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Retirement Planning Behaviour of Young Malaysian Employees with Savings Intention as Mediator

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Abstract

Malaysian youth struggle to prepare for retirement owing to financial issues. This study examines retirement planning behaviour, spending style, financial literacy awareness, and the mediator of savings intention, and is needed because only 18% of EPF retirees saved for six months. Purposive and quota sampling were employed for 335 respondents among 25–34-year-old Klang Valley food and beverage workers. Data were analysed using SPSS 29 and PLS-SEM. A significant relationship exists between FLA and RPB ($\beta=0.065$, $p<0.05$), but not SS ($\beta=0.072$, $p>0.05$). SI did not mediate the relationship between SS and RPB ($\beta=0.001$, $p>0.05$) or FLA and RPB ($\beta=0.002$, $p>0.05$).

Keywords: Retirement Planning behaviour; Spending Style; Financial Literacy Awareness; Savings Intention.

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1.0 Introduction

Retirement planning is evolving globally to align with reality (Gallego-Losada, Montero-Navarro, Rodríguez-Sánchez, & González-Torres, 2022). This initiative stems from the requirement for elderly individuals in Asian countries to continue working after the age of 65 to maintain their standard of living. The CEO of Employees Provident Fund (EPF) reported that only 33% of active EPF members have RM240,000 in basic savings as of 2022, indicating that most Malaysians lack sufficient retirement savings (EPF, 2020). Malaysian individuals lack adequate RPB for their post-retirement lives. The research shows that a considerable section of the population lacks retirement savings (The Star, 2024).

1.1 Research Background

Spending style (SS) and financial literacy awareness (FLA) affect retirement planning behavior (RPB). Other than that, savings intention (SI) mediates an individual's deliberate cash allocation approach. Higher savings intention often encourages saving behavior (Cucinelli, Gandolfi, & Soana, 2016). SI in Malaysia are influenced by many things. Rabun et al. (2024) used Ajzen's Theory of Planned Behaviour (TPB) to find that financial knowledge greatly affects low-income urban residents' saving intentions. Financial readiness is another concern. Bank Negara Malaysia reports that 61% of Malaysians struggle to save RM1,000 for emergencies, revealing a financial literacy deficit (Malay Mail, 2024). Thus, psychological and behavioral factors strongly influence saving. ICMR (2024) says Malaysians' SI and behaviors depend on their financial situation and scarcity mindset. Research shows that financial knowledge and psychological and behavioral factors are needed to promote savings in Malaysia. Sociocultural factors affecting young adult RPB. Malaysia's food and

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beverage (F&B) employees' low pay and financial fragility are studied. Subjective standards and perceived behavioral control affect long-term financial planning and savings, according to this study.

1.2 Problem Statement

Young Malaysians lack retirement savings, revealing financial insecurity. The EPF 2020 report indicated that many members faced financial issues, especially during the COVID-19 pandemic. Since EPF contributions do not cover retirement expenses, 71% of active EPF contributors aged 55 and below live below the poverty line (EPF, 2020; Afthanorhan et al., 2020). Nearly 3.6 million EPF members had balances under RM1,000 in November 2021 (Saieed, 2022). Ali (2022) noted that a comfortable retirement in Malaysia requires approximately RM600,000; however, many seniors rely solely on their EPF. Despite a predicted 20-year life expectancy without additional income, 68% of 54-year-olds had savings below RM50,000, just enough for 4.5 years (Zhe, 2023). Active members reaching the RM240,000 criterion by 55 dropped from 36% in 2020 to 29% in 2022 (Halid, 2023). Saving is highly connected to financial well-being; thus, youth should start retirement savings early.

Additionally, low earnings in Malaysia contribute to the growing retirement crisis. According to the Department of Statistics Malaysia (DOSM), 82% of private sector workers earn less than RM5,000 per month. Many people cannot afford daily expenses, preventing them from contributing to their EPF retirement accounts. This makes retirement savings harder. Many Malaysians risk financial uncertainty in their golden years due to the economy (Wang, 2023).

Malaysian retirement planning is getting difficult as more young people face financial challenges, including bankruptcy. Poor money management, high debt, and economic uncertainty prevent many young individuals from saving for retirement. Malaysian 25–34-year-olds face financial issues due to a large population. The Malaysian Department of Insolvency (Mdl) reported 1,392 bankruptcy cases in April 2023, and 16 people became bankrupt daily owing to commercial and personal loan defaults in 2022 (Insolvency, 2023). Given these challenges, this study explores the drivers of retirement planning behavior among young adult Malaysian employees, focusing on savings intention as a mediator.

1.3 Research Objective

- a. To investigate the relationship between SS and RPB among young adults in the F&B services industry.
- b. To investigate the relationship between FLA and RPB among young adults in the F&B services industry.
- c. To investigate the mediator role of SI between SS on RPB among young adults in the F&B services industry, and
- d. To investigate the mediator role of SI between FLA on RPB among young adults in the F&B services industry.

1.3 Research Question

- a. What is the relationship between RPB and SS among young adults in the F&B services industry?
- b. What is the relationship between RPB and FLA among young adults in the F&B services industry?
- c. Does SI mediate the relationship between SS and RPB among young adults in the F&B services industry? And
- d. Does SI mediate the relationship between FLA and RPB among young adults in the F&B services industry?

2.0 Literature Review

2.1 Retirement Planning Behaviour

Julia Kagan (2023) defines retirement planning as constructing a financial plan that includes investing, saving, and allocating assets for one's senior years. Global research consistently demonstrates that inadequate financial resources constitute a significant barrier to achieving retirement preparedness. Hussain (2023) and Ramli and Shariff (2023) identified insufficient retirement funds as a recurring issue in retirement preparedness. Furthermore, Ghadwan et al. (2023) highlighted the importance of financial planning, control, and decision-making for achieving retirement readiness. Madudova and Corejova (2024) emphasized the importance of disciplined spending for effective planning, aligning with Mansor et al. (2022)'s challenge of striking a balance between short-term costs and long-term financial stability. To sum up, RPB is a complex process that is affected by several demographic, economic, behavioral, and psychological factors. The research emphasizes the importance of early financial planning, including saving, budgeting, and long-term planning, for post-retirement security. Previous research shows complex retirement planning behavior in Malaysians. Malaysian retirement readiness research shows financial literacy inequalities and demographic planning differences. Jaafar (2022) reports that a minority of Malaysians actively pursue early retirement, while others dread financial independence due to long-term financial planning issues. Faezah & Talib (2017) found that demographic differences in economic awareness affect savings and decision-making.

2.2 Spending Style

Suyadi et al. (2020) found that excessive spending improves the finances of Malaysian Muslim clients, while impulsive spending harms them. Consumption and societal acceptance drive luxury fashion (Ming, 2023). Cultural prestige and social approval can outweigh retirement savings. Contextual pressures significantly influence these dynamics. During the COVID-19 pandemic, young Malaysians prioritized food and transportation over entertainment and savings (Subramaniam et al., 2022). Situational factors decrease social support for retirement planning. Young people are delaying marriage, homeownership, and family formation due to debt and rising property prices (Dahlberg, 2023). Malaysian youth's retirement savings are limited by education, automobile, and personal debt (Mustafa et al., 2023). In summary, social status strongly influences young people's financial habits and retirement readiness in today's fast-

paced, digital industry. Research indicates that lifestyle, societal norms, and influence impact expenditure. Spending on impulse, socializing, or excess can be costly. However, understanding how these behavioral trends affect Malaysian young food and beverage (F&B) employees, a generation shaped by internet use, rising living costs, and low income, remains insufficient. However, how these behavioral trends affect young food and beverage workers in Malaysia, who are highly impacted by digital consumption, increased living costs, and little financial support, is still not clear. Despite sensible expenditure's role in saving, little is known about how subjective norms and spending patterns in the contemporary economy affect young adults' spending behavior and savings goals, particularly for retirement.

H₁: There is a significant relationship between SS and RPB.

2.3 Financial Literacy Awareness

Silver (2024) defines financial literacy as using and managing money skills like budgets, personal finance management, and financial planning. In TPB, a framework for understanding behavior, FLA is closely tied to perceived behavioural control. Financial literacy allows people to evaluate their savings possibilities, improving decision-making (De Beckker et al., 2021). Digital financial platforms have made financial literacy crucial for youth. Kumar et al. (2022) argue that digital financial literacy greatly influences purchasing decisions, making it essential to financial education. Self-regulation strongly influences impulsive online financial technology purchases (Istianingsih et al., 2022). FLA, which incorporates digital technologies into the curriculum, changes financial preparation, according to Business Times (2020). In conclusion, FLA's perceived behavioral control in the TPB affects financial decisions, particularly retirement planning. Budgeting, saving, and investing skills and confidence increase decision-making and behavior. Recent research demonstrates that parents, schools, and the internet help kids develop excellent financial habits. Literacy alone does not guarantee consistent retirement planning without auto-enrolment, financial incentives, or behavioral nudges (OECD, 2023). Rising living costs, limited spare income, and cultural duties in Malaysia may restrict the impact of literacy on long-term savings behavior. Third, digitalizing finance has pros and cons. While online platforms facilitate saving and investing, they also increase the danger of cons and hasty purchases, hampering retirement readiness.

H₂: There is a significant relationship between FLA and RPB.

2.4 Savings Intention

According to Eriksson et al. (2025), SI is an individual's goal to achieve financial stability and be prepared for unexpected expenses. Research has shown that SI can be an effective mediator in certain situations, such as for individuals with steady income or institutional support (Widjaja et al., 2020; Widyastuti et al., 2016). According to Kumaraguru et al. (2021), 75% of young people have long-term debts such as mortgages, car loans, or hire purchase agreements, which can affect their retirement planning. Malaysian retirement savings intentions are strongly influenced by social influence (Afthanorhan et al., 2020; Gazali, 2019; Nga & Yeoh, 2018; Shariff & Isah, 2019; Yusof, 2018). Parents, classmates, spouses, and other important people can impact a person. In sum, the TPB ties SI to norms, and perceived control (Ajzen, 2020), however this study reveals that intention alone does not affect retirement planning behavior among young adults in Malaysia's F&B industry, structures and situations including inconsistent income, debt commitments, and high living costs might undermine savings intentions, according to Sheeran's (2002) intention-behavior gap research. Social media and cultural pressures like YOLO and FOMO purchasing patterns can detract from long-term investments. Hence, young people may want to save, but their intentions may not translate into consistent retirement planning behavior.

H_{3a}: SI significantly mediates the relationship between SS on RPB.

H_{3b}: SI significantly mediates the relationship between FLA and RPB.

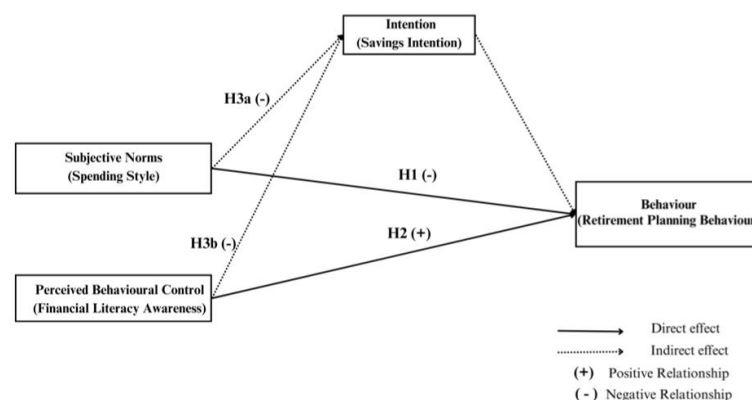


Fig. 1: Conceptual Framework
 (Source:) *The Theory of Planned Behaviour* by Ajzen (1985).

3.0 Methodology

3.1 Research Design

This research gathers data from participants simultaneously through a quantitative, cross-sectional approach. This method empirically tests theoretical links between SS, FLA, SI, and RPB. Cross-sectional research on a large sample of young Malaysian employees is generalizable (Creswell & Creswell, 2018). Quantitative research measures processes. The cross-sectional design was chosen over the longitudinal design due to time and resource constraints. Cross-sectional designs, according to Lauren Thomas (2022), involve collecting data from multiple persons and observing factors without changing them. Positivism, which holds that reality is objective, quantifiable, and unaffected by human experience, is used in this research. Positivism advocates hypothesis testing, objective measurement, and statistical analysis to examine variable relationships (Hair et al., 2021).

3.2 Population and Sample

This study collected data from targeted respondents using purposeful and quota sampling. Klang Valley F&B workers aged 25–34 responded. This strategy focuses on people who best embody the study's goals and setting. The study selected inclusion candidates using deliberate sampling. For research that requires volunteers with certain traits related to the issue, Tajik et al. (2024) recommend selective sampling for more relevant and exact results. This study was relevant to RPB research in young F&B service sector employees because it used purposive sampling to include only participants in the designated age group, industry sector, and geographic area. Quota sampling ensured a balanced and representative subset. Quota sampling allows non-probability designs to represent subcategories proportionally, according to Shamsudin et al. (2024). This poll has age and industry quotas to ensure adequate participation.

3.3 Data Collection Method and Procedure

This study collects primary data using structured questionnaires from various sources (Amalina Abdullah et al., 2017). Participants answer closed-ended questions regarding subjective norms, perceived behavioral control, and saving intention mediator to determine their retirement planning behavior score. A will cover demographics, and B will include five-point Likert questions. Participants rated alternatives and phrases from strongly agree to strongly disagree. Selangor employs 3.49 million, per Krejcie and Morgan (1970). Questionnaires are sent to 384 Klang Valley young adult employees.

This study also uses self-administered paper surveys. Hence "self-administered." Overall, the researcher distributes the survey, guides participants, and awaits outcomes. This research uses self-administered surveys. Surveys are used to test hypotheses (Pathirage, Amaratunga, & Haigh, 2008). Rowley (2014) states surveys evaluate attitudes, beliefs, actions, and decisions. This study extensively evaluated young F&B service employees. For data collection, the study's target group chose malls featuring restaurants and food sellers. Petaling and Klang were chosen for their significant 25-34-year-old populations. Malls were randomly chosen to minimize mall overrepresentation and enhance category answer representation. Multiple malls minimized location bias and boosted generalizability.

A survey-based approach is ideal for this research as it examines individuals' RPB. In addition, questionnaires efficiently collect data from large samples, making them cost-effective and time-saving. Dörnyei and Taguchi (2009) highlight the practicality of surveys as a significant strength. This is because questions help researchers manage their workload, maximize time, and minimize cost constraints.

4.0 Findings

4.1 Data Preparation and Data Cleaning

After data verification, SPSS and SmartPLS software were used for analysis, confirming that all responses met the study's inclusion criteria. Proper data preparation enhances the reliability and validity of subsequent research, particularly in structural equation modeling (SEM) and multivariate statistical methods (Kline, 2016).

There were no problems with missing values when the data was being prepared because the Google Form platform required responses for all parts. To ensure data quality, suspicious trends like rapid completion or straight-lining were found and deleted. In this study, all questions were obligatory to prevent responders from skipping items, as data was collected via Google Forms. This study adheres to best practices in quantitative research by using systematic data cleaning approaches to ensure a robust dataset for hypothesis testing and model estimation (Pallant, 2020).

4.2 Coefficient Determination

Table 1. Coefficient Determination (R^2)

Latent Variable	R^2	Adjusted R^2	Level of model predictability
Retirement Planning Behavior (RPB)	0.562	0.556	Moderate
Savings Intention (SI)	0.655	0.652	Moderate

Source:) Author's Result

After data verification, SPSS and SmartPLS software were used for analysis, confirming that all responses met the study's inclusion criteria. Proper data preparation enhances the reliability and validity of subsequent research, particularly in structural equation modeling (SEM) and multivariate statistical methods (Kline, 2016).

The data indicate that SS, FLA, and SI predict 56.2% of the variance in RPB. Hair et al. (2021) found that this number indicates moderate to high explanatory power, indicating significant influence on RPB. Predictors of SI explain 65.5% of the variance in SI. This shows strong explanatory power. The model shows excellent prediction accuracy and supports the hypothesized relationships. Hair et al. (2021) found that the model has considerable explanatory power, indicating satisfactory anticipated accuracy.

4.3 Research Findings and Results

The study examined the hypotheses in two phases: direct and mediated effects. The direct effects evaluation examined how SS and FLA affect RPB and SI. SI's effect on RPB was examined. Correlations support hypothesis H1–H3b. In the second phase, Savings Intention was examined as a mediator between SS, FLA, and RPB (hypotheses H3a, H3b). A bootstrapping method with 5,000 resamples was used to assess the significance of direct and mediated interactions. The results are detailed and analyzed in the following subsections.

4.31 Path Coefficient of Retirement Planning Behaviour

The bootstrapping analysis showed that each path coefficient shows an independent construct's direct effect on a dependent construct. A coefficient is significant if its p-value is below 0.05 and its t-value is over 1.96 (for a two-tailed test at 5%), (Hair et al., 2021).

Hypothesis	Relationships	Standard Beta (β)	t-value	p-value	Significance
H ₁	SS → RPB	0.072	1.341	0.180	Not Significant
H ₂	FLA → RPB	0.065	4.682	0.000	Significant
H _{3a}	SS → SI → RPB	0.001	0.095	0.925	Not Significant
H _{3b}	FLA → SI → RPB	0.002	0.100	0.920	Not Significant

(Source:) Author's Result

The weak correlation between SS and RPB ($\beta=0.072$, $t=1.341$, $p=0.180$) disproves H2. This suggests that young people's spending habits may not affect their retirement preparation.

H₁: There is a significant relationship between spending style and retirement planning behaviour.

FLA significantly influenced RPB ($\beta=0.065$, $t=4.682$, $p=0.000$), supporting H2. This shows that financial awareness and comprehension promote retirement planning behaviors among young people. The results align with the literature highlighting financial literacy as crucial for long-term financial readiness.

H₂: There is a significant relationship between financial literacy awareness and retirement planning behaviour.

Results demonstrate that all indirect implications are negligible.

All mediation paths had p-values > 0.05 and zero 95% confidence intervals for all three indirect effects. According to Hair et al. (2021), indirect effects are statistically significant when the bootstrapped confidence interval excludes zero. Zhao, Lynch, and Chen (2010) say a zero-confidence interval indicates insufficient mediation evidence. The indirect effect of SS on RPB via SI ($\beta=0.001$, $p=0.925$) is not significant, as the confidence interval [-0.020, 0.028] is zero. FLA has no significant indirect effect on RPB via SI ($\beta=0.002$, $p=0.920$, confidence interval [-0.039, 0.046]). The research reveals that SI did not significantly affect SS, FLA, and RPB. These findings imply that SS and FLA directly affect RPB rather than indirectly through SI. Table 2 summarizes the mediating effect hypothesis testing.

H_{3a}: Saving intention significantly mediates the relationship between spending style and retirement planning behaviour.

H_{3b}: Saving intention significantly mediates the relationship between financial literacy awareness and retirement planning behaviour.

The findings show that spending style has no effect. Financial literacy is often useful when paired with positive attitudes. The absence of SI mediation suggests a gap between intentions and actions, indicating structural or situational barriers to converting intentions into behavior. The findings partially support the TPB paradigm, revealing that while attitudes are key, intention does not always lead to behavior. This shows that FLA has a relationship between FLA and RPB among young adults in the F&B services industry, but not for the SS and SI.

5.0 Discussion

5.1 To Investigate the Relationship between SS and RPB Among Young Adults in the F&B Services Industry.

The study found no significant impact of SS on RPB in youth ($\beta=0.072$, $p=0.180$). Smart spending may improve finances, but not retirement readiness. The study shows a complex relationship between spending and financial preparation, challenging the premise that budgeting and saving automatically prepare people for retirement. Research contradicts previous results that expenditure limits increase savings and financial planning (Vuković & Pivac, 2021; Chua & Chin, 2021). According to the intention-behavior gap, control factors like spending style may not directly affect future behaviour without a solid basis.

5.2 To Investigate the Relationship Between FLA and RPB Among Young Adults in The F&B Services Industry.

A study found that FLA significantly affects RPB in young people ($\beta=0.065$, $p<0.001$). Financial understanding and awareness greatly affect proactive retirement planning. Finance-savvy people realize that retirement security needs early savings, diversification, and risk control. Numerous studies show that financial literacy increases decision-making and long-term commitment confidence. Financial literacy affects retirement preparation in Malaysians under 40, according to Zulfaka and Kassim (2021). Lusardi and Mitchell (2014, 2020) discovered that financial specialists understand complex goods and plan long-term. Malaysia, where organized retirement benefits are scarce, especially in the F&B business, values financial literacy more than nations with established retirement systems.

5.3 To Investigate the Mediator Role of SI Between SS and FLA on RPB Among Young Adults in the F&B Services Industry.

No indirect effects of the two independent variables were significant ($p>0.90$), indicating no mediation. These variables affect young people's SI but not retirement planning. The intention-behaviour gap (Sheeran & Webb, 2016) implies people want to save but fail to do so. While the TPB ties purpose to behaviour, it overlooks contextual and structural barriers (Sniehotta, Presseau, & Araújo-Soares, 2014). Young F&B workers struggle to save for retirement due to unstable income, increased living costs, and limited retirement plans. Opportunity or capability may prevent conservation. This study emphasizes theoretical foundations requiring behavioural economics and practical facilitators. Lim and Mahdzan (2022) provide digital planning tools, reminders, goal-setting apps, and employer-sponsored incentives to reconcile intention and conduct.

The findings indicate that awareness of FLA substantially affects RPB among young adult employees in the F&B services sector in Klang Valley, consistent with previous research highlighting the significance of financial knowledge in long-term financial decision-making. Nonetheless, SS and the intermediary function of SI were not significant, contrasting with certain prior findings. This can be ascribed to contextual limitations such as income volatility, reduced wage levels, and elevated living expenses, which hinder the conversion of behavioural inclinations and intentions into concrete retirement planning actions, underscoring the existence of an intention-behaviour gap.

The findings indicate that financial literacy may have a greater impact than behavioural intentions in facilitating retirement planning among financially constrained populations. This discovery may apply to other low and middle-income workers, underscoring the necessity for further study to integrate structural and institutional elements across many occupational contexts.

6.0 Conclusion& Recommendations

This study examines how Malaysian youth plan for retirement. Managing psychological and structural factors can help stakeholders create more successful, inclusive, and scalable financial security and well-being programs for future employees. The study suggests contextualizing financial behavior theories. Cultural, work, and economic variables substantially influence Malaysian retirement planning. This suggests adjusting theoretical models like the TPB to varied cultural and developmental circumstances.

The unexpected simplicity of SI as a mediator permits behavioral model investigation. Self-regulation, financial confidence, and emotional salience may change planning behavior gaps in future investigations. Long-term financial decision motivations may be explained by this. The research also recommends early and ongoing financial education, especially in high-turnover businesses like F&B. Financial planning in business training, app-based education, and long-term savings can engage young people without retirement plans.

FLA, SS, and SI were explored in this study of young adult F&B services employees' RPB. Financial literacy awareness strongly predicts retirement planning, although SS and SI do not. The findings show that knowledge and awareness are more important than behavior in retirement planning for financially constrained people. Overall, the study suggests that financial education treatments improve retirement readiness more.

There are some limitations. The study's convenience sample in Klang Valley may limit its application to other places or locations. Since cross-sectional designs capture correlations simultaneously, they cannot show causality. Third, savings intention is not significant, suggesting that income instability or mandatory retirement programs may impair retirement planning. The study provides scholars and practitioners with valuable information despite these limitations.

The findings imply that governments and enterprises should prioritize financial literacy programs for young workers, especially retirement planning. Employers may provide financial education or consulting. Early retirement planning and savings intention restrictions should be highlighted in awareness programs. Voluntary savings incentives and flexible retirement plans may reduce economic uncertainty and high living costs.

Further research should examine mediators, including financial stress, self-efficacy, and social influence, to better understand behaviour. Future studies should include young people from various businesses besides Klang Valley and F&B. Comparing data across cultures or income levels enhances generalizability and develops regional theories.

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Conflict of Interest

On behalf of all authors, the corresponding author declares that there is no conflict of interest.

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Transparency

The authors declare that the manuscript is honest, truthful, and transparent, that no important information of the study has been omitted, and that all deviations from the planned study have been made clear. This study follows all the rules of writing ethics.

Institutional Review Board Statement: The Research Ethics Committee of the Universiti Teknologi MARA, Malaysia, has approved this study on 7 August 2024 with reference number, REC/08/2024 (PG/MR/361).

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Authors' Contributions

All authors contribute to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

Data Availability

The author confirms that all data generated or analysed during this study are included in this published article. The data that support the findings of the study are available upon reasonable request from the corresponding authors.

Paper Contribution to Related Field of Study

Young Malaysian adults plan for retirement despite debt and poor savings practices in this study, which advances theory, practice, and context. It extends the Theory of Planned Behavior by showing how savings intention influences financial attitudes, spending style, and retirement planning behavior, contradicting the idea that intentions always lead to actions. The findings suggest that politicians, financial institutions, and educators should promote proactive retirement planning through financial literacy programs, saving incentives, and behavioral interventions. Within Malaysia's socio-economic context, the study emphasizes that enhancing young adults' retirement preparation is crucial for individual financial well-being and national economic resilience.

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