INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES

www.hrmars.com

ISSN: 2222-6990

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To Link this Article: http://dx.doi.org/10.6007/IJARBSS/v11-i3/8855 DOI:10.6007/IJARBSS/v11-i3/8855

Received: *10* January *2021*, ***Revised:*** *07* February *2021*, ***Accepted:*** *28* February *2021*

Published Online: 20 March 2021

In-Text Citation: (Lim et al., 2021)

To Cite this Article: Lim, S. M., Tenk, T., Teoh, M., & Lee, T. H. (2021). Employees’ Retirement Saving Behaviour During The Covid-19 Pandemic in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, *11*(3), 1099-1116.

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Vol. 11, No. 3, 2021, Pg. 1099 - 1116

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Employees' Retirement Saving Behaviour During The Covid-19 Pandemic in Malaysia

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Abstract
Retirement planning has recently been prioritized by employees to safeguard a comfortable retired life. The objectives of the study were to assess whether income level, economic condition, saving behaviour and retirement goal clarity affect employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia. Life-cycle theories of savings and investing and theories of mental accounting are applied to determine the factors affecting employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia. Mix methods research design is conducted, where the quantitative survey is supplemented by a qualitative interview. The findings provide essential insights to governments in both developing and developed countries on the financial education for children starting young to ensure successful financial retirement planning during downturn and pandemic. This study shows that income level, economic condition, saving behaviour and retirement goal clarity are significant determinants of retirement saving behaviour, hence it has contributed to the conceptual model of retirement saving behaviour which enables individuals to plan their retirement well.
Keywords: Retirement Planning, Employees, Covid-19 Pandemic, Malaysia

Introduction
Retirement is defined as one's act of leaving employment, career or occupation permanently (Mansor, Hong, Abu & Shaari, 2015). It typically marks the end of one's employment life and the beginning of the usage of retirement funds accumulated over the working period. The elderly people usually start a new phase of life after their retirement (Lai & Comeau, 2012).

Malaysia's aging population has been increasing gradually since the year 2000 where 6.3% of the demography were elderly people, 7.4% in year 2010 and estimated 9.9% in year 2020 (Taha & Mat, 2003). However, the rising living cost and living standard in Malaysia has made the rising age phenomenon a huge issue especially to those people who are with little retirement savings (Chan, 1997). According to Chia (1996), in terms of healthcare costs issues, he indicates that elderlies usually imply heavier financial burden due to the rising medication costs as they need greater medical attention. Hence, sufficient retirement savings is important for the retiree to be ready for the heavy medical expenses, especially for Malaysians with life span increasing to 75 years.

Moreover, according to a forecast by the Statistics Department of Women, Family and Community Development, by year 2035, Malaysia's senior citizen population is expected to rise to 5.6 million (Daim, 2016). Also, with the technological and medical advancements, Malaysians are expected to live longer, approximately between 12 to 20 years more after retiring at 60. Meanwhile, the number of recipients of the Welfare Department’s Assistance for the Elderly programme has risen to more than 120,000 people in 2010 as compared to 11,000 in 2002 (Noar, 2018). As a result, it is difficult to ascertain whether one has saved enough retirement funds for the rest of his life due to uncertainty on life span.

Movement Control Order (MCO) has been implemented a few times since March 18, 2020 during the COVID-19 pandemic which has adversely impacted the employees financial position. The long term consequences of the pandemic may result in lower retirement incomes in the future, decreasing the value of assets in retirement savings accounts, lower capability to contribute to retirement savings plans or even a delay in retirement as most of the employees are suffering from financial distress.

Hence, identifying the determinants affecting employees’ retirement savings behaviour in Malaysia is important to allow employees to have an adequate retirement savings to live a decent life in their retirement years especially during the pandemic. The main key determinants focused are income level, economics condition, saving behaviour and retirement goal clarity.

Literature Review

The theory of life cycle is an economic theory developed by Franco Modigliani and Albert Ando in the early 1950s to help individuals make retirement savings decisions (Modigliani & Ando, 1963).

In financial planning, individuals usually make saving decisions and investment decisions (Bovenberg, Koijen, Nijman & Teulings, 2007). This theory suggests that an individual would usually accumulate assets during his years of work and spend them during his years of retirement. This theory also explains that saving is high when income is high; conversely saving is low when income is low. On the other hand, this theory also implies that individuals make investment decisions for their retirement planning. Hence, they are prepared to face financial issues in the future including the condition when their income decreases upon retirement.

There is a number of frameworks using the life-cycle hypothesis in order to examine the retirement saving behaviour of the employees (Zhong, 1994; Li, Montalto & Geistfeld, 1996; DeVaney, Su, Kratzer, & Sharpe, 1997; Grable, Lytton, & Kratzer, 1998; Coronado & Perozek, 2003; Slavov, Goda & Shoven, 2010; Moorthy et al. 2012). In this hypothesis, societal norms and policies are emphasized on retirement planning as they determine economic trends that affect employees’ retirement savings (Modigliani & Ando, 1963). Most workers wish to retire at a particular time in the future and at a specific age. However, changes in the economic condition may result in employees shifting their financial assets to alter their retirement plans. In a nutshell, this theoretical framework implies that one’s retirement plan will balance a lifetime of retirement preferences with the mandates of current events both at the individual and societal levels. Therefore, this theory is used as a base in this study in order to analyse the independent variables which are income level and economic condition in terms of retirement planning.

Another conceptual framework adopted in this study is mental accounting. It was proposed by Shefrin and Thaler (1988) that it is a behavioural life cycle hypothesis. Several sociopsychological features, such as behaviours of individuals to plan and save for their future are incorporated into the traditional model. Mental accounting is "the set of cognitive operations used by individuals and households to organize, evaluate, and keep track of financial activities" according to Thaler (1999).

The mental accounting theory is important in this study as it means being aware of financial management. Individuals will avoid unnecessary spending on useless products by grouping their expenses into categories, assigning funds to it, determining budgets, and performing elements of cost-benefit analysis (Thaler, 1999). Mental accounts are kept by most individuals when they are managing monthly expenditure. As a result, mental accounting enables individuals to increase their savings efficiently when they control their financial activities. (Kast, Meier & Pomeranz, 2012).

Furthermore, one of the defining elements of mental accounting is to categorize funds into different groups. Prior research has argued that by organizing information into groups by their common characteristics, the categorization is able to facilitate judgment of relevant information, thus reducing the cognitive effort required to evaluate the decision at hand (Henderson & Peterson 1992). Hence, individuals may save now in order to achieve retirement goals as they might have engaged in mental accounting. In a recently developed model of financial retirement planning, Hershey (2004) suggests that psychological variables are influencing saving tendencies. Hence, mental accounting concept is relevant to the analysis of our independent variables which are retirement goal clarity and saving behaviour.

Employees' Retirement Saving Behaviour

Although the employees in Malaysia usually have contribution to the Employee Provident Fund (EPF) pension scheme, having sufficient amount of retirement fund to live comfortably is still a challenge (Samad & Mansor, 2013). Recent research on EPF savings has been conducted and indicates that 68% of Malaysians have less than RM50,000, which could only allow retirees to sustain a maximum of five years during their retirement life (Chin, 2015). Another research has shown that the members of Kumpulan Wang Persaraan (KWAP) has resulted in 11.6% annual growth rate in year 2017 (Chua, 2017). Meanwhile, Malaysia's national debt has soared to 80% of the GDP (Shukry & Jamrisko, 2018). As a result, Malaysia's heavy debt burden and the increasing aging population would gradually reduce the ability of the government to fund this defined benefit scheme (Chua, 2017).

In addition, employees, especially the younger generation believe that retirement planning is a burden to them because it takes many years to save up sufficient retirement fund (Moorthy, et al., 2012). According to Habib (2007), those who are in their 20's usually do not keep retirement in mind, while those in their 30-40's, would rely on EPF savings and think that they are well prepared. However, the reality is that when they approach retirement age, their retirement fund is insufficient since they prepared late for retirement.

Income Level

Higher household income level has a positive relationship with the accumulation of retirement fund by individuals. Many findings revealed that retirement saving behaviour are positively related to household income level (Zhong, 1994; Li, Montalto and Geistfeld, 1996; DeVaney, Su, Kratzer, and Sharpe, 1997; Bassett, Fleming, and Rodriguez, 1998; Grable, Lytton, and Kratzer, 1998; Hershey, 2004; Kim, Kwon and Anderson, 2004; Joo & Grable, 2005; Moorthy et al. 2012).

Kim, Kwon and Anderson (2004) finds that individuals with higher incomes are more likely to participate in retirement saving program. A research has shown that those who earn more than RM6,001-RM9,000 monthly are more likely to plan for retirement as compared to the category with income below RM3,000 (Hassan, Rahim, Ahmad, Zainuddin, Merican and Bahari, 2016). Hence, it is believed that individuals who come from a higher bracket of income tend to save more as compared to those who come from a lower bracket of income.

In addition, Zhong (1994) finds that income is one of the key socioeconomic factors in determining the differences in retirement saving. In 1985, Thaler had developed the Theory of Mental Accounting, which states that individuals do code and categorize all their expenditures in order to mentally divide the money that they have to make plans, keep track of their expenditure and avoid unnecessary overspending on products that are not useful (Thaler, 1999). Individuals with lower income are more likely to encounter problems in their mental accounts as compared to higher income individuals as they have lower capability in planning expenditure and saving money for their future (Salas, 2014). Therefore, the first hypothesis is presented:

H1: Income level is positively associated with the employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia.

Economic Condition

The sustained economic expansion which leads to an above average financial market returns in the mid-1990s and the subsequent economic downturn in the early 2000s had shown significant changes in retirement decisions of older workers. Retirement decisions such as when to retire and the allocation of retirement portfolio are influenced by the overall economic conditions. Various studies have examined the overall factors affecting retirement decisions of employees. (Sevak, 2002; Coronado & Perozek, 2003; Gustman, Steinmeier & Tabatabai, 2010; Slavov, Goda & Shoven, 2010; Ensign, 2011; Arano & Parker, 2012).

Evidence from studies have shown that an unanticipated change in wealth would change employees' expectations on retirement saving behaviour. Research done by Slavov, Goda and Shoven (2010) indicates that the decline in wealth, which was resulted from the steep fall in asset values, had forced households to delay their retirement plan. Using the 1992 and 1998 waves of the Health and Retirement Study (HRS), Sevak (2002) found evidence that the $50k wealth shock had increased the probability of workers who are aged 55-60 to retire by 1.9 percent.

In addition, various literatures explore the relationship between retirement planning and stock market fluctuations. Gustman, Steinmeier, & Tabatabai (2010) examine the impact of both stock market boom and decline on financial security and its impact on retirement decisions. During the stock market boom in the late 1990s, they find that the average age of retirement had been reduced by 3 months. On the other hand, subsequent decline in the stock market had delayed retirement by 1.5 months. Arano & Parker (2012) conclude that workers would usually retire an average of 6 months earlier in positive economic times relative to unfavourable economic conditions. As such, the second hypothesis is postulated:

H_2: Economic condition is positively associated with the employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia.

Saving Behaviour

Financial planning and saving behaviour are two interrelated issues. Employees should start preparing for retirement as soon as they start working by saving an appropriate amount of their salary. Many studies found that saving behaviour is positively related to the retirement planning (Clark, d'Ambrosio, McDermed & Sawant, 2003; Lusardi, 2003; Ntalianis & Wise, 2011; Zazili, Ghazali, Abu Bakar, Ayob & Abd Samad, 2016). Lusardi (2003) states that many individuals perform poor savings behaviour as planning for retirement is a difficult task to do and individuals tend to regret when approach retirement age as they realise that they have insufficient wealth for retirement. Most households prioritise expenses above savings, hence leading to insufficient money in their personal saving account. Clark, d'Ambrosio, McDermed & Sawant (2003) conclude that every employee is responsible for his own savings decisions in order to have sufficient retirement fund at their retirement age. Masran & Hassan (2017) assert that personal saving is essential for individuals to build a strong base for their future retirement savings. Therefore, it is important for individuals to have an accurate assessments of their financial status in their retirement planning process. Hence, the third hypothesis is formulated:

H_3: Saving behaviour is positively associated with the employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia.

Retirement Goal Clarity

Retirement goal clarity is vital in predicting planning activities; indirectly, planning activities predict the individual's retirement saving behaviour. Since retirement goal clarity is one of the psychological factors, Life-Cycle Saving and Investing theory are considered in the discussion of this particular determinant of retirement savings. Economists who developed Life-Cycle Saving and Investing theory state that, individuals should have an understanding about how are they going to make spending and saving decisions to develop a better retirement life (Chaffin, 2013) bases on their life expectancy, income, retirement goals, and intergenerational transfer motives. A few studies emphasize that retirement saving behaviour is affected by the developments of clear and attainable retirement goals. (Gollwitzer, 1993; Hershey, Mowen & Jacobs-Lawson, 2003; Neukam & Hershey, 2003; Pankow, 2003; Hershey, 2004; Moorthy et al., 2012; Zabri, Ahmad & Loy, 2016).

Besides, Moorthy et al. (2012) find that those have positive goal clarity tend to be more confident about their retirement planning. Pankow (2003) states that by setting financial related retirement goals, individual is more willing to work hard and save up to achieve the particular goals. According to Gollwitzer (1993), clear and specific retirement goals provide a framework for individuals in establishing future intention to achieve certain goals. Selvadurai, Kenayathulla and Siraj (2018) observe that most respondents have specific goal that is to allocate their salary for their children's educations and expenses. Thus, the retirement goals enable individuals to save more for future. Therefore, the forth hypothesis is presented:

H_4: Retirement goal clarity is positively associated with the employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia.

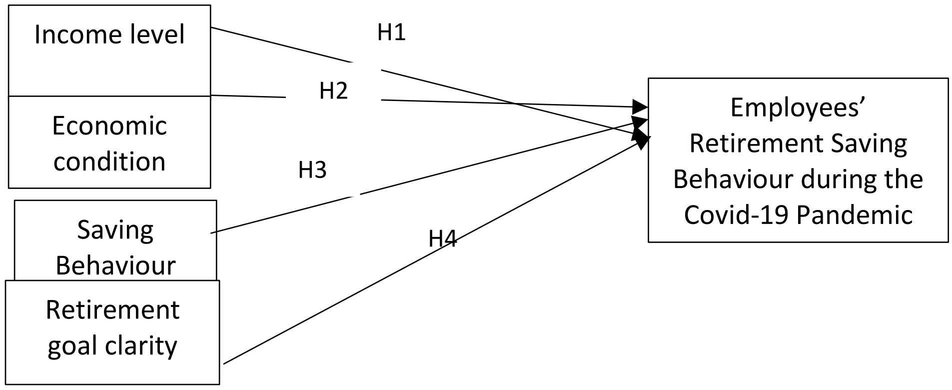

Figure 1: Conceptual framework of employees' retirement saving behaviour

Methodology

The motive of this study is to examine the factors affecting employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia. Mixed methods research design is employed. This method integrates both quantitative /surveys and qualitative /interviews to draw the strengths and minimize the weakness for both quantitative and qualitative methodology (Johnson & Onwuegbuzie, 2004). Mixed methods research design hence enables participants to provide their personal view which would enhance and ground our findings in personal experience with the aim to aid in forming a complete story of the study. This is a perfect method for exploring employees' retirement saving behaviour. Two phases are involved; firstly, the initial quantitative instrument; subsequently, the interview. The second phase build on the first phase, as such the survey responses are explained in more detailed by the interview responses.

The five point Likert-scale of research instruments are adopted and adapted from the past studies relating to life-cycle theories and theory of mental accounting (Tan, 2015; Sabri & Teo, 2014 and Zabri, Ahmad & Loy, 2016). It is scaled from one-point of strongly disagree to five-point of strongly agree on their opinion. Data collected from the survey are used to explain the relationship between the factors and employees' retirement saving behaviour.

Qualitative method through interview, enables participants to share their thoughts and opinions and allows data captured to be prompted by a researcher's instinctive which facilitates a detailed overall finding. In this study, interview aims to describe income level factor in depth, economic condition factor, saving behaviour factor and retirement goal clarity factor on employees' retirement saving behaviour during the COVID-19 pandemic in Malaysia of a group of experienced employees.

This study uses a non-probability sampling method to gather data from different ethnic groups in the country, including Malay, Chinese, Indian and others. Convenience sampling method is employed in this study to generate higher response rate. Hence, the questionnaire survey is distributed using various social media until a desired number of respondents is achieved, which is 300 respondents. The sample population are Malaysian employees aging below 20 years old to above 50 years old.

For interview, 11 respondents who declared as financially well planned have been chosen as participants in this study. All of them have either experiences in dealing with financial situations or planning for retirement. Therefore, they are deemed suitable to provide different perspectives on employees' retirement saving behaviour.

Before distributing the online questionnaire, pilot test is conducted using 50 samples to validate whether the respondents can understand the instructions of the questionnaire clearly. The value of Cronbach Alpha (Table 3.1) of all the independent and dependent variables exceed 0.6 and hence meet the rule of acceptable level of *reliability test (Nunnally, 1978).*

Table 1: Reliability Analysis of Scale

Scale	Number of items	Cronbach's Alpha
Income Level	4	0.638
Economic Condition	4	0.803
Saving Behaviour	4	0.830
Retirement Goal Clarity	4	0.824
Employees' Retirement Saving Behaviour	4	0.881

Results

Descriptive statistics of demographic information are presented in Table 2. A descriptive analysis on the demographic profile of the 300 respondents revealed that 47.3 percent of respondents are male and 52.7 percent are female. Both genders participated in this survey are almost in equal in terms of number. The respondents are mostly in the 21 to 30 age group (42.3 percent). The least respondents are from the above 50 years age group which are 5 percent of the total respondents. 70 percent of the respondents are Chinese, about 13 percent are Malay, 12.7 percent are Indian and the remaining 4.3 percent are other races. Most respondents are at the executive level (34 percent) while 16 percent of which are non-executive (16 percent).

Vol. 11, No. 3, 2021, E-ISSN: 2222-6990 © 2021 HRMARS

Table 2: Frequency Table for Demographic Profiles

Characteristics	Frequency	Percentage (%)
Gender		
Male	142	47.3
Female	158	52.7
Total	300	100
Age		
Below 20 years	18	6
21-30 years	127	42.3
31-40 years	83	27.7
41-50 years	57	19
Above 50 years	15	5
Total	300	100
Race		
Malay	39	13
Chinese	210	70
Indian	38	12.7
Others	13	4.3
Total	300	100
Occupation		
Self-Employment	92	30.7
Junior Staff/Temporary	58	19.3
Non-executive	48	16
Executive	102	34
Total	300	100

Table 3 shows the correlation between the retirement saving behaviour and the four determinants, namely the income level, economic condition, employees' saving behaviour and employees' retirement goal clarity. The p-values of 0.000 for all four variables, income level, economic condition, employees' saving behaviour and employees' retirement goal clarity, indicate that Pearson Correlation of all these variables are significant at 1% level. As such, all the independent variables exhibit significant positive relationship with Employees' Retirement Saving Behaviour.

Table 3: Summary of Pearson Correlation between Variables

		Employees' Retirement Saving Behaviour	
	Pearson Correlation	Sig. (2-tailed)	N
Income Level	.480**	0.000	300
Economic Condition	.576**	0.000	300
Saving Behaviour	.692**	0.000	300
Retirement Goal Clarity	.694**	0.000	300

*** Significant at 1% (2-tailed)*

Multiple regression analysis is used to determine the significant predictors for employees' retirement saving behaviour in Malaysia. The relationship between the independent variables (income level, saving behaviour, economic condition and retirement goal clarity) and the dependent variable of employees' retirement saving behaviour is tested. The results of multiple regressions for the study are displayed in Table 4.

Income level, saving behaviour, economic condition and retirement goal clarity account for 58.5 percent of the variability in the model of employees' retirement saving behaviour. The p-values of Income level, saving behaviour, economic condition and retirement goal clarity are all below 0.05 indicates these variables are significant at 5% level. Hence, income level, saving behaviour, economic condition and retirement goal clarity positively affect employees' retirement saving behaviour, which is in line with the past literatures (Gollwitzer, 1993; Zhong, 1994; Li et.al. 1996; DeVaney et.al, 1997; Bassett et. al., 1998; Grable et.al., 1998; Sevak, 2002; Clark, d'Ambrosio et.al., 2003; Coronado & Perozek, 2003; Hershey et.al., 2003; Lusardi, 2003; Neukam & Hershey, 2003; Pankow, 2003; Hershey, 2004; Kim et.al., 2004; Joo & Grable, 2005; Gustman et.al., 2010; Slavov et.al. 2010; Ensign, 2011; Ntalianis & Wise, 2011; Arano & Parker, 2012; Moorthy et. al. 2012; Zazili et al., 2016; Zabri et al., 2016).

Table 4: Summary of Multiple Regression

Variable		**Unstandardized Coefficients**	**Unstandardized Coefficients Standard Error**	**Standardized Coefficients Beta**	**t-stat**	**Sig.**
Income Level		.170	.074	.109	2.300	.022*
Economic Condition		.152	.061	.132	2.480	.014*
Saving Behaviour		.379	.065	.333	5.864	.000**
Retirement Goal Clarity		.374	.069	.325	5.457	.000**
R^2	.585					
F-stat	103.752					

*Note: * Significant at 5%, ** significant at 1%*

Qualitative Analysis

Income Level

In the interview to analyse whether income level affects the retirement saving behaviour during the pandemic, nine out of eleven participants (82 percent) agree that income level does affect their retirement saving behaviour. Both Respondent D and Respondent K believed that with higher income earnings, they would be able to increase their retirement savings because there would be surplus after deducting all expenses. "*Normally, retirement planning is for those with above average income earner. With the excess money after paying off your standard living expenses then only you can start talking about your retirement plan.*" Respondent H states. Meanwhile, more than half of the respondents agreed that income level is directly proportionate to the retirement saving behaviour.

On the other hand, 72 percent of respondents agreed that their income level is affected by the pandemic. Four respondents claim that the pandemic does affect their income level as their employers are practicing pay cut and not giving any increment when they are required to spend more at the time. Furthermore, Respondent F and Respondent G say that although their salary are stagnant, their other sources of income are declining due to the declining interest rate and slowing down in the economic activities.

Economic Condition

91 percent of the interviewees agree that economic condition especially during pandemic does affect their retirement saving behaviour. Respondent A claims that goods are expensive as process inflated and hence decreases his retirement savings during hyperinflationary period. Respondent E says that the change of economic condition has led to her careful spending and hence heading for diversification in her financial planning. Moreover, economic downturn which leads to a reduction in fixed deposit placement interest rate, a sharp dive in stock pricces and unit trust prices has badly affected Respondent F6's retirement savings account. All the participants agree that the pandemic affects the economic condition. "*Retrenchment might occur, businesses might not be able to operate as usual and sales volume drops drastically*." reported by Respondent A. Respondent G points out that the pandemic causes production cut, unemployment rate increase due to lesser jobs available and employees encounter pay cuts problem which adversely affect their saving capabilities.

Saving Behaviour

All the interviewees comment that saving behaviour plays a vital role in accumulating retirement savings. Five out of eleven respondents emphasize the importance of having disciplined saving habit. "*Saving behaviour is our discipline. We should always save a fixed portion of fund for retirement as an average retired person will required an amount of at least RM1,000,000 due to inflation in money."* reported by Respondent C. More than half participants comment that their saving behaviour is adversely affected by the pandemic. Respondent B claims that there are more things to spend on such as groceries, household supplies and pharmacies, in term of soap, detergent, hand sanitiser, face masks, wipes, as compared to pre-pandemic, hence his savings decrease. "*With shrinking business income couple with the increased family living expenses, I need to reduce my saving in retirement plan."* reported by Respondent H.

Retirement Goal Clarity

Almost all respondents agree that they would have a better retirement saving behaviour with a clearer retirement goal. "*Without a clear retirement goal, I am sure that my savings would be easily spent; however, with a clear retirement goal, I would be more disciplined to save more for it."* reported by Respondent B. Furthermore, Respondent H claimes that the crucial attribute of the retirement goal is that it must be achievable or otherwise one may not be willing to save for it as the saving is impractical. On the other hand, more than half of the participants claimed that their retirement goal has been impacted by the pandemic. Respondent F says that the unforeseen risks brought by the pandemic has caused her to be more vigilant in her financial planning in the time horizon and amount to achieve her retirement goal. "*With COVID-19 pandemic, disrupted economy has led to shrinking of my family income, the retirement goal will become unclear, confuse and undecidable."* reported by Respondent H.

Cautions of Retirement Planning during Pandemic

Majority of the interviewees describe that spending wise and investment wise are utmost important for them to plan for retirement during the pandemic. Respondent B says that people should plan wisely for their spending and try to obtain some constant passive income if possible. *"It is better to be alert on our cash flow in order to control every single expense. Also, budgeting is vital to avoid unnecessary spending. Do not solely depend on return from fixed deposit which is only around 1.5%. Instead, we should invest our money in other assets to get a higher return."* noted by Respondent D. Respondent E adds that it is important to distinguish between needs and the desires because a person can either save more or gain more returns by investing without the desire in spending on unnecessarily. Besides, Respondent C claims that it is important for people to seek advice on retirement planning from professional advisors so that they will know the proper avenue to save and invest during the pandemic. Further, Respondent H points out that survival is more important than retirement plan. People would need to continue surviving first, only then, they can arrange for a retirement plan during the pandemic. Hence, he states that the first thing for people to do now is to stay healthy, practise good hygiene and wear mask in public. Furthermore, Respondent K says that parents and educators should not neglect the financial literacy of our children. Instead of overly focused on educating the school subjects, financial literacy should be inculcated in children from young; apart from learning the value of money, they should also learn how to make more money during various situations such as during the pandemic.

Conclusion

Income Level and Employees' Retirement Saving Behaviour

The positive impact of income level on retirement saving behaviour implies most individuals would save up more in their retirement savings account when their income increases. The result is consistent with the findings of past empirical studies which concludes that higher household income level is positively related to the accumulation of retirement fund by individuals. According to Kim et al. (2004), individuals with high incomes are found to be more likely to participate in the retirement saving program. Salas (2014) states that individuals with lower income would encounter problems in mental accounting as compared to higher income individuals as they face more difficulties in planning their expenditure and saving money for their future. Hence, it is believed that individuals who come from a higher income bracket tends to save more as compared to those who come from lower income bracket. Besides, most of the participants in the interview agree that income level is affected by the pandemic, which is in line with the study of Bodie (2003), who finds that the associated lockdowns and the related economic downturn due to COVID-19 pandemic, has led to lower overall household income which are impacting retirement savings adversely. Hence, the employees can hardly contribute to their retirement savings account with the reduced wages or being unemployed. Besides, the result is consistent with the survey conducted by Secure Retirement Institute (SRI) which is consistent with Longo (2020), who states that that more than half of 1,400 non-retired households with qualified retirement savings accounts have experienced a reduction in work income during the pandemic.

Economic Condition and Employees' Retirement Saving Behaviour

The positive relationship between economic condition and employees' retirement saving behaviour observed in this study is in consistency with the prior studies which indicate that economic condition positively affects retirement saving behaviour. This relationship is explained by Slavov et al. (2010) as the delay in retirement plan is brought by a steep fall in asset values due to economy downturn. Gustman et al. (2010) observe that stock market boom in the late 1990s has led to a reduction in retirement saving account, while Arano & Parker (2012) conclude that workers would usually retire on an average 6 months earlier in positive economic times relative to unfavourable economic condition.

On the other hand, based on the interview, all participants agree that the economic condition is affected by the pandemic. This finding is in absolute agreement with Brown, Knoll & Kuhnen (2020) who finds that the disrupted economic activities since declaration of COVID-19 as global pandemic results in an immediate loss of value in retirement savings for those who allocate to risky assets like stocks. Appleby (2020) discovers that the retirement savings success of individuals is largely dependent on the performance of the stock and financial markets during the COVID-19 outbreak even if they save early and holding a broadly diversified investment mix and never tap into their savings until retirement.

Saving Behaviour and Employees' Retirement Saving Behaviour

The positive impact of saving behaviour on retirement saving behaviour is consistent with the findings of past empirical studies. While individuals save before they spend, this will allow them to save for their future, which is also considered as helping them to properly plan their retirement (Masran & Hassan, 2017). Furthermore, Clark, d'Ambrosio et al. (2003); Elder & Rudolph (1999) conclude that every employee is responsible for his own savings decisions in order to accumulate sufficient retirement fund for their retirement age. Therefore, it is important that individuals need to have a precise assessment of their financial status in their retirement planning process.

Further, more than half of the participants agreed that their saving behaviour is affected by the pandemic. This is in line with the Magnify Money which shows that 47 percent of US citizens have either stopped or lowered their retirement savings contributions amid the coronavirus pandemic, while nearly 30 percent had withdrawn funds from their savings within the previous two months (Miller, 2020). The percentage of workers who treats "saving for retirement" as a financial priority has also declined from 54 percent before the pandemic to 45 percent. Reinicke (2020) explains this as people who are facing financial emergency such as being unemployed or heavy medical costs turn out to tap into their retirement accounts during the pandemic.

Retirement Goal Clarity and Employees' Retirement Saving Behaviour

The positive impact of retirement goal clarity on retirement saving behaviour shows that employees have clearly set their goals for their retirement. This is aligned with Moorthy et al. (2012) that respondents who have positive goal clarity tend to be more confident about their retirement planning. Hence, retirement goal clarity is vital to predict the individual's retirement saving behaviour. Likewise, Pankow (2003) comments that individuals are more willing to work hard and save to achieve the particular goals. Also, according to Gollwitzer (1993), clear and specific retirement goals do provide a framework for individuals in establishing future intention to achieve certain goals.

Besides, most of the participants in the interview agree that retirement goal clarity is affected by the pandemic, which is consistency with Dychtwald & Morison (2020) who reports that roughly 38 percent of Americans say the COVID-19 pandemic has impacted their retirement plans by having to retire later than planned, or not being able to retire at all or being forced into retirement. As a result, they are required to work longer in order to build their retirement savings for their desired goal. Janetius (2020) comments, knowing that the economic slowdown would continue for years, one should start looking for alternative plans such as to defer the retirement age as the person is not able to move with retirement goals.

Implications

From this research, a few implications have been achieved. Since income level, saving behaviour, economic condition and retirement goal clarity could positively affect retirement savings in the future, more employees should spend time and effort to plan their investment and spending early so as to have sufficient retirement savings to achieve a comfortable retirement life. Arrange to save a portion of income for their retirement savings instead of spending them off on entertainment. Also, the act of disciplined saving behaviour is utmost important as this behaviour could ease the financial burden of employees during their retirement life as they will have sufficient amount of funds for the post-retirement spending. Furthermore, employees should take up the chance to save and invest more of their money for their retirement account during economic growth as the returns are positive during this period of time. Last but not the least, having a clear retirement goal could act as a catalyst to improve employees' retirement saving behaviour.

In addition, our findings have practical implications for financial advisors and planners which allow them to have better understanding on the factors affecting retirement saving behaviour. Hence, they would be able to provide better advice to their clients with regards to the retirement planning. Concentrating investment on high yield and healthy securities, couple with tax planning, could generate higher returns. In addition, the financial advisers are more capable in evaluating and advising the appropriate retirement funds needed for their clients after identifying clients' retirement goal. For regulators, they need to increase the employees awareness of the importance of retirement planning as people may lack of financial exposure and not literate. The extension of the RM 3,000 yearly tax relief for the Private Retirement Scheme (PRS) until the year 2025, as announced in Budget 2021, is a good lead for the regulators to promote the importance of retirement planning to employees as this tax relief can attract Malaysians to save up and hence improve their retirement saving behaviours which would lead them to a better retirement life.

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