

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF FINANCIAL
PLANNING FOR RETIREMENT
AMONG GIG WORKERS IN
PENINSULAR MALAYSIA:
FINANCIAL WELL-BEING AS A
MEDIATING ROLE**

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ABSTRACT

Financial planning for retirement is crucial for everyone, and those who do not prioritise retirement planning will not be guaranteed to have a successful retirement. Due to its importance, financial planning for retirement among gig workers continues to be significant as gig workers' companies do not provide any retirement saving options for them. Moreover, gig workers in Malaysia even lack financial guarantees like pensions and EPF savings that are available for regular employees. Therefore, this study aims to examine factors affecting financial planning for retirement among gig workers in Peninsular Malaysia. Using the theory of life-cycle hypothesis as an underpinning theory and previous scholarly review, a conceptual framework was developed consisting of one dependent variable (financial planning for retirement), three independent variables (financial risk tolerance, financial behaviour, financial knowledge), and financial well-being serves as a mediator. Data were collected from 237 gig workers in Peninsular Malaysia through a web-based self-administered survey. Eligible respondents for this study must work within the p-hailing and e-hailing sectors in the gig economy. A pilot survey was carried out before the main data collection to assess the questionnaire's validity and reliability through Cronbach's Alpha. A preliminary analysis was conducted beforehand, prior to continuing data analysis using partial least squares equation structural modelling (PLS-SEM). The findings reveal an insignificant relationship between financial risk tolerance and financial planning for retirement, while financial behaviour and financial knowledge showed a significant relationship with financial planning for retirement. Furthermore, a significant relationship exists between financial risk tolerance and financial behaviour towards financial well-being, and financial well-being shows a significant relationship towards financial planning for retirement. Additionally, financial well-being validates the role of a mediator in the relationship between financial risk tolerance, financial behaviour, and financial planning for retirement. However, there is no direct relationship between financial knowledge and financial well-being, and no intervening role of mediator between financial knowledge and financial planning for retirement. This study offers government and gig workers useful information to improve retirement well-being. Whilst acknowledging the study's limitations, future research should fill in these gaps to expand knowledge in this field.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The rise of gig workers has emerged as a significant issue in discussions on financial planning for retirement, largely due to the lack of proper retirement planning among this group. The inherent income instability associated with gig work has contributed to the absence of structured retirement planning among gig workers. Consequently, this study is deemed crucial to address the challenges related to financial planning for retirement within this demographic. This chapter aims to provide an overview of the research topic and the study's context in detail. It begins with a background of the study, followed by a discussion of the problem statement. Based on the problem statement, the research questions and objectives are developed to guide the study. Additionally, this chapter outlines the scope of the research, its significance, the operational definitions of key terms, and the organisation of the dissertation.

1.2 Research Background

1.2.1 Issue on Financial Planning for Retirement

Malaysians are projected to live an average of 75.2 years (DOSM, 2024). Over their lifetime, they must accumulate sufficient financial resources to address significant life events, including marriage, raising children, and retirement (FEN, 2019). However, many Malaysians fall short in their long-term financial planning. Malaysians generally agree on the importance of retirement planning, as effective strategies are necessary for ensuring financial preparedness (Alam & Chen, 2021). However, a lack of awareness about retirement planning persists, contributing to the global pension fund gap (Eberhardt et al., 2022). In the *Economic and Monetary Review 2022*, reported by Bank Negara Malaysia, it is stated that the World Economic Forum predicts a \$400 trillion