

**EMPIRICAL STUDIES ON THE FACTORS AFFECTING
RETIREMENT SAVING BEHAVIORS AMONG B40s IN
MALAYSIA**

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UNIVERSITI SAINS ISLAM MALAYSIA

**EMPIRICAL STUDIES ON THE FACTORS AFFECTING
RETIREMENT SAVING BEHAVIORS AMONG B40s IN
MALAYSIA**

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APPROVAL FOR SUBMISSION

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ABSTRAK

Adalah penting untuk memastikan perlindungan yang mencukupi bagi individu di usia tua dan memupuk pengumpulan simpanan persaraan pada peringkat individu. Keberkesanan sistem persaraan bergantung kepada tiga atribut penting: kecukupan, kebolehekekalan, dan keadilan. Oleh kerana trend persaraan di Malaysia memerlukan perhatian, terdapat keperluan yang semakin meningkat untuk mengambil langkah-langkah proaktif dalam mengatasi faktor-faktor potensi dan meningkatkan persediaan persaraan dalam kalangan penduduk. Kajian ini bertujuan untuk memberi tumpuan kepada keputusan simpanan persaraan di Malaysia, di mana sebahagian besar penduduk tidak bersedia untuk bersara. Lebih 40% daripada orang dewasa tidak mempunyai sebarang rancangan persaraan atau pencen, dan walaupun ada yang mempunyai simpanan, kebanyakan mereka masih tidak mencukupi, dengan dua pertiga ahli KWSP dijangka mempunyai kurang daripada RM1,000 sebulan semasa persaraan. Walaupun terdapat pelbagai rancangan persaraan yang tersedia, kebanyakan rakyat Malaysia, terutamanya mereka dalam kumpulan berpendapatan rendah B40, tidak menabung dengan secukupnya disebabkan oleh pengetahuan kewangan yang rendah dan kos sara hidup yang tinggi, yang mengakibatkan hanya 5% rakyat Malaysia benar-benar bersedia untuk persaraan. Untuk mengatasi masalah ini, adalah penting untuk mempertingkatkan pendidikan kewangan dan menggalakkan perancangan persaraan awal, terutamanya bagi kumpulan B40. Pertama, adalah penting untuk mempertimbangkan faktor-faktor yang mempengaruhi keputusan simpanan persaraan seperti pengurusan kewangan, kesedaran diri, pengaruh sosial, elakkan wang, pengawasan wang, pemujaan wang, dan status kewangan. Isu ini dikaji lebih lanjut dalam penyelidikan ini dengan menunjukkan keputusan simpanan persaraan untuk kumpulan B40. Kedua, kajian ini menyajikan kerangka konseptual yang menyiasat faktor-faktor yang mempengaruhi keputusan simpanan persaraan, khususnya dalam konteks kumpulan B40 di Malaysia. Sampel dikumpulkan dari semua negeri di Malaysia. Seterusnya, kajian ini menyelidiki hubungan antara pembolehubah tetap dan bebas, termasuk jantina, kumpulan umur, tahap pendidikan, dan tahap pendapatan. Akhirnya, kajian ini menjelaskan hubungan antara keputusan simpanan dan pelbagai faktor, termasuk pengurusan kewangan, kesedaran diri, pengaruh sosial, elakkan wang, pemujaan wang, pengawasan wang, dan status kewangan. Sebanyak 385 borang soal selidik telah diedarkan untuk mengumpul data bagi kajian ini. Analisis keputusan simpanan persaraan untuk kumpulan B40 melibatkan statistik deskriptif, faktor inflasi varians (VIF), korelasi Pearson, jadual kontingensi (ujian Khi Kuasadua), dan model *ordered probit*. Keputusan jadual kontingensi memperlihatkan bahawa kumpulan umur, tahap pendidikan, dan tahap pendapatan berkaitan dengan keputusan simpanan persaraan. Dengan menggunakan model *ordered probit*, kajian menunjukkan bahawa pengurusan kewangan, kesedaran diri, pemujaan wang, dan pengawasan wang, sebagai pembolehubah bebas, mempunyai hubungan yang berkepentingan secara statistik dengan pembolehubah bergantung keputusan simpanan persaraan. Kerangka teori ini menunjukkan bahawa ciri-ciri sosioekonomi, amalan pengurusan kewangan, kesedaran diri, pengaruh sosial, dan sikap terhadap wang secara kolektif mempengaruhi keputusan simpanan persaraan. Kerangka kerja ini menekankan bagaimana ciri peribadi, pengaruh luaran, dan konteks sosial bersatu untuk membentuk keputusan individu. Penyelidik boleh

menggunakannya untuk memahami kepentingan dan interaksi faktor-faktor dalam tingkah laku simpanan persaraan, manakala pembuat dasar dan pendidik boleh merancang intervensi yang mengatasi kompleksiti keputusan simpanan persaraan.

Kata kunci: Keputusan simpanan persaraan, kerangka konseptual, kumpulan B40, regresi probit beraturan

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ABSTRACT

It is important to ensure ample protection for individuals in their old age and fostering the accumulation of retirement savings at the individual level. The effectiveness of a retirement system hinges on three essential attributes: adequacy, sustainability, and equitability. Since retirement trends in Malaysia are concerning, there is a growing need for proactive measures to address potential factors and enhance retirement preparedness among the population. This study aims to focus on retirement saving decisions in Malaysia, where a significant portion of the population is underprepared for retirement. Over 40% of adults lack any retirement or pension plan, and even among those with savings, many are insufficient, with two-thirds of EPF members expected to have less than RM1,000 per month in retirement. Despite the availability of various retirement plans, most Malaysians, particularly those in the lower-income B40 group, are not saving enough due to low financial literacy and high living costs, resulting in only 5% of Malaysians being truly ready for retirement. To address this, it's crucial to enhance financial education and encourage early retirement planning, particularly for the B40 group. Firstly, it is imperative to consider the factors influencing retirement saving decisions such as financial management, self-awareness, social influences, money avoidance, money vigilant, money worship and money status. The issue is further explored in this research by demonstrating a retirement saving decisions for the B40 group. Secondly, this study presents a conceptual framework that investigates the factors influencing retirement saving decisions, specifically within the context of the B40 group in Malaysia. The sample was collected from all states in Malaysia. Next, this study explores the correlation between dependent and independent variables, including gender, age group, education level, and income level. Finally, this study established the correlation between saving decisions and various factors, including financial management, self-awareness, social influence, money avoidance, money worship, money vigilance, and money status. A total of 385 questionnaires were distributed to collect data for the study. The analysis of retirement saving decisions for the B40 group employed descriptive statistics, variance inflation factor (VIF), pearson correlation, contingency table and the ordered probit model by using path analysis. The contingency table result revealed that age group, education level and income level have relationships with retirement saving decisions. By using ordered probit regression, the study indicated that financial management, self-awareness, money worship, and money vigilance, as independent variables, have a statistically significant association with the dependent variable of retirement saving decisions. This theoretical framework suggests that socioeconomic characteristics, financial management practices, self-awareness, social influences, and money attitudes collectively influence retirement saving decisions. The framework highlights how personal attributes, external influences, and social context combine to shape individual decisions. Researchers can utilize it to understand the importance and interaction of factors in retirement saving behavior, while policymakers and educators can design interventions addressing the complexity of retirement savings decisions.

Keywords: Retirement saving decisions, conceptual framework, B40 group, ordered probit regression

الملخص

من المهم ضمان الحماية الكافية للأفراد في سن الشيخوخة وتعزيز تراكم مدخرات التقاعد على المستوى الفردي. تعتمد فعالية نظام التقاعد على ثلاث سمات أساسية: الكافية، والاستدامة، والإنصاف. نظرًا لأن اتجاهات التقاعد في ماليزيا مثيرة للقلق، فإن هناك حاجة متزايدة لاتخاذ تدابير استباقية لمعالجة العوامل المحتملة وتعزيز الاستعداد للتقاعد بين السكان. تهدف هذه الدراسة إلى التركيز على قرارات ادخار التقاعد في ماليزيا، حيث إن جزءًا كبيرًا من السكان غير مستعد بشكل كافٍ للتقاعد. أكثر من 40٪ من البالغين لا يمتلكون أي خطة تقاعد أو معاش، وحتى بين الذين لديهم مدخرات، فإن العديد منهم غير كافيين، حيث يُتوقع أن يكون لدى ثلثي أعضاء صندوق الادخار أقل من 1000 رينغيت ماليزي شهريًا عند التقاعد. على الرغم من توفر العديد من خطط التقاعد، (EPF) للموظفين، لا يدخرون بما يكفي بسبب انخفاض (B40) فإن معظم الماليزيين، وخاصة أولئك في مجموعة الدخل المنخفض مستوى المعرفة المالية وارتفاع تكاليف المعيشة، مما يؤدي إلى أن 5٪ فقط من الماليزيين مستعدون حقًا للتقاعد. لمعالجة هذه القضية، من الضروري تعزيز التعليم المالي وتشجيع التخطيط المبكر للتقاعد، وخاصة بالنسبة أولًا، من الضروري النظر في العوامل المؤثرة على قرارات ادخار التقاعد مثل إدارة المال، (B40) لمجموعة الوعي الذاتي، التأثيرات الاجتماعية، تجنب المال، اليقظة المالية، عبادة المال، والوضع المالي. يتم استكشاف هذه ثانيًا، تقدم هذه (B40) القضية بشكل أكبر في هذا البحث من خلال عرض قرارات ادخار التقاعد لمجموعة (B40) الدراسة إطارًا مفاهيميًا يحقق في العوامل المؤثرة على قرارات ادخار التقاعد، خاصة في سياق مجموعة في ماليزيا. تم جمع العينة من جميع ولايات ماليزيا. بعد ذلك، تستكشف هذه الدراسة العلاقة بين المتغيرات التابعة والمستقلة، بما في ذلك الجنس، الفئة العمرية، مستوى التعليم، ومستوى الدخل. أخيرًا، حددت هذه الدراسة العلاقة بين قرارات الادخار والعوامل المختلفة، بما في ذلك إدارة المال، الوعي الذاتي، التأثير الاجتماعي، تجنب المال، عبادة المال، اليقظة المالية، والوضع المالي. تم توزيع ما مجموعه 385 استبيانًا لجمع البيانات للدراسة. استخدم ، ومعامل ارتباط (VIF) إحصاءات وصفية، ومعامل تضخم التباين (B40) تحليل قرارات ادخار التقاعد لمجموعة بيرسون، وجدول الطوارئ، ونموذج البروبيت المرتب باستخدام تحليل المسار. كشف جدول الطوارئ أن الفئة العمرية، مستوى التعليم، ومستوى الدخل لها علاقات مع قرارات ادخار التقاعد. من خلال استخدام نموذج البروبيت المرتب، أشارت الدراسة إلى أن إدارة المال، الوعي الذاتي، عبادة المال، واليقظة المالية كمتغيرات مستقلة لها ارتباط إحصائي كبير بالمتغير التابع المتمثل في قرارات ادخار التقاعد. يشير هذا الإطار النظري إلى أن الخصائص الاجتماعية والاقتصادية، وممارسات إدارة المال، والوعي الذاتي، والتأثيرات الاجتماعية، والمواقف تجاه المال تؤثر مجتمعة على قرارات ادخار التقاعد. يبرز الإطار كيف تتجمع السمات الشخصية، والتأثيرات الخارجية، والسياق الاجتماعي لتشكيل القرارات الفردية. يمكن للباحثين الاستفادة منه لفهم أهمية وتفاعل العوامل في سلوك ادخار التقاعد، بينما يمكن لصانعي السياسات والمعلمين تصميم تدخلات تعالج تعقيدات قرارات الادخار للتقاعد.

الكلمات المفتاحية: قرارات ادخار التقاعد، الإطار المفاهيمي، مجموعة ، نموذج البروبيت المرتب.

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LIST OF ABBREVIATIONS

DOSM	Department of Statistics Malaysia (DOSM)
EPF	Employees Provident Fund
COVID-19	Coronavirus disease 2019
R&R	Restructuring and Rescheduling
ABM	Association of Banks in Malaysia
IDX	Indonesian Stock Exchange
NUS	National Union of Student
B40	Bottom 40%
M40	Middle 40%
T20	Top 20%
T1	Top 1
T2	Top 2
M1	Middle 1
M2	Middle 2
M3	Middle 3
M4	Middle 4
B1	Below 1
B2	Bottom 2
B3	Below 3
B4	Below 4
<i>PGK</i>	<i>Pendapatan Garis Kemiskinan</i>
PeKa B40	Peduli Kesehatan for the B40 group
BPN 2.0	Bantuan Prihatin Nasional 2.0
NKRA	The National Key Result Areas
GTP	Government Transformation Programme
SPSS	Statistical Package for Social Science
<i>AKPK</i>	Credit Counselling and Debt Management Agency (<i>Agensi Kaunseling dan Pengurusan Kredit</i>)
ANOVA	Analysis of Variance
LCE	Lower Certificate of Education
<i>SRP</i>	<i>Sijil Rendah Pelajaran</i>
<i>PMR</i>	<i>Penilaian Menengah Rendah</i>
MCE	Malaysia Certificate of Education
<i>SPM</i>	<i>Sijil Penilaian Menengah</i>
<i>STPM</i>	<i>Sijil Tinggi Pelajaran Malaysia</i>
VIF	Variance Inflation Factor
MLE	Maximum Likelihood Estimator
TPB	Theory of Planned Behavior
PRS	Private Retirement Scheme
VIF	Variance Inflation Factor
SP	Socioeconomic Profile
MA	Money Avoidance
MW	Money Worship
MV	Money Vigilant
MS	Money Status

G	Gender
AG	Age Group
EL	Education Level
GLC	Government-Link company
HSBC	Hongkong and Shanghai Banking Corporation
PCC	Pearson Correlation Coefficient
PRS	Private Retirement Scheme
QQ plot	Quantile-Quantile plot



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SYMBOL

n	Sample size
N	Number of item
e	The level of precision (at 5% acceptable margin of error)
\bar{c}	Average inter-item covariance among items
\bar{v}	Average variance
R_j	Coefficient of determination of the regression equation
ρ	Sperman's rank correlation coefficient
d_i	The difference between the ranks of each pair of observations
k	The number of observations.
a and b	Two random variables
χ^2	Chi-squared
O_i	Observed frequency of each variable
e_i	Expected frequency of each variable
y_i^*	Vector of dependent variable
x_i	Vector of independent variables
β	Vector of regression coefficients
ε_i	Unobserved error term
R^2	Nagelkerke's R-square score
β	The estimated coefficient of the independent variable.
SE	The standard error of the estimated coefficient.

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