

Perceived Income Adequacy: A Comparative Analysis of Young and Mature Malaysian Government Employees

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ABSTRACT

Perceived Income Adequacy (PIA) reflects individuals' subjective assessment of their financial capacity, serving as a key indicator of economic well-being and financial security. This study examines age-related differences in PIA among Malaysian government employees, using data from 6,096 Malaysian government employees. Respondents were categorized as young (below 40 years) and mature (40 years and above). PIA was measured using a five-point Likert scale, and a Chi-square test was conducted to assess the relationship between age and PIA. Results show that mature employees perceive higher levels of income adequacy compared to younger employees. However, 14% of mature employees still report inadequate income. The significant association between age and PIA highlights the need for tailored interventions. These findings highlight the importance of addressing age-specific financial needs to promote economic security and quality of life across career stages.

Keywords: Malaysian government employees, perceived income adequacy, retirement

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INTRODUCTION

Perceived income adequacy (PIA) is a crucial component of economic well-being at any age, particularly as it serves as an indicator of financial capacity in old age. It reflects individuals' subjective assessment of their financial situation and their ability to meet current and future expenses. Some authors (e.g., Bagwell, 2000; Hayhoe,

1990) suggest that an individual's subjective perception of their income adequacy may be a stronger predictor of their overall quality of life than objective financial measures. Furthermore, objective indirect measures are often not comprehensive in reflecting people's experiences (Helliwell et al., 2017; Kwan et al., 2018).

PIA is a pivotal element of economic well-being, especially in later years, as it affects overall life satisfaction, financial security, and retirement planning. This study aims to compare PIA among young and mature Malaysian government employees to understand age-related differences by cross-tabulating age groups and PIA. Data were obtained from an online survey on the "Views and Aspirations of Government Employees" conducted in 2023.

The Public Service Department (JPA) reported that the number of government employees in 2023 was over 1.5 million, including federal and state government employees, as well as employees of statutory bodies and local authorities. This large workforce draws attention to the importance of assessing income adequacy to ensure sustainable retirement outcomes for current and future retirees.

METHODS

Data were collected through an online survey distributed to government employees using a convenience sampling approach. A total of 6,252 responses were initially gathered. Following data cleaning to remove entries with missing information, 6,096 responses were included in the final analysis. The respondents were categorized into two age groups: young (below 40 years) and mature (40 years and above).

PIA was measured using a single-item assessment where participants rated their current income adequacy (Gildner et al., 2019; Masud et al., 2006). They responded on a five-point Likert scale: 1 (inadequate), 2 (adequate for basic needs only), 3 (adequate for most things but not everything), 4 (adequate for everything), and 5 (adequate for everything and able to save).

Data were analysed by cross-tabulating PIA with age groups to examine patterns across the two groups. A Chi-square test was conducted to determine the statistical significance of the association between age and PIA, providing insights into whether differences in PIA were significantly related to age group.

RESULTS

Table 1 presents the demographic profile of the respondents, totalling 6,096 respondents. The average age is approximately 40.81 years, with 46.4% of respondents below 40 years and the remaining 53.6% aged 40 years and above. In terms of gender, females make up the majority at 55.0%, while males account for 45.0%. The distribution across job categories shows that 1.1% of respondents hold the top management category, 34.9% are

in the management and professional category, and the largest portion, 64.0%, are in the supportive category. This demographic overview provides insight into the age, gender, and job distribution within the respondent group.

Table 1
Profile of respondents (N=6,096)

Demographic Profile	Mean	Frequency	Percentage (%)
Age (years)	40.81		
Young	34.17	2829	46.4
Mature	46.55	3267	53.6
Sex			
Male		2746	45.0
Female		3350	55.0
Marital status			
Married		5039	82.7
Widowed/Separated/ Divorced		263	4.3
Never married		794	13.0
Household size	4.53		
Job Category			
Top management		69	1.1
Management & Professional		2128	34.9
Supportive		3899	64.0

The distribution of PIA between younger and mature employees is shown in Table 2. The findings indicate that mature government employees generally perceive a higher level of income adequacy. Young employees are more likely to report inadequate income, while mature employees often feel their income is sufficient to cover most or all expenses and allows for savings. This finding suggests that as individuals progress in their careers, they may experience greater financial stability and confidence in meeting their needs. Overall, mature employees exhibit a more positive perception of their income adequacy compared to their younger counterparts.

Table 2
Cross-tabulation of Perceived Income Adequacy (PIA) by age group

Perceived Income Adequacy	Young Employees (n=2,829)	Mature Employees (n=3,267)	Total (N=6,096)
Inadequate (1)	21.0%	14.0%	17.2%
Adequate for basic needs only (2)	32.0%	24.1%	27.7%
Adequate for most things (3)	31.9%	37.3%	34.8%
Adequate for everything (4)	7.2%	12.5%	10.1%
Adequate for everything and able to save (5)	8.0%	12.1%	10.2%
Total (%)	100%	100%	100%

A Chi-square test was conducted to assess the association between age groups and PIA (Table 2). The results indicate a significant relationship, indicating that age significantly influences government employees' PIA ($\chi^2 = 158.434$, $df = 4$, $p < .001$). Notably, mature employees report a higher level of income adequacy compared to their younger counterparts.

DISCUSSION

The association between age and PIA may be influenced by various factors at different life stages. Young adults often face significant financial challenges including the rising cost of living and unstable economies, which impact how they consume, manage, and save their monthly income to maintain their standard of living (Sabri et al., 2023). Additionally, young workers are often in the early stages of family formation, which may require higher expenditures to support their growing families. These challenges collectively contribute to their sense of income inadequacy. In contrast, older individuals typically report higher levels of PIA (Litwin & Sapir, 2009), likely due to more stable incomes, accumulated work experience, and potentially more effective financial planning over time.

However, the finding that 14% of mature employees still perceive their income as insufficient is unexpected and challenges common assumptions that financial adequacy consistently improves with age. Despite their career experience and likely higher income levels, a significant portion of mature workers may still struggle with financial challenges. This could stem from larger financial responsibilities, such as supporting dependents or covering healthcare costs, or from inadequate retirement planning, which may affect their financial situation in retirement. Such findings highlight that even with career longevity, financial adequacy may not be guaranteed, underscoring the need for targeted interventions to support mature employees in managing these ongoing challenges. These issues warrant further examination and should be the focus of upcoming discussions in Malaysia.

On the other hand, the capacity to save, reported by a higher percentage of mature employees than younger employees, stands as a key indicator of long-term financial resilience. Saving capacity not only reflects immediate financial security but also predicts readiness for retirement and economic stability in later life. This pattern highlights the importance of financial literacy programs tailored to younger employees to instil early savings habits, supporting them in building long-term financial security (Masud et al., 2012).

Finally, the statistically significant association between age and PIA reinforces the importance of addressing age-specific financial challenges. Younger employees could benefit from debt management, budgeting, and financial planning resources, while mature employees-despite reporting higher perceived adequacy-would benefit from retirement-focused planning to ensure sustained economic security.

CONCLUSION

Overall, this study emphasises significant age-related differences in PIA among Malaysian government employees, suggesting that financial well-being varies substantially across life stages. Mature employees generally report higher levels of income adequacy, possibly due to greater financial stability and savings capacity accumulated over their careers. However, the notable portion of mature employees who still perceive their income as inadequate implies that financial stability does not automatically increase with age, particularly when considering factors such as family responsibilities and healthcare costs.

These insights reveal the critical need for age-specific financial support interventions. Younger employees may benefit from programs focused on debt management, budgeting, and foundational financial literacy, aimed at building early financial resilience and savings habits. Conversely, mature employees would benefit from retirement-oriented financial planning to address ongoing financial challenges and secure their economic well-being post-retirement. By recognizing and addressing these distinct financial needs, policymakers and organizations can foster a workforce better prepared for both current financial demands and long-term economic security, ultimately enhancing the overall quality of life for government employees at different career stages.

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