Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 06 Issue 11 November 2023

Article DOI: 10.47191/jefms/v6-i11-52, Impact Factor: 7.144

Page No: 5712- 5717

The Influence of Saving Behavior on Retirement Preparation Period Through Financial Literacy, Retirement Funds as a Mediating Variable for LPP RRI Malang Employees

Yesita Eringgar Resani[1], Sugeng Haryanto[2], Sari Yuniarti[3]

[1]Student of Postgraduate Magister Management, Universitas of Merdeka Malang, Indonesia

[2,3] Faculty of Economic and Business, University of Merdeka Malang, Indonesia

ABSTRACT: In order to minimize employees' fear of retirement, the aim of the research is to determine the influence of financial literacy, old age financial planning and saving behavior which is supported by control variables consisting of gender, education and income. The population of this study were ASN LPP RRI Malang employees. The sample in this study used 80 employees. The data collection technique uses a questionnaire. The data analysis technique uses SEM-PLS. Based on research results from the data obtained, it shows that financial literacy and financial planning have no effect on retirement readiness. This shows that perhaps employees understand but still do not take advantage of the financial products around them and in managing their finances they do not only think about retirement readiness but also think about consumption and the needs of school children. Meanwhile, saving behavior influences retirement readiness. The existence of supporting income control variables can influence retirement readiness. This shows that existing habits can be applied from childhood to adulthood or old age, that saving is very important for long-term life.or the papers to be published. You can use this document as both an instruction set and as a template into which you can type your own text.

KEYWORDS: Saving Behavior, Retirement Preparation Period**,** Financial Literacy, Retirement Funds**,** Demographic Factors

I. INTRODUCTION

Preparations for entering retirement must be planned well in advance, especially for the type of person who is used to being super active. The type of civil servant who is used to living an active life needs to prepare for retirement 4-5 years before entering retirement (retirement). One needs to plan or start an activity based on the area of interest. The reason is, there are quite a few former civil servants (PNS) whose standard of living has decreased due to retirement. Experiencing aging and retirement is something that workers will experience (Jariah et al., 2012). Work is an individual activity carried out by hardworking people to achieve a certain goal. However, people do not always carry out work activities, especially those who work in certain companies or organizations because of the productive age limit (Kuncoro & Sari, 2006). Sulastri & Hartoyo (2014) According to him, retirees are still very satisfied with the post-retirement economic situation because these retirees find themselves implementing a two-income strategy to keep the family's economic condition running. This means that retirees need resources that they cannot plan for until they reach retirement age.Many workers are not ready to enter retirement because they have to rely on pension savings funds (taspen) which are clearly insufficient. This shows that preparedness is limited to individuals, but is not accompanied by government policy preparedness. In addition, retirement planning for government employees is part of their salary. The state guarantees and ensures that retired employees have a better standard of living (Kings et al., 2007). Usually in the retirement phase, individuals usually have a different attitude.

There are three types of attitudes towards retirement: refusing, forced to accept and accepting. According to Rakhmat & Budiman (2016), generally there are people who do not want to know what their retirement period should be, so they refuse. This is because the individual is worried that some of the needs they usually have when gaining power, socializing with society and they feel that their self-esteem will fall or be low will not be fulfilled. Even so, long-term funding needs must be considered as early as possible, for example long-term needs in preparing retirement funds, when someone retires they will earn a relatively lower income compared to when they were still productive. In 2021, through online media, Republika.co.id found that people tend to save and invest during the Covid-19 pandemic. Saving is society's top priority at the moment, with 79% agreeing with this statement, because it is likely that in uncertain conditions consumers will not be willing to spend money like before the pandemic.

Retirement is a situation where a person's income is reduced and they are no longer working because they have to be laid off. that entering retirement age will be experienced by everyone, especially those who work, when entering retirement a person must be ready for everything (mental, physical, financial, alternative activities). Because an individual entering retirement will feel the changes that occur due to not working and experiencing a decrease in income, it is necessary to prepare well for retirement so that he can live comfortably. Additionally, as we age, we need to increase healthcare costs. In other words, to cover costs, preparations need to be made first, namely preparing savings (Sundjaja et al., 2015). Retirement readiness is defined by Moorthy et al., (2012) where a person is physically and mentally ready to retire at a certain time with the support of various factors that can be prepared in advance. This seems important for retirement because preparation is expected to result in a happy quality of life in retirement.

Saving behavior is the aim of maintaining financial security in the future, setting aside a portion of income can make things simple and complex, a high consumer attitude will make saving behavior easy to do and will provide benefits for the individual. Sukirno (2017), revealed that saving is done for various different purposes, for example to finance consumption after reaching retirement age so that unexpected costs do not occur in the future.

II. METHOD

This research uses quantitative research via Google spreadsheet in the form of a questionnaire specifically for ASN LPP RRI Malang employees. Population: This research was conducted on 80 LPP RRI Malang employees. Example Technique: The sampling technique used in this research is a saturated sampling technique (census), so the entire sample population is used.

The data analysis technique used is descriptive analysis for each variable and further analysis of hypothesis testing using multiple regression and path analysis. The analysis tests carried out are the outer model and inner model. Hypothesis testing using multiple regression analysis is carried out to determine whether the independent variable has a partial effect on the dependent variable and to determine the linearity of the regression equation. Path analysis is carried out to find out whether the mediating variable is able to mediate the independent variable against the dependent variable. Hypothesis testing analysis and multiple linear regression analysis using the Structural Equation Modeling (SEM) model with the Partial Least Squares (PLS) approach and processing it with the SMART-PLS program.

III. RESULT AND DISCUSSION

A. Result

1. Inner Model Results

Table 1. Inner Model Result

	Original Sampel	t Statistik	P Values	Keterangan
Saving Behavior - Retirement Preparation Period	0,738	6,758	0,000	There is a significant influence
Saving Behavior - Financial Literacy	0,593	7,358	0,000	There is a significant influence
Saving Behavior – Retirement Funds	0,552	6,419	0,000	There is a significant influence
Saving Behavior - Financial Literacy – Retirement Preparation Period	-0,067	0,762	0,446	There is no significant effect
Perilaku Menabung – Dana Masa Pensiun - Kesiapan Pensiun	0,052	0,590	0,555	There is no significant effect
Gender – Retirement Preparation Period	-0,072	0,809	0,419	There is no significant effect
Education - Retirement Preparation Period	-0,095	1,102	0,271	There is no significant effect
Income - Retirement Preparation Period	0,184	2,043	0,042	There is a significant influence

1) Saving behavior towards retirement preparation produces a positive path coefficient of 0.738 and a P-value that can influence saving behavior towards retirement readiness of 0.000. This means that saving behavior influences retirement readiness, so it can be said that (H1) is accepted because P-value 0.000 > α 0.05.
2) Saving behavior based on financial literacy produces a positive path coefficient of 0.593 and a P value of 0.000, which shows that behavior can have an influence on financial literacy. This means that saving behavior influences financial culture, therefore (H2) is accepted because the P value is 0.000 > α 0.05.
3) Saving behavior towards retirement funds produces a positive path coefficient of 0.552 and a P-value of 0.000. Saving behavior can influence financial planning for old age. This means that saving behavior influences financial planning for old age, so it can be said that (H3) is accepted because the P-value is 0.000 < α 0.05.
4) Saving behavior towards retirement preparation through financial literacy produces a negative path coefficient of -0.067 and a P-value of 0.000. Saving behavior has no effect on retirement readiness through financial literacy. This means that saving behavior has no effect on retirement readiness through financial literacy, so it can be said that (H4) is rejected because the P-value is 0.446 < α 0.05.
5) Saving behavior towards retirement preparation through retirement funds produces a positive path coefficient of 0.052 and a P-value of 0.000. Saving behavior has no effect on retirement readiness through old-age financial planning. This means that saving behavior has no effect on retirement readiness through old-age financial planning, so it can be said that (H5) is rejected because the P-value is 0.555 < α 0.05.
6) Gender on the retirement preparation period produces a negative path coefficient of -0.072 with a P-value that can influence gender on retirement readiness of 0.419. This means that gender has no effect on retirement readiness, so it is stated that (H6) is rejected because the P-value is 0.419 > α 0.05.
7) Education on the retirement preparation period produces a negative path coefficient of -0.095 with a P-value that can influence education on retirement readiness of 0.271. This means that education has no effect on retirement readiness, so (H7) is rejected because the P-value is 0.271> α 0.05.
8) Income during the retirement preparation period produces a positive path coefficient of 0.184 with a P-value which can influence income on retirement readiness of 0.042. This means that income influences retirement readiness, so (H8) is accepted because the P-value is 0.042 < α 0.05.

2. Mediation Effect Result

Table 2. VAF Culculation Result

Construct	**Mediation Variables**	**Direct Influence**	**Indirect Influence**	**Total Influence**	**VAF % (Indirect influence / Total Influence)**	**Information**
Saving Behavior - Retirement Preparation Period	Financial Literacy	0,738	-0,067	0,671	9%	There is no mediation effect
Saving Behavior - Retirement Preparation Period	Retirement Funds	0,738	0,052	0,790	6%	There is no mediation effect

The study of intermediate variables is also proven by the VAF value of each intermediate variable. If the VAF value is greater than 80%, this indicates the role of the intermediary variable as a full mediator. If the VAF value is between 20% and 80% it is classified as partial mediation, and if the VAF value is below 20% then it can be concluded that there is almost no mediation effect (Baron et al. (Kenny, 1986)); Hare et al., 2011; Coke, 2011, 2013).

So it is concluded that the mediation effect test between saving behavior - retirement preparation period - financial literacy has a value of 9% below 20% so it is said that there is no mediation effect between these variables, and for the mediation effect test between Saving Behavior - retirement preparation period - retirement funds has a value 6% is below 20% so it is said that there is no mediation effect between these variables.

B. Discussion

1. The Influence of Saving Behavior on the Retirement Preparation Period

The results show that saving behavior influences the retirement preparation period, the better it is in increasing employee saving behavior so that it will influence the retirement readiness of ASN LPP RRI Malang employees. In employee saving behavior, it can show motivation for the drive that originates within oneself to achieve goals, the personality that is reflected in oneself who respond to the surrounding environment, as well as the attitude they have in acting which has been ingrained since childhood that saving is important. Employees who have saving behavior always set aside money every month for the future and save for the future so that their family will be better. By saving the budget, LPP ASN can increase the retirement readiness of LPP RRI Malang employees because they think that savings are sufficient to finance long-term needs.

This also agrees with research conducted by Wardani et al., (2019) which states that there is a positive relationship between saving habits and retirement readiness. The results of this research have supported the careful findings by Sabri & Juen (2014) who concluded that the higher the amount of savings, the easier it is to retire.

2. The Influence of Saving Behavior on Financial Literacy

The results show that saving behavior has an effect on financial literacy, meaning that knowledge to utilize financial service products available around them is high, so they need to implement/apply knowledge in long-term financial investments that will benefit their savings.

This research is also the same as Nafisah's (2020) research which states that financial literacy has a positive effect on saving behavior. Tharanika & Andrew (2017) in their research stated that financial literacy is positively related to saving behavior.

3. The Influence of Saving Behavior on Retirement Funds

The results show that saving behavior influences pension funds, meaning that the better a person's saving attitude, the more likely they are to have good retirement planning. A person's inability to accurately predict his or her retirement needs can result in suboptimal savings, and someone with a poor savings attitude typically works after retirement and relies on Social Security during those years. So, the more a person wants to save for retirement, the better and safer his retirement plan will be.

These results are comparable to the study of Payne et al. (2014) suggest that financial attitudes such as saving can influence a person's retirement fund planning behavior. Kimiyaghalam et al. (2017) also stated that there is a positive influence on a person's savings attitude on retirement fund planning.

4. The Influence of Saving Behavior on Retirement Preparation Through Financial Literacy

Based on the results of this research, it shows that there is no influence between saving behavior on retirement preparation through financial literacy, meaning that knowledge about financial literacy is not used to save in preparation for retirement, they save because it has been ingrained in them since childhood that saving is important for the future. or to buy what you really want.

The results of this study do not support research by Sabri & Juen (2015) which states that people with a high level of financial literacy are more likely to retire.

5. The Influence of Saving Behavior on the Retirement Preparation Period through Retirement Funds

The results show that there is no influence between saving behavior on the retirement preparation period through and retirement, meaning that employees have relied on the old age security that will be received when they retire from the government, therefore employees do not set aside their salary for retirement.

The results of this study do not support previous research findings which show that there is a significant relationship between financial management and pension financing. (Sabri & Juén, 2014).

6. The Influence of Gender on the Retirement Preparation Period

Based on the results of this research, it shows that gender has no effect on the retirement preparation period, meaning this shows that gender is not a problem in preparing for retirement, so that the characteristics of men and women are not much different in facing retirement and the way to prepare is also almost the same, so Careful preparation is needed to welcome a good retirement without having to worry about arranging or preparing replacement activities during retirement to fill free time, to earn additional income or also to provide useful entertainment.

The results of this study do not support the findings carried out by Yoong et al., (2012) who also found that demographic factors such as gender, income level and financial education were positively related to retirement programming.

7. The Influence of Education on the Retirement Preparation Period

Based on the results of this research, it shows that education has no effect on the retirement preparation period, because low education will not prevent them from preparing for their retirement supported by attitudes that have a positive influence on themselves and how to understand and utilize financial products. So the higher the level of education, the better way to prepare for retirement by implementing or utilizing financial service products available around you to prepare for retirement well and still have a positive influence on yourself and convince your family to accept the retirement that you will face.

The results of this study do not support the findings carried out by Yoong et al., (2012) who also found that demographic factors such as gender, income level and financial education were positively related to retirement planning.

8. The Influence of Income on the Retirement Preparation Period

Based on the results of this research, it shows that income has no effect on the retirement preparation period, therefore if you have a high income then your retirement readiness will also be good without having to worry about facing retirement. The greater the amount of income and the greater the number of dependents in the family, the more planned the savings behavior can be with a retirement planning program. By having more income, you will have the opportunity to manage your finances more wisely and control your expenses.

The results of this research have supported the findings made by Yoong et al., (2012) who also found that demographic factors such as gender, income level and financial education were positively related to retirement planning.

IV. CONCLUSION

The Influence of Saving Behavior on Retirement Preparation Period through Financial Literacy, Retirement Funds as a Mediating Variable for LPP RRI Malang Employees:

1. Saving behavior has a significant effect on retirement preparation. This means that the better it is at improving employee saving behavior so that it will influence the retirement readiness of ASN LPP RRI Malang employees. In employee saving behavior it can show motivation as a driving force that comes from within to achieve goals, personality that is reflected in the self that responds to the surrounding environment, as well as the attitude that one has in acting that has been ingrained since childhood that saving is important. Employees who have saving behavior always set aside money every month for the future and save for the future so that their family will be better. By saving the budget, LPP ASN can increase the readiness of retired LPP RRI Malang employees because they think that their savings are sufficient to finance long-term needs.
2. Saving behavior has a significant effect on financial literacy. This means that each individual's savings have different goals, for example to finance consumption after reaching retirement age so that unexpected costs do not occur in the future, therefore saving needs to require knowledge and skills that can be implemented in the future, individual behavior to increase financial literacy, can take advantage of these financial services to plan their personal finances better, so that income does not conflict with consumer goods, it is better to invest more efficiently, so that everyone can minimize losses and maximize profits.
3. Saving behavior has a direct effect on retirement funds. This means that old age usually occurs when everyone retires, that everyone has financial responsibility to meet daily needs to achieve financial well-being, with a lot of knowledge to make better decisions. Every individual has financial responsibility to meet daily needs for financial well-being, people with high knowledge can make better decisions by setting aside a portion of their income while still actively working.
4. Saving behavior has no mediating effect on retirement preparation through financial literacy. This means that to set aside income they don't look at how knowledgeable they are about financial knowledge to prepare for retirement, for investment they don't need a high level of knowledge, even though if they had high knowledge they could invest well and be more profitable.
5. Saving behavior has no mediating effect on the retirement preparation period through pension funds. This means that they save only for what they want without needing to think about the expenses that will occur when they are old because they already rely on pension funds from the government.
6. Gender has no effect on the retirement preparation period. This means that gender is not a problem in preparing for retirement, so the characteristics between men and women are not much different in facing retirement and the way to prepare is almost the same, so thorough preparation is needed to welcome a good retirement without having to worry about organizing or preparing. Replacement activities during retirement to fill free time, to earn additional income or also to provide useful entertainment.
7. Education has no effect on the retirement preparation period. This means that low education will not prevent them from preparing for their retirement supported by attitudes that have a positive influence on themselves and ways of understanding and utilizing financial products. So the higher the level of education, the better way to prepare for retirement by implementing or utilizing financial service products available around you to prepare for retirement well and still have a positive influence on yourself and convince your family to accept the retirement that you will face.

8. Income has a significant effect on the retirement preparation period. This means that by having a high income, retirement readiness will also be good without having to worry about facing retirement. The greater the amount of income and the greater the number of dependents in the family, the more planned the savings behavior can be with a retirement planning program. By having more income, you will have the opportunity to manage your finances more wisely and control your expenses.

REFERENCES

1) Aulia, N., Yuliati, L. N., & Muflikhati, I. 2019. Kesejahteraan Keuangan Keluarga Usia Pensiun: Literasi Keuangan, Perencanaan Keuangan Hari Tua, dan Kepemilikan Aset. *Jurnal Ilmu Keluarga & Konsumen,* 2019, 12.1: 38-51.
2) Gallego-Losada, R., Montero-Navarro, A., Rodríguez-Sánchez, J. L., & González-Torres, T. 2022. Retirement planning and financial literacy, at the crossroads. A bibliometric analysis. *Finance Research Letters,* 2022, 44: 102109.
3) Hajam, Muhammad Affan. 2020. Pengaruh sikap menabung dan orientasi masa depan terhadap perencanaan dana pensiun pada pekerja swasta di kota Surabaya. *IQTISHADUNA: Jurnal Ilmiah Ekonomi Kita*, 2020, 9.2: 136-146.
4) Juen, T. T., & Sabri, M. F. 2012. Factors Affecting Retirement Confidence Among Women in Peninsular Malaysia Goverment Sectors. *Malaysian Journal of Consumer and Family Economics*, 2012, *19*: 53–68.
5) Joo, S. H., & Pauwels, V. 2002. Factor Affecting Worker's Retirement Confidence; A Gender Perspective. *Journal of Financial Counseling and Planning,* 2002, 13.2.
6) Lusardi, A., & Mitchell, O. S. 2011. Financial Literacy and Retirement Planning In The United States. *National Bureau of Economic Research*, *No.w17108*. https://doi.org/10.3386/w17108.
7) Lusardi, A., Mitchell, O. S., & Curto. 2014. The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 2014, 52.1: 5–44. https://doi.org/10.1257/jel.52.1.5.
8) Lusiana, Frida. 2020. Pengaruh literasi keuangan dan tingkat pendapatan terhadap perilaku menabung PNS kota Surabaya dengan *Locus Of Control Ekternal sebagai Variabel Mediasi.* PhD Thesis. Sekolah Tinggi Ilmu Ekonomi Perbanas, Surabaya, 2020.
9) Niu, Geng; Zhou, Yang; Gan, Hongwu. 2020. Financial literacy and retirement preparation in China. *Pacific-Basin Finance Journal,* 2020, 59: 101262.
10) Noviarini, J., Coleman, A., Roberts, H., & Whiting, R.H. 2021. Financial literacy, debt, risk tolerance and retirement preparedness: Eviden from New Zealend. *Pacific-Basin Finance Journal,* 2021, 68: 101598.
11) Nurul Fardila , Tuti Rahmi, Yanladila Yeltas Putra. 2014. Hubungan dukungan sosial keluarga dengan kesiapan menghadapi pensiun pada pegawai negeri sipil. *Jurnal Riset Aktual Psikologi Universitas Negeri Padang*. Volume 5, Nomor 2, November 2014, hlm 157-168.
12) Sabri, M. F., & Juen, T. T. 2014. The Influence of financial literacy, saving behaviour, and financial management on retirement confidence among women working in the Malaysian public sector. *Asian Social Science*, 2014, 10.14: 40–51. https://doi.org/10.5539/ass.v10n14p40.