

FINANCIAL LITERACY, SOCIAL INFLUENCE, GOAL CLARITY, AND RETIREMENT EXPERIENCE

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1. INTRODUCTION

Retirement can be defined as the act of a person ending his/ her employment where the person needs to permanently stop his/ her work in the organization. Retirement is a life experience and a phase that all retirees face in their lifetime, after a long term of working or building careers. Most of the elderly choose to retire and enjoy their retirement lifestyle as a reward for themselves after they decide to end their career. However, the retirement experiences can be varied and differ from one person to another - the retirees would have either a leisure retirement experience or face many obstacles and negative retirement experiences. Thus, it is significant to evaluate the retirement experiences among the retirees as it is a must for all employed and self-employed persons arriving at the retirement age, and if one's contract of service is terminated. A good retirement experience can lead to a happy lifestyle among the retirees and improve mental and health conditions among the retirees. By leading better health, the retirees can improve their connection and relationship with others as well (Palmore, Fillenbaum & George, 1984; Rohwedder & Willis, 2010). Studies have examined that there are three main significant factors for retirement experiences; financial literacy, social influence, and goal clarity (Safari, Njoka & Munkawa, 2021; Hairodin, Ismail, Shamsuddin, & Miskam, 2021; Hill & Pfund, 2021). As such the aim of the study is to examine the relationship between the mentioned factors towards retirement experiences.

Financial literacy can be defined as the knowledge or level of understanding of individuals towards managing the finances including having the knowledge, skills, and confidence in managing effective and rational financial decisions. Financially literate individuals would most likely have a basic understanding of financial concepts or management such as interest rate, inflation rate, compound interest, and risk. As a consequence, retirees who possess more confidence in retirement and are more prepared for future risks can afford their expenses during retirement through savings and pension income. From the religious aspect, Islam views this matter seriously, as retirement wealth should be 'halal' wealth which will ensure better happiness and great success in life, for Muslims. Further, retirees are encouraged to be competent in managing their financial resources (Safari, Njoka & Munkawa, 2021; Yunus, Rodoni, Prasetyowati, Suma, & Al-Haddad, 2021).

Social influences can be referred to as the exercise of social power that is being practised by individuals or by groups to change the attitude or the behaviour of other individuals or other groups in a particular goal. The social influences in terms of social support from friends, family, and working mates are effective in nurturing better retirement experiences and in managing financial affairs. Social influences allow for better decisions and the acquirement of information from the community or people from the surroundings. Family relationships are the symbol of resilience to overcome obstacles and help the pre-retiree to obtain more social support from the family itself, while the spouse relationship is the mark of important roles as

the spouse of an individual gives a more satisfactory sense of relationship, a sense of companionship and a greater propensity to retire together in the future (Taufiq, Dumpratiwi, Prihartanti, Paliman, 2021; Hairodin et al., 2021).

Goal clarity reflects the outcomes as a reflection of individual action and behavior. Some of the individuals have a favourable goal toward retirement. This situation is affected by the high level of income, health, education, and a high degree of support from family. Having goal clarity toward retirement is the most significant factor that contributes to the employees tending to save for their retirement. The specific goals not only enhance functioning and provide a good vision against which individuals analyse their achievements, in fact, they also guide the future. From the perspectives of Muslims, the goal clarity in the retirement experiences also functions as the benchmark for a person in achieving something which is Syariah compliant, and at the same time, avoiding any corrupted actions in achieving the goal. Goals clarify that individuals who can organize their lives, have clear life purposes, and should constantly seek to have a blessed life by doing good to others. This shows that it is important for Muslims to have good life purposes even though they are in their retirement phase. Thus, retirees should lead a better life in their retirement by planning better goals so that they are always blessed and achieve greater happiness in whatever they do in their old age. This can be achieved by doing more good deeds and being more kind to others (Hill & Pfund, 2021; Mubasirun, 2021).

The Muslim retirees in Malaysia, also face the same retirement phase as others; planning for the retirements and saving for the retirements in the Islamic ways that are without any *riba* charges. Islam encourages Muslims to carefully plan their retirement, financially or economically, to improve their lives during retirement. Generally, there are three steps for retirement according to Islam. The first step involves the assessment of wealth, the second is proper planning for future retirement involving financial planning according to Islamic principles, third, the proper planning for the retirement in ensuring that the financial objectives which comply with Shariah laws are achieved and the final step is the determination of the payment mechanism to the retiree- whether the retirement plan would be paid in the form of annuity payment or a lump sum. From a Muslim's point of view, Allah SWT is the owner of wealth and man is merely a trustee entrusted to manage and administer the wealth bestowed to him. The measurement of wealth in Islam is primarily to gain the pleasure of Allah or to gain *barakah*. Thus, Islamic retirement should always comply with the *Shariah* which is not only free from *riba*, gambling, and *gharar* but is also intact with *maqasid al-Shariah*. This is to ensure that the Muslim retirees settle down in happiness with more *barakah* for a better way in life. Further, Muslims are concerned about the social interaction between the elderly and their family members. The Muslims mostly avoid sending their elderly to the elderly care centre to ensure the bond is still strong between them. Taking care of their elderly is a vital deed in Islam, even if their elderly is in the retirement phase (Mubasirun, 2021; Hairodin et al., 2021; Yunus et al., 2021). As such, the following are the hypotheses statements for the study.

Hypothesis 1: There is a significant relationship between financial literacy and retirement experience

Hypothesis 2: There is a significant relationship between social influence and retirement experience

Hypothesis 3: There is a significant relationship between goal clarity and retirement experience

2. METHODOLOGY

This study employed a quantitative cross-sectional design to examine the relationship between financial literacy, social influences, goal clarity, and retirement experience among the Muslim retirees in Shah Alam. Sekaran and Bougie (2019) state that the cross-sectional design survey is best used as data collection given the time frame to answer the research objectives in the study conducted. The researcher was unable to obtain the size of the population involving Muslim retirees from the private and public sector in Shah Alam, Selangor, as such, the non-probability sampling technique is employed. The sample size is determined through a suggestion made by Hair, Money, Samouel, and Page (2007) using the thumb rule of Kline's ratio - bringing the researcher to decide on distributing 300 questionnaires. The Exponential Non-Discriminative Snowball Sampling is being selected for this first target person and she/he provides more referrals of the same group to be the target respondents of the study. The survey questions consist of six items measuring financial literacy (Mpaata, Koskei & Saina, 2020), nine items measuring social influence (Zimet, Dahlem, Zimet & Farley; 1988), three items measuring goal clarity (Stawski, Hershey & Jacobs- Lawson, 2007), and 15 items measuring retirement experience (Frank & Brian 2017). Data were analysed using descriptive and regression analysis.

3. RESULTS

In total, 400 survey questionnaires were distributed to the respondents, and 278 questionnaires were returned and the response rate recorded was 69.5%. The study involved 55.8% and 44.2% male and female respondents respectively. The majority of respondents were above 65 years old (36%), married (91.7%), from the Malay ethnic group (96%), and possess Bachelor's Degree (36%). For the monthly pension, it is shown that the highest range is RM2,001-RM3,000 (52%), followed by less than RM1,200 (22%), RM1,201 – RM2,000 (16%), RM4,001 – RM5,000 (10%) and the least RM3,001 – RM4,000 (0.7%). For the past employment sector, most of the retirees were from the private sector (70.5%) and, the remaining 30%, from the public sector. Lastly, the pension scheme invested by the retirees includes the Employment Provident Fund (EPF)(71%) and Kumpulan Wang Awam Persaraan (KWAP)(30%).

For validity and reliability of the research instrument, the Exploratory Factor Analysis (EFA) and reliability tests were conducted. The KMO and Bartlett's test is 0.719 (more than 0.6) and significant at 0.00. The Cronbach coefficient value recorded showing good value for reliability; retirement experience (0.679), financial literacy (0.716), social influences (0.837) goal clarity (0.718). The data were normally distributed as all the results from the skewness are between the range of ± 3 and all the results from the kurtosis are also between the range value of ± 10 . The mean value recorded range between medium to high; retirement experience (4.01), financial literacy (3.743), social influences (3.681) goal clarity (3.233), whilst for standard deviation; these scores were recorded - retirement experience (0.628), financial literacy (0.981), social influences (0.645) and goal clarity (0.723). As for the multicollinearity issue, the Tolerance value is more than 0.3 and is at the values of 0.979, 0.982, and 0.967 for all the independent variables tested. As the VIF values tested for all the variables are less than 4.0 where the value at 1.021, 1.014, and 1.034 respectively, there was no issue of multicollinearity.

Table 1: Regression Result

VARIABLES	R	R SQUARE	β	T	SIG.	TOL	VIF
	.604	.365					
FINANCIAL LITERACY			-0.50	1.027	.305	.979	1.021
SOCIAL INFLUENCE			0.607	12.531	.000	.987	1.014
GOAL CLARITY			0.073	1.497	.135	.967	1.034

The result of regression analysis (Table 1) indicates that independent variables have caused a 36.5% variance in retirement experience. There is an insignificant relationship between financial literacy and retirement experience, with a weak negative association ($\beta = -0.050$, $t = -1.027$, $p = 0.305$). The results show that there is a significant relationship between the social influences and retirement experience with a positive strong association ($\beta = 0.607$, $t = 12.531$, $p = 0.00$). There is an insignificant relationship between the goal clarity and retirement experience, and with a weak and positive association ($\beta = 0.073$, $t = 1.497$, $p = 0.135$). As such, hypothesis 2 was supported, whilst hypotheses 1 and 3 were not supported.

4. CONTRIBUTIONS, LIMITATIONS, SUGGESTIONS, AND CONCLUSION

The perceived retirement experience is recorded at a higher level ($m = 4.011$). Most retirees believe that being able to travel to more places after the end of their careers can reduce stress, and provide a better life, and at the same time act as examples to the pre-retirees. Regarding involvement in volunteerism activities, most Muslims do expect to have more time to involve themselves in charity, safeguarding the welfare of those in need, and doing more good deeds. Everyone perceives his retirement experiences differently, and for the current study, it is clear that Muslim retirees expect happiness and having a good time during their retirement phase. Social influence is a significant predictor of the retirement experience. A good bond and relationship between the retirees with all the people surrounding them, such as family and friends do help to better nurture their retirement experiences and create continuous happiness within the circle. The retirement experiences faced by retirees will lead to good mental health, as they receive social support and achieve a life balance; economically, physically, and psychologically. Social influence is a means for retirees to manage their psychological problems and emotions including a feeling of insecurity, loneliness, anxiety, lack of social support, stress, and depression. The social influences give a greater impact on the retirement experiences among retirees as they are getting more engagement from their families, friends, and social groups (Palmore et al., 1984; Taufiq et al., 2021; Hairodin et al., 2021).

Financial literacy was identified as an insignificant predictor, and financial literacy is an inter alia tool for the accumulation of savings as financial resources affect one's daily life. There is a weak negative association, showing that financial literacy will help the individuals manage the retirement saving well but financial literacy will not ensure the quality of retirement experiences faced by the retirees – whether they be good retirement experiences or vice versa. Most of the pre-retirees during their career are prepared for the retirement phases but unfortunately, they do not financially prepare for the retirement savings due to the high cost of living or other commitments in their lives. It is believed that a good plan for retirement planning will lead to better retirement experiences (Safari et al., 2021; Yunus et al., 2021). Goal clarity was also identified as an insignificant predictor, however with a weak and positive association with retirement experiences and this was contradicted with the research made by Dychtwald &

Morison (2020) who state that goal clarity does give various effects on retirement experiences. Under the current study, the retirees tend to hold or cannot aim for their goal clarity as they have limitations to do activities or be outside during the pandemic time. This is especially since the retirees are mostly elderly and are considered as belonging to a high-risk group during this pandemic, which makes it difficult for the retirees to make progress for their goals during their retirement experiences.

As for methodological contributions, the instruments used are reliable and validated, in terms of the respondents and the organization identified, the views by employees from public-private organisations on the issue of the retirement experience faced by the retirees and ways on rectifying the issue, as well as focus on the retiree group for future reference. This study applies the quantitative analysis survey, to avoid biases and obtain more honest and accurate assessment throughout the study conducted (Hair et al., 2007). The study highlighted only limited variables, and social influence is the only variable that is significant to the retirement experience among the Muslim retirees in Shah Alam. As such, to find a convincing result, it is suggested that more variables; personal-psychological capital, which is significant and has a relationship with the retirement experiences, be included. The research also focused on the Shah Alam area where only a small population is involved- this may lead to inaccurate data collected for the study. Thus, it is recommended to the future researcher to choose the easily approachable target group and work within a bigger sampling size for better data collection in the future study. For the perceptual study, there is a degree of doubt on the reliability of the responses for the data collection in the study. This may be because the views or the interest of target respondents are not in the study which could lead to the unreliable responses of data collected throughout the study. Another limitation of this study is the questionnaire in collecting the data respondents from the Muslim retirees in Shah Alam. Using only a single instrument in this study might inflate the relationship of the variables conducted with the retirement experiences. Therefore, the use of different approaches in collecting data for the respondents can be applied in future research. This varying of the instrument, and not just using a single instrument, which is the questionnaire, can help future researchers collect more reliable and accurate data in finding the significant relationships between the retirement experiences with the variables involved (Sekaran & Bougie, 2019, Hair et al., 2007).

5. REFERENCES

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