

# CHAPTER VI

## DISCUSSION AND CONCLUSION

### 6.0 Introduction

As initially stated in Chapter I, the study would use two key areas: financial literacy and filial piety practice as the determinants to evaluate how Malaysians would generally plan for their retirement security adequacy. Principally, the whole study was centered around and dependent upon the testing results of 11 hypotheses which were either formulated by reference to the research questions in Chapter III or deduced by inference to the possible combined influence, which the two key areas might have on Malaysians' retirement planning strategy. For purposes of obtaining an in-depth knowledge of the more complicated areas, some of the hypotheses were appropriately split into a number of sub-hypotheses which were used for practical reasons in substitution of the original hypotheses. Except for H.6 (which was conducted through the stepwise regression analysis), all the hypotheses were examined using either ordinary or hierarchical regression approach. The final result has shown that 14 of the hypotheses or sub-hypotheses were accepted, 4 rejected, 6 fully mediated and 1 partially mediated (see Table 5.36 for further details). Below is a detailed discussion on the relevant findings together with the literature.

## **6.1 Findings and Discussions**

### **6.1.1 Hypotheses (H.1a and 1b)**

Efforts were made to examine the possibility of any relationship between financial learning and financial literacy via two sub-hypotheses (H 1a & H.1b). The purpose of this approach was to ascertain whether there would be mediating relationship between the two variables which might eventually have an effect on Malaysians' financial management strategy and ultimately on their retirement financial planning. The first step involved eliciting respondents' financial knowledge and evaluating the linkage of financial knowledge to financial literacy explanation using regression analysis. The next step was to determine the relationship between respondents' financial literacy explanation and their financial literacy knowledge, as hopefully this could reveal the effect of the relationship in question. On both counts, the testing results showed that, of the 9 demographic variables used in the questionnaire, 'education level, having children, ethnicity and income level' are strong and significant, predictors of financial literacy, and that financial learning variables also have significant coefficients with financial literacy variable. In view of this, there is strong evidence to suggest that Hypothesis 1 (*Controlling for demographic attributes, financial learning makes a significant contribution to financial literacy level*) is fully supported and, therefore, accepted as a valid statement. These findings are in line with those by Cutler and Devlin (1996) and Lusardi and Mitchell (2007). As suggested earlier, this reservoir of financial knowledge or level of financial literacy would be useful for financial management and retirement financial planning by Malaysians. Previous research has

demonstrated the effectiveness of financial education on retirement savings as well as individuals' knowledge, attitude and behaviour towards financial planning (Bernheim and Garrett, 1996; Fletcher *et al.*, 1997; Gorbach, 1997; Heath, 1996).

### **6.1.2 Hypotheses (H.2a, 2b, 2c and 2d)**

As an important part of this study, attempt was made to delve into the relationship between financial literacy and economic well-being from the perspective of 4 components, namely: subjective perception of personal finance, behavioural assessment of personal finance, satisfaction with financial situation, and perceived financial well-being. This methodological approach was premised on the financial models previously used by Joo (1998) and Porter (1990). The regression results revealed that all four components were supportive of the hypothesized statements (Table 5.36). For example, in the area of 'subjective perception of personal finance' (H.2a), demographic variables (age and income with the latter being a relatively more significant predictor) had significant beta coefficients with relatively significant contribution to the equation. Relative to the issue of 'behavioural assessment of personal finance' (H.2b), (i) demographic variable (education) was significant, (ii) both demographic and learning variables were also significant, and (iii) demographic, learning and literacy variables have all become even more significant. Likewise, on the issue of 'satisfaction with financial situation' (H.2c), demographic attribute (age and ethnicity), learning and literacy variables were significant. Finally, in the area of 'perceived financial well-being' (H.2d), demographic attributes (education, income and age especially the older age group), financial learning variables and literacy

variables were also found positive and significant. With the aforementioned findings, there is therefore evidence to support the hypothesized statements that Malaysians would generally rely upon their financial knowledge or financial literacy in financial management and for the planning of their retirement financial adequacy. The theory has the general support of other researchers (Ekerdt and Hackney, 2002; Feuerbach and Erdwins, 1994; Sorensen and Pinguart, 2000) as financial literacy was found to have positive effect on financial management (Garman and Fogue, 1997).

### **6.1.3 Hypotheses (H.3a, 3b, 3c, and 3d)**

As a more direct approach to the relationship between financial literacy and economic well-being, further efforts were made to delve into the issue of financial literacy with a view to ascertaining its mediating effect on Malaysian's economic well-being. This was also done through the testing of four sub-hypotheses (H. 3a, 3b, 3c, & 3d) from 4 aspects, namely: behavioural assessment of personal finance, perceived financial well-being, satisfaction with financial situation, and subjective perception of personal finance. The modified approach was based on financial models previously adopted by Joo (1998) and Porter (1990). In the area of behavioural assessment of personal finance or 'BEHASS' (H.3a), only education was found to have some mediating relationship between financial learning variable and BEHASS and, with the input of financial literacy variable (Model 1), the relationship had become very positive and significant. The  $R^2$  change (Model 2) had mediating effect while the  $R^2$  Change (Model 3) also had mediating effect. Based on the initial regression insignificant results, it is unjustifiable to say that financial literacy fully mediates the relationship

between financial learning and perceived financial well-being from the 'BEHASS' perspective. In the area of perceived financial well-being 'PERWELL' (H.3b), education, marriage, income and age especially the older aged group were all positive and significant, and, with the input of financial learning variable (Model 2), the relevant regression coefficients were very significant. After taking into consideration the financial literacy variable (Model 3), the relevant regression coefficients had become more significant. Hence, there is mediating relationship between financial learning and perceived financial well-being, from the 'PERWELL' perspective. With regard to the issue of satisfaction with financial personal situation or 'FINSAT' (H.3c), ethnicity, and the older aged group were found to have mediating relationship between financial learning and FINSAT, and, with the inclusion of the mediating financial learning variable (Model 2), the relevant coefficients were also significant. Surprisingly, with the inclusion of the financial literacy variable (Model 3), the relevant coefficients had become less significant but the learning construct coefficients had once again become very significant (with the input of financial literacy variable). On the basis of these results, it would appear that there was strong evidence the fact that financial literacy mediated the relationship between financial learning and Malaysians' satisfaction with their financial situation, from the 'FINSAT' perspective. Lastly, with regard to the subjective perception of personal finance or 'SUBPERC' (H.3d), income and older age group especially the latter were significant predictors of 'SUBPERC' and the regression coefficients were also significant (with financial learning variable being included in Model 2). However, with financial learning variable being included in Model 3, the regression coefficients became less significant but with the additional mediating financial literacy variable being included, the

regression coefficients became positive and very significant. The strong 'SUBPERC' predictors and significant regression coefficients (Table 5.20) have provided a strong foundation for substantiating the argument that financial literacy had mediated and would mediate the relationship between financial learning and subjective perception of personal finance within the Malaysian context. In concluding the discussion on the relationship between financial literacy and economic well-being, it may also be mentioned that, in addition to the relevant literary works quoted in the earlier section, financial education was found to have (i) a strong, positive and significant impact on retirement savings (DeVaney *et al.*, 1995), (ii) a long-term effect on personal financial wellness (Bernheim *et al.*, 1997), and (iii) an influence on individuals' financial knowledge, behaviour and attitude (Fletcher *et al.*, 1997).

#### **6.1.4 Hypotheses (H.4a and 4b)**

The following was the investigation into the relationship between children's contact with parents and their support given to parents (briefly referred to as the 'Filial Piety with Contact by Child') by regression analysis into the relevant data, first from the children's perspective (H.4a), and then from the parents' perspective (H.4b). First of all, in the course of investigating into the 'Filial Piety Contact by Child' from the children's perspective, the older aged group was found to be a significant predictor, while the  $R^2$  change (=0.069) and F change (=8.246) were also significant (see Table 5.21). As such, the regression results have provided a solid basis to reject the null hypothesis and to confirm the theory that, from the children's perspective, there was adequate support for parents from children who are in more contact with their parents.

Secondly, the enquiry into the 'Filial Piety Contact by Child' from the parents' perspective has, however, indicated that none of the demographic variables were significant; neither were the  $R^2$  change (=0.027) and F change (=2.842) significant at the 0.05 level (see Table 5.22). Therefore, when the views of both the children and parents are taken together, there is clearly a different level of expectation with regard to the issue of filial piety. According to Luescher and Pillemer (1998), the parent-child relationships are ambivalent resulting in incompatible normative expectations which would require contradictory attitudes and behaviours (Merton and Barber, 1963). The finding in this study seems to have the support of some previous research writers. For example, Hanson and Sauer (1985) and Stein (1993) all have expressed the view that, in a family environment, both parents and children have built up a certain amount of expectations about filial responsibilities, while Morgan, Schuster and Butler (1991) are of the opinion that parents and children are closely related to the contact and support exchange as they would assist and care for each other over the life course (Lye, 1996).

#### **6.1.5 Hypothesis (H.5)**

As a further issue of the filial piety concept, the relationship between children's co-residence with rich parents and children's co-residence with poor parents was also discussed on the basis of the hypothesis that '*parents with financial resources are less likely to co-reside with their children than those with little financial resources*' (H. 5). The regression analysis has revealed that the demographic variables of education and middle-aged group were significant but the  $R^2$  change (= 0.000) and F change (=

0.071) were not significant at the 0.05 level (see Table 5.23). Hence, there is therefore no evidence to substantiate the hypothesis as valid. For the time being, there are a number of noteworthy literary works to support these findings. For example, the filial piety concept has been accepted as central to intergenerational relationships in which children would accept the practice as morally and socially acceptable (Blieszner and Hamon, 1992) and where the social exchange theory has interpreted filial duty as an act of reciprocation or channel for exchange of resources and power (Pyke, 1999). The filial piety concept is not only a part of Buddhism but also a part of Confucianism teaching children to recognise the care and aid received and to repay them with respect and care in due course (Kong, 1995; Lew 1995; Takahashi, 1995). Notwithstanding this, Lee *et al.* (1994) found that, although filial responsibility expectations are positively related to assistance given to children, they have nothing to do with assistance received from children. These findings should not, however, be accepted as the final verdict. Instead, they should be viewed as an opportunity for a further research topic on some of the increasingly crowded Malaysian cities, where increasing housing costs, serious security problems, acute space constraints and transport difficulties (for many commuters) might deter many traditional city dwellers to rethink their living arrangements either out of necessity or for economic/security reason, apart from the need for discharging their filial duties for whatever reasons.

#### **6.1.6 Hypotheses (H.6a, 6b and 6c)**

The following discussion was concentrated on the relationship between children's filial support to parents and the effect of their absence from parents. Essentially, the



relationship issue would be examined under the stepwise regression method in the context of three different perspectives, namely: the 'Need' perspective (H.6a), the 'Filial obligation' perspective (H.6b), and the 'Support' perspective (H.6c). Under the stepwise regression method, the independent variables enter the equation one at a time (Kenner and Taylor, 1987). In the study of the parent-child relationship from the 'Need' perspective (H.6a), the regression has not revealed any significant demographic variables at the 0.05 level with the exception of the (50-59) aged group which was most significant (see Table 5.24). Along therewith, the regression model in total was also significant at the 0.05 level. In conclusion, this would mean that the more children would spend time away from their parents, the less attention they would give to their parents in the shape of need. More specifically, when children are spending more time away from their parents, they tend to neglect their parents' emotional, financial and psychological aspects. According to previous studies, geographical proximity in parent-child residential location was strongly associated with frequency of contact and exchange of support (Lawton *et al.*, 1994), while co-residence of parents with adult children was also associated with higher level of interaction and more support exchange than living nearby (White and Rogers, 1997). In the examination of the parent-child relationship from the 'Filial Obligation' perspective (H.6b), the stepwise regression has demonstrated that there was no demographic variable significant at the 0.05 level except, that the coefficients in Models (1) was significant at the 0.05 level (see Table 5.25). In the circumstances, the same conclusion (as in H.6a) may be reached i.e. the longer children are away from home, the less filial obligation they would give to their parents. This conclusion appears to coincide with the findings of previous studies on frequency of contact and

mutual support between parents and children (Mancini and Bliesner, 1989) and the breakdown of family support (Aboderin, 2004). In the course of dealing with the parent-child relationship from the ‘Support’ perspective (H.6c), the stepwise regression has shown that, of the demographic variables, the (over 60) aged group in Models (1 – 2) were all significant at the 0.05 level, and that, similarly, the Away Time coefficients in Models (1 – 2) were also significant at the 0.05 level (see Table 5.26). These results are sufficient to confirm that children would pay less support to their parents when they have spent more time away from their parents. Co-residence with adult children had also given rise to higher level of interaction and exchange support than residential proximity (White and Rogers, 1997). The term “Support” within the context of the filial piety concept refers to emotional and instrumental support and also to any process through which social relationships might promote health and well-being (Cohen *et al.*, 2000), while the receiving and the giving of social support would occur through a network of social relationships surrounding an individual (Fischer, 1982; Fischer *et al.*, 1977).

#### **6.1.7 Hypotheses (H.7a and H.7b)**

The relationship between the support which parents gave to children and the type of instrumental support which parents received from children was discussed. The discussion would be centred upon two different areas, namely: instrumental support ‘InstrSupp’ (H.7a) and support from parents’ perception ‘ParPerc’ (H.7b) by reference to Tables 5.27 and 5.28 respectively. In the area of instrumental support under the filial piety principle (H.7a), the following four demographic variables (child, middle-

aged, ethnicity and marriage) were all significant at the 0.05 level (see Table 5.27). Furthermore, the overall regression model (i.e. ( $\Delta R^2 = .376$ ,  $\Delta F = 8.470$ ,  $p < .001$ ) was also significant at the 0.001 level. Obviously, these regression results are the strong indicator of the type of influence of the support (which they had received from parents, when this knowledge tucked away in the subconscious mind was being translated into the kind of instrumental support which they gave to their parents. In this regard, Hasher and Zacks (1984) had demonstrated in their research that individuals would register information in their subconscious mind unintentionally, truly and automatically. On the other hand, with regard to the issue of 'support' from parents' perception 'ParPerc' (H.7b), a somewhat similar result was obvious. This answer was strongly supported by the fact that demographic variables i.e. the number of children, the level of education and the middle-aged group were all significant at the 0.05 level while the overall regression model was also significant at the 0.001 level (see Table 5.28). In conclusion, please note that the positive regression results, on both counts, were based on the outcomes of the two tested sub-hypotheses of (a) whether, generally speaking, the instrumental support given by parents to children could influence the instrumental support they receive (H.7a), and (b) from parents' perspective, whether the instrumental support given by parents to children could influence the support they receive (H.7b). There is, therefore, sufficient evidence to support the fact that the amount of support given by parents to children has direct influence on the level of instrumental support they receive from children such as domestic chores (Dwyer and Coward, 1991; Stoller and Earl, 1983) Also, according to Lee *et al.* (1994), there was reciprocity between ageing parents' filial responsibility expectations and the financial

assistance given to children (Eggebeen and Davey, 1998; Ingersoll-Dayton and Antonucci, 1988).

#### **6.1.8 Hypothesis H.8**

The following is a simple further discussion on the relationship of support exchanges between parents and their children, on the one hand and the opportunities to give support, on the other (H.8). The results from the hypothesis testing under the regression analysis method showed that the same four demographic variables as noted in case of the earlier hypothesis testing (H.7a), namely: ethnicity, age, gender and children were significant at the 0.05 level or close to significant (see Table 5.29), and that the overall regression model was also significant at the 0.001 level (also see Table 5.29). The outcome of the whole hypothesis testing process has, therefore, indicated that there was a strong relationship in the area of support exchanges between parents and children on the one hand, and the opportunities to give support, on the other. This finding could also be backed up by previous research findings. For example, among others, children's financial support and emotional support to parents, which were regarded as good virtues within the filial piety concept, were deeply embedded in Confucianism and Buddhism (Kitagawa, 1969; Liu, 1986; Osaka and Liu, 1986; Walker *et al.*, 1995; Velkoff, 2000; Yang, 2000).

#### **6.1.9 Hypothesis (H.9)**

As part and parcel of the study, there was a need to discuss the effect of the parent-child relationship and the expectations about children's filial obligation (H.9). Filial

expectations within this context are defined as an attitude about children's responsibilities towards the maintenance of parental well-being emphasizing the importance of duty, protection and care (Blieszner and Hamon, 1992). In this case, the discussion was focused on the perception of the parents' need for assistance, not so much on the types of need. However, the term 'need for assistance' in this context may generally be interpreted to include, *inter alia*, financial need, instrumental support or emotional support. The regression results revealed that there were four demographic variables i.e. ethnicity, age, children and home ownership which were significant at the 0.05 level, and that the overall model ( $\Delta R^2 = .369$ ,  $\Delta F = 7.689$ ,  $p < .001$ ) was also significant at the 0.001 level. The combined regression results have, therefore, revealed a strong positive relationship between parents and children in expecting the discharging of the filial responsibilities i.e. children's moral obligation to provide their parents with the necessary in time of need. Furthermore, this finding also has the support of previous research findings which had concluded that adult children must provide their elderly parents with support in the event of need (Hanson & Sauer, 1985; Stein, 1993). The concept of filial responsibility expectations has been treated as a uni-dimensional construct including different types of filial expectations (Van Tiburg and Knipschoer, 2005) such as emotional and instrumental support (Mancini and Blieszner, 1989).

#### **6.1.10 Hypothesis (H.10)**

The discussion was held on the evaluation of how children with higher family income level and high perception of filial obligation would translate them into more

opportunities for providing parents with support (H.10). This has involved looking into the relationship between children's high family income and their filial obligation to parents through a series of hypothesis testing. In the course of examination, it was found that age, ethnicity and children (three of the demographic variables) were significant at the 0.05 level, and that the overall model or Model 1 ( $\Delta R^2 = .366$ ,  $\Delta F = 9.719$ ,  $p < .001$ ) was also significant at the 0.001 level, while the overall model or Model 2 ( $\Delta R^2 = .008$ ,  $\Delta F = 2.322$ ,  $p = .129$ ) was not significant at the 0.05 level. However, the overall model or Model 3 ( $\Delta R^2 = .0001$ ,  $\Delta F = .232$ ,  $p = .631$ ) and the dependent variable income (FI) had both become very insignificant at the 0.05 level. (For clarification of the relevant regression results – see Table 5.31 for detailed calculations). In light of these aforementioned regression results, it would be a fallacy to state that, for whatever reasons, adult children with a higher level of income family income and a higher level of filial obligation would automatically provide better opportunity for support to parents. For example, they might have higher financial commitment and higher living expenditure on their own thereby preventing them to do so. Alternatively, they might have been off-springs of very well-to-do parents who would need no support whatsoever from their children. This initial assumption should be taken as an opportunity for further research into the area. The key questions are: (a) does it mean that a high income family (with a high level of filial obligation) would inevitably have rich parents who do not require any assistance from children?, (b) alternatively, does it mean that the Malaysians today have generally reached a stage where they have become self-sufficient culturally, emotionally, financially and psychologically, as a result of globalisation and modernisation? In this regard, previous research findings have, however, indicated that older adults with higher

education had less contact with children (Greenwell and Bengtson, 1997), and that they received less instrumental support from children but gave more support than older adults with lower education (Van Groenon and Van Tilburg, 2003).

#### **6.1.11 Hypotheses (H.11a, 11b, 11c and 11d)**

As was mentioned in the relevant subsection in Chapter V, the purpose of introducing the above-captioned hypotheses was to assess the interrelationship effect, if any, on respondents' retirement financial planning between financial literacy and filial piety, although they are two different areas of study, each of which was already proven to have a direct or indirect influence on the overall retirement planning strategies in their own rights. Discussions are now directed towards this complicated issue from the following perspectives: (a) subjective perception of personal finance 'SUBPERC' (H.11a); (b) behavioural assessment of personal finance 'BEHASS' (H.11b); (c) satisfaction of financial situation 'FINSAT' (H.11c), and (d) perceived economic or financial well-being 'PERWELL' (H.11d). Invariably, this involved the use of eight different demographic attributes (gender, age, education level, income level, employment type, marital status, and number of children) and a number of filial piety issues. The following are detailed discussions.

(a) From the 'SUBPERC' perspective (H.11a), the regression results (Table 5.32) indicated that the 'over-the-60' aged group and income were all significant at the 0.05 level, with the older age group being a more significant predictor; that the overall Model 1 was also significant at the 0.01 level; that the overall Model 2 (with the input of literacy variables) was also significant at the 0.01 level; and that finally the overall

Model 3 (with the input of filial piety index) was still significant albeit less at the 0.05 level. These regression results would further imply that there was mediating effect between the literacy variables and filial piety variables on financial well-being from the 'SUBPERC' perspective. That is to say, people with financial knowledge would generally consider take into account the question of filial piety when making their financial planning decisions, as though *filial piety per se* could positively contribute to their retirement financial planning. In this regard, your attention is drawn to previous discussions in Section 6.1.1 where financial knowledge was found useful for financial management and retirement financial planning, while the effectiveness or effect of financial education on people's knowledge, attitude and behaviour towards financial planning was also reported in previous studies (see Fletcher *et al.*, 1997; Gorbach, 1997; Heath, 1996).

(b) From the 'BEHASS' perspective (H.11b), the regression results (Table 5.33) showed that education was the only demographic variable, which has a significant coefficient, and that the overall Model 1 ( $\Delta R^2 = .035$ ,  $\Delta F = 1.057$ ,  $p = .396$ ) was however not significant at the 0.05 level. The regression results (Table 5.32) further showed that, with the injection of the literacy variables, the overall Model 2 ( $\Delta R^2 = .060$ ,  $\Delta F = 11.607$ ,  $p < .001$ ) was significant at the 0.01 level, and that, with the filial piety index being added thereto, the overall Model 3 ( $\Delta R^2 = .008$ ,  $\Delta F = 2.973$ ,  $p = .086$ ) has, however, decreased significantly at the 0.05 level. As such, it might be appropriated to summarise that the respondents in this study had reflected financial literacy and, to some extent, filial piety as well, in the behavioural assessment of their financial finance. In other words, they had invariably taken into account financial



literacy (to a greater extent) and not filial piety in their decision-making process either when making financial investments or when making retirement financial planning. Whilst there appear to have no research studies directly connected with this kind of multi-approach to financial management or retirement financial planning, the concept of filial piety by itself has attracted a large number of studies on its positive effect on retirement financial planning (see Chan, 1991, 2006; Kong, 1995; Lew, 1995; Lilliard and Willis, 1997; Lye, 1996; Morgan *et al.*, 1991).

(c) From the 'FINSAT' perspective (H.11c), the regression results (Table 5.34) indicated that the 'over-the-60' age group not only had a significant beta coefficient but also was a relatively more significant predictor of the satisfaction with financial situation. The results (Table 5.34) also indicated that the overall Model 1 ( $\Delta R^2 = .103$ ,  $\Delta F = 3.381$ ,  $p < .001$ ) was significant at the 0.001 level; (b) that, with the input of literacy variables, the overall Model 2 ( $\Delta R^2 = .090$ ,  $\Delta F = 19.455$ ,  $p < .001$ ) was even more significant at the 0.01 level, and (c) that, with the injection of the filial piety index, the overall Model 3 ( $\Delta R^2 = .016$ ,  $\Delta F = 6.963$ ,  $p < .01$ ) had however decreased modestly at the 0.01 level. Arising from the discussion on the interrelationship between financial knowledge and filial piety and their combined effect on the issue of financial management and retirement financial planning, the overall results have revealed that the respondents would have in mind the importance of filial piety *per se* in their decision-making process when planning for their financial management, from the 'FINSAT' perspective. Once again, there appears to have no specific research studies on this multi-approach to financial management and retirement financial planning. There is, however, a large body of literature relating to the issues of the

respective effects (not combined effects) of financial literacy and filial piety in the area of financial management or retirement financial planning. Apart from those already quoted elsewhere in this chapter, there are research studies on (i) personal financial education (Bernheim and Garrett, 1996; Garman and Leech, 1997; Joo, 1998), (ii) the relationship between financial knowledge and retirement planning (Ekerdt and Hackney, 2002), and (iii) formulation of retirement savings plan including pre- and post-retirement living standards (Gustman and Steinmeier, 2002)

(d) From the 'PERWELL' perspective (H.11d), the regression results (Table 5.35) showed that the only significant demographic variables at the 0.05 level were income, education and the 'over-the-40' age groups, and that the overall Model 1 ( $\Delta R^2 = .199$ ,  $\Delta F = 6.959$ ,  $p < .001$ ) was also significant at the 0.001 level. The results (Table 5.35) had further shown that, with literacy variables being added thereto, the overall Model 2 ( $\Delta R^2 = .039$ ,  $\Delta F = 8.888$ ,  $p < .001$ ) had increased significantly at 0.001 level; and that, with the filial piety index being injected, the overall Model 3 ( $\Delta R^2 = .034$ ,  $\Delta F = 16.281$ ,  $p < .001$ ) had further increased significantly at the 0.001 level. Arising from the discussion on the combined effect of financial literacy and filial piety from the 'PERWELL' perspective, it would further appear that 'financially' educated Malaysians would also pay attention to the filial piety issues in their financial management or retirement financial planning. On the filial piety issue, there could be occasions where adult children as parents themselves might want to show their own children how they would want to be treated at old age and in need of support (Hess and Waring, 1978; Stark, 1995). As a matter of convenience, those adult children living close to their parents are more likely to provide their parents with various types

of support because of greater opportunities to directly interact with them (Ishii-Kuntz, 1997)

In conclusion, it would be opportune time to restate here that great efforts had been made to assess the effect (if any) of the interrelationships between financial literacy and filial piety on respondents' retirement financial planning from the perspective of four different areas i.e. (a) Subjective perception of personal finance 'SUBPERC', (b) Behavioural assessment of personal finance 'BEHASS', (c) Satisfaction of financial situation 'FINSAT', and (d) Perceived economic well-being 'PERWELL'. Consequently, it was observed that, with the literacy and filial piety variables being included in the overall models, SUBPERC had shown no effect, whereas BEHASS, FINSAT and PERWELL had all shown some positive effect. There is therefore evidence to indicate that the interrelationships between financial literacy and filial piety generally have some degree of mediating effect on Malaysians' decision to manage their finances or plan for their retirement security adequacy.

## **6.2 Concluding Remarks**

The findings in this study have strengthened those found in previous studies in the field of (i) financial literacy and its contribution to financial management or retirement financial planning, (ii) the filial piety concept and its contribution to the well-being of elderly parents, support exchanges between children and parents, and (iii) finally the combined effect of both financial literacy and filial piety on financial management and retirement financial planning (see research studies in Chapter II and those quoted in this Chapter).

To the extent that financial literacy has any effect on financial management and retirement financial planning, the study has revealed that those with an early start in investment for retirement purposes have reflected their goals on strategic planning, and this has given them a clearer road-map of how and when they would be able to achieve those goals. In planning for their retirement preparedness, they had also taken into account the form, pattern and quantum of children-provided filial responsibilities as revealed in previous research findings by Bengston and Roberts (1991), Dykstra and Knipscheer (1985), Hanson and Sauer (1985) and Stoller (1994). Furthermore, those with more education were found to be more financially prepared for their retirement, because of their exposures to wider scope of life experiences and higher level of education, which had given them the advantage to start early in retirement planning. These revelations are also clearly reflected in other research findings on (i) financial education (Bernheim and Garrett, 1996; Garman and Leech, 1997), (ii) relationship between financial knowledge and retirement planning (Ekerdt and Hackney, 2002), (iii) making retirement savings plan, estimating post-retirement living standard and so forth (Gustman and Steinmeier, 2002), and (iv) continuing education to achieve, *inter alia*, personal development and occupational status enhancement (Stalker, 1993). In this study, the financial learning issue was also examined from the perspectives of subjective perception, behavioural assessment, financial and perceived financial well-being based on the financial model by Joo (1998) and Porter (1990) financial learning being an important determinant for retirement financial planning (see Garman and Leech, 1997; Lusardi and Mitchell, 2006). These findings have further strengthened the relationship between financial literacy and financial management and retirement financial planning.

On the filial piety issues, this study has revealed more adult child samples had adopted the filial piety practice than those, with whom parents had a frequent and important

relationship. However, there could be a bias present in this study, as children not in the sample might have different norms and support exchanges, which might not have been revealed. Otherwise the study's findings have coincided with those of a study where sons and daughters gave different kinds of support to parents (Blieszner and Hamon (1992) or with those of a study which discovered the needs given to parents would depend on both parents' personal circumstances and children's structural circumstances (Rossi and Rossi, 1990; Stein, 1993). The study has also indicated that parents with financial resources were less likely to co-reside with their adult children than those with little financial resources, and that relationship characteristics (contact frequency, travelling time and the support given by parents) were the most important determinants of support given to parents. As the concept of children's support-giving is usually determined by reciprocity, (which varies from family to family), more support within this context could only be exchanged in both directions. That is to say, there might be occasions when parents or children might feel the need to give the support to each other. Consequently, children with higher level of family income and filial obligation might not necessarily provide more opportunity for supporting their parents. On the issue of support exchange, it might be possible to explore the gender-based differences as a subject on filial piety issues. Given the parents' perception of help and the children's structural circumstances, there might be occasions to investigate the need variations as another possible topic on filial piety. With regard to the effect (if any) of the interrelationships between financial literacy and filial piety on respondents' retirement financial planning, the present study has indicated that the interrelationships between financial literacy and filial piety generally have some degree of mediating effect on Malaysians' decision to manage their finances or plan for their retirement security adequacy.

Additionally, the study has also revealed positive relationships between demographics and retirement planning strategies and that, with savings and home ownership, the majority of the respondents appeared financially prepared for retirement based on the research findings. Given Malaysia's inadequate social welfare system, the inadequate retirement security plans (namely: the DB and DC retirement plans), and the worrisome price escalations of petrol and basic necessities, new generations should, however, be constantly aware of the possible unreliability of the country's current social security benefits as retirement income sources.

Finally, although financial planners and accountants are both capable of developing financial plans for clients to achieve retirement goals, the study has, however, indicated that respondents generally would prefer accountants for their retirement financial planning assignment. In view of this highly complicated and sophisticated financial planning scheme, people should only engage the best brain so that they could reap the maximum tax-advantages and retirement benefits possible when deciding to plan for their normal or retirement financial investment.

### **6.3 Limitations of the Research**

There were some limitations on the design of this research study. With respect to internal validity, the research study was not an experimental design and therefore, did not involve a randomized control group. In the absence of a control group, it cannot be stated that the outcomes of the study were exclusively due to the intervention. The external validity of the study was limited in that it was a relatively small sample selected using non-probability sampling and only one organization providing the intervention (one setting). Due to this limitation, the findings cannot necessarily be generalised to other settings or studies. The construct validity of the research design was also limited. We have utilised the safeguards

recommended in the literature and even went beyond those recommendations. However, respondents still may have responded in a socially desirable or acquiescent manner. The statistical conclusion validity was limited as Type 2 errors were possible in that real differences may have been missed because of the limited statistical power flowing from the relatively small sample size.

A weakness of this study was the delimitation to a sample of urban respondents. The characteristics and behaviors of other geographic locations of respondents could be different for this sample. Due to the job and geographic characteristics, the majority of this sample were relatively higher educated and comprised of Chinese respondents.

#### **6.4 Implications**

There is room for improvement on the relevant education in the academic and public setting revealed by the study. To the extent of respondents' willingness to seek for outside guidance, financial counselors and financial planners should identify the niche market in order to dispense their professional services on retirement planning strategies that are suitable to the risk appetite of different individuals. This may be high-yield investments with tax advantages. While adult learning was not restricted to traditional classroom studies under the guidance of accredited teachers, the implication was that not only should financial learning become an increasingly important part of people's long-term commitment, financial learning must also assume the role as a self-directed life-long learning process, in view of the ever-changing and complicated financial environment. In the circumstances, future 'financial' learners must be self-directed in absorbing the enormous amount of relevant information on financial and risk management so that they could generate a higher income level and minimize the risks under

the new management method in order to achieve better retirement goals. For better retirement financial planning strategy, research efforts should also be made to further examine the relationships between other variables including side income, insurance planning, age of initial investment, and legal structure. Some of these variables were briefly discussed earlier with no conclusive results due to time constraint and other limiting factors. Such enquiries are expected to help determine more common demographics of retirement, while contributing to the body of knowledge. Respondents generally perceived themselves as financially prepared for retirement. Further research into their income from other sources during their semi- and full retirement may expand our insights into their savings adequacy. The revelation of these 'unknown' income sources might be the ultimate solution to problems for future writers in this area. If greater details of these unknown retirement income sources could be clearly identified, respondents in similar circumstances might be able to check the status of their retirement security adequacy at a certain point in time. Finally, it might be useful to look into the circumstances as to why many Malaysians are not seeking professional help for their retirement planning as the study has also revealed this information. Are they feeling being sufficiently equipped and qualified to take care of their financial management without any professional help? Or are they simply ignorant of the importance of retirement financial planning, given the fact that they might not be financially prepared in old age or their adult children might be unable to look after them then for a variety of reasons? With more and more elderly people and retiring individuals joining the fast-expanding Malaysian ageing society, there might still be opportunity in the niche market for professionals especially in the field of various types of financial planning, even though this particular market is being served by a growing number of professionally trained financial planners.



The concept of filial piety offers a supplementary alternative to the ‘normal’ pension system as it ease the burgeoning costs of maintaining it. As this study involves only a cross sectional study, this is a ‘snapshot’ of the filial piety influence on the traditional family system. It would add more depth to the study of filial piety if a longitudinal study was carried out over a period of time to have a better idea of its consistency.

Efforts to raise private savings should focus on structural reform involving gradual financial liberalization, particularly on the mobilization of long-term saving instruments, such as the Employees Provident Fund (EPF) and Government pensions. The EPF (as well as SOCSO) faces restrictions in terms of investment avenues and is confined to mobilizing funds in the stock market and investing in Malaysian Government Securities (MGS) (Ariff and Lim, 2001). In this context, there is a need for the above restrictions to be relaxed by allowing the purchase of unsecured private debt securities with good credit rating. There has been greater mobilization of EPF funds through permitting withdrawals by employees for purchases of houses. It is important to note that Malaysia’s outward looking growth strategy was reinforced by sound domestic policies and strategies, which include mobilization of domestic resources. A major factor behind Malaysia’s successful development drive has been its capacity to generate and mobilize domestic savings in the financial and capital markets. Foreign investment supplements, but does not replace, domestic investment.

One way to popularise the traditional cultural practice would be through the conduct of moral education as part of the school curriculum. Filial piety is the foundation of all moralities. Hence, promoting filial piety among teenagers is an important way of helping improve social morality.

As an added measure, the government is considering introducing new private pension fund targeted at an estimated “five million of self-employed comprising, among others, taxi

drivers, farmers, fishermen, those in small and medium industries” (New Straits Times, 2010).

## **6.5 Recommendations**

Malaysians should take an active part in educating themselves about saving opportunities and retirement financial planning. As result of the recent global financial crisis (the effect of which has been widely felt), there is also an urgent need to study its financial effects and implications on future financial planning strategy. Finally, given the gradual erosion of the filial piety concept discussed earlier, no efforts should be spared to inculcate in children the importance of the filial responsibilities especially among family members as a tradition and way of life.

Finally, although financial planners and accountants are both capable of developing financial plans for clients to achieve retirement goals, the study has, however, indicated that respondents generally would prefer accountants for their retirement financial planning assignment. In view of this highly complicated and sophisticated financial planning scheme, people should only engage the best brain so that they could reap the maximum tax-advantages and retirement benefits possible when deciding to plan for their normal or retirement financial investment. Based on the delimitations, limitations, and research findings, recommendations for future research and further recommendations are suggested.

### **6.5.1 Recommendations for Future Research**

1. Replications of the study to include other samples are recommended. As mentioned in Section 6.2, a weakness of this study was the delimitation to a sample of urban respondents. The characteristics and behaviors of other geographic locations of respondents could be different for this sample. Therefore, replications of the study with other geographic locations would be useful. Due to the job and geographic characteristics, the majority of this sample were relatively higher educated and comprised of Chinese respondents. Future research can include various ethnic groups and a broader distribution of educational level.
2. Additional research is needed that focuses on the relationship between personal financial problems and worker job productivity. The literature mentions the impact of poor financial behaviors on job productivity. Researchers can focus on those groups of workers with financial problems as a research population and examine in more detail relationships between financial problems, financial wellness, and job productivity.
3. Replications of the research to include quantified productivity measures is recommended. In some job areas, such as sales personnel and high technology researchers, the quantified productivity measures may exist. Research that uses more robust measures of productivity, absenteeism, and job performance ratings maybe useful.

- 4 Research that measures the effects of various financial education programs is recommended. To obtain a high return from an investment, employers and workers need to know which financial education programs are the most effective. Therefore, research that examines various types of financial education programs would be useful. Both the scope of the financial education content and the delivery systems need further analysis. The types of delivery system may include comprehensive financial counseling, limited financial counseling, group seminars, workshops, lunch and learn sessions, computer diskette and CD-ROM, video and audio tape with workbook, printed materials, newsletter, and Internet and Intranet.
- 5 Research that further develops the measure of work time used for personal financial matters is recommended. The measure of work time used for personal financial matters in this study includes some positive and negative aspects. For example, consulting with a financial planner may have positive impact on the personal financial wellness. Workers may improve their personal financial wellness through professional help from financial planners. Improved personal financial wellness could positively influence worker productivity. On the other hand, workers who have financial problems may talk with a lender about a loan during work hours. Financial problems and concerns about getting a loan may negatively influence worker productivity. Therefore, the work time used for personal financial matters may be divided two scales: positive and negative. Further measurement development in the area of work time used for personal financial matters is needed in future research.
- 6 Employee participation in informal and non-traditional learning as well as non-work related opportunities could also be expanded. From a lifelong learning perspective, the

goal was to have employees engaged in purposeful learning activities; not just to have employees engaged in formal learning opportunities.

- 7 Replications of research to include other financial stressors would be useful. The stressors of this study were not exhaustive. Therefore, other financial stressors, such as chronic health care need and unexpected adult or child care need, may be included in future research.
- 8 Future research in the area of retirement planning for older adults with mental disabilities should focus on further refining and testing a program model that will facilitate the later life needs of older adults with mental disabilities.
- 9 These orientations largely are associated with many planning and expectation measures (bivariate analyses only could be examined), but longitudinal research is needed to adequately assess these relationships. A longitudinal design would be valuable in establishing the relationships between plans and retirement expectations as well.
- 10 A concern of all survey research is response bias. Response bias affects external validity, or the ability to generalize findings to the population studied. Extensive efforts can be made to increase the overall participation rate, and particularly among poorer segments of the population since they have low response rates in many studies. Despite the participation of some lower-educated (26.2% of the sample has less than a high school education) and lower-income individuals (16.8% has annual household income under RM2,000), this study includes more highly educated individuals, as well as a lower proportion of Malays, than in the population. Some racial differences were found in plans, orientations, and expectations, but the larger sample of Chinese in this study

does not appear to be representative of the larger population, so conclusions about racial differences from this study are tenuous. It would be valuable for future studies to investigate retirement expectations and plans among the population containing a more representative ethnic groups, particularly since the retirement experiences and preparations of non-Chinese maybe understudied.

- 11 Another challenge inherent in this research is that individuals are asked to project future events – types of assets a person is eligible to receive, and rely on in retirement, and for some the age plans will be initiated in the future. The accuracy of these reports cannot be tested in this cross-sectional research, and especially for the youngest members of the study, these future projections may be modified as retirement age approaches. The information provided is valuable, however, because the goal is to see whether young people have already constructed plans for their retirement needs and how they may vary in their thoughts and plans from retirees and those near to retirement age.

### **6.5.2 Further Recommendations**

1. Employers in Malaysia should be aware of the needs of workers for financial education. Many workers are not financially ready for retirement, and they should have comprehensive financial education. Employers need to consider providing workplace financial education to retain valuable employees and improve worker job productivity.
2. Employers, policymakers, and providers of information, education, and seminars in financial education should be concerned about workers who have limited incomes.

Workers who have limited incomes often have money problems associated with overspending, credit, and consumer rip-offs. More appropriate financial education programs need to be developed to help workers, especially those with limited incomes, improve their personal financial wellness.

3. Family and consumer sciences professionals need to develop more effective financial education programs. Workers desire comprehensive education. Workers in general know what they need to improve their personal financial situations. Financial education that includes financial stress management needs to be provided as a component of financial education programs for workers. The financial literacy of workers is not adequate in some areas, particularly on those topics associated with retirement.
4. Employee assistance professionals need to be more concerned about the financial stressors affecting workers. Financial stress is one of the serious stresses affecting workers. Workplace stress management program should include financial stress management.
5. Marriage and family therapists should be more aware of the significance of financial problems in marriage and family relationships. Financial counseling and financial education is recommended as an important aspect of marriage and family therapy programs.
6. Professionals aside, one of the best options would be the use of insurance policy as part of a retirement financial planning strategy or as a way of handling family issues arising

from intergenerational transfers. With proper training and continuing financial learning, they should, therefore, talk to a number of financial planners before adopting the most reliable methods to accumulate good investments and generate greater savings for better retirement preparation.

7. Given the gradual erosion of the filial piety concept discussed earlier, no efforts should be spared to inculcate in children the importance of the filial responsibilities especially among family members as a tradition and way of life.