Determinants of Effectiveness Comfortable Retirement Planning among Employees Small Medium Enterprise in Kelantan

by

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i

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Penentuan Keberkesanan Perancangan Persaraan Yang Selesa Antara Pekerja

Perusahaan Kecil (SME) di Kelantan

ABSTRAK

Kajian ini bertujuan untuk mewujudkan pengetahuan baru dan pemahaman yang lebih baik mengenai kesedaran literasi kewangan yang penting ke arah perancangan persaraan yang selesa di kalangan pekerja SME di Kelantan. Objektif kajian ini adalah untuk mengkaji hubungan antara celik kewangan dan perancangan persaraan di kalangan pekerja perusahaan kecil (SME) di Kelantan. Untuk mengenal pasti hubungan antara kesedaran dan perancangan persaraan di kalangan pekerja perusahaan kecil (SME) di Kelantan. Untuk mengetahui faktor-faktor yang mempengaruhi perancangan persaraan antara pekerja perusahaan kecil (SME) Kelantan. Kajian ini memberi tumpuan kepada sektor swasta yang merupakan perusahaan sederhana kecil (SME) di Kelantan untuk mengkaji kepentingan literasi kewangan persaraan, seperti yang kita ketahui bahawa banyak dikalangan daripada mereka yang membuat simpanan yang amat sedikit dan akan menghadapi masalah kewangan di usia tua mereka. Kajian ini juga untuk meningkatkan kemahiran kewangan, pengetahuan dan membuat keputusan kewangan mereka secara bijak dan berkesan dalam pengurusan kewangan. Untuk mewujudkan kesedaran ke arah perancangan persaraan pesara perlu menetapkan matlamat dan membuat perancangan mereka terdahulu di awal persaraan bagi memeastikan mereka jelas akan matlamat mereka supaya dapat di capai seperti yang dirancangkan pada usia tua nanti. Seperti yang dinyatakan Jika anda gagal merancang, anda merancang untuk gagal oleh Benjamin Franklin (1790).

iv

Determinants of Effectiveness Comfortable Retirement Planning Among

Employees Small Medium Enterprise in Kelantan

ABSTRACT

This study is about creating new knowledge and better understanding on the important of financial literacy awareness towards a comfortable retirement planning among employees of small medium enterprise (SME) at Kelantan. The objectives of the current study is to examine the relationship between financial literacy and retirement planning among employees of small medium enterprise (SME) at Kelantan. To identify the relationship between awareness and retirement planning among employees of small medium enterprise (SME) at Kelantan. To investigate the factors that effect on the retirement planning among employees of Kelantan. This study is focuses on private sector which are small medium enterprise (SME) at Kelantan to examine the important of financial literacy of retirement, as we know that many of them saved little and will face financial insecurity in their old age. This study also to enhance financial literacy skill, knowledge and financial decision to manage their own financial in smart and effectively. In order to create awareness in financial literacy toward retirement planning this study suggest that retirees should have early planning stage and be clear on goals setting in their future. As saying goes If you fail to plan, you are planning to fail by Benjamin Franklin (1790).

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

1.1   Preliminary

In this Chapter outlines researcher discuss on the background of the study, problem statement, research questions, research objective, scope of study, limitation of the study, significance of the study.

1.2   Background of Study

In this globalization and uncertainty of our country economy a well financial planning process is important nowadays in order to achieve financial freedom in the future. Individual should start plan their own financial in early because the earlier they start planning the easier for them to put their money aside to save for their retirement need. According to Guillemard and Rein (1993), retirement can be define individual who is stop working and is out from the labor market.

Furthermore, financial literacy also as important tools in order to have a good financial planning. Financial literacy will give positive effect for their own financial planning (Lusardi & Mitchell, 2011; Hilgert, Hogarth & Beverly, 2003). Person who is highly financial literate and able to manage their own wealth using variety types of financial product that available in the market today. As a result for those have high

financial literacy they can achieve their financial goals that has been set before and at the same time increase the standards of living.

In Malaysia Employees Provident Fund (EPF) goals is to ensure our Malaysian can enjoy their retirement consequently those employees and employers is working with private sector are required to contribute 13% from employer and 11 % from employees of their salary to EPF for their retirement . Even there have EPF fund but Malaysians nowadays still short of money while in their retirement age and some retirees need to working as a part time due to lack of retirement fund and burden of high cost of living. . In conjunction with, those who is lack of retirement planning will facing difficulty to sustain in their life after they retirement (Eugene & Wong, 2013). Below figure 1.1 show Age of retirement men and Women in Malaysia averaged 57.78 from 2009 until 2017, reaching an all-time high of 60 in 2013 and a record low of 55 in 2010.
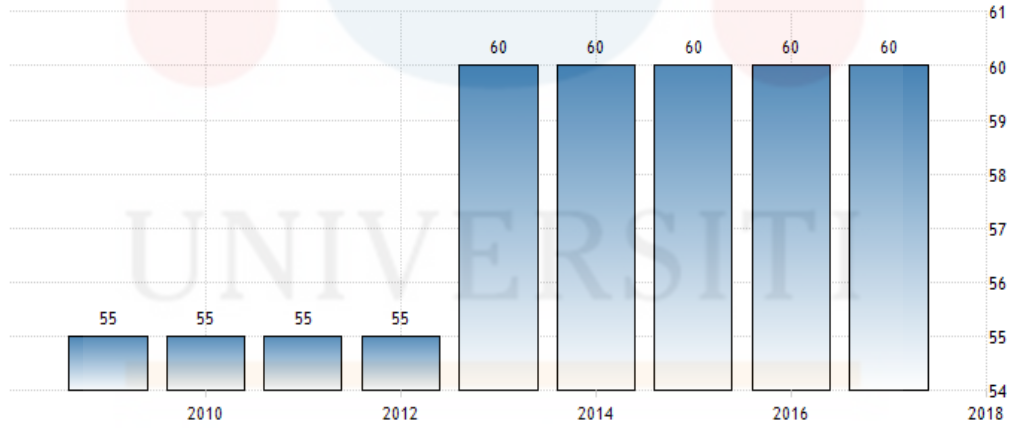
Source: Tradingeconomic.com Inland Revenue Boards Of Malaysia,
(ECONOMICS, 2009-2018)

Figure1.1: Age of retirement men and women in Malaysia

1.3   Small Medium Enterprise (SME)

Small Medium Enterprise (SME) can be define as non-subsidiary and independent company that contain a fewer of number employees. Therefore minimum of the employees is 5 for small enterprise and maximum not exceed 200 employees (OECD SME and Entrepreneurship Outlook,2005).

Table 1.1: Definition by Size of Operation

Category	Small	Medium
Manufacturing	Sales turnover from RM300,000 to less than RM15 million OR full time employees from 5 to less than 75.	Sales turnover from RM15million to not exceeding RM50 million OR full time employees from 75 to not exceeding 200.
Services & other Sector	Sales turnover from RM300,000 to less than RM3 million OR full time employees from 5 to less than 30.	Sales turnover from RM 3million to not exceeding RM20 million OR full time employees from 30 to not exceeding 75.

Source: SME Corp. Malaysia, (2013)

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3

If a business fulfills either one across the different sizes of operation, then the smaller size will be applicable. For instance, if a company sales turnover falls under microenterprise but employment falls under small, then the business will be classify as a microenterprise.

1.3.1 Classification of Sectors

(i)   Manufacturing can be refer as a physical or chemical from raw material transformation of material or components into new product.

(ii)   Services can be describe as all services including business professional, hotels and restaurants, IT services, private education and health, entertainment, financial, research and development (R&D), logistics, warehouse, engineering.

(iii)   Other is refer to our three main key economy activities which is primary agriculture, construction, and mining quarrying this classification of economic activities definition is based on the Malaysian Standard Industrial Classification (MSIC)2008 that has been shown in Annex on appendix.

1.4   Problem Statement

According to Nornisah (2016), said that member who withdraw 70% from their The Employees Provident Fund's (EPF) saving spend all within 30 days that a serious problem occurred in Malaysian. Narayanan (2002), argues EPF fund insufficient for retirees to support their golden age due to longer life expectancy. Majority of our Malaysians is over depend on Employee Provident Fund (EPF) for private sector and for public or government sector they will depend on the pension that government give every month when they retire. In their opinion that is enough for them but in fact that is not enough to survive in volatile economic environment todays. (Zabri, Ahmad, & Lian, 2016)

Majority of our Malaysian people didn't have enough for their income even they contribute using mandatory contribution to Employees Provident Fund's (EPF) for their future nest egg. From the annual report 2016 EPF have 14.80 million members only 6.88 million member actively and consciously contribute in their EPF (EPF Annual Report, 2016). In conjunction with, in annual report we can seem that active member have less than RM500,000 in contribute their EPF saving which is insufficient for them to cover their expenses when retire. (Ibrahim, Isa, & Ali, 2012). Below Table 1.3 show the average of their member at 54 years old of the age meaning that is 1 year before their member are entitle to make a full withdrawal.

Table 1.2: Member Average Saving At Age

Year	Number of Member	Active Member		Number of Member	Inactive Member	
		Total Saving (RM)	Average Saving(RM)		Total Saving (RM)	Average Saving(RM)
2008	53,022	7,027,654,442	132,540	130,653	2,850,548,303	21,894
2009	54,939	7,681,372,168	139,816	134,556	3,055,433,736	22,708
2010	62,028	8,868,040,956	142,968	148,844	3,528,282,764	23,705
2011	62,358	9,304,858,493	149,217	146,172	3,418,820,359	23,389
2012	68,151	10,788,445,936	158,302	157,425	3,802,693,654	24,156
2013	73,168	12,193,461,751	166,650	160,131	4,203,516,072	26,250
2014	76,424	13,767,990,019	180,153	166,311	4,578,149,209	27,557
2015	81,646	15,875,114,998	194,438	169,425	5,343,743,319	31,540
2016	82,332	16,819,459,387	204,288	170,844	5,812,652,311	34,023

Source : Annual Report (EPF, 2016, p. 17)

Another key point is, 92% of Malaysians start to worry over retirement fund on their financial health and needs when they are in old age that have been mention by assistant Bank Negara Malaysia. In generally, most of our Malaysian popular strategies for their retirement is over depend on their children or partner, they continue working after retire and relying on government financial assistance (Jessica,2016).

Important to realize that nowadays generation Y young adult think that retirement planning is too far for them due to their life style different and different perception of thinking (Joseph,2010). According with the result of finding AXA Retirement Scope 2010 conduct a global retirement study across 27 countries about related issue on retirement. Based on the study only 48% said they are no problem in manage their standard of living after unemployment.

6
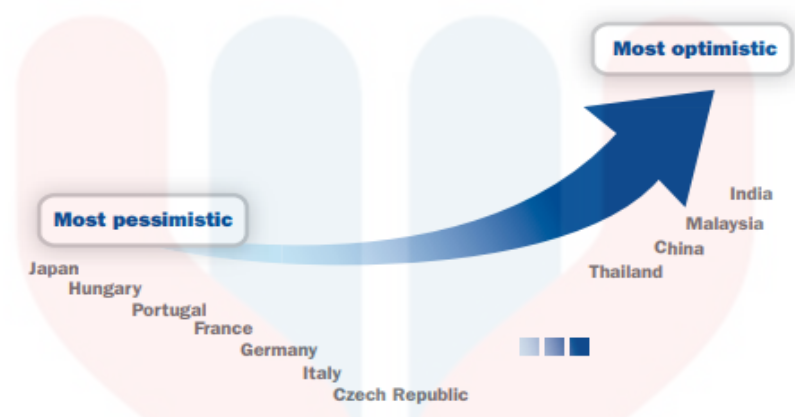
Source: AXA Retirement Scope,(2010)(AXA, p. 17)

Figure1.2: The optimism and pessimism index

Figure: Show the optimism and pessimism index for current and future generation on living standards yields and quality on their retirement expectations. From this indicated that how working people react to the retirement planning because their perception maybe differ. As a result of the surveys there are four countries that with high optimism which is all from Asia countries Thailand, China, Malaysia and India. Running extremely high in four. Besides that, pessimistic was determined by attitudes with seven countries that is led by Japan, followed by six European countries.

From this point of view shown that our Malaysian's level of awareness financial literacy in retirement planning is low. Furthermore, age of retirement in Malaysia is keep increasing from 55 to 60 years old. As we all know that Malaysian's life expectancy is increasing to 74.7 year in 2016 Department of Statistic,(2016). These figures shown that Malaysian's will reach retirement age with longer life expectancy then will burden with high inflation rates and suffered high medical cost in healthcare

that why they need well prepare for their retirement to ensure no worried about saving money. From current issues on poor and lack of retirement planning behavior will affect contribution the life of retirees when they retire soon. Below figure 3 shown life expectancy at birth, Malaysia,2010-2016
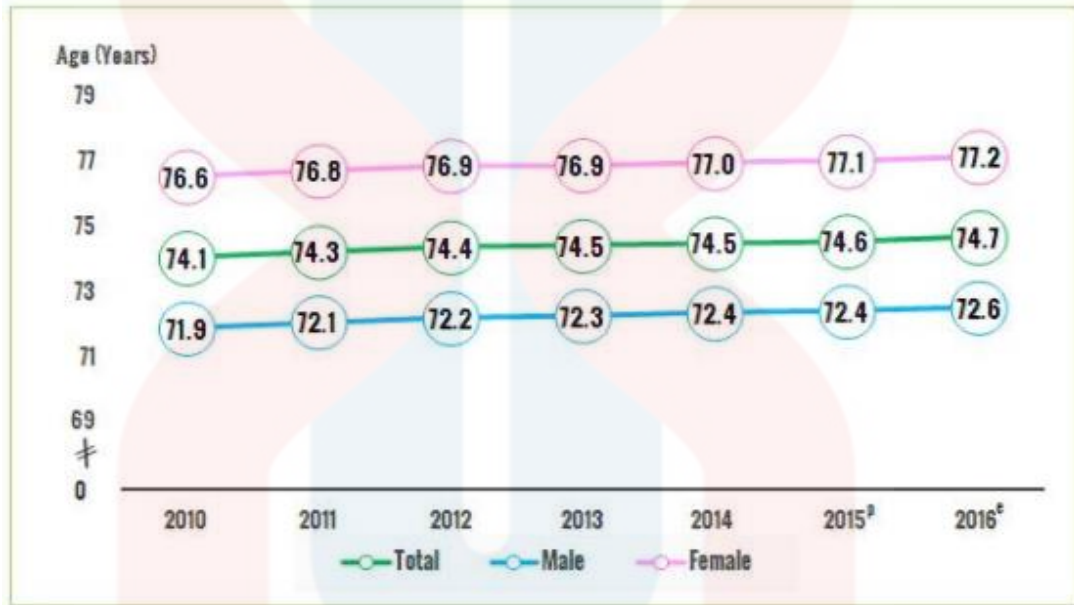
Source: Department of Statistic Malaysia Population and Demography, (2010-2016)

Figure 1.3: Life expectancy of birth Malaysia, (Malayisan, 2017)

Malaysian life expectancy increasing to 74.7 if they retire on 60 years old how they going to survive for another 15 year if average life expectancy 74.7. In this 15 years retires need some money to cover expenses for instance healthcare, food, and other expenses. In this globalization environment in Malaysia, inflation rate keeps on increasing. Based on this worrying situation, how can our Malaysians hedge against the skyrocketing inflation rate nowadays? From this current situation, how can we cope with this problem?

This is a very alarming problem that occurred in Malaysia. According Fiona Ho,(2016) indicated that 9 in 10 of Malaysians are having zero savings which is a sad news fail to plan for their financial. Miserably that one in three Malaysians do not have savings account and majority of them cannot survive more than 5 years post retirement. As a result, this research is to create awareness on how to start planning for their retirement and when is the right time to start planning for a comfortable retirement.

In addition, studies that have been conduct show that only 22% have their retirement plan. Meaning to say that other78% of them is not ready financially for their retirement. Most of our Malaysian people are not having a proper financial planning for their retirement years (AndyChua, 2015)

Furthermore, Malaysian nowadays also alarming with serious of bankruptcy. The Malaysia Department Of insolvency declare that cases of bankrupt consistently keep increasing year by year due to the lack of financial literacy the ability to handle their personal financial well. Most of the Malaysian especially graduates will facing bankruptcy problem due to their own lifestyle which mean they are live in lavish lifestyle. Another reason cause of bankruptcy due to high cost of living and high cost of food (Isabell,2014).

Table 1.3: Total of Bankruptcy By Age from year (2012-2016)

			Year				
Age	2012	2013	2014	2015	2016	Total	Percentage
Age below 25	130	208	635	122	91	1,186	1.16
Age 25-34	3,970	5,212	4,822	4,648	5,184	23,836	23.38
Age 35-44	7,164	7,616	7,641	6,507	6,601	35,529	34.85
Age 45-54	5,698	5,973	6,223	4,744	4,967	27,605	27.07
Age 55 and above	2,499	2,818	2,867	2,299	2,536	13,019	12.77
No Information	114	160	163	137	209	783	0.77
Total	**19,575**	**21,987**	**22,351**	**18,457**	**19,588**	**101,958**	**100**

Source: Malaysia Department of insolvency,(2016).

1.5   Research Question

(i) What the relationship between level of awareness and retirement planning?

(ii) Is there any relationship between financial literacy and retirement?

(iii) Is there any relation between saving behavior and retirement planning?

(iv) What is the most important factor that influence retirement planning?

1.6   Research objective

(i)   To identify the relationship between level of awareness and retirement planning
among employees Small Medium Enterprise (SME) in Kelantan.

(ii) To examine the relationship between financial literacy and retirement planning
among employees Small Medium Enterprise (SME) in Kelantan.

(iii) To investigate the relationship between saving behavior and retirement planning
among employees Small Medium Enterprise (SME) in Kelantan

(iv) To identify the most important factor that influence retirement planning.

1.7   Scope of Study

In this study researcher focus on the people who is working in Small Medium Enterprise in Kelantan. Respondents for this study is people who working in Small Medium Enterprise in Kelantan to examine the level of financial literacy towards financial planning in future. Therefore researcher come out with the framework to test and identifies some independent variables that will give impact on the retirement planning among employees in SME.

1.8   Limitation of Study

Limitation of this study when researcher conducting this studies about financial towards retirement planning is difficulty in getting respondents to answer the questionnaire. In addition time frame of study is too short and didn't have enough time to prepare for this study to get more information.

Besides that, online questionnaire also will be done to gather more information from the respondent to test which factor is significant. The limitation of using online questionnaire deliver email to each staff is not really practical and the feedback is very slow due to maybe some staff they didn't open their email and waste of the time of waiting their response is better face to face and get the feedback that will be more efficient.

On the other hand the are some limitation too when doing face to face due to some staff unable to fill in the form and understand what is about maybe researcher can read

for them and explain to them on this study. Besides that, some SME respondents, unable to give co-operations due to privacy policy.

1.9   Significance of the Study

Significance of this study will be benefit to society, government and individual especially for those who is really alert about the importance of financial literacy towards their comfortable retirement planning in future.

1.9.1 Individual

In addition, there are some advantages of this study for individual due to it need well plan for their retirement and aware of current economic issues in Malaysia too. There will be take some time on planning their golden time after retirement but they have to prepare early before they retire to ensure that they have enough money to support them when retired. People who are young are advice to start early planning for their future retirement life that is much easier for them. As a result retirement planning still in early stage for them and ignored it. In contrast, now our inflation rate is keep increasing what are the action of the Malaysian today toward on their own financial planning.

1.9.2 Government

This study will be benefit for government too from this study government can plan and solve the problem in effective and efficient way by introduce financial literacy course to Malaysian in higher institutions. Therefore, financial education is a must for Malaysian today to deal with the financial crisis that will be occur after this. So this will determine our Malaysian to take self-initiative and improvement to gain as must as knowledge in order to be smart in making financial decision too. In order to create awareness among Kelantanese seminar, conference need to be run to ensure that they are aware on how serious if they didn't plan for their retirement when they are young. Firstly they should find as much as possible regarding the issues on retirement planning among Malaysian either using primary data or secondary data. The number of bankruptcy among youngster today is slightly serious problem because they didn't plan their financial well. Hopefully researcher can find the exactly solution to help them to be smart in planning their own financial in future.

1.9.3 Society

There are a lot of retirement plan and product that available in the market to help our Malaysian to maximize their retirement nest. For instance retirement product is like investing in mutual fund, stock market and insurance. As a Malaysian today making financial decision is important to ensure they can retire in rich and relax without worry about their financial problem when they retire. Researcher advice to seek for a professional financial consultant to consult them in order to achieve their financial goals when retire. When they are aware of this financial crisis this will make a fear factor for them to be a well planning.

1.10 Conclusion

Overall, in this chapter researcher describe background of the study, problem statement, research question, research objective, scope of study, significance of the study and limitation of the study. Thus, for the next chapter researcher will discuss on the theories of the study that has been done by pass researcher to support this research.

CHAPTER 2

LITERATURE REVIEW

2.1   Preliminary

This chapter is about literature review that has been done by past studies regarding on the retirement planning. For current research that been conduct by researcher is support by previous study to make this study more specific and clear about retirement planning In Kelantan. From this literature review researcher will come out with the framework to enhance this study.

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KELANTAN

16

2.2 Awareness

Lack of Awareness can be from various neurological insult for example cause by stroke, traumatic brain injury or dementia (Fleming & Strong, 1999). For instance individual who is suffer with Alzheimer's disease their awareness in cognitive function is slightly declines this will be limitation in alertness of important issues have been rise recently (McDaniel,1995). In this study if individual who is suffering neurological problem they unable to think deeply and automatic their awareness level will be declines on the current issues that happen surrounding them.

A research study by Rooij et al (2007), and Almenberg and Dreber (2012), argued that women who is lack of financial awareness will give impact on their financial decisions. Financial awareness is important because they deal with their own money so they need handle it carefully before made any decisions.

Fact that is brought by Albert (2011), mentions about the level of awareness of the respondents will give impact on the types of investment they made. In this study also emphasize on level of awareness that will determine their type of retirement planning vehicle they choose.(Tina Vohra & Mandeep Kaur, 2016).

There are few research that has been carry to investigated youth awareness on financial product that available in market due to seldom they will involve and buy for their self because retirement planning still early for them to plan but day by day they are burden with high cost of living that they didn't realize (Harrison etal.,2006).

There are two reason for awareness in financial awareness skill that people tend to make mistake due to low awareness and will effect on the decision making and risk involved in their financial decisions so a positive awareness is need to avoid they are fail for their retirement planning (Cramer, Tuokko, Mateer, & Hultsch, 2004).

H1: There is a significant relationship between level of awareness and retirement planning.

2.3 Financial Literacy

According to Garman and Forgue (1999), financial literacy can be defined as "the sufficient knowledge regarding their personal finance fact and also was the key in their personal financial management. Besides that, in their discussion the lack of financial literacy and time constraints in learning about personal finance is consider a stress or barrier for them to make decision on the their personal finance due to a lot of product choice in the market nowadays. Financial literacy is important among Malaysian today because it will be useful for them in panning their own financial with a smart way.(Fisher, Hayhoe, & Lown, 2015)

On the other hand, Micheal (2009) indicated that financial literacy is about the education or knowledge skill and understanding on their own finance manage their own financial in well informed and plan carefully with smart way . A poor financial literacy or lack of financial literacy will effect on the decision making in handle their own finance.

Individual that have ability on knowledge and skill in financial will manage their life time financial well-being effectively using all resources provided for their happy life in future (Suwanaphan, 2013). Retirees need have some knowledge or skill in handle or planning for their retirement to ensure that they are happy while they retire.

Sabri & Juen (2014), said that people who are financial literate and financial educated will have basic understanding on some financial concept for instance our current inflation rate, interest rate, risk reduction, compounded interest and diversification in their financial.

19

Nowadays inflation rate is keep increasing so is the time for those who is educated will start their planning as fast as possible.

From this view people who are financial literate and have better understanding on financial concept capability and high confidence will manage their personal finance. This financial literacy level is able use in short term decision making and long term for retirement planning (Remud,2010).

Individual that who is low level of financial literacy is one of the main reasons that will cause financial crisis in their retirement in future (Atkinson and Messy,2011). Furthermore according to Lusardi and Mitchell (2011), nowadays individual need to be knowledgeable in financial in order to survive in volatile economic environment like our country Malaysia.

According Harnish (2010), all individual should have financial literacy awareness consequently they will make up their mind regarding on their budget and start planning for their future.

The Credit Counselling and Debt Management Agency(2016), mentioned that lack of financial knowledge in finance literacy awareness this is the main reason that why individual having a lot of debt especially youngster that having loan and using credit card that is the main causes of bankruptcy. Every month there a lot of the number of bankruptcy. Hopefully after done this research it will reduce the number of bankruptcy in Malaysian especially happen on youngster nowadays (Azaddin,2016).

Mak and Braspenning (2012), said that mostly consumer do not have sufficient financial literacy so it will effect on decision making biases. Compare with people who is low financial literacy they will late make decision in their retirement planning.

Researcher argue that person who is financial literate able to manage their money and grow money value by investing in right place or save in the right place. Let their money work for them instead they work for money by using their expertise in analytical skill. This kind of people will be responsible on their financial (Beal,Depschtray,2003).

Hogarth (2002), said that financial literacy is about to describe how well their knowledge and understanding the concept of financial concept then use their expertise plan and managed their own financial and decision making.

In addition, by individual that having positive mind set or attitude outcome of this positive impact is they will be more confidence on their retirement if they have a strong financial literacy awareness (Kim, Garman & Quach,2005).

H2: There is a significant relationship between financial literacy and retirement planning.

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2.4   Saving behavior

According to Lawson (2006), saving behavior is important in planning for their own financial planning due to balance their saving, expenses and budget for their retirement. Besides that, Lawson (2006) also encourages student start save early to ensure that they can have a healthy life style if they plan well in their financial. Moreover, it is important too to identify between need and want which is more important due to decide whether to use cash to buy or should use purchase on loan credit card. Think widely and smartly before take an action.

Ekerdt (2001), saving behavior could be reacting with the retirement plan. If people who has saving behavior will plan for their retirement due to their view on retirement in another prospective. So they will start to plan and design their own retirement plans in future. For those who is high level or high educated and discipline mostly they will have their own financial behavior and will try plan for their own financial planning in order to maximize the profit.

Deway (1910), decision making of the individual behavior will effect on the retirement planning that they have make and choose either in financial product that available in the market for instance mutual fund, pension fund, insurance and invest in stock market. People who was saving habit will definitely grow their money by choosing some product in the market and let it grow over the long term. Hence, let your money work hard for you rather than you work hard for money by choosing the right retirement vehicle that available in the market and practice the right strategy is essential.

22

Hogarth et.al(2003), found that if households have any saving goals definitely it will influents saving behavior. Setting the right financial goals is important for household in order to plan for their future and will automatically lead their saving behavior to achieve their goals.

H3: There is a significant relationship between saving behavior and

retirement planning.

2.5   Retirement Planning

Retirement planning is the most highlighted concern issues todays. Retirement can be define individual that who is permanently stopped working in their career or profession. Our Malaysian labor law retirement age for Malaysian is at age of 60 years old. Nevertheless, there a big issues while reach retirement retirees whether in government or public sector they have their own support fund but fund is not enough to cover their retirement days. Mostly our Malaysians stylish today more relying on the Employee Provident Fund (EPF) saving and didn't think on how to diversification their saving to maximize profit for their retirement In our eyes think that retirement is still far away from now but it need well financial literacy to well organized their retirement saving plan for future(Merriam-webster,2014)

Kim,Kwom and Anderson (2004), person that who have plan for their retirement tend have high confidence in their retirement. They will calculate how much it need while reach in retirement age in order to life without worried about the money.

Malaysian's life expectancy improvement from 72.2 year in 2000 to 74.7 year in 2016 (Depart of Statistic,2016). As result this the longer life expectancy the more expenses need to cover our life during retirement. Retirees will be burden on high cost of expenses in medical cost and healthcare cost due to medical cost is keep increasing nowadays.

24

Retirement planning will be plan based on their goals clarify what they need in the future. The importance of setting goals for future is a must due to it will determine planning practice and planning will be turn into the saving habit that will be advantages for their golden age (Stawski et al,2007).

Joo and Pauwels (2002), Gen-Y who is well educated tend to have high retirement confidence. Consequently Gen-Y generation will plan early their retirement planning by diversification their financial into other useful resources for instance involve in investment for long term to maximize their money. Lee & Law (2004), argued that the is importance to having retirement planning due to lack of the retirement planning will lead some people end with disappointed during retirement. As a result, preparation for a retirement task is not an easy some of them didn't alert of this planning.

H4: There is a significant relationship between retirement planning among employees in Small Medium Enterprise.

2.6   Life Cycle Hypothesis Theory

The life cycle hypothesis was formalized by Madigliani and Brumberg (1950), the purpose of this hypothesis is to better understanding individual saving plan for their retirement life span. Actually life cycle hypothesis is the main motivation and encourage individual for saving and using their saving money in their future retirement age.

There are different perceptions between young and old individual. For young people there are positive perceptions on saving while they are working in their younger age. However, for those old individual that going retire they will give negative perception on saving and start to enjoy their retirement with the money they have save before.

Angus (2005), argued that in economy perspective the population is growing and income also growing year by year this generation will be better their parent. As a result, population continuously growth there are more young people around this will give positive impact on saving compare with old individual meaning that more young people will save than are dissaving.

The life cycle hypothesis theory is explain how people divide their income between spending, saving and borrowing. From beginning of the working life income is low and incomes start to increase by middle age until retirement. In contrast, when people in low income they will save a small portion from their income when their income start increasing they will save more to deal with uncertainty of economic when they retire. That is an ideal way for putting aside small amounts of salary or money today you will be in good at a later age.

26
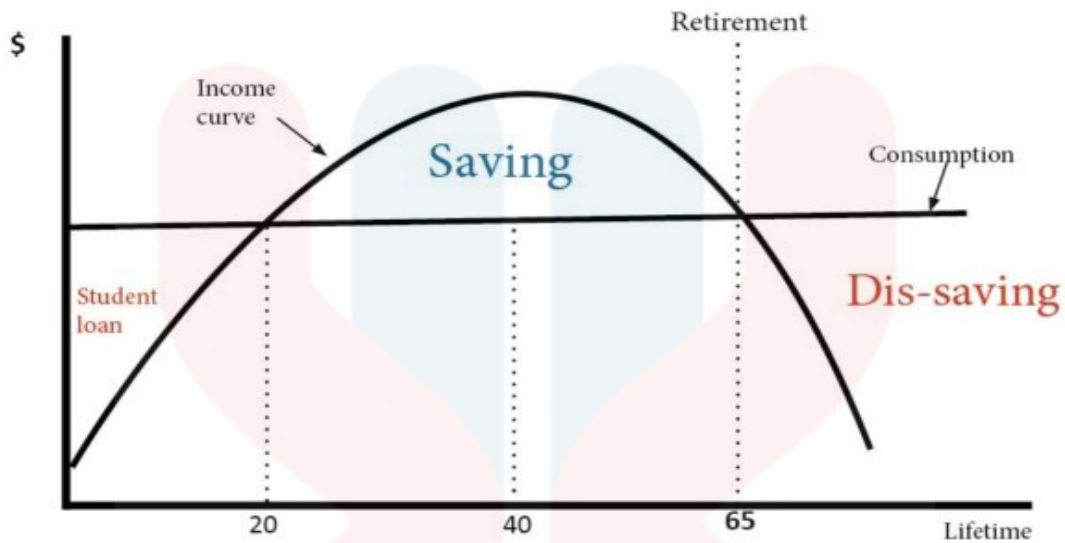
Figure 2.1: The Graph Shown Individual Save From 20 To 65 Years Old

Madigliani and Brumberg(1950), life cycle theory can be explain from this graph. From the above graph shown the individual starts save from 20 to 65 years old. These theories mention that individual is seeking to smooth consumption over the course of a lifetime. In the early stage 20 years old example as a student the need to borrowing loan for instance like PTPTN for their education fund so they are dissaving. After graduates from university they are in working life and start pay the loan and start saving for their retirement in future. When saving in working life it would be hardly for then to maintain similar income during their retirement.

2.7   Theoretical Framework

This research study using theoretical framework. Most of the retires hope that they can achieve financial freedom while they retire. Madigliani and Brumberg(1950), life cycle hypothesis is adapted for this study to tested their saving towards a comfortable retirement planning in Kelantan. As an outcome researcher have identify independent variable for this study is awareness, financial literacy, and saving behavior. This study is to focus on among this three independent variable which one is the most that will give effect on comfortable retirement planning in Kelantan.

Comfortable retirement planning among Kelantan is the main dependencies variable in this study. Saving behavior is independence variable in this study due to the behavior combine of cognitive psychological to overcome the financial decision making. In this study saving behavior is the way or action that how they manage their own financial based on their financial background. Moreover, financial literacy awareness also important to make sense that there are insufficient of saving while retire that is the point that to create awareness of financial literacy among Kelantan.

Beside that independence variable retirement plan that available in market. Nowadays there are a lot of retirement plan in market such as invest using EPF in unit trust company diversified their saving as a saying goes don't put all egg in the basket or invest using cash scheme to maximize the return and gain profit. Financial education is also considered as a independence variable that will also will cause the awareness of the financial literacy.

| Awareness |
| Financial Literacy |
| Saving Behavior |

| Determinants of Effectiveness Comfortable Retirement Planning Employees Among Small Medium Enterprise in Kelantan |
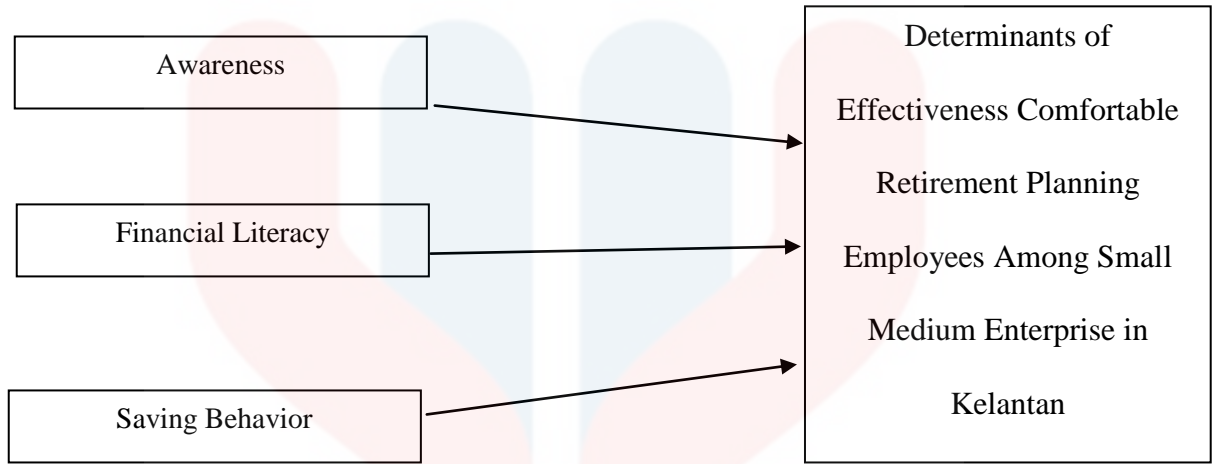
Source: Develop for the study

Figure 2.2: Theoretical Framework For Determinants Of Effectiveness Comfortable Retirement Planning Among Employees Small Medium Enterprise (SME) In Kelantan

2.8 Conclusion

Overall, in this chapter researcher discuss on literature review of all independent variables and dependent variables for this study by support from the past researcher research. Thus, the next chapter will discuss on the methodology that researcher use for data processing, determined the population, sample size and sampling.

CHAPTER 3

RESEARCH METHODOLOGY

3.1   Introduction

The purpose of this chapter is to present an overview of research methodology use for this study. In this study researcher using quantitative method to run this research. This chapter cover research design, unit of analysis, target population, sample size, sampling method and unit of sampling, source of data, validity of instrument, research instrument and data collection. The main data collection is by using distribution questionnaire to the respondent by face to face and online email to them to gather the information.

3.2   Research Design

According Sekaran & Bougie(2013), research design is a blueprint for the collection, measurement, and data analysis that is based on the research question that have been develop by researcher. There are two research methods which is qualitative and quantitative research. In this studies researcher using quantitative approach to measured three independent variables. Where by three independents variables is about respondents saving behavior, financial literacy and retirement planning that respondents plan and action taken. Furthermore, researcher using survey method by distribute questionnaire due to examine the relationship between independents variables and dependents variables. However, the most effective way to help researcher gather and gain more data collection is using questionnaire.

3.3   Unit of Analysis

This research is focus on level of awareness, financial literacy or education and retirement plan for those individual who is working in Small medium enterprise in Kelantan. Unit of analysis is the population that is going to test in this study.

3.4   Target Population

From the data collection of information researcher choose small medium enterprise to test significant of the hypothesis between relationships among employees in small medium enterprise in Kelantan. The main purpose of this to study also to test level of

awareness among employees small medium enterprise with their retirement. Did they plan well for their retirement and how to start their retirement? From this research researcher can compare between individual working in government sector or public sector and employee on their level of awareness, individual financial literacy. Similarity, researcher seek to test whether individual who involve in SME is start their own business did they take initiative to plan for their retirement too compare with other.

3.5   Sampling Method and Sample Size

Sampling can be divided into two methods which are non-probability sampling and probability sampling techniques. Probability sampling is about each member of the population has and equal probability of being select include as a sample. In contract, non-probability sampling is select to represent the population in other word researcher can select their sample in their study based on the population (Christina,2011)

A non-probability method was choose in gathering information. Target sample for this study is private company from Small Medium Enterprise (SME) in Kelantan to study level of financial literacy awareness toward a comfortable retirement planning among their employees. According to Small Medium Enterprise Website Kelantan consist of 1287 company that been register. Researcher focus on food beverage industry and wholesale or retail due to this two industry is higher business opportunity in Kelantan SME Corp Malaysia website(2011).According Krejcie & Morgan (1970), to simplify researcher the process of determining the sample size for a finite population using the table easier.

Researcher estimate around 250 respondents will be representing on overall population in this study. Hence, on Krejcie & Morgan (1970), table suggest researcher there is 213 a minimum respondents that will be sufficient to represent 463 population among employee in small medium enterprise in Kelantan.

3.6   Unit of Sampling

The sampling unit is the element or set of elements that is available for selection some stage of the sampling process (UmaSekaran & RogerBougie, 2013).This unit of sampling is the purpose real measurement that researcher select to investigate.

3.7   Source of Data

3.7.1 Primary Data

Primary data refer on information obtained from first hand through their respondents by answer questionnaire. Primary data is individual provide information when they conduct their interview through a group depth interview of focus group, questionnaire and observe. This source of data can be original record, original document or personal interview (UmaSekaran & RogerBougie, 2013).In simple word primary data is raw material or original data that has been collect by researcher in the study. For this study primary data researcher obtained is using questionnaire and let respondents answer the question to gathered more information.

3.7.2 Secondary Data

Information that has been gathered from pass sources already exists that other researcher conduct the same study of interest. For instance, secondary data can be obtained by company recording, government publication, industry analysis through media social such as website and internet (Sekaran & Bougie,2013). Researcher can obtained variety types of information to ensure that this study is smoothly complete. Secondary data is very useful that will help save a lot of time and cost in gather information. In this study researcher use internet to access information like journal article that has been done by pass researcher.

3.8   Research Instrument

3.8.1 Questionnaire

In this quantitative study questionnaire were used to collect data. As a result questionnaire can consider as primary data that obtained first hand from their respondents related on this study about retirement planning among small medium enterprise in Kelantan. Total of 250 questionnaires will be distributed to employees small medium enterprise in Kelantan. Questionnaire was designed to collect large number of quantitative data. Questionnaire can be distributed by face to face to their focus group of respondents, email or electronic distribute the questionnaire by using Google form that is must easier way , save time and cost. (Sekaran & Bougie,2013).

3.8.2 Questionnaire Design

In this study before start conduct questionnaire surveys researcher should draft their plan and design questionnaire. In conjunction with, this questionnaire format must be simple and easy to understand to ensure that all respondents can answer all relevant questions. This questionnaire question was design based on three literature review in this study is awareness, financial literacy, retirement planning and saving behavior. In this study there are two version of questionnaire where is English version and Malay version because to make sure that respondents from this study is easier understand the question that has been design. There are five part in this questionnaire that respondents should answer within 10-15 minute. The first part is part A about respondent's demographic age, gender, ethnicity, education level and income. Part B is statement about the level of awareness and retirement planning. Part C statement is regarding financial literacy and retirement planning. Part D statement is the relationship between saving behavior and retirement planning. The last part is part E is about retirement planning. Majority of this questionnaire is using Likert scales. This likert scales was design to examine how strongly respondents agree with the statement. This likert scales consists of five point scales which start from number 1 = strongly disagree 2= Disagree 3= moderate 4=agree and 5= strongly agree. Hence, this likert scales allow them to differentiate their retirement planning from other person. This likert scales statement express whether a favorable or unfavorable attitude toward the given object that respondents need to asked to react (Smith, 2016).

3.9   Validity Of Instrument

Validity is refer how accurate and precise respondents answer questionnaire. Researcher develop and test their questionnaire with select group of small medium enterprise in Kelantan to test their retirement planning is it the content is suits with the purpose of the study. In Kelantan, questionnaire of Malay version is most suits because they mostly communicate with Malay language. Besides that, clear instruction should be state in the questionnaire to ensure that respondents answer accurately without any confusing.

3.10 Data Collection

Researcher using questionnaire to collect data of this study. Researcher distributes questionnaire by itself. Before start data collection researcher need to get permission from faculty to provide a formal letter while conducting questionnaire surveys and show letter to small medium enterprise company in Kelantan that allow researcher to gather information for thesis research. The participations of the respondents will be choosing randomly from different small medium enterprise website. Researcher will guide and supervise their respondents when questionnaire surveys are distributed to respondents in case they having difficulty in answering the question that have been develop. The data will be collect when respondents completely answer the entire questionnaire. Moreover, respondents answer was very important to researcher due to test validity and reliability of the study.

3.11 Data Analysis

Data analysis can be defined as a practice in which raw data is ordered and organized to become an useful information that can be extracted from it (James,2016). The research is involves a systematic process that focus on main objective research and gather variety types of information before start analysis data and make final conclusion about the study. All of questionnaire answered will be process through Statistical Package for Social Science (SPSS).

3.12 Pilot Test Analysis

Pilot study can be defined as a test of the design about the research study. All of the data that has been gather from respondents answer should be tested (Christina,2011). This pilot study was carried out by using a small number of the respondents to test questionnaire that develop by researcher. All respondents that to be tested must be choose similar to these actual respondents but they are not the respondents in the study. There should be minimum 30 respondents to carry out this test on questionnaire. Every comment and response from this survey is very important. Thus , from this respondents comment researcher will make improvement on their questionnaire to ensure that this surveys is easier, clear and better understanding regarding on the subject to study.

According to Bhatnager et al, (2014) Cronbach Alpha coefficient that closer to 1 show higher reliability of the questionnaire. In contrast, if reliability is less than 0.6 is consider as poor. On other hand, reliability is show below 0.5 questionnaire that been

design is consider as unacceptable. The researcher distributes 30 surveys to respondents to test the validity and reliability of questionnaire for this study.

Table 3.1: Rule of Thumb of Cronbach's Alph Coefficient

Coefficient Alpha Range,α	Strength of Association
α >0.9	Excellent
0.7 < α < 0.9	Good
0.6 < α < 0.7	Acceptable
0.5 < α < 0.6	Poor
α< 0.5	Unacceptable

Source: Adopted (Bhatnagar, Kim, & Many, 2014)

Tables above shown the Rule of Thumb of Cronbach's Alph Coefficient range. Based on the left is the range of result has been test and the right is shown the result of strength on the questionnaire reliability analysis.

Table 3.2: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.886	38

Based on the table above it shown the Cronbach's Alpha for the pilot test for all variables is 0.886. Hence, the result shown is in good according Bhatnager et.al,(2014) that in range 0.7 < α < 0.9.

3.13 Construct Measurement

Construct in quantitative research mean a mental abstraction that researcher used to express ideas, individual, organization, an event and or object/ thing that researcher interested in. In addition, construct will help researcher explain the different theories and bring some theory too similarity will also measure / observe their behavior.

In this research, the part A is demographic the construct in this section is starting with age, gender, ethnicity, and education level is measure using nominal. Furthermore, variable in this research is awareness, financial literacy, saving behavior and retirement planning was measure by scale. For instance, in this research when come to analysis data using Statistical Package for Social Science (SPSS) coding is essential. Age , number 1 represent age 35 and below, number 2 is represent 36 – 49 year old, and number 3 represent age 50 and above. For research variables is measure with the same value which is start from number 1 to 5. number 1 = strongly disagree 2= Disagree 3= moderate 4=agree and 5= strongly agree.

3.14 Data processing

In quantitative researcher will use survey form to obtained information that they interested in with a systematic and standardized way. They will ask the same question in the same way to their respondents. Surveys could be done by using traditional way like face to face and another way is using electronic devices to help researcher obtain the information. Using non probability is easy technique because whatever units from the population are available to participate in this surveys.

Researcher must know the research objective clearly before start develop their questionnaire. After finish develop questionnaire researcher have to conduct pilot test to test on questionnaire that has been develop to ensure that their respondets understand the question being ask. If questionnaire is in good or strong meaning that questionnaire is ready to be distribute to 250 respondents. According Krejcie & Morgan (1970), table suggest researcher there is 213 a minimum respondents that will be sufficient to represent 463 population among employee in small medium enterprise in Kelantan. Therefore researcher, distribute 250 questionnaire to avoid any error happen but for this study there are no error occurred. After finish all 250 question this data will be process by Statistical Package for Social Science (SPSS) software. Data processing is include coding, checking, and edit the data. Each of the return questionnaire will be checked again to ensure that all question is being answer by respondents. Meanwhile, if there are incomplete questionnaire will be reject. Data will be key in using SPSS and researcher will assign number of the data. For instance, gender number 1 represent male, number 2 is represent female.

40

After finish key in data result of the surveys will be release and researcher needs to interpret the result from the information that they gain. Lastly researcher need to have a discussion on the result of their finding and problem solving for the current issues for the research.

3.15 Data Analysis

In quantitative research data analysis is important to help researcher understanding results from the surveys either meet researcher objective or not. There are variety types of analysis that can be analyzed for example in this research use nominal measurement. According Sekaran & Bougie(2013), there is allow researcher to assign subjects to certain categories or group. This nominal data is data has no logical.

Likewise, questionnaire is a series of question asked to individual in order to gain valuable information. Basically questionnaire question use close ended question due to answer already fix and limited of answer for their respondents. Cronbach Alpha coefficient is measure how close a set of item as a group. Cronbach Alpha coefficient state that questionnaire which is closer to 1 will be determined in high internal consistency reliability. Nevertheless, pilot test result questionnaire which is less than 0.6 assume as a poor reliability. Variable of this research will be analyzed using descriptive analysis, Pearson Correlation Multiple Liner Regression to know the relation between independent and dependent variables.

3.15.1 Descriptive Statistic Analysis

Using descriptive statistical analysis all data collection of researcher is in clear and reasonable through numerical and graphic procedure. Descriptive statistical analysis will come out with mean of every section of question especially on demographic section.

Table 3.3: Average Score Interpretation Schedule to the 5 Stages (Likert Scale 5)

The average score	Interpretation
1.00 until 1.89	Very low
1.90 until 2.69	Low
2.70 until 3.49	Moderate
3.5 until 4.29	High
4.3 until 5.00	Very high

Source: Adopted from Hamid & Ahmad (2011)

Data interpretation of questionnaire that using Likert Scale mean score of 1.00 to 1.89 shows that level is very low, mean 1.90 to 2.69 in the low, mean 2.70 until 3.49 at a moderate level, mean range in between 3.5 to 29.4 is assume at the high level, while mean in range 4.3 to 5.00 show the level is very high.

3.15.2 Scale Measurement-Reliability Test

According Sekaran & Bougie(2013), the aim of reliability research measure is to test for both consistency and stability of their construct. Consistency mean how well the item was measure with the concept hang together as a set. Cronbach's Alph Coefficient will indicated how well the item of the questionnaire that researcher develop are positively correlated with each other variables. On the other hand, reliability testing was conduct to identify the data that researcher obtained from the respondents is reliable or not of the research.

3.16 Pearson Correlation

According Khalid et al,(2012) Pearson Coefficient Analysis is to identify how well the variable is related each other. In generally, Pearson Coefficient Analysis consist of two type of level of significance which is one-tailed significance and two-tailed significance. Table below shown strength of the relationship between variables.

43

Table 3.4: Correlation Coefficient

Range	Strength
0.00-0.19	very weak
0.20-0.39	Weak
0.40-0.59	Moderate
0.60-0.79	Strong
0.80-1.0	very strong

If correlation value is almost 1, meaning that there are a strong relationship between the two variables. Thus , changing of one variables are strongly correlated with change in the second variables.

If correlation value is almost 0, meaning that there are a weak relationship between your two variables. This is due to changing in one variables are not correlation with the change in the second variables.

When the correlation value is positive (+), meaning that if one variable increases in value, the second variable also increases in value. Similarly, when one variable decreases in value, the second variable also decreases. This called as positive correlation.

When the correlation value is negative (-), meaning that when one variable increases in value, the second variable will decrease. This called as negative correlation

3.17   Regression Analysis

Regression Analysis can be define as a whereby a situation of relationship between one independent variables (X) to affect the other dependent Variables(Y). (Sekaran & Bougie, 2013).

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \epsilon$$

This model is linear due to linear in the parameters β_0, β_1 and β_2. In this model it describes a plane into three-dimensional space of Y, x_1 and x_2. Then the parameter β_0 is the intercept of this plane. Parameters β_1 and β_2 are referred to as *partial regression coefficients*. Parameter β_1 represents the change in the mean response corresponding to a unit change in x_1 when x_2 is held constant. While, parameter β_2 represents change in the mean response corresponding to a unit change in x_2 when x_1 is held constant. As a result it can be consider that following example of a multiple linear regression model with two predictor variables, x_1 and x_2

45

3.18 Conclusion

Overall this chapter is discribe methodology for this research. For the next chapter researcher will alyszed the data using Statistical Package for Social Science (SPSS) software and discuss on the result of analysis from the data obtained from respondent.

CHAPTER 4

DATA ANAYSIS

4.1   Preliminary

This chapter is discuss on data analysis using SPSS (Statistical Package for Social Science) software. (Alan C. Elliott & Woodward, 2016; Robert H.carver & Nash, 2006)This chapter is include demographic of respondents analysis, descriptive statistical analysis, Pearson's correlation, multiple regressions. Data were analyzed to test the relationship between retirement planning among Small Medium Enterprises (SME). All data were obtained from self-distribution questionnaire and some using online questionnaire Google form. As a result there are 210 respondents answer the questionnaire out of 250 questionnaires distributed to the selected respondents.

4.2   Demographic Characteristic of Respondents

A total of 210 of respondents responses to researcher questionnaire out of 250 distribution. Demographic analysis result was shown as below.

Table 4.1: Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	35 And Below	117	55.7	55.7	55.7
	36-49	71	33.8	33.8	89.5
Valid	50 And Above	22	10.5	10.5	100.0
	Total	210	100.0	100.0	

The above table shown age of the respondents. Majority of the respondents is around 35 year old and below which is show the highest frequency at 55.7% with 117 respondents and follow by age range 36-49 years old at 33.8% with 71 respondents. The last is at age range 50 years old and above 10.5% with 22 respondents.

Table 4.2 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	90	42.9	42.9	42.9
Valid	Female	120	57.1	57.1	100.0
	Total	210	100.0	100.0	

Table 4.2 show the frequencies for the female are highest at 57.1% with 120 respondents compared to male which is 42.9% with 90 respondents.

48

Table 4.3 Ethnicity

		Frequency	Percent	Valid Percent	Cumulative Percent
	Malay	160	76.2	76.2	76.2
Valid	Chinese	50	23.8	23.8	100.0
	Total	210	100.0	100.0	

The table 4.3 above show the ethnicity of the respondents. Majority of the respondents was Malay with highest frequencies 76.2% with 160 respondents ethnicity in Small Medium Enterprise (SME) in Kelantan. On the other hand Chinese ethnicity show 23.8% with 50 respondents.

Table 4.4 Present Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
	Married	116	55.2	55.2	55.2
Valid	Single	92	43.8	43.8	99.0
	Other	2	1.0	1.0	100.0
	Total	210	100.0	100.0	

The table 4.4 above show present marital status of the respondents response in this questionnaire. The highest respondents are married 55.2% with 116 respondents and follow second highest is single marital status with 43.8% (92 respondents). The other status is 1% with 2 respondents.

49

Table 4.5: Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
	Primary	32	15.2	15.2	15.2
	Secondary	138	65.7	65.7	81.0
Valid	Diploma	21	10.0	10.0	91.0
	Degree	19	9.0	9.0	100.0
	Total	210	100.0	100.0	

The above table 4.5 shows education level of the respondents among small medium enterprise (SME). The highest scored of education level was secondary education with 65.7% (138 respondents). Second highest is primary education 15.2% (32 respondents). Diploma 10% with 21 respondents and last is degree education with 9 %(19 respondents).

Table 4.6: Working Sector

		Frequency	Percent	Valid Percent	Cumulative Percent
	Private	184	87.6	87.6	87.6
Valid	Self Employed	26	12.4	12.4	100.0
	Total	210	100.0	100.0	

The table 4.6 is discussing on respondents working sector. The most highest working sector is in private sector 87.6% with 184 respondents. Next self-employed sector is 12.4% with 26 respondents.

50

Table 4.7: Income

		Frequency	Percent	Valid Percent	Cumulative Percent
	RM900 And Below	44	21.0	21.0	21.0
Valid	RM1000-RM2000	134	63.8	63.8	84.8
	RM2001-RM5000	32	15.2	15.2	100.0
	Total	210	100.0	100.0	

Table 4.7 show the frequencies of income respondents in small medium enterprise (SME)in Kelantan that answered the questionnaire. The highest income is at range RM1000-RM2000 with 63.8% (134 respondents). The second highest is in range RM900 and below with 21% (44 respondents) and followed by income range RM2001-RM5000 with 15.2% (32 respondents).

Table 4.8: Did You Plan For Your Retirement

		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	61	29.0	29.0	29.0
Valid	No	149	71.0	71.0	100.0
	Total	210	100.0	100.0	

From the table 4.8 shown that 71% with 149 respondents that didn't plan for their retirement among small medium enterprise (SME) in Kelantan. In contrast only 29% (61 respondents) from 210 respondents plan their retirement.

51

Table 4.9: Where Did You Save

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unit Trust	25	11.9	11.9	11.9
	Asb	85	40.5	40.5	52.4
	Tabung Haji	17	8.1	8.1	60.5
	Stock	1	.5	.5	61.0
	Saving	80	38.1	38.1	99.0
	Other	2	1.0	1.0	100.0
	Total	210	100.0	100.0	

The above table 4.9 show the frequencies of where they saved for their retirement in future. The highest respondents response save in Amanah Saham Bumiputera(ASB) is 40.5% with 85 respondents and followed by save in saving account 38.1% with80 respondents. Unit trust 11.9% (25 respondents), Tabung Haji 8.1%(17 respondents), other 1%(2 respondents), and stock 0.005% (1 respondents).

Table 4.10: Why Do You Invest

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	My Pension Or EPF Might Enough To Support My Retirement	20	9.5	9.5	9.5
	I Want To Have A Comfortable Retirement	171	81.4	81.4	91.0
	I Don't Have EPF	6	2.9	2.9	93.8
	I Don't Have Pension	13	6.2	6.2	100.0
	Total	210	100.0	100.0	

Table 18 show the frequencies of why respondents invest reason. The most highest they save because they want a comfortable retirement with 81.4%(171 respondents). Next they save due to pension or EPF might enough to support their retirement 9.5%(20 respondents), 6.2% (13 respondents) response that they don't have pension and 2.9% with 6 respondents response in questionnaire that they don't have EPF.

4.3 Descriptive Statistical Analysis

Descriptive analysis is analysis that summarized all data collection with clear and reasonable technique through numerical and graphic procedures. From this study researcher has come out with analysis identify mean for every section of independent and dependent variables.

53

Table 4.11: Descriptive Statistical For Awareness Level For Retirement Planning

	N	Mean	Std. Deviation
I will look on current economic issues.	210	3.13	1.427
I am aware of high inflation rate.	210	3.89	1.372
I am aware that retirement fund is insufficient to cover expenses during retirement time	210	3.79	.926
I am aware there are lot of financial product which are available in the market that can be very useful for retirement planning.	210	2.97	1.110
I will look on performance of the fund when I about to invest.	210	4.36	.964
I agree cost of education will keep increasing in future.	210	4.52	.854
I will look on the rate of return when investing.	210	4.48	.949
Total of Awareness Level		**2.714**	**0.7602**

Table 4.11 show descriptive statistical of awareness level with total mean scored 2.714 and standard deviation is 0.7602. The highest mean is 4.52 which is I agree cost of education will keep increasing in future. The lowest scored for mean is 2.97 which I am aware there are lot of financial product which are available in the market that can be very useful for retirement planning.

Table 4.12: Descriptive Statistical For Financial Literacy

	N	Mean	Std. Deviation
I have attended seminar / workshop/ talk regarding to financial planning.	210	2.13	1.315
I have been exposed to personal financial management.	210	2.36	1.448
I consult for professional advice from financial planner pertaining retirement.	210	2.40	1.257
I gain knowledge / awareness about financial management related matters from retirement planning surrounding friends.	210	3.42	.856
I have experience in investment.	210	2.20	1.102
I have very clear on my retirement needs during my retirement.	210	2.97	1.195
I have ability to maintain financial records for my income and expenditure.	210	2.96	1.011
Total Of Financial Literacy		**1.844**	**0.8184**

Table 4.12 show descriptive statistical of financial literacy with total 1.844 scored of mean and standard deviation is 0.8184. The highest scored of mean is 3.42 with the statement that I gain knowledge / awareness about financial management related matters from retirement planning surrounding friends. The lowest score of mean is 2.13 with the statement of I have attended seminar / workshop/ talk regarding to financial planning.

Table 4.13: Descriptive Statistical For Saving Behavior

	N	Mean	Std. Deviation
I do allocate budget for myself.	210	3.32	.928
I do consistently save a portion every month	210	2.33	1.203
I have little or no difficulty in managing my financial.	210	2.81	1.296
I have understanding of how to manage my credit card	210	3.13	1.067
I do not save for retirement because I think is tight / difficult for me to do so.	210	2.07	1.288
I start saving when I was in young age.	210	2.82	1.027
When I set my financial goals, I hardly achieve them.	210	3.44	1.424
Total of Saving Behaviors		**1.992**	**0.8233**

Table 4.13 show descriptive statistical for saving behaviors with total mean scored is 1.992 and standard deviation is 0.8233. the highest scored mean is 3.44 with statement When I set my financial goals, I hardly achieve them. The lowest mean scored is 2.07 with the statement I do not save for retirement because I think is tight / difficult for me to do so.

56

Table 4.14: Descriptive Statistical For Retirement Planning

	N	Mean	Std. Deviation
I will continue to work after retirement after retire	210	1.84	1.149
I want a peaceful retirement without worried on financial problem.	210	4.44	1.011
Retirement fund insufficient for me when I retire.	210	3.59	.860
I take initiatives to plan for my future retirement planning by seeking financial planner.	210	2.57	1.011
We tend to use greater and greater amounts of healthcare when in old age.	210	4.30	.980
It's important for us to attempt to estimate the future cost of our healthcare .	210	4.40	.898
I will start a business after retire.	210	3.29	1.211
Total Retirement Planning		**2.443**	**0.0712**

Table 4.14 show descriptive statistical for retirement planning with total mean scored 2.443 and standard deviation is 0.0712. The highest scored of mean is 4.40 with the statement of It's important for us to attempt to estimate the future cost of our healthcare . the lowest scored of mean is 1.84 which statement is I will continue to work after retirement after retire

4.4   Pearson's Correlation

Table 4.15: Correlation Awareness

		Mean Awareness	Mean Retirement Planning
MeanAwareness	Pearson Correlation	1	.388[**]
	Sig. (2-tailed)		.000
	N	210	210
MeanRetirementPlanning	Pearson Correlation	.388[**]	1
	Sig. (2-tailed)	.000	
	N	210	210

**. Correlation is significant at the 0.01 level (2-tailed).

First Hypothesis

H1: There is a significant relationship between level of awareness and retirement

planning.

Table 4.15 shows the Pearson's correlation for awareness level and retirement planning among employees small medium enterprise (SME) in Kelantan is p = 0.388. From the result it shown that there is a positive correlation between awareness level and retirement planning. Thus this indicates that hypothesis H1 can be accept where by there is a significant relation between awareness level and retirement planning among employees small medium enterprise (SME) in Kelantan.

Table 4.16: Correlation Financial Literacy

		Mean Financial Literacy	Mean Retirement Planning
MeanFinnacialLiteracy	Pearson Correlation	1	.189**
	Sig. (2-tailed)		.006
	N	210	210
MeanRetirementPlanning	Pearson Correlation	.189**	1
	Sig. (2-tailed)	.006	
	N	210	210

**. Correlation is significant at the 0.01 level (2-tailed).

Second Hypothesis

H2: There is a significant relationship between financial literacy and retirement

Planning

Table 4.16 shows the Pearson's correlation for financial literacy and retirement planning among employees small medium enterprise (SME) in Kelantan is p = 0.189. Thee result show that there is a positive correlation between financial literacy and retirement planning. Thus this indicates that hypothesis H2 can be accept whereby there is a significant relation between financial literacy and retirement planning among employees small medium enterprise (SME) in Kelantan.

Table 4.17: Correlations Saving Behavior

		Mean Saving Behavior	Mean Retirement Planning
MeanSavingBehaviour	Pearson Correlation	1	.149[*]
	Sig. (2-tailed)		.031
	N	210	210
MeanRetirementPlanning	Pearson Correlation	.149[*]	1
	Sig. (2-tailed)	.031	N

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

Third Hypothesis

H3: There is a significant relationship between saving behavior and retirement

   planning.

Table 4.17 shows the Pearson's correlation for saving behaviors and retirement planning among employees small medium enterprise (SME) in Kelantan is $p = 0.149$. The result shows that there is a positive correlation between saving behavior and retirement planning. Thus this indicates that hypothesis H3 can be accept whereby there is a significant relation between saving behavior and retirement planning among employees small medium enterprise (SME) in Kelantan

4.5   Regression Analysis

Table 4.18: The Table of Coefficient

| Model | Standardized Coefficients | | | |
	Beta	t	Sig.	Comments
Awareness Level	.388	6.063	.000	Significant
Financial Literacy	.189	2.771	.006	Significant
Saving Behaviour	.149	2.168	.031	Significant

a.   Dependent Variable: Retirement Planning

(Source: Developed for the research)

Multiple regression was conducted dependent variable (retirement planning) from independent variables (awareness level, financial literacy and saving behaviour).

Independent variables for instance awareness level, financial literacy and saving behaviour are significant to retirement planning among employees small medium entrepreneurs (SME) in Kelantan because the all variables of significant value is less than 0.05 respectively. The standardized coefficients of the model considered as independent variable which is attraction that has higher value of 0.388 where have most effect to the dependent variable which retirement planning.

4.6   Conclusion

Overall, in this chapter is discuss on the result of analysis of the research using descriptive statically analysis, Pearson correlation and multiple liner regression. Thus, the next chapter is discuss about the finding, discussion and recommendation from the result analysis that has been obtain.

CHAPTER 5

DISCUSSION

5.1   Introduction

This chapter including summary of findings of the study, discussion of the study, recommendation and conclusion based on the data analysis that has been conducted. From this discussion is to answered research objective due to research objective determine the relationship between independents variables and dependents variables. Besides that, correlation analysis value is to identify acceptable of each hypothesis. Furthermore, the purpose of the summary discussion is to interpret the data and explain the reason of the finding in this study and problem investigation that occurred. Lastly recommendation is the solution from researcher in this study hopefully it will be useful and make some contribution for those having the same problem.

5.2   Findings and Discussion

5.2.1 Funding from The Research

From the result of descriptive analysis in chapter 4 shown most of the respondents of this research if from female compare with male due to most of the female in Kelantan is tend to work in small medium enterprise. As we all know, majority of our women with 80% of women in Kelantan getting involve in own business and become a successful women between age of 30 to 50 year old (Rozita et.al,2015). For instance, women in Kelantan will start the business by their own and will create the job opportunity for other women too this will be advantages for other women to find extra income rather than stay at home this how women manage their financial due to high cost of living. On the other hand, most of the entrepreneurs in Kelantan is from Malay ethnic (Sultana.et.al,2015). In this research most of the respondents is Malay.

In marital perspective, most of the respondent is 35 year old and below already married so they need plan their retirement planning well to ensure that they start plan for their post retirement with systematically and discipline. People who is working in small medium enterprise in Kelantan with average education level is secondary. Therefore retirement planning awareness among them is very low due to lack of the knowledge on handling and manage their financial well. Majority of the entrepreneurs is low literacy because they are from the primary level or they have acquired primary level ILO (2009).

The most important of this study shown that employee who is working in Small Medium Enterprise are unplanned for their retirement planning. Surprisingly, that almost 71% is unprepared for their old age that is a serious problem that occurred. Consequently, they will suffering and lack of the emergency money when they retirement and how they going to spend for their life span . As a result, we should find a solution to help them by giving retirement awareness is very important due to high inflation occurred in Malaysian.

In order to hedge again the inflation rate that is higher today they should find the right place of saving that will give them high return. From this research majority of the respondents save their money in Amanah Sham Bumiputera (ASB) and saving account. In conjunction with, people who is financial literature will manage their money in smart way but in contrast employee who is working in Small Medium Enterprise lack of financial knowledge in order to diversify their money as a saying goes don't put all egg in the basket if the basket is spoil all the saving will be gone. The effective and smart way is diversify their saving portfolio to maximize the profit return. Financial literacy is important because it about the education or knowledge skill and understanding on their own finance manage their own financial in well informed and plan carefully with smart way . A poor financial literacy or lack of financial literacy will effect on the decision making in handle their own finance Micheal,(2009). Additionally, employees in small medium enterprise invest their money or save their money due to they want a comfortable retirement but their don't know where to save to gain more return with low secure risk.

65

Result of each independent variables awareness, financial literacy and saving behavior was analysis by descriptive statistical analysis. For independent variables awareness. The higher mean is they agree that cost of education will keep increasing in future with mean 4.52. For instance, a study that using human capital investment model to identify the relationship between their family income and college enrolment for their child in academic it mean that their family make investment on their child education.(Fernandez, 2010). They invest on their child education and using the popular strategy is relying on their children when they are retire.(Jessica, 2016). Nowadays, our education cost for private and public is different. If their parents decide to go for private university the fees is much higher compare with public local university. Majority of them will have public local university. Fee for different courses will be different for example engineering courses is much higher than compare with business studies.

Therefore for the result statistical analysis for independent variables financial literacy higher score is they gain knowledge / awareness about financial planning management related matters retirement planning from surrounding friends. People who is knowledgeable on financial tend to share their earning profit with their surrounding friend this will attract other friend to plan for their financial to in order to achieve their goals when retire. Before retirement employees of small medium enterprise should identify their main goals and plan how to achieve their goals to have a comfortable retirement planning. From the sharing of their friend automatically it will motivate them to start their plan for their retirement planning and will seek for financial consultant that was recommended from their friend.

Henceforth, saving behavior higher score mean is when they set financial goals they hardly to achieve it. Everyone has goals and will dream what they going to achieve in their retirement. For instance, when they retire they want a vocation that can travel all around the world. So to achieve this goals they must consistently save and well plan but in reality that is hard for them to save too due to retirement is very far for them and save it later that is the excuses.

5.2.2 Relationship Between Awareness Level And Retirement Planning Among

Employees of Small Medium Enterprise (SME) In Kelantan

According to Beldjazia & Alatou, (2016) show that result that in weak relationship in the range between 0.20-0.39. Based on the table 4.3.1 the correlation between awareness level and retirement is 0.388. As a result there shown a weak relationship between awareness level and retirement planning among employee of small medium enterprise (SME) in Kelantan but there still consider significant and hypothesis (H_1) of study is acceptable.

Generally, from the result generate among three variable awareness is the higher correlation with retirement planning. Next, awareness of retirement planning is important due to if they are low awareness post retirement is failed. According Benjamin Franklin (1790), If you fail to plan, you are planning to fail. From this we can learn that if you fail to plan for your retirement in early stage actually you are planning to fail in your retirement when you retire soon same theories apply in post-retirement.

5.2.3 Relationship Between Financial Literacy And Retirement Planning Among

Employees Small Medium Enterprise (SME) In Kelantan.

Based on the table 4.3.2 result shown correlation is 0.189 that there are very weak relationship between financial literacy and retirement planning among employees of small medium enterprise(SME) in Kelantan. That has been indicated by Beldjazia & Alatou, (2016) with the result of finding it will fall in range 0.00-0.19. Even there is weak relationship between financial retirement and retirement planning but there still consider significant and hypothesis (H_2) of study is acceptable.

Financial literacy is the second higher after awareness variables. Mostly employees who is working at small medium enterprise is low financial literacy maybe because majority of them from secondary education level. Likewise, they don't have any experience , knowledge and skill about financial and retirement planning. Specifically, individual that have ability on knowledge and skill in financial will manage their life time financial well-being effectively using all resources around them and plan accordingly in order to provide for them happy life in future (Suwanaphan, 2013).

5.2.4 Relationship Between Saving Behavior And Retirement Planning Among

Employees Small Medium Enterprise (SME) In Kelantan.

The result shown on the table 4.3.3 show very weak relationship if refer to Beldjazia & Alatou, (2016) in range of 0.00-0.19. The result of the saving behavior an retirement planning among small medium enterprise (SME) in Kelantan is 0.149. The (H_3)   hypothesis is still acceptable but in weak relationship between saving behavior and retirement planning.

Furthermore, saving behavior is the lowest compare between three variables. Saving behavior. According Ekerdt (2001), saving behavior is related with   post-retirement plan. If people who has saving behavior will plan for their retirement due to they view on retirement in another prospective. So they will start to plan and design their own retirement plans for their future. In this research show that their saving behavior is lower among employees in small medium enterprise. They save money but they save very little because attitude. Besides that, different individual will determine saving habit and they will start to save disciplinary. Individual who is have saving habit they will start to save consistently every month by save a portion from their salary in ASB and saving account that has been mention in descriptive analysis in previous chapter before.

70

5.2.5 The Most Important Factor That Influence Comfortable Retirement Planning

Among Employees of Small Medium Enterprise In Kelantan.

Factor-factor that most influence comfortable retirement planning among employees of small medium enterprise in Kelantan is awareness. In this point of view Kelantanese is aware of cost of living is drastically increasing day by day and year by year. Most compelling evidence ,is on our petrol every week petrol pricing will be change that will give positive impact too for they because they come to work they need fill up the petrol and they will burden on high cost of petrol monthly. Similarity they are aware also on high inflation rate occurred in Malaysia today with last year 2017 higher inflation rate is 5.1%.
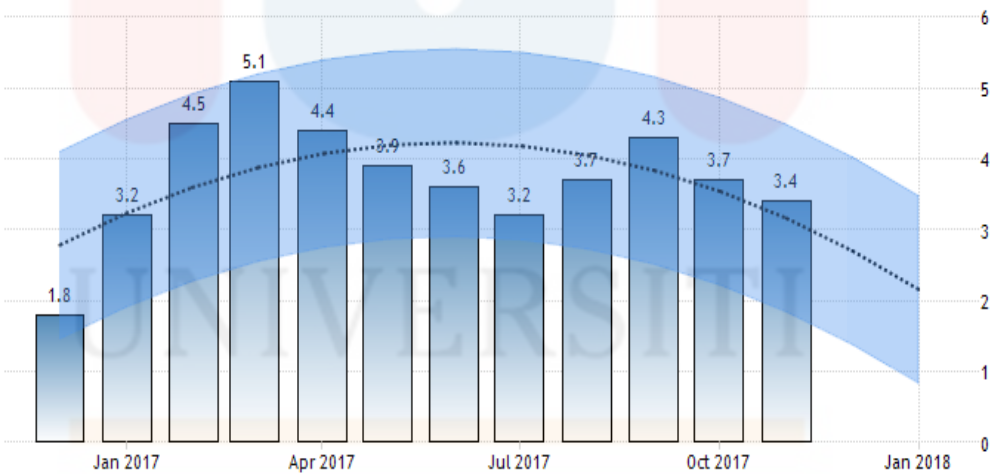
Source: Tradingeconomics.com Department of Statistic Malaysia.("Malaysia

Inflation Rate Forecast," 2017)

Figure 5.1: Malaysia Inflation Rate

71

Mostly employees of small medium enterprise are married and have children. They also aware of the education cost is keep increasing and they will face the problem when their child is ready to school how about their parent are they ready money for their child education. Average parent income from this research is between RM1000 to RM2000 if they didn't plan early that will be disappointed for their child can't afford for them to continue in higher education their future will be darkness. For instance, if employees of small medium enterprise is working and they will put their child in nursery the fee for day care is extensively expensive with their salary it will easily spend all if they didn't control their money.

5.3   Recommendation and Implication of Study

5.3.1 Theoretical Implication

In this theoretical point of view, the purpose of research conduct this study is to better understanding the level of awareness regarding retirement crisis happening in our Malaysian today and factor-factor that influence retirement planning among employee in small medium enterprise. From the result of study hope that it will help and solve problem in planning for their retirement planning among employees in Small Medium Enterprise in Kelantan.

5.3.2 Managerial Implication

From the result of this study it easier to identify which factor that will influence the most in their post retirement planning. Nowadays we heard that retirement crisis is a serious problem that occurred in our Malaysian. According to Jessica,(2016) 92% of Malaysians start to worry over retirement fund on their financial health and needs when they are in old age that being mention by assistant Bank Negara Malaysia. Researcher believe that after identify factor-factor of influence retirement planning society ,policy maker ,financial institution, organization or government joint hand to solve the current retirement crisis happening around us today hence to minimize financial distress after they retire.

(a)   Policy Maker

The finding of the research shown that awareness of retirement planning is essential to help employees in small medium enterprise to increase their awareness level and educated them on how to manage their financial. Based on Bank Negara Malaysia deputy governor said financial literacy is about the knowledge, and education crucial for individual to better understanding and manage their finance and manage their risk that related with financial matters Rasheed,(2017). Bank Negara Malaysia take an initiatives for established financial education network to coordinate and drive individual financial education initiatives at international level.(Jessica, 2016)

Moreover, policy maker should organized and aggressive awareness campaign, talk, seminar that would be advantages for their employees regarding retirement planning due to ensure that their employees can perform well in financial management and practice the right strategy for their golden age fund. Besides that, bank Negara Malaysia also play an important role in financial literacy of our Malaysian. Bank Negara Malaysia should create awareness and take initiatives to provide financial education that start from early childhood at school all around Malaysia. For example, they can design a programmed or activities that are related to financial management. Another way is, they can join hand with AKPK (Credit Counseling and Debt Management Agency) to organized how to deal with credit management to avoid bankruptcy in young age due to statistic of bankruptcy increase drastically when their age below 25 year old bankrupt in august 2017 with the number 1109 people that very alarming maybe due to poor financial literacy Azhar,(2017).

(b)   Financial institution

Besides that, financial institutions should promote some retirement product that everyone of small medium enterprise (SME) in Kelantan can afford it to ensure that they are starting to save for their retirement. Besides that, they can show a way to maximize their saving by save in the right place that will provide higher return rather than save in bank saving account. For instance they can convinced of by saving in Unit Trust will give higher return which is average 8% yearly compare with bank fix deposit average 4% minus inflation rate 5.1% there are still negative return.

On the other hand, financial institutions should create awareness on retirement planning by visit each organization by having a short briefing on the importance to start plan early for their golden age in future. Furthermore, Bank Negara Malaysia also need to introduce the diversification and some innovative retirement or pension product to help individual in managing their retirement risk.(Jessica, 2016)

(c) Organization / Government

Organization also play an importance roles in retirement planning due to all of their employees show aware and was expose with financial literacy. Organization should always join hand with financial institutions in create awareness of retirement planning by invite them to show how to start save and where they should save in order to gain high return.

Before organized a programed government or organization should make a survey which programmed that is suit for their employees to ensure that is positive outcome from the programed organized. The programed must be relevant with their age, gender, career and their financial goals. When their employees is well educated in financial management organization will be advantages for their boss due to some employees in small medium enterprise will a poor financial management will keep borrow money from their employer this is unhealthy financial management.

In addition, for private company they can use private retirement scheme vesting program strategy to help their employees accumulate their saving retirement at the same time it would be benefit for employer of the organization for enjoying tax deduction up to RM3000. Besides that, the advantages of private retirement vesting program is employer can retain their can retain their capable staff instead of train new employees that will be costing. In this situation it call win-win strategy employees will enjoy their accumulating of saving for their golden age , employer will enjoy tax deduction and can retain their staff.

Meanwhile, lets said if an organization getting involved with private retirement vesting scheme that organization will be reflected as a caring employer due to initiatives effort organization to create awareness and financial education for important to plan well for their retirement in future.

5.4 Limitation of the study

5.4.1 Sample Size

In this study, researcher distributes 250 questionnaires to their target respondents for employees who is working at small medium enterprise in Kelantan. However due to time constraints there were only 220 return. The sample size of the study is 210 target respondents the return questionnaire still can be acceptable.

5.4.2 Design of Questionnaire

Generally, this questionnaire is simple and directed to the respondents that everyone can understand and answer it. In contrast, some employees in small medium enterprise didn't understand the questions. Besides that, some complaint the length of question is too long and many part to answer. Consequently, the data researcher obtained is inaccurate and will affect the result for this study.

5.4.3 Geographical Constraints

In this study researcher focus on small medium enterprise in Kelantan only. As we all know Malaysia has thirteen states, so researcher will gain the respondent only in Kelantan because only focus on Kelantan this is more narrow and specific the geography.

5.5   Recommendation for Future Study

5.5.1 Large sample Size

In future to conduct this research, a large sample size is needed to ensure that result of the study will be more representative and accurate. If sample size is limited potential of bias in answer questions and high potential in errors will be increase.

5.5.2 Enhance the Questionnaire Design

From the pass result, researcher will learn lesson on to make improvement in the questionnaire design. It is important to develop and easy and directed question to be ask to the respondents. Respondents definitely will answer the questions in a few minute if the question is difficult and confusing they wound be co-operation with us to answer the potential of reject the high. So researcher must test questionnaire first before distributed to gain the improvement from the feedback.

5.5.3 Broader Geographical Area

In order to test this retirement planning that is general so researcher should broader the study to all state of the Malaysia to gain information regarding their retirement planning perception either positive or negative due to different state of people will have different perception maybe influence by their culture from each of different state. The result will be interesting due to different answer from them it will be advantages for the researcher.

5.5.4 Timely Research

Lastly, this retirement study should be done continuously from time to time due to important to help our Malaysian to create awareness for post-retirement planning. Thus researcher, will gain a clear and more significance result after conduct several time of the study. Respondents attitude and behavior will be change so result from this data obtained will be differently too.

79

5.6   Conclusion

Overall, this chapter is the last part discuss on the finding and suggestion that will benefit for those want a comfortable retirement planning in Kelantan. Thus researcher will conduct a deep path research in order to ensure that achieve comfortable retirement planning with peaceful and have a wonderful retirement ahead.

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APPENDIX –A

Questionnaire

Universiti Malaysia KELANTAN

SURVEY

Determinants of Effectiveness Comfortable Retirement Planning Among Small Medium Enterprise (SME) Employee in Kelantan

This questionnaire seeks for information financial literacy awareness towards retirement planning among small medium enterprise in Kelantan. This question form contain five part A,B,C,D, and E. Part A consists a statement of the background of the respondents. Part B is the one consists the factor that determine the level of awareness and retirement planning. Part C consists the relationship between financial literacy and retirement planning. Part D consists the relationship between saving behavior and retirement planning. Part E consists a statement of the retirement planning. Hence, it is greatly appreciated if you can spend 10-15 minute of your time to answer this questionnaire. All information given will be kept strictly confidential and for purpose of study only. Thank you.

Soal selidik ini bertujuan untuk mengetahui maklumat kesedaran kewangan terhadap perancangan persaraan di kalangan perusahaan kecil di Kelantan. Borang kajian soal selidik ini mengandungi lima bahagian A, B, C, D, dan E. Bahagian A mengandungi kenyataan latar belakang responden. Bahagian B adalah terdiri daripada faktor yang menentukan tahap kesedaran dan perancangan persaraan. Bahagian C terdiri daripada hubungan antara celik kewangan dan perancangan persaraan. Bahagian D terdiri daripada hubungan antara sikap menyimpan terhadap perancangan persaraan. Bahagian E mengandungi pernyataan mengenai perancangan persaraan. Oleh itu, kerjasama anda sangat dihargai jika anda berkesempatan meluangkan sedikit masa dalam 10-15 minit untuk menjawab soalan ini. Semua maklumat yang diberikan akan disimpan secara rahsia dan untuk tujuan kajian sahaja. Terima kasih.

Please indicate (/) in the appropriate information about yourself. Each questions should only have ONE answer. All response are strictly confidential.

Sila tandakan (/) pada maklumat tentang diri anda. Setiap soalan hanya perlu ada satu SATU jawapan. Semua jawapan adalah dirahsiakan.

SECTION A: DEMOGRAPHIC/ *BAHAGIAN A:DEMOGRAFI*

Age (Years) : ☐ 35 and below / *35 dan ke bawah*
Umur (Tahun) ☐ 36 - 49
☐ 50 and above / *50 dan keatas*

Gender : ☐ Male / *Lelaki*
Jantina ☐ Female / *Perempuan*

Ethnicity : ☐ Malay / *Melayu*
Etnik ☐ Chinese / *Cina*
☐ Indian / *India*
☐ Other / *Lain-lain* :_____

Present marital status : ☐ Married / *Berkhawin*
Status perkhawinan semasa ☐ Single / /*Bujang*
☐ Other / *Lain-lain*

Education Level : ☐ Primary / *Sekolah Rendah*
Tahap Pendidikan ☐ Secondary / *Sekolah Menengah*
☐ Diploma / *Diploma*
☐ Degree / *Ijazah*
☐ Master / *Sarjana*
☐ Doctors pf Philosophy (PhD) / *PhD*
☐ Other / *Lain-lain* :_____

Working sector   :   ☐   Public / *Awam*
Sector pekerjaan   ☐   Private / *Swasta*
                                      ☐   Self employed / *Bekerja Sendiri*

Income   :   ☐   RM900 and below / *RM900 dan ke bawah*
Pendapatan   ☐   RM1000 – RM2000
                                      ☐   RM2001 – RM5000
                                      ☐   RM5001 and above / *RM5001 dan keatas*

Did you plan for your retirement?   :   ☐   Yes / *Ya*
Adakah anda merancang plan   ☐   No / *Tidak*
persaraan?

Where did you save ?   : ☐   Unit Trust / *Amanah Saham*
Dimanakan anda membuat penyimpanan?   ☐   Amanah Saham Bumiputera (ASB)
                                      ☐   Tabung Haji
                                      ☐   Stock / *Shares*
                                      ☐   Saving Account / *Akaun Simpanan*
                                      ☐   Other / *Lain-lain* :_____

Why do you invest?   : ☐   My pension or EPF might not enough to
 Kenapa anda melabur ?   Support my retirement
                                      Pencen atau KWSP Saya tidak mencukupi
                                      untuk persaraan.
                                  ☐   I want to have a comfortable retirement
                                      Saya mahukan persaraan yang lebih selesa.
                                  ☐   I don't have EPF / *Saya tiada EPF*
                                  ☐   I don't have pension / *Saya tiada pencen*

SECTION B / *BAHAGIAN B*

Level of awareness and retirement planning / *Tahap kesedaran dan plan persaraan.*

Statement below to survey level of awareness of individual to better understanding their own financial. Please indicate (/) true these statement are for you.

Penyataan di bawah menunjukkan kaji selidik tahap kesedaran individual untuk membolehkan anda memahami lebih lanjut tentang kewangan anda. Sila nyatakan (/)sejauh manaanda setuju dengan kenyataan ini.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly agree
Sangat tidak setuju	*Tidak setuju*	*Sederhana*	*Setuju*	*Sangat setuju*

No	Question	1	2	3	4	5
1.	I will look on current economic issues. *Saya sentiasa meneliti isu ekonomi semasa.*					
2.	I am aware of high inflation rate. *Saya sedar akan kadar inflasi yang tinggi.*					
3.	I am aware that retirement fund is insufficient to cover expenses during retirement time. *Saya sedar akan dana persaraan sekarang tidak mencukupi untuk menampung perbelanjaan di masa persaraan.*					
4.	I am aware there are lot of financial product which are available in the market that can be very useful for retirement planning. *Saya sedar terdapat pelbagai product kewangan yang terdapat di pasaran dan berguna untuk perancangan persaraan.*					
5.	I will look on performance of the fund when I about to invest. *Saya akan melineliti pretasi dana apabila saya hendak melabur.*					
6.	I agree cost of education will keep increasing in future. Saya setuju akan kos pendidikan akan terus meningkat di masa hadapan.					
7.	I will look on the rate of return when investing. *Saya akan melihat pulangan pelaburan apabila melabur.*					

SECTION C / *BAHAGIAN C*

Finnacial literacy and retirement planning / *Celik kewangan dan plan persaraan*

Statement below to survey individual financial literacy to better understanding their own financial. Please indicate (/) true these statement are for you.

Penyataan di bawah menunjukkan kaji selidik celik kewangan untuk membolehkan anda memahami lebih lanjut tentang kewangan anda. Sila nyatakan (/) sejauh mana anda setuju dengan kenyataan ini.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly agree
Sangat tidak setuju	*Tidak setuju*	*Sederhana*	*Setuju*	*Sangat setuju*

No	Question	1	2	3	4	5
8.	I have attended seminar / workshop/ talk regarding to financial planning. *Saya pernah menghadiri seminar / bengkel / ceramah berkenaan ilmu kewangan.*					
9.	I have been exposed to personal financial management. *Saya telah didedahkan dengan pengurusan kewangan.*					
10.	I consult for professional advice from financial planner pertaining retirement. *Saya berunding dengan professional seperti perunding kewangan tentang perancangan persaraan saya.*					
11.	I gain knowledge / awareness about financial management related matters from retirement planning surrounding friends. *Saya dapat pengalaman pengurusan wang melalui perkongsian dengan rakan-rakan.*					
12.	I have experience in investment. *Saya mempunyai pengalaman dalam pelaburan.*					
13.	I have very clear on my retirement needs during my retirement. *Saya sangat jelas akan keperluan saya selepas persaraan .*					
14.	I have ability to maintain finnacial records for my income and expenditure. *Saya mempunyai keupyaan mengekalkan rekod kewangan bagi pendapatan dan perbelanjaan saya.*					

SECTION D / BAHAGIAN D

The relationship between saving behavior and retirement planning / *Hubungan antara tingkahlaku simpanan dan plan persaraan*

Statement below to survey individual saving behaviour to better understanding their own financial. Please indicate (/) true these statements are for you.

Penyataan di bawah menunjukkan tingkahlaku individual untuk membolehkan anda memahami lebih lanjut tentang kewangan anda. Sila nyatakan (/) sejauh manaanda setuju dengan kenyataan ini.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly agree
Sangat tidak setuju	*Tidak setuju*	*Sederhana*	*Setuju*	*Sangat setuju*

No	Question	1	2	3	4	5
15.	I do allocate budget for myself. *Saya biasa / pernah menyediakan peruntukan saya.*					
16.	I do consistently save a portion every month *Saya menyimpan setiap bulan.*					
17.	I have little or no difficulty in managing my financial. *Saya mempunyai sedikit atau tiada kesukaran menguruskan kewangan saya.*					
18.	I have understanding of how to manage my credit card *Saya mempunyai pemahaman yang baik tentang mengurus penggunaan kad kredit saya*					
19.	I do not save for retirement because I think is tight / difficult for me to do so. *Saya tidak menyimpan untuk persaraan kerana ia terlalu sukar .*					
20.	I start saving when I was in young age. *Saya mula membuat penyimpanan pada usia muda.*					
21.	When I set my financial goals, I hardly achieve them. *Apabila saya menetapkan matlamat kewangan saya, jarang mencapainya.*					

SECTION E/ *BAHAGIAN E*

Retirement Planning / *Plan Persaraan*

Statement below is about retirement planning to better understanding their own financial. Please indicate (/) true these statements are for you.

Penyataan di bawah menunjukkan pelan persaraan membolehkan anda memahami lebih lanjut tentang kewangan anda. Sila nyatakan (/)sejauh mana anda setuju dengan kenyataan ini.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly agree
Sangat tidak setuju	*Tidak setuju*	*Sederhana*	*Setuju*	*Sangat setuju*

No	Question	1	2	3	4	5
22.	I will continue to work after retirement after retire. / Saya akan terus bekerja selepas bersara.					
23.	I want a peaceful retirement without worried on financial problem. *Saya inginkan persaraan yang aman tanpa perlu bimbang akan masalah kewangan.*					
24.	Retirement fund insufficient for me when I retire. *Dana persaran saya tidak mencukupi untuk hari persaraan saya*					
25.	I take initiatives to plan for my future retirement planning by seeking financial planner. *Saya mengambil inisiatif untuk berjumpa dengan perunding kewangan untuk plan persaraan saya*					
26.	We tend to use greater and greater amounts of healthcare when in old age. *Kita cenderung membuat perbelanjaan dalam penjagaan kesihatan apabaila di hari tua.*					
27.	It's important for us to attempt to estimate the future cost of our healthcare . *Adalah penting menganggarkan kos penjagaan kesihatan pada masa hadapan.*					
28.	I will start a business after retire. *Saya akan memulakan perniagaan selepas bersara.*					

90

APPENDIX –B

Krejcie & Morgan Table

TABLE
Table for Determining Sample Size from a Given Population

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size.
S is sample size.

APPENDIX –C

Reliability Test Result

a) *Variables :Awareness*

Case Processing Summary

		N	%
	Valid	29	96.7
Cases	Excluded[a]	1	3.3
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.902	7

b) *Variables: Financial Literacy*

Case Processing Summary

		N	%
	Valid	29	96.7
Cases	Excluded[a]	1	3.3
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.866	7

c)   *Variables: Saving Behavior*

Case Processing Summary

		N	%
	Valid	28	93.3
Cases	Excluded[a]	2	6.7
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.507	7

d)   *Variables: Retirement Planning*

Case Processing Summary

		N	%
	Valid	26	86.7
Cases	Excluded[a]	4	13.3
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.618	17

APPENDIX –D

Descriptive Statistical Analysis Result

Frequencies

Statistics

		AGE	GENDER	ETHNICITY	PRESENTMA RITALSTATU S	EDUCATIONL EVEL	WORKINGSE CTOR	INCOME	DIDYOUPLAN FORYOURRE TIREMENT	WHEREDIDY OUSAVE	WHYDOYOUI NVEST
N	Valid	210	210	210	210	210	210	210	210	210	210
	Missing	0	0	0	0	0	0	0	0	0	0
Mean		1.5476	1.5714	1.2381	1.4762	2.3381	2.1333	1.9429	1.5810	3.1524	2.0571
Median		1.0000	2.0000	1.0000	1.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Mode		1.00	2.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Std. Deviation		.67782	.49605	.42694	.57200	.72216	.35451	.60030	.50416	1.57602	.60821
Variance		.459	.246	.182	.327	.522	.126	.360	.254	2.484	.370

Frequency Table

AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	35 AND BELOW	117	55.7	55.7	55.7
	36-49	71	33.8	33.8	89.5
	50 AND ABOVE	22	10.5	10.5	100.0
	Total	210	100.0	100.0	

94

GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	90	42.9	42.9	42.9
	FEMALE	120	57.1	57.1	100.0
	Total	210	100.0	100.0	

ETHNICITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALAY	160	76.2	76.2	76.2
	CHINESE	50	23.8	23.8	100.0
	Total	210	100.0	100.0	

PRESENTMARITALSTATUS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MARRIED	116	55.2	55.2	55.2
	SINGLE	90	42.9	42.9	98.1
	OTHER	2	1.0	1.0	99.0
	4.00	2	1.0	1.0	100.0
	Total	210	100.0	100.0	

EDUCATIONLEVEL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PRIMARY	11	5.2	5.2	5.2
	SECONDARY	137	65.2	65.2	70.5
	DIPLOMA	42	20.0	20.0	90.5
	DEGREE	20	9.5	9.5	100.0
	Total	210	100.0	100.0	

WORKINGSECTOR

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PRIVATE	183	87.1	87.1	87.1
	SELF EMPLOYED	26	12.4	12.4	99.5
	4.00	1	.5	.5	100.0
	Total	210	100.0	100.0	

INCOME

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	RM900 AND BELOW	44	21.0	21.0	21.0
	RM1000-RM2000	134	63.8	63.8	84.8
	RM2001-RM5000	32	15.2	15.2	100.0
	Total	210	100.0	100.0	

DIDYOUPLANFORYOURRETIREMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	89	42.4	42.4	42.4
	NO	120	57.1	57.1	99.5
	3.00	1	.5	.5	100.0
	Total	210	100.0	100.0	

WHEREDIDYOUSAVE

		Frequency	Percent	Valid Percent	Cumulative Percent
	UNIT TRUST	25	11.9	11.9	11.9
	ASB	85	40.5	40.5	52.4
Valid	TABUNG HAJI	17	8.1	8.1	60.5
Valid	STOCK	1	.5	.5	61.0
	SAVING	80	38.1	38.1	99.0
	OTHER	2	1.0	1.0	100.0
	Total	210	100.0	100.0	

WHYDOYOUINVEST

		Frequency	Percent	Valid Percent	Cumulative Percent
	MY PENSION OR EPF MIGHT ENOUGH TO SUPPORT MY RETIREMENT	20	9.5	9.5	9.5
Valid	I WANT TO HAVE A COMFORTABLE RETIREMENT	171	81.4	81.4	91.0
	I DONT HAVE EPF	6	2.9	2.9	93.8
	I DONT HAVE PENSION	13	6.2	6.2	100.0
	Total	210	100.0	100.0	

APPENDIX –E

Regression Result

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	MeanAwareness	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: MeanRetirementPlanning

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.388[a]	.150	.146	.50064

a. Predictors: (Constant), MeanAwareness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.213	1	9.213	36.758	.000[b]
	Residual	52.132	208	.251		
	Total	61.345	209			

a. Dependent Variable: MeanRetirementPlanning
b. Predictors: (Constant), MeanAwareness

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.775	.129		21.588	.000
	MeanAwareness	.189	.031	.388	6.063	.000

a. Dependent Variable: MeanRetirementPlanning

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	MeanFinnacialLiteracy	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: MeanRetirementPlanning

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.189[a]	.036	.031	.53332

a. Predictors: (Constant), MeanFinnacialLiteracy

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.184	1	2.184	7.679	.006[b]
	Residual	59.161	208	.284		
	Total	61.345	209			

a. Dependent Variable: MeanRetirementPlanning

b. Predictors: (Constant), MeanFinnacialLiteracy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.250	.106		30.675	.000
	MeanFinnacialLiteracy	.104	.038	.189	2.771	.006

a. Dependent Variable: MeanRetirementPlanning

99

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	MeanSavingBehaviour	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: MeanRetirementPlanning

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.149[a]	.022	.017	.53704

a. Predictors: (Constant), MeanSavingBehaviour

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.356	1	1.356	4.700	.031[b]
	Residual	59.990	208	.288		
	Total	61.345	209			

a. Dependent Variable: MeanRetirementPlanning
b. Predictors: (Constant), MeanSavingBehaviour

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.001	.244		12.277	.000
	MeanSavingBehaviour	.176	.081	.149	2.168	.031

a. Dependent Variable: MeanRetirementPlanning

APPENDIX –F

Level of Significance

Table Level of Significance

df	Level of significance for one-tailed test					
	.10	.05	.025	.01	.005	.0005
	Level of significance for two-tailed test					
	.20	.10	.05	.02	.01	.001
1	3.078	6.314	12.706	31.821	63.657	636.619
2	1.886	2.920	4.303	6.965	9.925	31.598
3	1.638	2.353	3.182	4.541	5.841	12.941
4	1.533	2.132	2.776	3.747	4.604	8.610
5	1.476	2.015	2.571	3.365	4.032	6.859
6	1.440	1.943	2.447	3.143	3.707	5.959
7	1.415	1.895	2.365	2.998	3.499	5.405
8	1.397	1.860	2.306	2.896	3.355	5.041
9	1.383	1.833	2.262	2.821	3.250	4.781
10	1.372	1.812	2.228	2.764	3.169	4.587
11	1.363	1.796	2.201	2.718	3.106	4.437
12	1.356	1.782	2.179	2.681	3.055	4.318
13	1.350	1.771	2.160	2.650	3.012	4.221
14	1.345	1.761	2.145	2.624	2.977	4.140
15	1.341	1.753	2.131	2.602	2.947	4.073
16	1.337	1.746	2.120	2.583	2.921	4.015
17	1.333	1.740	2.110	2.567	2.898	3.965
18	1.330	1.734	2.101	2.552	2.878	3.922
19	1.328	1.729	2.093	2.539	2.861	3.883
20	1.325	1.725	2.086	2.528	2.845	3.850
11	1.363	1.796	2.201	2.718	3.106	4.437
12	1.356	1.782	2.179	2.681	3.055	4.318
13	1.350	1.771	2.160	2.650	3.012	4.221
14	1.345	1.761	2.145	2.624	2.977	4.140
15	1.341	1.753	2.131	2.602	2.947	4.073
16	1.337	1.746	2.120	2.583	2.921	4.015
17	1.333	1.740	2.110	2.567	2.898	3.965
18	1.330	1.734	2.101	2.552	2.878	3.922
19	1.328	1.729	2.093	2.539	2.861	3.883
20	1.325	1.725	2.086	2.528	2.845	3.850
21	1.323	1.721	2.080	2.518	2.831	3.819
22	1.321	1.717	2.074	2.508	2.819	3.792
23	1.319	1.714	2.069	2.500	2.807	3.767
24	1.318	1.711	2.064	2.492	2.797	3.745
25	1.316	1.708	2.060	2.485	2.787	3.725
26	1.315	1.706	2.056	2.479	2.779	3.707
27	1.314	1.703	2.052	2.473	2.771	3.690
28	1.313	1.701	2.048	2.467	2.763	3.674
29	1.311	1.699	2.045	2.462	2.756	3.659
30	1.310	1.697	2.042	2.457	2.750	3.646
40	1.303	1.684	2.021	2.423	2.704	3.551
60	1.296	1.671	2.000	2.390	2.660	3.460
120	1.289	1.658	1.980	2.358	2.617	3.373
∞	1.282	1.645	1.960	2.326	2.576	3.291