



**FACTORS THAT DETERMINE FINANCIAL DISTRESS AMONG KOPEKS'S
MEMBER WHO SERVED AS CIVIL SERVANT**

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SABAH
DECLARATION OF ORIGINAL WORK

NURUL HIDAYU SUBINDIN
2012443696

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA,
SABAH**

- JUNE 2014

ACKNOWLEDGEMENT

Foremost, I wish to count my blessings and thanked Allah S.W.T for providing me with the mental and physical ability as well as other positive attributes notably perseverance to complete this challenging research paper. Special mention goes to my thesis advisor, Madam Sarmila Udin for the guidance, supervision and support. Her constructive comments and suggestions greatly assist me in the successful completion of this thesis paper.

I also take this opportunity to extend my appreciation to KOPEKS staff, especially to MR. Awang Pg. Tahir, MR. Fauzi Abdullah Lee and MR. Hermes S. Sikajat for their generous helps in providing the information and suggestions regarding my research on Financial Distress. Not to forget the others office colleagues for their understanding, kindness and moral support during the testing time undertook to complete this assignment

Sincere thanks to all my friends who have helps me in one way or another in the completion of this thesis. Last but not least, my deepest gratitude to my beloved parents for their unwavering support, invaluable assistance and sincere blessings.

Thank you.

TABLE OF CONTENT

TITLE PAGE		i
DECLARATION OF ORIGINAL WORK		ii
LETTER OF SUBMISSION		iii
ACKNOWLEDGEMENT		iv
TABLE OF CONTENT		v-vii
LIST OF FIGURES		viii
LIST OF TABLE		ix-x
LIST OF ABBREVIATIONS		xi
ABSTRACT		xii
CHAPTER 1	INTRODUCTION	
	1.1 Background of Study	1
	1.1.1 Civil Servants	1
	1.1.2 Financial Distress	1-2
	1.1.3 Life Events	3
	1.1.4 Financial Literacy	3-4
	1.1.5 Behavioral Characteristic	4-5
	1.1.6 Slow Income Growth	5-7
	1.2 Background of The Company	7
	1.3 Problem Statement	8-10
	1.4 Objectives	11
	1.6 Significance of Study	11-12
	1.7 Scope of Study	12
	1.8 Limitations	13
	1.9 Definitions of Terms	14
CHAPTER 2	LITERATURE REVIEW	
	2.0 Introduction	15
	2.1 Civil Servant	15-16

2.2 KOPEKS's Member	16
2.3 Sign of Growing Debt Burden	16-18
2.4 Financial Distress	18-19
2.4.1 Financial Distress and Life Events	20
2.4.2 Financial Distress And Financial Literacy	21-22
2.4.3 Financial Distress And Behavioral Characteristic	22-24
2.4.4 Financial Distress And Slow Income Growth	24-25
2.5 The Effect of Financial Distress	26-27
2.6 Theoretical Framework	27

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction	28
3.1 Research Design	28
3.2 Data Collection Method	
3.2.1 Primary Data	29
3.2.2 Secondary Data	30-31
3.3 Sampling Design	
3.3.1 Population	31
3.3.2 Sample Size	31
3.3.3 Sampling Technique	32
3.4 Research Instrument	
3.4.1 Questionnaire	32-34
3.4.2 Unstructured Interview	34
3.5 Data Analysis And Technique	
3.5.1 Reliability Analysis	35
3.5.2 Frequency Distribution	35
3.5.3 Descriptive Analysis	35
3.5.4 Regression Analysis	36
3.5.5 Hypothesis Testing	36
3.5.6 Cross Tabulation	37

ABSTRACT

This study is to identify the factors that determine financial distress among KOPEKS member who served as civil servants. Prior research found that financial distress is the most factors that caused psycho-social stress yet factors to financial distress mostly addressed issues like behavioral characteristic and financial literacy though it could be some other factors that causes to financial distress. Given this, the goals of the presents study were to identify the relationship between life events, financial literacy, behavioral characteristic and slow income growth with financial distress. Since education level always been a main interest of previous researcher when study about financial literacy and behavioral characteristic researcher also study the relationship between educational level with financial literacy and behavioral characteristic of KOPEKS member. To achieve the objective of the study questionnaire is used. Regression analysis shows that life events, financial literacy and behavioral characteristic have a significant relationship with financial distress but not slow income growth. While, cross tabulation revealed that education is run parallel with financial literacy and education does not necessary reflect behavioral characteristic.