 2007).

Goal clarity was measured using a five-item scale adapted from Stawski et al. (2007) designed to measure level of retirement goal clarity (refer Appendix). All items from this scale used a five-point response format, where 1= strongly disagree and 5= strongly agree. The attitude toward retirement scale contained four items adapted from Lai et al. (2009) designed to assess the individuals’ opinion toward the retirement (refer Appendix). Each of the items used a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). The potential conflicts in retirement planning was measured using a three-item scale adapted from Greninger, Hampton, Kitt and Jacquet (2000) designed to indicate the perceived ‘Future Security’ factor that might conflict with retirement planning (refer Appendix). All items from this scale used a five-point response format (1= very unlikely, 5= very likely).

Retirement planning behaviour was measured using a five-item scale adapted from Warren and Rossiter-Base (2004) designed to evaluate individuals’ behaviour toward the retirement planning (refer Appendix). All the items in this scale with a five-point response format (1= strongly disagree, 5= strongly agree).
Data Analysis Techniques

In this study, the hypotheses were analyzed by using SPSS software in order to examine the factors contributing to the retirement planning behaviour. All variables were checked for evidence of reliability, factor analysis and normality test.

Correlation is a bivariate measure of association of the relationship between two variables. It varies from 0 to 1 or -1. One way ANOVA test was used to test the three hypotheses that the means of the groups with the independent variables are significantly different or not. The three hypotheses consisted of all the demographic variables with the independent variable in the conceptual framework, which are: (1) H1= Age group is significantly related to retirement planning behaviour. (2) H2= Income level is significantly related to retirement planning behaviour. (3) H3= Education level is significantly related to retirement planning behaviour.

In this study, the multiple linear regression analysis was used to analyze the value of the dependent variable based on its linear relationship to all the independent variables. In this multiple linear regression model, the dependent variable was retirement planning behaviour and the independent variables were goal clarity, attitude toward retirement and potential conflict in retirement planning. By using the multiple linear regression analysis, the significant independent variables that influence the retirement planning behaviour of the working individuals were analyzed.

Respondent Demographic Profile

The percentage of the 3 age groups (26 to 35, 36 to 45 and 46 to 55 years) is the same, which is 33.3 per cent and with the equal sample size of 100 because quota sampling was used to select the data from respondents. 55 per cent of the respondents are men and 45 per cent are women. About 62 per cent of them are married, 31 per cent are single, 5 percent are divorced and about 2 per cent are the widow. In respect of number of children, 123 respondents have no children, 118 respondents have 1 to 3 children and 59 of them have 4 to 6 children. Exactly 50 per cent of the respondents are Chinese, about 31 per cent are Malay, 18 per cent are Indian and the remaining are other races.

Most of the respondents possess a bachelor’s degree (29.3 per cent), diploma holder (27.7 per cent), secondary school (23.3 per cent), master’s degree (11.7 per cent), primary school (6.3 per cent), PhD (1.3 per cent) and others (0.3 per cent). 79 per cent of the respondents work under an employment contract and the rest run their own business. The majority of them (35.3 per cent) earn an annual income between RM 30,001 to RM 60,000. About 31.3 per cent of respondents earn less than RM 30,000 per annum. Nearly 21.3 per cent
of them earn an annual income between RM 60,001 to RM 90,000 and 6.7 per cent earn an income between RM 90,001 to RM 120,000. Only 5.3 per cent reported they earn more than RM 120,000.

Exactly 26 per cent of the respondents do not contribute to a retirement saving plan or account. Most of them (27.7 per cent) are contributing 1 per cent to 4 per cent of household annual income to the retirement saving plan or account. About 13 per cent of the respondents reported that they save 15 per cent or more of household annual income to a retirement saving. 25 per cent of the respondents reported that they do not involve in any investment for retirement planning. Majority of respondents (54.3 per cent) contribute to life insurance for retirement preparation purpose.

Central Tendencies Measurement of Constructs
The respondents were asked to rate the goals on the likelihood that they might perceive as more important than retirement planning for their family. Table 2 shows the ‘payment for children’s higher education’ received the highest mean rating (3.8167), indicating that children’s education is perceived as the most likely goals to conflict with retirement planning. Over all, those aged more than 45 years are more concerned with the goal of ‘Future Security’ of the potential conflict in retirement planning. The payment for children’s education could be the decisive factor for retirement for 46-55 years working individuals.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Conflict in Retirement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The payment for children higher education</td>
<td>3.8167</td>
<td>1.2362</td>
<td>1</td>
</tr>
<tr>
<td>Capital or resources needed for a new career</td>
<td>3.5867</td>
<td>1.1749</td>
<td>2</td>
</tr>
<tr>
<td>The cost of financial loan obligations</td>
<td>3.5000</td>
<td>1.1288</td>
<td>3</td>
</tr>
<tr>
<td>Attitude Toward Retirement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement enables me to pursue my unfulfilled dreams</td>
<td>3.6900</td>
<td>0.7975</td>
<td>1</td>
</tr>
<tr>
<td>I look forward to retirement</td>
<td>3.6733</td>
<td>0.8846</td>
<td>2</td>
</tr>
<tr>
<td>I am worried about my life after retirement</td>
<td>2.2967</td>
<td>0.9191</td>
<td>3</td>
</tr>
<tr>
<td>Retirement makes me feel useless</td>
<td>2.1933</td>
<td>0.9375</td>
<td>4</td>
</tr>
<tr>
<td>Goal Clarity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I set specific goals for how much will need to save for retirement</td>
<td>3.3467</td>
<td>0.9711</td>
<td>1</td>
</tr>
<tr>
<td>I think a great deal about quality for life in retirement</td>
<td>3.2833</td>
<td>0.9413</td>
<td>2</td>
</tr>
<tr>
<td>I have clear vision of how life will be in retirement</td>
<td>3.2433</td>
<td>0.9698</td>
<td>3</td>
</tr>
<tr>
<td>I set clear goals for gaining information about retirement</td>
<td>3.2267</td>
<td>0.9264</td>
<td>4</td>
</tr>
<tr>
<td>I discussed retirement plans with spouse, friend, or significant other</td>
<td>3.2033</td>
<td>1.1163</td>
<td>5</td>
</tr>
<tr>
<td>Retirement Planning Behaviour</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am concerned about the state of my financial preparation for my retirement</td>
<td>3.6500</td>
<td>1.0121</td>
<td>1</td>
</tr>
<tr>
<td>I am confident that I will have a decent standard of living in my retirement</td>
<td>3.6233</td>
<td>0.9188</td>
<td>2</td>
</tr>
<tr>
<td>At present, I rate my financial preparation for retirement is good</td>
<td>3.5900</td>
<td>1.0797</td>
<td>3</td>
</tr>
<tr>
<td>I expect my standard of living in retirement will decrease</td>
<td>2.5300</td>
<td>1.1834</td>
<td>4</td>
</tr>
<tr>
<td>I am not confident that I could work out what my expected income and expenditure would be in retirement</td>
<td>2.4800</td>
<td>1.0488</td>
<td>5</td>
</tr>
</tbody>
</table>
With respect to attitude toward retirement, it is encouraging that the respondents perceived that retirement would not make them feel useless with a mean of 2.1933. Next, they were not worried about life after retirement (2.2967) and agreed that they are looking forward to retirement (3.6733). Most of them perceived that retirement enabled them to pursue unfulfilled dreams with a mean of 3.69.

In respect of retirement goal clarity, the result reflected that the respondents have the act of thinking about, discussing, or setting general retirement goal for the future. Table 2 showed that ‘set specific goals for how much will need to save for retirement’ received the highest mean rating (3.3467), indicating that the respondents are most opposed to financially-oriented in setting retirement goals for future. The minimum mean rating was 3.2033 received by ‘discussed retirement plans with spouse, friend, or significant other’.

In turn, respondents were asked to evaluate individuals’ behaviour toward the retirement planning in the aspects of financial preparation for retirement, confidence in achieving a decent standard of living in retirement and expectations of standard of living in retirement. In respect of financial preparation for retirement, the respondents satisfied with their financial preparation at present with a mean of 3.59 and they concerned about the state of their financial preparation for retirement with a mean of 3.65. With respect of confidence in achieving a decent standard of living in retirement, the respondents believed that they will have a decent standard of living in retirement (3.6233) and they perceived that they have confident to work out what their expected income and expenditure for retirement purposes (2.48). The same situation applied in the respondents’ expectations of standard of living in retirement, they perceived that their living standard in retirement will not decrease (2.53).

**Normality Test**

Outliers indicate non-normality and can be checked with boxplots. After the boxplots tests of normality assumptions, the outliers of potential conflict in retirement, attitude toward retirement, goal clarity and retirement planning behaviour have been identified and removed from the sample size by replacing with new samples. By replacing the outliers with the new samples, data are normally distributed and parametric test that tests the hypotheses statements enhanced the empirical result. The replacement of new samples improved the quality of the data by showing no outliers.

**Factor Analysis**

In discussing the validity of the factors, this study refers to construct validity. Construct validity is a mean of assessing how well the factors has been accomplished, these measured by
the average variance effected (AVE > 0.6). In this study, the validity of the independent variables can be considered acceptable and can be described by discriminant validity. This validity describes the degree to which the concept of the particular independent variable is not similar or not correlated to each other's concept that it theoretically should not be similar to.

**Reliability Test**

Table 3: Cronbach’s Alpha Coefficient

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential conflict in retirement</td>
<td>3</td>
<td>0.707</td>
</tr>
<tr>
<td>Attitude toward retirement</td>
<td>4</td>
<td>0.830</td>
</tr>
<tr>
<td>Goal clarity</td>
<td>5</td>
<td>0.730</td>
</tr>
<tr>
<td>Retirement planning behaviour</td>
<td>5</td>
<td>0.794</td>
</tr>
</tbody>
</table>

After changing the wording of the questionnaire, the reliabilities of all the variables were above 0.7. Table 3 shows that attitude toward retirement scored the highest Cronbach’s alpha (0.83) which is considered to be good. Next, the reliabilities followed by retirement planning behaviour (0.794), goal clarity (0.73) and potential conflict (0.707). These reliabilities in the 0.7 range are considered acceptable.

**Pearson Correlation**

Table 4: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Potential conflict in retirement</td>
<td>1.0</td>
<td>0</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>2. Attitude toward retirement</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>1.0</td>
</tr>
<tr>
<td>3. Goal clarity</td>
<td>0.1</td>
<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>4. Retirement planning behaviour</td>
<td>0.1</td>
<td>0.71**</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>65**</td>
<td>0.6</td>
<td>0.2</td>
<td>0.94**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.0</td>
<td>0.0</td>
<td>0.126*</td>
</tr>
</tbody>
</table>

Note:* p<0.05; ** p<0.01

The correlations for the three psychological variables and the dependent variable, retirement planning behaviour are reported in Table 4. Both attitude toward retirement and retirement goal clarity were positively related to better retirement planning behaviour at 99
per cent confidence interval of the difference. The correlation between potential conflict and retirement planning was significant at 95 per cent confidence interval of the difference although the value is small. A negative value indicated that potential conflict was negatively related to retirement planning behaviour.

**Hypotheses Testing**

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Data Analysis Technique</th>
<th>Sig. value (2 tailed)</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1o: Age group is not significantly related to retirement planning behaviour.</td>
<td>One way ANOVA</td>
<td>P = 0.001</td>
<td>Reject H1o</td>
</tr>
<tr>
<td>H2o: Income level is not significantly related to retirement planning behaviour.</td>
<td>One way ANOVA</td>
<td>P = 0.003</td>
<td>Reject H2o</td>
</tr>
<tr>
<td>H3o: Education level is not significantly related to retirement planning behaviour.</td>
<td>One way ANOVA</td>
<td>P &lt; 0.001</td>
<td>Reject H3o</td>
</tr>
<tr>
<td>H4o: Goal clarity is not significant related to retirement planning behaviour.</td>
<td>MLR</td>
<td>P &lt; 0.001</td>
<td>Reject H4o</td>
</tr>
<tr>
<td>H5o: Attitude toward retirement is not significantly related to retirement planning behaviour.</td>
<td>MLR</td>
<td>P &lt; 0.001</td>
<td>Reject H5o</td>
</tr>
<tr>
<td>H6o: Potential conflict in retirement is noo significantly related to retirement planning behaviour.</td>
<td>MLR</td>
<td>P &lt; 0.001</td>
<td>Reject H6o</td>
</tr>
</tbody>
</table>

The results of one way ANOVA test of retirement planning behaviour from different age group are presented in Table 5. Firstly, the Levene statistic does accept the null hypothesis that the group variances are equal. There is a non- significance value (p-value = 0.071), thus the Levene test confirmed the suspicion that the variances of the groups are equal. The significance value of the F test in the ANOVA was less than 0.05 (p-value= 0.001). Thus, H1 was supported that the groups differ in some way. While significant group differences were found, a post-hoc
test been done to compare every group to every other group. Tukey honestly significant
difference (HSD) test was selected to assess which group means differ from which others. Tukey
HSD test is one of the tests from Homogeneous Subsets that can be used when all the groups
are with equal variances. Homogeneous Subsets table presented the list of all the groups
according the categories on the independent variable with their means after running the Tukey
HSD test. There are two subset found in the Homogeneous Subsets table, which are subset 1=
36-45 years old and 46-55 years old; subset 2= 26-35 years old. The significance level of mean
differences of the both subsets were all above 0.05, thus accepted the null hypothesis that the
means do not differ, means both the age group are independent and not influenced by each
other. The means of the retirement planning behaviour from different age group in that subset
are shown in the table. The age group of 26-35 years has the highest mean (3.8040), which
indicated that this group more contributes in their retirement planning behaviour, followed by
46-55 years (3.5100) and 36-45 years (3.3980).

For income level, the significance value of the F test (p-value) was 0.003. Result
revealed that the income level significantly influences the dependent variable at 95 per cent
confidence interval. Thus, H2o that stated the average retirement planning behaviour scores
are equal across different level of income was rejected. H2 indicated there was some groups
within the income level differ in some way. The results showed that there is a relationship
between income level and retirement planning behaviour. The results showed that the level of
education is related to retirement planning behaviour. In Table 5, the significance value of the F
test was less than 0.001 at 95 per cent confidence interval. Thus H3o that shows average
retirement planning behaviour scores are equal across different levels of education was
rejected. H3 indicated that there was a difference within the income level in retirement
planning behaviour. The results indicated that the education level significantly influence the
retirement planning behaviour.

The significant coefficient indicates that goal clarity contributes much to the model at 95
per cent confidence interval of the difference (p-value< 0.001). Thus, H4o was rejected and
H4 was accepted. Results revealed the goal clarity statistically influences the working
individuals’ retirement planning behaviour. The results in respect of retirement planning
behaviour that influence by attitude toward retirement are presented in Table 5. The significant
coefficient value was lower than 0.001 indicating that goal clarity does contribute much to this
multiple linear regression models at 95 per cent confidence interval of the difference. Thus H5o
was rejected and accepted H5 was accepted. Results revealed that the attitude toward
retirement is related to the retirement planning behaviour.
Table 5 showed the results with respect to retirement planning behaviour caused by potential conflict in retirement planning. The $p$-value presented potential conflict has the significant coefficients at 95 per cent confidence interval of the difference ($p$-value $< 0.001$). Thus, $H_6_0$ was rejected and accepted $H_6$ was accepted. Results revealed the potential conflict in retirement planning is statistically significant in influencing the working individuals’ retirement planning behaviour.

**Multiple Linear Regression Analysis**

The three independent variables in this regression model were 73 per cent relevant to the retirement planning behaviour. This indicated that there was a strong significant relationship between independent variables and dependent variable in this model. R Square, the coefficient of determination, is the squared value of the multiple correlation coefficients, R. When R square was 0.533, this showed that about 54 per cent of the variation of retirement planning behaviour is explained by the model. Approximately 46 per cent of the variance in retirement planning behaviour was explained by other factors that excluded from this model.

The relationships between the independent variables and dependent variable within this multiple linear regression model can be described in the following formula.

$$Y = 0.809 - 0.156X_1 + 0.728X_2 + 0.191X_3$$

Where,

- $Y$ = Retirement planning behaviour
- $X_1$ = potential conflict in retirement planning
- $X_2$ = attitude toward retirement
- $X_3$ = Retirement goal clarity

The intercept value was 0.809, the model predicted value of the retirement planning behaviour when the value of every independent variable within this model is equal to 0. The statistical results indicated that there is a predicted linear relationship between the three psychological factors and retirement planning behaviour. According to the results, when attitude toward retirement and goal clarity increase by one unit, the value of retirement planning behaviour will increase by 0.728 units and 0.191 units respectively. One unit increase in potential conflict in retirement planning will lead to 0.156 decrease in retirement planning behaviour.

**Discussion**

In this study, most of the respondents were contributing 1 per cent to 4 per cent of household annual income to the retirement saving plan or account. The mean score for the percentage of income saved annually for retirement planning purpose was 2.61 with the standard deviation of 1.36. Stawski et al. (2007) found that the score for the percentage of
income saved annually for retirement planning purpose was 3.02 with the standard deviation of 0.99. The mean score for the percentage of income saved from Stawski et al. (2007) was higher than this study.

The children’s education was perceived as the most likely goals to conflict with retirement planning in majority working individuals nowadays. This result was consistent with Lai et al. (2009). Collectively, these results supported the study of Greninger et al. (2000) that ‘future security’ was potential conflicts in retirement planning. Lai et al. (2009) found that those aged less than 30 years are more concerned with payment for children’s higher education than those above 50 years. There is a difference of results between the previous research and this study. Older working individuals (46-55 years) are more concern about the payment for children’s higher education compared with the other two groups. Overall, this study found that working individuals had positive attitudes toward retirement after running the descriptive analysis. These results supported the study of Lai et al. (2009).

Conclusions and Implications
The results show different age groups of the working individuals have different perspective toward the retirement planning behaviour. The younger generation of working individuals (26-35 years) perceived a better perception toward the retirement planning and they are not worried about the retirement. Thus, early planning for retirement may bring advantages and benefits to them in order to prevent them from not affording to retire since they have sufficient time to plan on it. This also enables them to plan in order to pursue their goal or dreams during the retirement life.

The findings show that age, education level, income level, goal clarity, attitude toward retirement and potential conflict in retirement are the factors influencing the retirement planning behaviour. In many similar studies, age has been found to be a significant predictor of saving tendencies (Bassett, Fleming & Rodriguez, 1998; Grable & Lytton, 1997). In this study, education level and income level are the significant variables for the retirement planning behaviour other than age. Meanwhile the psychological factors also play an important role in affecting the retirement planning behaviour. Findings support that goal clarity, attitude toward retirement and potential conflict in retirement are the important factors that influence working individuals’ behaviour and attitude toward retirement. Further this study also consists of the percent of household annual income contributed to a retirement saving plan or account and investment instrument made by the working individuals. There are couple of working individuals do not contribute to a retirement saving plan or account.
The finding of this study can be an alert to all the working individuals to prepare their retirement planning in their early life. The study results show that 26 to 35 years is the most suitable age to start to plan the retirement because at this age, the employees show a positive attitude toward retirement. Working individuals might realize that early planning retirement enables working individuals to have strong financial planning to secure them in their afterlife of retirement.

Working individuals should have a clear goal for the retirement planning and it should be achievable and attainable. Hence they will not lose their direction and able to follow the scheduled plan properly. Working individuals should also obtain professional advice as they face problems in preparing the retirement plans for afterlife in retirement.

Working individuals need to be more supportive and proactive in employees’ early retirement preparation in the absence of pension benefits. Attitude of working individuals toward the retirement planning also play an important role in retirement planning behaviour (Atcheley & Robinson, 1982; Beck, 1984). Positive attitude toward the retirement planning and sound financial planning would enable individuals to achieve adequate retirement income and relax. Findings suggest that policies and programs help individuals better their retirement.

Certain potential conflict will exist when preparing retirement plans. It will affect the individuals in formulating the retirement plan. Since the potential conflict can be clearly identified, individuals are encouraged to face the problem and try to solve the conflict properly. It can lead the retirement planning to be more efficient and effective.

Income level directly influences the expenditure and saving of an individual. Working individuals who calculate their retirement fund, saved more for retirement and have more investment for their retirement planning. Household income is positively related to retirement planning behaviour. These findings could be useful for financial educators and professionals to advise clients about their retirement planning.

This study shows that different age group of working individuals have different thinking and behaviour toward the retirement planning among them. The attitude of individuals influences their behaviour in making decision in retirement planning. Working individuals will tend to plan for their retirement once influenced by the group who expert in retirement planning due to the social interaction process. Thus, the working individuals who are more knowledgeable about the retirement planning should share their knowledge and experience to their friends or colleagues. Financial educators and professionals should provide advice in order to lead the working individuals move forward in retirement planning during their early life.
When the interaction among the individuals is successful, the early retirement preparation might become a culture of the society.

**Limitations of the Study**
Several limitations of this study should be noted. First, there is lack of variables that emphasize on financial perspective in this study. Such as, financial knowledge could influence the financial preparation for retirement. Although education level is included in the study, but the knowledge from academic is less relevant as compared with the financial knowledge. Another limitation is some of the psychological factors that support the symbolic interaction theory might be omitted in this study. There are three psychological variables included in this study, but this model only able to explain about half of the retirement planning behaviour. This situation can be improved by increasing the number of the independent variables within the model.

**Recommendations for the Future Research**
In future studies, it is recommended to include financial literacy that links actual financial knowledge which contributes in financial preparation for retirement. It is also recommended to include knowledge about the retirement planning in future studies that enables to link actual preparation not only in financial but all the perspective regarding retirement.

Future research can be conducted by examining the working individuals within the same industry on their retirement planning behaviour like engineers, accountants and lawyers. This might contribute better findings that could further explain professionals’ retirement planning behaviour. Comparative study can also be carried out by investigating responses from the working individuals in private sector and across the public sector.

**References**


