Financial Literacy and Retirement Planning Behaviour Among Working Single Women in Private Sector

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ABSTRACT

A lack of financial knowledge causes many to make poor financial decisions, which may result in irrational financial choices and jeopardize their retirement plans. Studies have shown that one in three Malaysians consider themselves to have "low financial knowledge." Furthermore, one in ten people believe that they are financially undisciplined. Studies have shown that 35 percent of men are more financially literate compared to 30 percent of women globally. With the increment level of financial literacy among women, it will be able to minimize the socio-economic gap and inequality that still exists and in addition to achieve the sustainable development goal 2030. This article aims to explore the causes of financial literacy towards retirement planning behaviour among working single women, using theory of planned behavior and OECD's elements of financial literacy as a bases of discussion. This study applied a qualitative approach through 5 interview sessions with working single women. Data were collected through semi-structured interviews and were then interpreted using thematic analysis. The findings of this study revealed that the elements of financial future, debt free motivation, financial shocks and financial socialization agent describe the causes that contributed to the financial literacy behavior towards retirement planning among working single women.

Contribution/Originality: This study contributes to the existing literature by applying the Theory of Planned Behaviour and OECD’s elements in a variety of contexts. It has looked into important issues that are rarely addressed. This discovery can assist the parties involved in empowering existing initiatives to increase knowledge and awareness, particularly among women, about financial management.
1. Introduction

Malaysia is experiencing the effects of an ageing population. In 2020, it is anticipated that 7% of the population (2.3 million people) will be 65 or older. The continued decline in fertility rates, followed by an increase in life expectancy, will most likely result in an increase in the world’s population ageing, as mentioned by United Nations (2017). This would result in a slew of social issues for the elderly, including an increase in health-care costs for the elderly, issues with quality of life, the potential for more financial resources, as well as obstacles to the prospect of social security and pensions. In this regard, Malaysian women’s retirement research was discovered to be largely absent from global attention. Financial literacy is of the utmost importance in society because it is an indispensable tool in achieving the Sustainable Development Goals 2030. It additionally serves as a target in eight of the seventeen goals. SDG 1 focuses on eradicating poverty; SDG 2 is concerning ending hunger, achieving food security, and promoting sustainable agriculture; SDG 3 is to profiting health and well-being; SDG 5 is regarding achieving gender equality and economic empowerment of women; SDG 8 is concerning promoting economic growth and jobs; SDG 9 is about supporting industry, innovation, and infrastructure; and SDG 10 is to reducing inequality.

People’s lack of financial knowledge causes them to make poor financial decisions, which can lead to irrational financial decisions and jeopardise their retirement plans. Aziz and Kassim (2020) mentioned that, one in every three Malaysians considers themselves to have “low financial knowledge.” Furthermore, one out of every ten people believes they are not financially disciplined. According Hasler and Lusardi (2017), 35 percent of men are more financially literate than 30 percent of women worldwide. With increased financial literacy among women, it will be possible to reduce the socioeconomic gap and inequality that still exists, as well as achieve the 2030 Sustainable Development Goal. Through improving women’s financial management skills, it will be competent to put women in better financial shape and give them more control over their finances. As the socioeconomic structure shifts, many women are stepping out of their outdated role as stay-at-home parents by entering the labour force. However, previous research indicates that research on women’s financial planning receives very little attention. In fact, Bucher-Koenen et. al. (2017) proved that when asked to answer questions about basic financial concepts, women are less likely than men to get the right answer and are more likely to say they don’t know. Women also been mentioned tend to have less exposure to financial services than men. It came to light that women are more likely than men to have experienced poverty at a young age (Na, Zavyalova, Pichkova, & Starikova, 2021). In addition, because of decreased earnings during their careers, obstructed employment histories, and a longer lifespan than men, women face distinctive economic challenges. Previous research has found that due to their dependence on their spouse, women are less likely to take part in retirement savings plans and are more likely to live in poverty during retirement (Eun Kim & Jung Kim, 2020). Improving women’s financial literacy is thus critical to fostering financial security. The goal of this study is to explore the causes of financial literacy towards retirement planning behaviour among working single women in the private sector.

2. Literature Review

Financial literacy is defined as a set of understanding, skills, and expertise that enables people to protect their finances and actively engage with financial products and services. Meanwhile, financial attitude is a person’s conviction that he or she can succeed at a task,
cope well with multiple obstacles that one may face throughout life, and perform well in an area of expertise without turning into overwhelmed. In accordance with Hassan et al. (2016), financial attitudes towards retirement are a significant variable that affects planning for retirement behaviour, and people plan well for their retirement. In the words of Sanwal and Sareen (2021), employees who were more engaged in their retirement planning had more upbeat attitudes.

Since attitude corresponds with financial knowledge, one must possess understanding of finances to help them have an outstanding financial attitude (Iramani & Lutfi, 2021). Financial attitude involves issues with managing money, an individual’s interest in increasing financial knowledge, a spending compared to saving attitude, and taking risks when investing. Impliedly, financial attitude is a significant aspect that affects the state of the economy, and financial literacy develops an individual’s financial mindset. The capacity to comprehend numbers and have an emotional attitude towards numbers that is not interfering with an individual’s daily commitment with pursuits that involve mathematics and financial choices is the foundation of financial attitude. Skagerlund et al. (2018) agreed that by concentrating on numeracy as a learning tool, we would not only elevate numeracy in the general population, which is a worthwhile goal, but we might also improve financial literacy in society.

Individuals’ financial behaviour can be connected with their level of knowledge of, and belated confidence in, financial products and services; their utilisation of, and readiness to use, financial advice; and their proactive financial behaviours. This is essential because, according to Sabri et al. (2021) and Serido et al. (2020), substantial levels of financial capability represent that an individual can use newly gained knowledge, skills, and tools to determine suitable financial services and products and successfully manage their finances. In accordance with Hastings and Mitchell’s (2020) research, financial knowledge in credit, saving, or preparing for retirement and the associated financial behaviours are positively related. However, based on Ouachani, Belhassine, and Kammoun (2020), the direction and power of the relationship between financial knowledge and financial behaviour is debatable. Financial behaviours, on the other hand, are not solely the responsibility of the individual, but are also related to the availability of financial information. As stated by Hastings and Mitchell (2020), good financial knowledge, skills, and behaviours are essential to support an individual’s financial security in an ever-more complicated financial system.

This study applied Theory of Planned Behaviour (TPB) to look into the causes of financial literacy behaviour towards retirement planning among working single women. TPB explains the importance of three types of behavioural intentions in human behaviour: (1) the positive and negative force of attitudes towards the goal behaviour, (2) subjective norms, and (3) perceived behavioural control (Ajzen, 1991). Behavioural intentions are shaped by views towards a specific behaviour, subjective norms about the behaviour, and perceived behavioural control based on beliefs, according to the Theory of Planned Behaviour. These motives, together with perceived behavioural control, are proposed to explain behavioural differences (Ajzen, 1991). Moreover Ajzen (1991) believed ‘a person will attempt to perform a behaviour if he believes that the advantages of success (weighted by the likelihood of success) outweigh the disadvantages of failure (weighted by the likelihood of failure), and if he believes that referents with whom he is motivated to think he should try to perform the behaviour’.

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2.1. Research Framework

The research framework depicted in Figure 1 for this study is being developed using a combination of elements derived from the OECD framework and the theory of planned behaviour (TPB). Financial literacy is defined by the Organization for Economic Cooperation and Development (OECD) as an amalgamation of awareness, knowledge, skills, attitude, and behaviours necessitate to make financially sound choices and, eventually, attain individual financial well-being (OECD, 2019). While the Theory of Planned Behaviour (TPB) held that behavioural intentions are determined by attitudes, subjective norms (culture), and perceived behavioural control, that describes how individuals think of their capacity to execute a particular behaviour. These intentions were believed to clarify the financial literacy behaviour of single working women in the private sector towards preparing for retirement. For the TPB, behavioural achievement, in this case financial literacy, echoed the attitude, culture, and behaviour of working single women.

As a result, the main elements derived from the OECD definition, namely knowledge, skills, and attitude, can be viewed as substitutes for the main elements in TPB, specifically information, abilities, awareness, subjective norms, and perceived behavioral control. These sub-elements were supported as the attributed causes of financial literacy in the private sector among single women.

3. Methodology

The causes of financial literacy on retirement planning behaviour among working single women in the private sector were investigated using qualitative research. The interviews were carried out using semi-structured questions to analyse, characterise, and explicate the respondents’ understanding of their financial literacy regarding retirement planning. Five people were interviewed, and they were chosen using a targeted and snowball approach. The collected data was then analysed using the thematic analysis technique. This technique was used to describe the data, and it also included some interpretation activities. To achieve the main research objective, this study used theory of planned behaviour (TPB) and OECD elements of financial literacy as a framework.

The main elements derived from the OECD definition, including knowledge, skills, and attitude, can be viewed as proxies for the main elements in TPB, specifically information, abilities, awareness, subjective norms, and perceived behavioral control. These sub-
elements were supported as the causes attributed to financial literacy in the private sector among single women. This study’s five participants are working single women aged 37 to 45 who work in positions that range from senior executive to managerial positions in their organizations. This study was halted after five participants because no new themes or codes ‘emerged’ from the data.

4. Result and discussion

Table 1 shows that there were five (5) female participants, ranging in age from 37 to 45 years old. They were employed in the private sector in Shah Alam, Selangor. There was one Diploma holder among those who graduated with a Bachelor’s Degree. All of the participants were single, and their work experience ranged from 13 to 22 years. Their positions within the organization ranged from Senior Executive to Department Head.

Table 1: Participants Profiles

<table>
<thead>
<tr>
<th>Participants</th>
<th>Age</th>
<th>Qualification</th>
<th>Position</th>
<th>Years of working</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>37</td>
<td>Bachelors in Pharmacy,</td>
<td>Head of Department</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>38</td>
<td>Bachelors in Administrative Science</td>
<td>Head of Department</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>39</td>
<td>Bachelor in Legal Studies,</td>
<td>Senior Executive Manager</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>42</td>
<td>Bachelor in Business Administration (Islamic Banking),</td>
<td>Manager</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>45</td>
<td>Diploma in Secretarial Science</td>
<td>Assistant Manager</td>
<td>22</td>
</tr>
</tbody>
</table>

Based on the data obtained from interviews with five single women working in the private sector, four main themes have been identified as the causes of financial literacy behavior towards retirement planning in Figure 2. The first theme identified by thematic analysis was financial future (future financial plan); the second theme was debt-free motivation (during retirement); the third theme was financial socialization agent (family exposure); and the final theme was financial shock (bad experience face for not having a savings during an emergency).

Figure 2: Thematic Analysis Results
4.1. Theme 1 - Financial future

The first theme, is financial future. This theme reflected that most of the participants feel that it is so important to have saving and investment for the future financial plan.

When I started working, I start to have a small business such as selling scarves, cloth, handbags and fruit juices and ready-made sambal paste. The profit I made from the small business I will invest in gold (jewelleries) and Tabung Haji. (I1)

I started saving in 2007. I have Bank Rakyat shares and I earn dividend from the shares. I purchased it in 2015 after being advised by my late father. Besides, I save in Tabung Haji and purchase unit trust in 2019. (I2)

I started to save money when I worked with Pharmaniaga. I have to do many jobs at one time because the salary earned is not sufficient for me. I do my part time jobs such as CWA Unit Trust Consultant and Multi-Level Marketing (Score A). With the part time job, I am able to save and bought a car for my late father. (I3)

The majority of them save or invest in a reputable financial institution. The fact is, the participants have a high level of financial literacy awareness, which may lead to a strong future financial plan. Jenkins (2022) and Topal, Lunceford, and Boyatzis (2018) share a similar viewpoint, stating that more women have made financial decisions for the benefit of the household and have also turned to decisions about investing in order to build wealth to cover their financial requirements during retirement age. This is due to the rise of economic power, which has shifted women's focus to managing their finances.

However, this study discovered that the majority of participants need to work more than one job in order to maintain their savings or investments, in which case the strongest will survive. Knowing the multiple roles that women play in caring for their families, doing more than one job is quite difficult for them.

4.2. Theme 2 - Debts free motivation

Second theme, debts free motivation. Most of the participants wanted to be free from debt during their retirement age. Therefore, they are keen to have savings and involved in the investment activities just to be free from debt at their retirement age.

.........I have to be confident with my future retirement. What I plan to do is to make sure that before my retirement period starts, my plan is to be free from debts. (I3)

My mission is to free myself from debt and perform hajj at the age of 50. That’s the main reason why I decided to do the investment. (I4)

To have good life after retirement. I want to be free of debts and I want to enjoy my life during retirement. I have to service my loans etc, I want it to be minimal debts or not debts at all. I need security if I am still single during that retirement age. (I5)
This demonstrates that being debt-free is the catalyst for them to become financially literate as part of their retirement planning. In contrast to Callegari, Liedgren, and Kullberg (2020), they discovered that there are different types and levels of debt for men and women, resulting in unequal power relations. The disparities have unequally divided the spheres of responsibility for debt management. However, because the findings were not generalized to all women due to the different scope of the study, there is still room for further research into this issue.

4.3. Theme 3- Financial socialization agent

The third theme, financial socialization agent. Most of the participants have explored to the financial literacy awareness due to the exposure that they gain from their immediate family member such as their father, siblings, uncle and others.

*I was exposed to ASB by my late grandfather and uncle. During my school days in Muar, they always talk about savings, ASB and land. And I also know about ASB while watching television.* (I5)

*Yes, my 2nd sister controls my expenses. And currently she is staying with me too. She holds on to my card. I love to shop and buy things. But my sister is the opposite of me.* (I3)

*Since I was a kid, my parents have been emphasizing on me the need to plan my financial accordingly.* (I4)

Some get exposure during their school time and usually this socialization process happened when they were young and be surrounding with people who closer to them. Similar with Ullah and Yusheng (2020), the support and information that they gain from the family member helps them to realize the benefits of how they could manage their financial in future.

4.4. Theme 4- Financial shock

The final theme is financial shock. Most of the participants have a bad experiences faced due for not having enough savings especially during emergency. It refers to any expenses that the individual does not plan and the shock will give harm to families financially. Financial security requires more than have enough money to survive daily but it also entails for the unexpected.

*Although I started earlier to save but I do not have enough savings to sustain me during rainy days. My bad and worst experience was when my late father was admitted in 2016. My uncle thought that I have my ASB savings to pay for the admission deposit. Sadly, I was not able to pay for that. Even, I am not able to use my credit card for the admission. Even though I have my Bank Rakyat shares, I am not able to withdraw it. What I meant is, I don’t have much savings to pay for the admission deposit.* (I3)

*I need to have extra savings and be prepared for any emergency situation. I struggle at the age of 25 to middle 30s to build up my career, to gain stable income, to buy property and to start paying for long-term debt such as educational loan, credit cards and personal loan. The demise of my father*
gave great impact on myself. That is when I start to re look into my expenses and save whatever I have for my retirement planning. (I4)

Even though I have a background in Business Administration, but I think my planning is a bit late. Because when I’m started working, I’m not consistent in saving and investing. Just a few years back focus to consistent in saving and investment. This is because I realize that I need to do something at the certain level of my age and this encourage me to prepare myself for future planning. (I1)

The participants agreed that due to the specific event happens in their life, it be like a turning point for them to strengthen their economic situation for a long run benefit by having a proper savings and investment at the same time.

The results of the study contribute the significance implication for the financial planner to provide sound information and motivate the employees related to the basic financial knowledge for a start to achieve their long-term financial goals. The challenges such as unexpected disaster, higher cost of living, inequality of income distribution can be avoiding if the early preparation has taken place. This empirical evidence can provide guidance to the relevant authorities in improving the retirement planning among women and achieving the sustainable development goals.

5. Recommendation

This article suggested establishing a variety of financial literacy education modules in retirement planning, where financial knowledge is indispensable. Raising financial literacy is of the utmost importance for empowering people with the knowledge and skills they need to improve their financial situation. According to the National Strategy for Financial Literacy Framework 2019–2023, Malaysians, particularly women, should be armed with the appropriate information and abilities to confidently make sound financial choices at all stages of their lives (Financial Education Network, 2019). Raising financial literacy is a long-term commitment that necessitates sustained efforts and commitments from all parties, as each party involved in the National Strategy has its own unique strengths and capabilities to contribute to the government’s influential agenda of educating and raising public awareness on financial literacy. The authorities should make financial education obligatory in educational settings to educate citizens about the importance of financial literacy. Aside from that, the government should launch a public awareness campaign demonstrating the importance of financial literacy in everyone’s life with the aid of stakeholders.

6. Conclusion

This qualitative study adds to the growing evidence through the Theory planned of behavior and OECD’s elements that a proportion of single women are financially literate, particularly when it comes to retirement planning, and has increased the evidence base in terms of furthering the understanding of the causes that contributed to the financial literacy behavior towards retirement planning among single women in the private sector in Shah Alam, Selangor. The lack of knowledge and need for more information related to financial planning in order to create financial literacy behavior among women is a key conclusion from this study and concurs with previous evidence. Not only could developing a variety of financial literacy education modules, but also collaboration and engagement
between employers and financial networks, along with working with a professional financial planner from various unit trust companies, help to strengthen women's knowledge and experience in managing their financial lives.

**Ethics Approval and Consent to Participate**

The researchers used the research ethics provided by the Research Ethics Committee of Universiti Teknologi MARA (RECUiTM). All procedures performed in this study involving human participants were conducted in accordance with the ethical standards of the institutional research committee. Informed consent was obtained from all participants according to the Declaration of Helsinki.

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**Conflict of Interest**

The authors reported no conflicts of interest for this work and declare that there is no potential conflict of interest with respect to the research, authorship, or publication of this article.

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