



**FACTORS INFLUENCING SAVING BEHAVIOUR (IN VIEW OF RETIREMENT):
A STUDY ON PETRONAS CHEMICALS MARKETING (LABUAN) LTD
PCML EMPLOYEES**

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**SUBMITTED FOR THE FULLFILMENT OF THE REQUIREMENT FOR THE
DEGREE BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS
(MARKETING)**

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

SARAWAK

JUNE 2016

UNIVERSITI TEKNOLOGI MARA

ABSTRACT

Awareness in retirement is still an indistinct matter among people in Malaysia and many retirement products being introduced by financial institutions and yet the initiatives to put aside for retirement are step sided by many. Since the majority think that companies and government retirement plan should be sufficient to cover for golden years costs. Yet, many studies have revealed that money saved in companies and government pension plan may not be enough for future expenditure. In the prior study, several researchers studied saving behaviour among the young adults such as university students rather than workforce. Even though there is not many studies focus on the financial behaviour of workforce, most of the studies were just focused on particular factors. For that reason, this study is aims to look into whether peer influence (PI), financial literacy (FL) and self-control (SC) have major influence on the saving behaviour (SB) of employees in private sector. Primary data are collected using self-administered questionnaire. The samples comprised 100 private sector employees in Petronas Chemicals Marketing (Labuan) Ltd. Meanwhile, Squared Multiple Correlations and Multiple Regression Analysis are employed to identify whether the three factors have relationship with the saving behaviour of private sector employees. The findings illustrate that all the peer influence, financial literacy and self-control have positive relationship with saving behaviour despite the fact that financial literacy has the utmost impact on saving behaviour among the three independent variables. This signifies that financial understanding is playing essential roles in ensuring private sector employees to begin saving behaviour.

Keywords: *Preparation for Retirement, Saving Behaviour, Financial Literacy, Peer Influence, Self-Control.*

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CHAPTER 1: INTRODUCTION TO RESEARCH

1.0 Introduction

Each person in the world desires a safe and pleasurable life when they retire. People are encouraged to begin preparation for their later days of their retirement particularly throughout their younger days and not only nearing the retirement. Hence, retirement planning becomes an imperative subject of the employee's life. Malaysians have fewer confidences about preparing retirement plan due to the financial illiteracy (Hunt, 2009). According to Life Insurance Association of Malaysia (LIAM), merely less than 5% of Malaysians are set for retirement. Nonetheless, that is by no means going to happen with no adequate plan for retirement. A number of people consider that they will be able to count on their Social Security and do not have to plan for their own. That is a risky tactic as it will only covers a small percentage of retiree's expenses. If we compare the money spent for daily expenses today with last few years, it can be observed that the amount spent today is bigger. Prices of groceries, furniture, cars and houses have increased. Besides that, educational and medical expenses have increased too. These show that the cost of living has increased. How are we going to pay for these expenses in the future? Is the Social Security alone enough to cover all these expenses? When anyone heads for retirement, it will create an uncertain financial future. That is why everyone needs to have a good retirement plan constructed beforehand.

Without a retirement plan, people will tend to burden not only themselves, but others and not to mention the country's wealth will also be impacted by having to aid these individuals. When someone retires without a careful financial plan, there is a high probability that he/she will suffer a financial problem. To accommodate his/her life, he/she would have to sell his/her assets or work part-

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This chapter explains how each independent variable affects the dependent variable by reviewing past literatures related to the topic and also includes a proposed conceptual framework developed for the study and hypotheses to be tested.

Furthermore this study attempts to know the significant relationships of Malaysian saving behaviour toward retirement among PCML employees, financial literacy, peer influence and self-control. This study will give impact on PCML employees who concern about saving behaviour for better retirement in the future. The person or working individuals who get more advice and financial education in order to increase their knowledge more about saving behaviour, usually will help them to have more confidence and comfortable in doing decision toward retirement planning (Power & Hira, 2004). According to Kim, Kwon and Anderson (2004), the retirement fund needs and had more savings come from the higher individuals' retirement confidence.

Dvorak and Hanley (2010) found that participants or people who have a fairly good understanding about the basic mechanics of the saving behaviour but normally they have insufficient knowledge to differentiate among numerous investment options. Basically, men have higher knowledge, income and education compared with women (Falahati, L., & Paim, L, 2011). This study pointed that the older participants are more likely to make personal contributions. However, if individuals have insufficient knowledge about the retirement process, they do not able to make a good decision. So, with financial education is perhaps the most significant to avoid determinant of financial literacy.