

The Relationship Between Retirement Perceptions and Savings Behaviour Among Early Adult Workers in Palembang

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Abstract

Purpose: The purpose of this study is to find out if there is a relationship between retirement perception and saving among early adult workers in Palembang. This study is a research with a quantitative approach.

Design/Methodology/Approach: The research design used is correlational quantitative research. Questionnaires were distributed through a Google form completed by 170 workers aged 20-40 years old in Palembang. The data collection method uses a retirement perception scale and a savings behavior scale analyzed using product-moment correlation. SPSS software was used for data analysis.

Findings: The results show that there is a relationship with a significant positive correlation between retirement perception and saving behavior among early adult workers in Palembang. The limitation of this study is in determining the age of the subjects, who are early adult workers (20-40 years old), who the research shows tend to have a positive perception of retirement because they are still far from thinking about retirement, so the anxiety they feel is still low, which affects the results of this study.

Practical Implications: The implication is that workers should enrich the information about all matters related to retirement so that they are able to better understand all the changes that will occur and prepare everything to realize retirement as expected. Also, they should improve their saving behavior from now on to be financially secure in retirement and not have any problems related to financial changes later on.

Originality/Value: This study contributes to the existing literature on the relationship between retirement and savings behaviour. In addition, this is the first time a study of this type has been conducted in Palembang. The researchers are interested in learning more about people's attitudes toward retirement and their saving behaviour, as workers in early adulthood tend to focus more on having fun than saving for the future.

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INTRODUCTION

According to Santrock (2012), peak physical performance occurs between the ages of 19 and 26. From their mid-twenties into late early adulthood, people also often seek stability for their early career in a particular field. They may work hard to improve their career and improve their financial situation. It is appropriate for early adulthood to be a productive age for a worker in the life of their career. When a worker reaches retirement age, retirement is a normal part of their life. The term "retirement" refers to the act of finally ending one's career or employment (Mansor et al., 2015). When faced with the financial uncertainty of retirement, one option is to start saving now. Individuals can prepare for any differences between their current income and future needs by setting money aside (the life-cycle motives).

People's perceptions of what life will be like after retirement are shaped by a variety of factors, including changes in late adulthood and the onset of retirement. a variety of factors Many people, therefore, believe that retirement is a signal that a person is no longer needed because of their lower productivity. Due to their lack of preparation for retirement, many people have developed a sense of pessimism because they believe that their physical condition is deteriorating, they are suffering from a variety of illnesses, and their appearance has deteriorated (Paid, 2013). However, there are a few people who are positive about retirement. Many of them believe that retirement allows them to spend more time with their family members who were previously consumed by their work schedules.

Of these two perceptions about retirement, this negative perception will cause anxiety for workers who are looking forward to retirement. One of the negative perceptions that often arise upon retirement is that financial resources will diminish, leaving them unable to meet all of the needs of family life. The purpose of this study is to find out if there is a relationship between retirement perceptions and savings behaviour of early adulthood workers in Palembang. The research conducted in this study aims to answer the following research questions:

RQ1 : Is there a relationship between the perception of retirement (physical condition) and savings behaviour of early adult workers in Palembang?

RQ2 : Is there any relationship between retirement perception (financial condition) and saving behaviour of early adult workers in Palembang?

RQ3 : Is there a relationship between retirement perceptions (social condition) and savings behaviour of early adult workers in Palembang?

LITERATURE REVIEW

An employee retires when he or she reaches the retirement age set by the agency or company where he or she works. Perceptions of retirement vary; there are workers who perceive it. There are positives and negatives about retirement. This difference in perception is due to this. There are many factors that affect a person's perception. It is important to develop a positive attitude so that retirement is no longer seen as a threat in life, but as a great opportunity to be optimised so that individuals can better perceive and embrace retirement.

Research by Santrock (2012) found that peak physical performance is reached between the ages of 19 and 26. People in their late twenties and early thirties are also likely to seek stability in their early careers in certain occupations. They may work very hard to be successful professionally and financially. In addition, a person's cognitive creativity peaks in maturity around age forty and declines rapidly thereafter. Young adults are expected to take on new roles in their lives, as important life changes occur during this developmental stage. Consequently, young adulthood is a fertile period in a worker's professional life.

According to the Malaysian study by Ibrahim et al. (2012), Malaysian workers still do not know that they need to save for retirement. Their lack of knowledge about the importance of saving for retirement is alarming. If they have enough money to pay for their future expenses, they know the importance of saving for retirement. As a result, many retirees are forced to return to work to cover their basic living expenses once they are no longer working. While it is true that it is easier to talk about saving for retirement than actually putting in the time and effort, it is possible with everyone's support and consistent attempts to change this. There needs to be some understanding of the need to save for one's future.

Saving is a decision-making process and saving is a routine activity to achieve a goal (retirement funds, buying something, giving gifts) (Lewis, Webley & Furnham 1995; Warneryd, 1999). Perceived future financial needs, saving decisions, and saving activities all play a role in saving behaviour. People, on the other hand, tend to view saving as an investment, depositing money into a bank account, speculating, or gambling with mortgages. In other words, saving is trying to save money that is not used for consumption for a specific purpose and time frame.

In a study by Adami et al. (2018), socioeconomic factors were found to play an important role in determining retirement savings behavior among ethnic minorities. The study concluded that high poverty

rates are more likely due to educational attainment, part-time work, and long-term unemployment. During the same period, a study by Dolls et al. (2018) found an increase in tax-deductible private savings and earned income due to the efforts of the German pension administration, which sends out annual letters with detailed information about the pension system and expected pension payments. A recent study by Alkhawaja and Albaity (2020) examined the effects of future perspective (FTP), financial risk tolerance (FRT), and knowledge of financial planning for retirement (KFPR) on retirement savings behavior (RSB). The study found that FTP and KFPR had a significant positive effect, while FRT had an insignificant negative effect on RSB, and these results are consistent with previous studies. Koh et al. (2021) examined the relationship between trust in people and participation in retirement planning. The study found that trust in private and public financial agents was positively associated with saving for retirement and that financial education also played an important and consistent role in retirement decision making.

Perception of Retirement

The perception of retirement is shaped by both internal and external influences, such as one's thinking ability and psychological state, which can lead to positive and negative perceptions of retirement.

Aspects of Perception of Retirement

The process of perception takes place in the cognitive area of the individual. The objects that are perceived in relation to retirement are the physical, financial, and social conditions. Retirement is a time full of changes and the most fundamental is the change of these three things, so it has an impact on the individual's perception of retirement.

a. Physical condition

Retirement, entering the phase of development into late adulthood, brings individual physical changes. Declining physical abilities affect individual activities related to physical activity.

b. Financial situation

The financial situation of individuals who work and retire has changed significantly. While working, individuals receive regular income in the form of wages for their work, but when the individual retires, the regular financial income changes.

c. Social conditions

The change from the role of a worker to that of a retiree has implications for the social life of the individual. The life of a worker who has a variety of work routines and meets different colleagues every day will change with retirement. Support from loved ones and family is necessary to ease the adjustment process.

Forms of Perception

There are two forms of perception, namely:

a. Positive Perception

Individual evaluation of an object or information with a positive view or as expected from the perceived object or existing rules. A positive perception of retirement is an individual's evaluation of retirement and all the changes that accompany it with a positive outlook. According to Rini (2001), forms of positive perceptions of retirement include:

1. Improving health by reducing the amount of stress one faces;
2. After retirement, there is more time and opportunities for togetherness with families and partners;
3. Retirement does not cause people to age quickly and get sick easily because it has the potential to improve health by allowing them to spend more time exercising; and
4. They can spend more time on social life in the community.

b. Negative Perception

Individual perception of certain objects or information with a negative view that is contrary to what is expected from the perceived object or from the existing rules. Negative perception of retirement is the evaluation of retirement and all the changes that accompany it by an individual with a negative view. According to Rini (2001), forms of negative perceptions of retirement include:

1. Loss of status and respect;
2. Lack of financial resources;
3. Loss of various facilities and amenities;
4. Exclusion from old associations and the feeling of growing old; and

5. Feeling of being useless and no longer needed due to age and declining productivity.

METHODOLOGY AND DATA

The population in this study were workers who have the characteristics of early adulthood (20-40 years) in Palembang. Since the number of the population with the criteria for early adulthood workers (20-40 years) in Palembang is not known with certainty, the researchers used non-probability sampling, i.e., they determined the characteristics that represent the identified population. The type of non-probability sampling used is quota sampling. This is a technique for determining a sample from a population that has certain characteristics until the desired number (quota) is reached (Sugiyono, 2014).

The research design used in this study is a correlational research design. In this study, the questionnaires were distributed online. Respondents are asked 34 questions to be completed with alternative answers that were provided. The quantitative analysis in this study starts with data collection and specifying the variables that describe the perception of retirement of workers in categories that in the end represent the total score of the respondent's completion of the questionnaire. To support this research, the researcher uses primary data sources, that is, data obtained from the results of the distribution of questionnaires to early adult workers aged 20 to 40 years in Palembang.

A likert scale was used in the data collection for the two variables. The Likert scale is the rating value of each response added to get a total score. In this scale, there are 2 types of questions: positive and negative. The positive scale is used to measure the positive scale and the unfavorable scale is used to measure the negative scale. The data analysis technique used in this study is the product-moment correlation technique using SPSS software. The purpose of this technique is to find out the relationship between the independent variable and the dependent variable.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Theoretical Framework

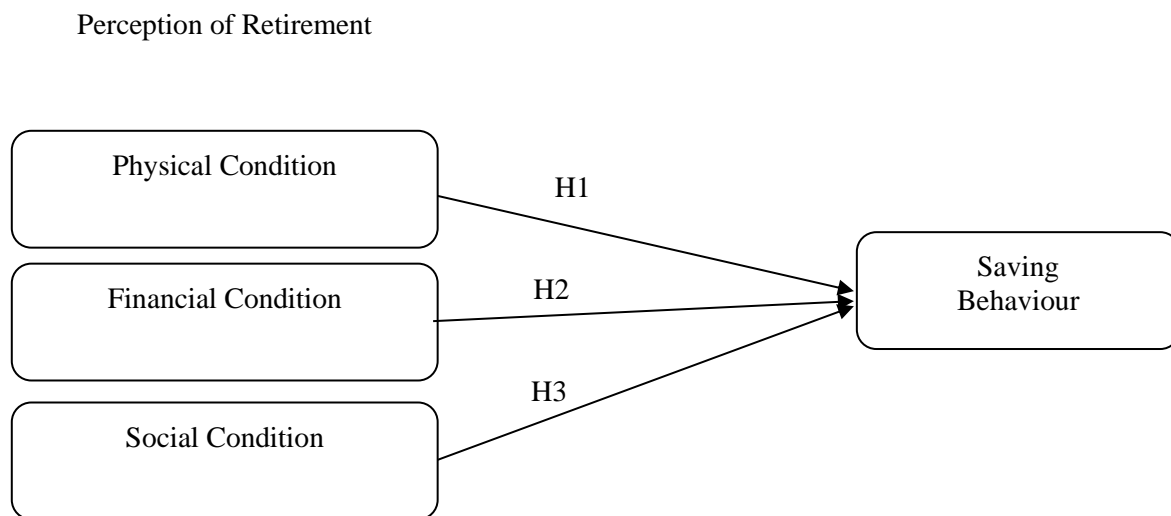


Figure 1. Framework

Hypothesis Development

Hypothesis 1: Physical Condition

Hypothesis 1 of this study states that the perception of retirement (physical condition) has a negative relationship with saving behavior among early adult workers in Palembang. This means that the more positive the perception of retirement (physical condition), the lower the saving behavior. On the other hand, the more negative the perception of retirement (physical condition), the higher the savings behavior.

Hypothesis 2: Financial Condition

Hypothesis 2 of this study states that the perception of retirement (financial condition) has a negative relationship with the saving behavior of early adult workers in Palembang. That is, the more positive the

perception of retirement (financial condition), the lower the savings behavior. On the other hand, the more negative the perception of retirement (financial situation), the more savings behavior increases.

Hypothesis 3: Social Condition

Hypothesis 3 of this study states that the perception of retirement (social situation) is negatively related to the saving behavior of early adult workers in Palembang. This means that the more positive the perception of retirement (social condition), the lower the saving behavior. On the other hand, the more negative the perception of retirement (social condition), the higher the saving behavior.

DATA ANALYSIS AND RESULTS

Demographic Analysis

A demographic of the research respondents can be presented which is intended to describe the profile or identity of respondents according to gender, respondent's age, status and level of education which can be described as follows:

Table 1 Demographic Information

	Category	Frequency	Percentage (%)
Gender	Male	98	57.6
	Female	72	42.4
Age	20 – 25	61	35.9
	26 – 30	47	27.6
	31 – 35	35	20.6
	36 – 40	22	12.9
	41 – 50	5	2.9
Status	Married	110	64.7
	Single	60	35.3
Level of Education	High School	27	15.9
	Diploma	48	28.2
	Degree / Magister	95	55.9

Descriptive Statistics

Table 2 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Physical Condition	170	24,00	40,00	33,7412	3,55898
Financial Condition	170	21,00	40,00	32,4118	4,13327
Social Condition	170	32,00	55,00	45,3176	5,59313
Saving Behaviour	170	21,00	40,00	32,1824	4,22681
Valid N (listwise)	170				

Normality

Table 3 Normality Test : One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual	
	N	170
Normal Parameters ^{a,b}	Mean	.000000
	Std. Deviation	3.20099863
Most Extreme Differences	Absolute	.056
	Positive	.036
	Negative	-.056
Kolmogorov-Smirnov Z		.731
Asymp. Sig. (2-tailed)		.659

From the normality test using the Kolmogov-Smirnov approach in Table 3 above, it can be seen that the data are normally distributed. This is evident from the asymptotic significance (2-tailed) of 0.659

>0.05. This means that the standardized residual is declared to be normally distributed.

Reliability Analysis

Table 4 Reliability Test

Variable	Cronbach's Alpha	Total item	Description
Physical Condition	0.720	8	Reliable
Financial Condition	0.732	8	Reliable
Social Condition	0.783	11	Reliable
Saving Behaviour	0.791	7	Reliable

The results of the reliability test in the table 4 show that the Cronbach alpha value of physical condition (X_1), Financial condition (X_2), social condition (X_3) and saving behaviour (Y) have been tested has a value above 0.70. Cronbach alpha values ranged from 0.720 - 0.791. Thus, all the variables in this study were declared reliable

Hypothesis Testing (Correlation and Regression)

In seeking empirical evidence on the factors determining business performance, the theoretical model of the study led to the development of eight hypotheses.

Table 5 Product Moment Correlation & Coefficient Determination

Independent Variable	R	r ²	Sig	Description	Category
Physical condition	0.421	0.177	0.000	Sig < 0.05	Significant
Financial condition	0.873	0.763	0.000	Sig < 0.05	Significant
Social condition	0.503	0.253	0.000	Sig < 0.05	Significant

Overall, physical condition, financial condition, and social condition are positively related to saving behaviour. The details of the analysis for each hypothesis are provided below.

Physical condition

The correlation coefficient or r-number of the physical condition is 0.421 greater than r-table (0.421 > 0.1971) with a value of $p = 0.000$, indicating that there is a relationship with a significant positive correlation direction because the significant value is $0.000 < 0.05$. Therefore, it can be concluded that there is a positive relationship between the perception of retirement (physical condition) and saving behaviour, which means that the researcher's hypothesis is rejected. The correlation contribution of the two variables is 17.7%. This explains that the more positive the perception of retirement (physical condition), the higher the saving behaviour of workers. The more negative the perception of retirement (physical condition), the lower the saving behaviour. This study rejects hypothesis 1, which states that the relationship between perceptions of retirement (physical condition) and saving behaviour is negative, but the results show the opposite direction of correlation. The majority of them currently perceive retirement as it is fun because with retirement they can take a break from work and pursue hobbies to fill their free time

Financial condition

The correlation coefficient of financial condition is 0.873 greater than the r-table (0.873 > 0.1971) with a value of $p = 0.000$, indicating that there is a relationship with a significant positive correlation direction, since the significant value is $0.000 < 0.05$. Therefore, it can be concluded that there is a positive correlation between the perception of retirement (financial situation) and saving behaviour, which means that the researcher's hypothesis is rejected. The correlation contribution of the two variables is 76.3%. This explains that the more positive the perception of retirement (financial condition), the higher the saving behaviour of employees. On the other hand, the more negative the perception of retirement (financial condition), the lower the saving behaviour. This study rejects hypothesis 2, which states that the correlation between perception of retirement (financial condition) and saving behaviour is negative, but the results show the opposite direction of correlation. The majority of respondents currently perceive retirement as fun, in part because retirement allows them to be entrepreneurial to meet their financial needs.

Social condition

The correlation coefficient or r-count of the social condition is 0.503 greater than r-table (0.503 > 0.1971) with a value of $p = 0.000$, indicating that there is a relationship with a significant positive correlation direction, because the significant value is $0.000 < 0.05$. Therefore, it can be concluded that

there is a positive relationship between the perception of retirement (social conditions) and saving behaviour, which means that the researcher's hypothesis is rejected. The correlation contribution of the two variables is 25.3%. This explains that the more positive the perception of retirement (social conditions), the higher the saving behaviour of workers. On the other hand, the more negative the perception of retirement (social conditions), the lower the saving behaviour. So, this study rejects hypothesis 3, which states that the correlation between the perception of retirement (social condition) and saving behaviour is negative, but the results show the opposite direction of correlation. The majority of respondents currently perceive retirement as fun, in part because they can spend more time with their families during retirement.

CONCLUSION

In conclusion, based on the results of this study, the research hypotheses were rejected. It is believed that retirement perception is negatively correlated with saving behavior, but the results of the study show the opposite direction. The research results show that the more positive workers' perception of their retirement period, the higher their saving behavior. On the other hand, if their perception of retirement is negative, their saving behavior will also be lower.

The results of this study are not consistent with the basic assumption of the researcher, which is that a negative perception of retirement causes anxiety, especially in relation to the finances of workers, so they try to reduce anxiety by trying to take preventive measures, that is, save more before retirement, so that when you retire you will not have financial problems.

The conclusion from this research is that the company should continue its efforts to prepare for workers who will retire by providing training for entrepreneurs so that workers have the necessary knowledge to become entrepreneurs after retirement. And for the workers for more enriching information about all matters related to retirement, so it is expected that they will be able to better understand all the changes that will occur and prepare everything to realize retirement as expected. Also, from now on, they should improve their saving behavior in order to be financially secure in retirement and not have problems related to financial changes later on.

For other researchers who will conduct research on the same topic, it is recommended to use different research methods to enrich the studies on saving behavior. Also, other factors/independent variables that could influence saving behavior should be added.

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