



UNIVERSITI TEKNOLOGI MARA

**RETIREMENT PLANNING CONFIDENCE OF
PRIVATE SECTOR EMPLOYEES IN KUANTAN,
PAHANG**

ADIBAH ATHIRAH BINTI A.RAZAK

Thesis submitted in fulfillment
Of the requirements for the degree of
Bachelor of Business Administration
(Hons) Islamic Banking

Faculty of Business Management

JULY 2017

ABSTRACT

Malaysia is one of the developing country which also can stands together with other developed country in this world. However, it is quite disappointing when according to Employment Provident Fund (EPF), there were only 22 percent from 6.7 million active contributors have enough funds to retire. Moreover, it is also stated that one of the cause of this situation happens is because of Malaysia's low salary structure. This can be strengthen by 89 percent of the working population earns below than RM 5,000. This is a serious problem to be catered and everyone must do something in order to secure their retirement life. According to previous research conducted, it is proven that private sector employees were confident pertaining to retirement planning as they are financial literate, have clear goals and their positive attitude towards retirement. Thus, this study was conducted to discover whether private sector employees in Kuantan, Pahang are confident about their retirement planning. This study had been using retirement planning confidence of private sector employees as dependent variable, while for independent variables are financial literacy, goal clarity and attitude towards retirement. The results from this study shows that all independent variables are accepted which are the p value is below than 0.05. Hence, all independent variables in this study which are financial literacy, goal clarity and attitude towards retirement are significant and can be conclude that private sector employees in Kuantan, Pahang are confident regarding their retirement planning.

ACKNOWLEDGEMENT

All praises to Allah the Almighty. With His permission and blessings, I have successfully completed this study on time. First and foremost, I would like to give million appreciation to those who involved directly or indirectly throughout the study was conducted.

First of all, highest appreciation to Sir Kharudin bin Mohd Sali @ Salleh, my advisor, who always provide guidance, his time and opinion for me in completing this research. He has been the one who inspire and encourage me to work hard in completing this research. The idea that he contributed, have led me to successfully complete this project paper. In addition, my gratitude also to my co-advisor Miss Maizura Mohd Isa, who helps me a lot in finding information regarding this research. Furthermore, I also would like to appreciate Dr.Akmal Aini as she is the one who taught me on research methodology subject and helps us a lot in using Statistical Package for Social Science System (SPSS), in terms of running the data and which analysis are suitable for the research. Also, to Uitm Segamat for the hospitality where the students can reside in order to finish this thesis.

Not to forget, to my parents, sibling, lecturers and professors, classmates and also to everyone who involves in completing this study and giving me new understanding regarding this topic. Moreover, many thanks to all respondents who are really helps me in obtaining the data for this study and I hope, by having this project paper, I am able to complete my last semester successfully. I hope, this little work will be beneficial in the future and blessed by Allah the Almighty.

Thank you.

Table of Content

AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
LIST OF FIGURE AND TABLES	ix
CHAPTER 1	1
INTRODUCTION AND BACKGROUND OF STUDY	1
1.1 INTRODUCTION	1
1.2 BACKGROUND OF STUDY	1
1.3 PROBLEM STATEMENT	3
1.4 RESEARCH QUESTION.....	4
1.4.1 Main Research Question	5
1.4.2 Specific Research Question	5
1.5 RESEARCH OBJECTIVES	5
1.5.2 Main Research Objective	5
1.5.3 Specific Research Objectives.....	5
1.6 SIGNIFICANCE OF THE STUDY.....	6
1.6.1 Future researcher.....	6
1.6.2 Society.....	6
1.6.3 Authorities.....	6
1.7 SCOPE OF THE STUDY	6
1.8 LIMITATIONS	7
1.9 SUMMARY	7
CHAPTER 2	8
LITERATURE REVIEW	8
2.1 INTRODUCTION	8
2.2 RETIREMENT PLANNING CONFIDENCE.....	8
2.3 FINANCIAL LITERACY	10
2.4 GOAL CLARITY	11
2.5 ATTITUDE TOWARDS RETIREMENT.....	12

CHAPTER 1

INTRODUCTION AND BACKGROUND OF STUDY

1.1 INTRODUCTION

This chapter consists of nine sub-topics which focusing on background of the study, including overview on retirement planning confidence, problem statement, research questions, research objectives, significance of the study, scope of the study and also limitations of the research conducted. This chapter targeted to give a slight view on what is this project paper is all about.

This paper will be discussed on the relationship between both, for dependent variable, which is retirement planning confidence and independent variables which are financial literacy, goal clarity and attitude towards retirement. More data and information pertaining to this topic will be further discussed in the next chapter.

1.2 BACKGROUND OF STUDY

According to Merriam-Webster Inc., (2014), retirement can be defined as the act of ending one's career or the period where the parties have permanently quitted a job or career. Retirement planning confidence is one of the crucial things to be considered for all employees in public and private sectors. Most of the employees in both sectors are contributing to Employee Provident Fund (EPF) which were proven not enough to funds his or her life for more than ten years. In addition, according to Employees Provident Fund (EPF), considering the increasing in retirement planning problem, they have set an amount of RM 196,800 which is RM 820 every month for the retirees to continue their life for the next 20 years. Unfortunately, only a few of them owns such amount of money