

UNLOCKING RETIREMENT CHOICES: FACTORS SHAPING SAVINGS SCHEME SELECTIONS IN SABAH'S STATUTORY BODIES AND LOCAL AUTHORITIES

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ABSTRACT

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This study was carried out to seek deeper understanding of why statutory bodies and local authority employees are more attracted to choose the Government pension over the EPF contribution as a retirement scheme. Specifically, it was conducted to examine the knowledge and understanding of retirement schemes available to them and to determine factors affecting employee's evaluation of the Government pension and the EPF retirement schemes. The Theory of Planned Behaviour (Ajzen 2000) was used as the research framework, and quantitative method was employed as the approach to research. There were three major findings from this research. Firstly, employees were aware, understand the choice and can differentiate between the two schemes. However, their awareness level was rather low for them to make informed choices. Secondly, social factors formed the basis in making the choice meanwhile psychological factors established the need to make the choice. However, economic factors were the determining factor in making the decision to choose a scheme. Income level, age, and gender were significantly moderating variables influencing the decision to choose a pension scheme.

INTRODUCTION

Background of the Study

When the nation achieved independence in 1957, the Malaysian Government established several key institutions, including the State General Public Service, the Joint Public Services, the Education Service, the Judiciary Legal Services, and the Armed Forces, in fulfilment of its obligations outlined in Article 138 of the Federal Constitution. As the country progressed, it introduced statutory bodies and local authorities to enhance the efficiency and effectiveness of governmental administration. The statutory bodies were created to handle tasks that would be deemed inappropriate for government departments. These entities are legally incorporated by Parliament or State legislatures to carry out specific duties and responsibilities aligned with government objectives. They serve as public regulatory bodies responsible for executing regulatory and enforcement functions on behalf of the government.

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Furthermore, the government established local authorities to advance the social, economic, environmental, and cultural well-being of local communities. These local authorities deliver a wide range of essential services to residents and businesses within defined geographic areas. Their responsibilities encompass areas such as social services, education, housing and urban planning, waste management, as well as activities like licensing, business support, registrar services, and pest control. Both statutory bodies and local authorities adhere to Public Service procedures in matters concerning appointments, terms and conditions of employment, and remuneration systems. Additionally, their salaries are funded by the government.

Civil servants employed in the State General Public Service, the Joint Public Services, the Education Service, the Judiciary and the Legal Service, and the Armed Forces are categorized as public sector employees. They receive compensation and fall under the purview of government pension schemes, as stipulated in Article 74 of the 9th Schedule, List I, Para 6(d) of the Federal List within the Federal Constitution, in accordance with the provisions of the Pension Act 1980 (Act 227). In contrast, employees of statutory bodies and local authorities are not classified as civil servants and are not enrolled in the Government pension scheme. Instead, they participate in the EPF contribution scheme.

The situation underwent a transformation with the implementation of the Statutory and Local Authorities Pension Act 1980 (Act 239) in 1975. At that juncture, employees of statutory bodies and local authorities were granted the choice between opting for the Government pension scheme or continuing their participation in the EPF contribution scheme. A significant majority elected to enroll in the Government pension scheme, while the number of individuals opting to persist with the EPF scheme remained notably low, a trend that endures to the present day. According to a report published in The Star on November

27, 2008, the percentage of those choosing to continue with the EPF scheme stood at less than 3%, totaling less than 40,000 individuals.

In a broader context, this study was conducted to assess the extent of comprehension among employees of statutory bodies and local authorities regarding retirement savings plans and the alternative retirement schemes at their disposal. More specifically, the study aims to examine how attitudes, subjective norms, and perceived behavioral control contribute to the selection of retirement savings schemes among employees in Sabah's statutory bodies and local authorities, with the goal of providing insights that could guide the development of effective policy recommendations and organizational strategies to improve retirement planning and financial security among the workforce in this region.

Retirement Planning in Malaysia

Retirement planning exerts a substantial economic influence at various levels, encompassing individuals, society, and the overarching economy. It enables individuals to amass savings and investments throughout their working years, constituting a vital income source during retirement. By doing so, it empowers individuals to uphold their financial autonomy, addressing living expenses, healthcare expenditures, and other necessities without exclusive reliance on government assistance or familial support. Sound retirement planning can alleviate the pressure on governmental social welfare programs like Social Security or pension schemes. As individuals diligently save and invest for their retirement, their dependency on public aid diminishes, aiding governments in deploying resources with greater efficiency. Moreover, robust retirement savings serve as a safeguard, mitigating the potential for retirees to grapple with financial crises during economic downturns, thereby fostering economic stability. Retirement planning also wields sway over labour market dynamics. Individuals

equipped with a well-defined retirement strategy may opt to retire at specified ages, liberating employment opportunities for younger generations. This dynamic can contribute to diminishing unemployment rates and sustaining a robust labour market. In brief, retirement planning exerts a multifaceted economic impact, spanning from bolstering individual financial security to fostering broader societal and economic equilibrium. Encouragement and advocacy for retirement planning can engender beneficial outcomes at both micro and macroeconomic scales.

There are two distinct categories of government employees in Malaysia. The initial category pertains to public servants, as delineated by Article 138 of the Constitution. Within this classification, only individuals employed to serve specific entities, namely the State General Public Service, the Joint Public Services, the Education Service, the Judiciary and the Legal Service, and the Armed Forces, are recognized as civil servants. The establishment of various service commissions under the Constitution plays a crucial role in upholding principles of good governance. The second category encompasses individuals employed by statutory bodies and local authorities. Statutory Bodies are distinct entities, known by various titles, established by federal laws to fulfil the mandates of the Federal Government, or by state laws for the State Government's purposes. Each of these statutory bodies functions as a legally independent entity created under federal or state laws, entrusted with specific functions aligned with its establishment. On the other hand, local authorities represent the third tier of government entities established by the respective State Assemblies. Their primary role is to deliver public services and amenities within designated areas or districts.

In Malaysia, the predominant retirement framework primarily centers on employment-based schemes. At present, the nation provides five notable pension schemes, encompassing the government pension

scheme, the employees' provident funds scheme, the armed forces retirement fund, the Social Security Organization scheme (SOCSO), and private retirement schemes, all tailored to suit different groups of employees.

Referring to 2018 data from the World Health Organization, it's evident that the life expectancy for citizens in the top 50 developed countries consistently surpasses 80 years. In contrast, Malaysia occupies the 71st position, boasting a life expectancy of approximately 75.3 years. Consequently, retirees in Malaysia can expect to enjoy about 15 years of life beyond the mandatory retirement age of 60. This leads us to a pivotal question: How do they intend to secure their financial well-being during this post-retirement period? In simpler terms, what level of financial stability do these retirees possess as they transition from their working years?

Additionally, there are certain research gaps that emphasize the necessity for further investigation into our understanding of retirement savings plans and scheme selections. Notable gaps include insights from the Schroder Global Investor Study (2020), which uncovered that a significant 62% of retirees worldwide lack the financial means to sustain their livelihoods solely with their retirement savings. Another study conducted by Kim and Hana (2015) yielded results indicating that merely 14% of employees have adequately prepared for their retirement. In the context of Malaysia, data from the 2020 population census revealed that approximately 7%, equivalent to roughly 2.3 million retirees, lack consistent sources of income for their livelihoods, except for those reliant on savings and pension benefits. Observations by Auni Zulfaka and Salina Kassim (2021) suggest that by 2035, Malaysia is poised to transition into an aging society, with an anticipated 30% of its population reaching the 60 years and above age group. Hence, the primary objective of this study was to investigate the reasons behind the preference of employees within statutory bodies and local authorities for the Government pension

scheme as opposed to the EPF contribution scheme for retirement. Additionally, the study aimed to identify and analyze the factors that influence employees' assessment and selection of either the Government pension or the EPF retirement schemes.

Retirement Planning: Why It's Important?

Retirement life is becoming increasingly difficult as a result of the anticipated rise in life expectancy. According to the 2020 Schroders Global Investor Study, the majority (51%) of US investors stated they would retire when they reached the Social Security eligibility age. Only 4% said they would retire when they reached their financial goal for retirement savings. In addition, 48% of respondents expressed fear about not having enough money in retirement, while 62% acknowledged that Social Security benefits won't be sufficient to support them.

The traditional practice of children caring for their parents in old age can no longer serve as a trustworthy model, which adds pressure to maintain a respectable post-employment living. According to the official DOSM 2020 government figures, newborns born in 2020 can anticipate living above the age of 78 for women, which is almost 2 years longer than for men. The report also revealed that the percentage of Malaysians aged 15 and under has declined from 33.3% in 2000 to 23.3% now. The working age group (15–64 years old) grew by approximately 5% to reach 69.7%, in comparison. Accordingly, 2.3 million (or 7% of Malaysia's 32.7 million people) are retirees who do not have productive jobs that provide a steady source of income, with the possible exception of those who have saved money or get pension benefits.

For individuals, the rising life expectancy necessitates the importance of having sufficient savings during their working years. This requirement prompts a need for adjustments in their financial strategies. However, determining the exact amount of savings that qualifies as "adequate" for

ensuring retirement fund sufficiency can be challenging. The Pension Fund Authority (PPA), as mentioned on its website, cites studies and reports recommending that individuals aim for at least two-thirds (67%) of their last drawn salary to maintain a similar standard of living after retirement. To attain this two-thirds benchmark, it is suggested that individuals allocate one-third (33%) of their monthly salary to retirement savings. It is worth noting that in Malaysia, those employed in the private sector are typically already contributing 11% of their salary to a mandatory scheme, which is accompanied by a minimum employer contribution of 12%. Consequently, for most individuals, these mandatory contributions already total 23%. Therefore, individuals may only need to save an additional 10% of their monthly income within the Private Retirement Schemes (PRS) to meet the recommended savings goal.

On a macroeconomic scale, an aging society exerts significant impacts on a nation's fiscal health and overall economic stability. This demographic shift necessitates increased allocations for healthcare, social security, pensions, and other programs aimed at the elderly population. These growing financial commitments divert resources away from potential investments in crucial areas such as education and long-term infrastructure projects. As of 2020, RM3 out of every RM10 spent by the government is dedicated to covering pension and other retirement-related benefits for civil servants. Notably, in 2019, the Malaysian government's annual expenses for retirement-related charges amounted to RM26.6 billion, marking a staggering sixfold increase from the RM4 billion recorded in 2000 over less than two decades. Projections by Yeap (2019) indicate that, if the current trajectory continues, emoluments, pensions, and gratuities could surpass government revenue by 2040. Furthermore, pension gratuity obligations alone might exceed federal government revenue by 2057. In light of these developments, critics are calling for overdue and necessary reform, igniting an ongoing debate on the matter.

Progression of Pension Schemes

The Defined Benefit (DB) type of scheme is traditionally extended to public sector employees, whereas the Defined Contribution (DC) scheme finds popularity within the private sector. In a conceptual sense, as outlined by Ross (2000), the DB scheme represents a socially rooted, government-organized framework designed to provide social security for its employees. It operates as a system established on the principle of partnership to foster social cohesion. In contrast, the DC scheme is rooted in a capital market model, which perceives the DB plan as potentially inhibiting economic growth. The selection of the DB scheme by the government is driven by political considerations, as politicians often lean towards overcommitting to benefits, entwining the scheme with state income obligations, while sometimes overlooking the financial responsibilities associated with such long-term commitments. Consequently, in many countries, the weight of debt arising from pension commitments can disrupt fiscal policies, leading them astray. Consequently, Ross concludes that discussions surrounding the reform of state-sponsored pensions should be conducted within the context of political culture, the state of democracy, and its effectiveness in achieving desired or intended outcomes.

A shift away from DB retirement plans towards DC schemes, particularly in the United States is driven by several significant factors. Firstly, DC plans place greater responsibility on employees, who contribute and make investment decisions, assuming investment risks, while DB plans traditionally offer more secure benefits. Secondly, DC plans are perceived as more cost-effective and easier for companies to manage than their DB counterparts. Thirdly, the complexity of estimating liabilities associated with DB plans presents challenges for corporate budgeting. Additionally, off-balance-sheet accounting practices for DB plans can complicate financial reporting and distort a company's financial

condition. Managing plan assets in DC plans requires substantial investment expertise, often involving third-party consulting firms. Lastly, the large scale of DB plan assets and liabilities can divert corporate executives' focus from core business activities, requiring significant attention to plan administration. In summary, the shift underscores considerations of cost, complexity, investment risk, financial reporting, expertise, and administrative demands in retirement planning and management strategies.

The phenomenon of declining retirement coverage through DB pension plans has been observed over a thirty-year period from 1975 to 2005, with the coverage decreasing from 98% to 92% in the public sector and from 88% to 33% in the private sector. This shift has been attributed to three primary factors: the workforce, employers, and the regulatory environment. However, it's anticipated that DB plans will continue to endure in the public sector due to specific demographic and organizational characteristics. Public sector employees tend to be older, less mobile in terms of job changes, and more risk averse. They also exhibit higher levels of unionization, leading to greater resistance to radical shifts or reforms. This demographic profile contrasts with that of private sector workers, who are generally younger, more job-mobile over time, and more inclined to take career risks by changing jobs in mid-career stages. They tend to have lower unionization rates, placing them in a less advantageous position, which often leads to demands for better remuneration.

Despite the Employees Provident Fund (EPF), which operates as a Defined Contribution (DC) scheme, being the largest provident fund in Malaysia with substantial assets, a strong track record in managing extensive investment portfolios, and a history of delivering above-average returns to its members, there remains a noteworthy trend among employees within statutory bodies and local authorities who opt to forego EPF participation in favor of the Government pension scheme. Understanding the reasons behind this choice is crucial for the

EPF to comprehend why its scheme doesn't gain as much popularity in comparison to the Government pension scheme. In an effort to discover the factors involved, the following are the research questions developed by this study:

- Why do employees of statutory bodies and local authorities prefer to opt for the Government pension scheme over the EPF contribution scheme?*
- What factors influence employees' evaluation and selection of the Government pension scheme and the EPF retirement schemes?*

LITERATURE REVIEW

Underlying theory

The Theory of Planned Behaviour (TPB) by Ajzen (2000) serves as the research framework for this study. TPB posits that an individual's intention to perform a behaviour is influenced by their attitude towards the behaviour, subjective norms, and perceived behavioural control. TPB serves as a foundational psychological model for predicting and understanding human behavior by exploring three critical components: attitudes, subjective norms, and perceived behavioral control. These components together shape behavioral intentions, which in turn influence actual behavior. Within the context of organizational behavior and decision-making, TPB has been instrumental in explaining attitudes towards specific actions, social influences, and an individual's perceived ability to perform a behavior shape decision-making process.

For instance, in the domain of mental health care, TPB has explained the factors influencing professionals' intentions to adopt human rights-based approaches, with attitudes and subjective norms playing significant roles while perceived behavioral control showed minimal impact (Davis et al., 2023). Similarly, TPB has been employed to understand employers' intentions to rehire ex-offenders, revealing that organizational culture and incentives shape attitudes, while skill sets impact perceived control, ultimately affecting rehiring decisions (Fatin et al., 2022). Meanwhile, in health

behavior interventions, TPB-based frameworks have effectively promoted compliance and treatment commitment, particularly in chronic disease management, although most studies have been conducted in developed countries, highlighting the need for further research in lower-resource settings (Paul et al., 2022). The theory has also been applied to predict COVID-19 vaccination intentions, where subjective norms and perceived behavioral control were positively correlated with vaccination intentions, and gender-specific differences emerged in the influence of attitudes and norms (Kai et al., 2022).

Particularly relevant to the analysis of savings behavior within statutory bodies and local authorities, TPB has been applied to explore retirement planning intentions. Factors such as parental financial habits, one's outlook on the future, the propensity for planning, and clarity of goals influence attitudes towards retirement planning. Meanwhile, subjective norms are molded by the social pressures from family, colleagues, and superiors. Together, these factors play a significant role in shaping savings behavior (Kerdvimaluang & Banjongprasert, 2022). However, TPB also acknowledges the potential discrepancy between perceived and actual control over behaviors, suggesting that external factors beyond an individual's control can lead to unplanned behaviors. This has led to calls for expanding the TPB model to incorporate internal factors, such as implicit attitudes, which may better account for deviations from predicted behaviors (Chernozub, 2022).

Principally, TPB remains a robust and adaptable framework for analyzing a wide range of behaviors, including those related to retirement savings within organizational contexts. Its application to the selection of savings schemes among statutory bodies and local authorities in Sabah can provide valuable insights into the psychological and social factors that drive savings behavior, informing the development of more effective savings strategies.

Previous Studies

Attitudes Toward Retirement Scheme Selection

Attitudes significantly influence individuals' decisions regarding retirement scheme selection, as they encompass personal evaluations of the outcomes and benefits associated with these decisions. Past studies indicate that a positive attitude towards retirement planning can enhance the likelihood of engaging in such behaviors. For example, individuals who recognize the importance of securing their financial future are more inclined to participate in retirement planning activities (Astuti & Hartoyo, 2013). Furthermore, studies have demonstrated that attitudes towards retirement planning, including the belief in its necessity and benefits, are crucial in shaping the intention to plan for retirement. This is supported by evidence showing that a positive attitude towards saving directly correlates with proactive retirement planning behaviors (Wu, Li, & Sung, 2016; Fischer & Karl, 2021).

Additionally, research suggests that attitudes towards retirement planning can be influenced by factors such as age, income, and personal values. For instance, individuals who prioritize security and self-fulfilment are more likely to develop a positive attitude towards financial planning for retirement (Astuti & Hartoyo, 2013). This highlights the importance of fostering positive attitudes towards retirement planning through educational initiatives and awareness programs that emphasize the long-term benefits of financial preparedness.

Subjective Norms and Their Influence on Retirement Planning

Subjective norms, or the perceived social pressure to engage in or refrain from a particular behavior, play a critical role in shaping retirement scheme selection. The influence of societal expectations and the opinions of significant others, such as family, peers, and employers, can strongly affect an individual's retirement planning decisions.

Research shows that individuals who perceive strong social support for retirement savings are more likely to engage in such behaviors (Hartoyo & Suharjo, 2017). This is further reinforced by the findings that societal norms regarding financial preparedness and retirement savings are significant predictors of individuals' intentions to plan for retirement (Wu, Li, & Sung, 2016).

Moreover, subjective norms are particularly influential in collectivist societies where group norms and social cohesion are highly valued. In these contexts, the retirement planning behaviors of individuals are often shaped by the expectations and behaviors of their reference groups (Deborah & Hogg, 1996). For example, in Nigerian workers, subjective norms were found to significantly influence retirement planning knowledge-sharing behavior, underscoring the impact of social influences on retirement decisions (Sani, Habibah, & Yusnidah, 2018). Therefore, promoting positive subjective norms through social campaigns and employer-led initiatives can encourage greater participation in retirement planning.

Perceived Behavioral Control and Its Role in Retirement Scheme Selection

Perceived behavioral control refers to an individual's belief in their ability to execute behaviors necessary to achieve specific outcomes. In the context of retirement scheme selection, perceived behavioral control is a significant determinant of whether individuals act on their retirement planning intentions. Studies have shown that individuals with a high sense of control over their retirement decisions are more likely to engage in proactive retirement planning behaviors (Martin et al., 2022). This sense of control can stem from various factors, including financial literacy, access to information, and perceived ease of retirement planning (Laurent & Auzoult, 2015).

However, the influence of perceived behavioral control may vary depending on the context. For instance, in some cases, perceived control does not significantly impact retirement planning behaviors, as seen in the study among Nigerian workers (Sani, Habibah, & Yusnidah, 2018). Nonetheless, overall, the literature suggests that enhancing individuals' perceived control over retirement planning through financial education and empowerment initiatives can lead to better retirement outcomes (Hartoyo & Suharjo, 2017).

The literature review highlights the significant roles of attitudes, subjective norms, and perceived behavioral control in shaping retirement scheme selections among individuals. A positive attitude towards retirement planning, supported by reassuring subjective norms and a strong sense of perceived behavioral control, enhances the likelihood of proactive retirement planning behaviors. These findings emphasize the need for targeted interventions to foster positive attitudes, promote supportive social norms, and enhance individuals' perceived control over their retirement decisions.

METHODOLOGY

This study has embraced and been guided by the conceptual framework rooted in the Theory of Planned Behaviour (TPB), which was developed by Ajzen in 1988. TPB places a central emphasis on behavioural intentions as the pivotal determinant of an individual's propensity to engage in specific behaviour, serving as an indicator of their readiness to take action. In essence, behavioural intention is considered the immediate antecedent to actual behaviour and is influenced by an individual's evaluation of their attitude toward the behaviour (normative belief), the influence of subjective norms (behavioural belief), and their perception of control over the behaviour (control belief). Within this framework, each predictor is assigned a weighted importance

based on its relevance to the behaviour under consideration and the specific population of interest, as outlined by Ajzen in 2006.

In adopting TPB for this study, several reasons underpin this choice. Firstly, the primary objective of this research is to gain insight into how individuals make real-life decisions. Consequently, the focus is on comprehending the intricate dynamics of the decision-making process leading to a specific retirement plan choice. Prior research has consistently identified economic factors (financial literacy, income level, and educational background), social factors (age, gender, marital status, and social status), and psychological factors (risk tolerance, attitudes towards money, and self-control) as influential elements in shaping retirement planning decisions (Lusardi, 2012; Kristjanpoller & Olsen, 2015; Thu, 2018; Wagner, 2002; Clark et al., 2009). Importantly, numerous previous studies have successfully applied the TPB framework, highlighting its capacity to elucidate the relationships between the three antecedent independent variables and behavioural intentions (Thu, 2018; Trehan & Sinha, 2020; Tendy et al., 2015). These studies predominantly employed quantitative methods in their investigations.

A survey was used as the main method of data gathering in this study. Purposive sampling was the chosen approach for selecting participants. The study's geographical focus encompassed Kota Kinabalu city and its surrounding towns within the state of Sabah. As of March 2020, official records indicated a population of approximately 20,779 state civil servants in Sabah, supplemented by an additional 4,000 individuals employed by federal statutory bodies, resulting in a combined total of nearly 25,000 personnel. Notably, nearly 70 percent of statutory bodies and local government employees were concentrated in these specified regions. Data collection efforts were concentrated on employees of statutory bodies and local authorities located within a radius of one hundred kilometers from Kota Kinabalu, Sabah. A total of 155 questionnaires

were distributed, with a sample size of 153 determined using the G*power Statistical analysis sample size calculator developed by Faul et al. (2007). Respondents utilized 5-point Likert Scales to articulate their responses, spanning from "Strongly Disagree" to "Strongly Agree." Subsequently, the collected data underwent analysis through partial least squares (PLS) modeling employing Smart-PLS Version 4.

FINDINGS

The study employed the Smart-PLS Version 4 (Ringle et al., 2022), a partial least squares (PLS) modeling approach, as the statistical tool for analyzing both the measurement and structural models. To address the potential issue of Common Method Bias, the study followed the recommendations outlined by Kock and Lynn (2012), as well as Kock (2015), which involve assessing full collinearity. In this procedure, all variables are regressed against a common variable, and the Variance Inflation Factor (VIF) is examined. If the VIF is ≤ 3.3 , it indicates the absence of bias stemming from single-source data. The analysis of our data yielded VIF values that were consistently below 3.3, signifying that single-source bias does not present a substantial concern in our dataset (Table 4.1).

Table 1 Full Collinearity Testing

Variables	Attitude	Perceived Behavioral Control	Retirement Option	Subjective Norms
VIF	1.978	3.044	2.121	2.326

Discriminant validity assessment was conducted following the HTMT criterion, initially proposed by Henseler et al. (2015) and subsequently updated by Franke and Sarstedt (2019). The computed HTMT values, as presented in Table 4.2, were consistently found to be ≤ 0.85 , which adheres to the more lenient criterion of ≤ 0.90 . Thus, it can be confidently inferred that the respondents recognized the distinctiveness of the utilized constructs. The HTMT ratios presented in Table 4.2 indicate that the constructs of Attitude, Perceived Behavioral

Control, Choice of Retirement Scheme, and Subjective Norms possess adequate discriminant validity. This suggests that these constructs are sufficiently distinct from each other, validating their use as separate entities in the analysis of factors influencing the choice of retirement schemes.

Table 2 shows the Discriminant Validity (HTMT Ratio)

Variables	1	2	3	4	5	6	7
Attitude							
Perceived Behavioral Control	0.706	0.111	0.112	0.163			
Choice of Retirement Scheme	0.598	0.101	0.104	0.045	0.721		
Subjective Norms	0.653	0.078	0.102	0.132	0.779	0.703	

Measurement Model

An evaluation of the measurement model involved an assessment of loadings, average variance extracted (AVE), and composite reliability (CR). The expected criteria were loadings ≥ 0.5 , AVE ≥ 0.5 , and CR ≥ 0.7 . As indicated in Table 3, all AVE values exceeded 0.5, and all CR values surpassed 0.7. The loadings were also deemed acceptable, with the exception of only one or two loadings falling slightly below the threshold of 0.708 (Hair et al., 2022). Consequently, it can be concluded that the second-order measurement construct is both valid and reliable.

Table 3 Measurement Model for the First Order Constructs

Variable	Item	Loadings	CR	AVE
Attitude	ATT1	0.831	0.937	0.711
	ATT2	0.857		
	ATT3	0.808		
	ATT4	0.839		
	ATT5	0.862		
	ATT6	0.862		
Perceived Behavioral Control	PBC1	0.847	0.972	0.776
	PBC2	0.827		
	PBC3	0.909		
	PBC4	0.810		
	PBC5	0.915		
	PBC6	0.859		
	PBC7	0.905		
	PBC8	0.925		
	PBC9	0.931		
	PBC10	0.874		
Choice Retirement Savings Scheme	RO1	0.787	0.916	0.645
	RO2	0.835		
	RO3	0.730		
	RO6	0.756		
	RO7	0.865		
	RO8	0.836		
Subjective Norms	SN1	0.901	0.917	0.787
	SN2	0.932		
	SN3	0.824		

Note: RO4, RO5, SN4, and SN5 were deleted due to low loading.

Structural Model

The study aimed to investigate the factors influencing the choice of retirement schemes among individuals, focusing on subjective norms, attitude, and perceived behavioral control. According to the findings presented in Table 4 below, it is evident that firstly, the hypothesis that subjective norms significantly

impact the choice of retirement scheme (H1) was supported. The standardized beta coefficient ($\beta = 0.257$, $p = 0.001$) and the t-value ($t = 2.438$) indicated a positive and significant relationship. The predictive confidence interval (PCI) ranged from 0.08 to 0.425, and the effect size ($F^2 = 0.064$) suggests a moderate influence of subjective norms on the decision-making process.

Table 4 Hypothesis Testing Direct Effect

Hypothesis Relationship		STD BETA	STD DEV.	T-VALUE	P-VALUE	PCI LL	PCI UL	F2	Results
H1	Subjective Norms -> Choice of Retirement Scheme	0.257	0.106	2.438	0.001	0.08	0.425	0.064	Supported
H2	Attitude -> Choice of Retirement Scheme	0.155	0.118	1.306	0.096	0.056	0.335	0.026	Not supported
H3	Perceived Behavioral Control -> Choice of Retirement Scheme	0.408	0.137	2.988	0.001	0.171	0.617	0.131	Supported

Note: We use 95% confidence interval with a bootstrapping of 5,000

In contrast, the second hypothesis on the effect of attitude towards the choice of retirement scheme (H2) was not supported. The standardized beta coefficient ($\beta = 0.155$, $p = 0.096$) and the t-value ($t = 1.306$) did not reach the threshold for statistical significance. The PCI values (0.056 to 0.335) and a small effect size ($F^2 = 0.026$) indicate that attitude may not play a substantial role in this context. Lastly, the third hypothesis that perceived behavioral control influences the choice of retirement scheme (H3) was strongly supported. The standardized beta coefficient ($\beta = 0.408$, $p = 0.001$) and the t-value ($t = 2.988$) demonstrated a significant and robust relationship. The PCI ranged from 0.171 to 0.617, and the effect size ($F^2 = 0.131$) highlights a considerable impact of perceived behavioral control on retirement scheme choices.

The findings reveal that subjective norms and perceived behavioral control are significant predictors of the choice of retirement schemes, while attitude does not significantly influence this decision. These insights can guide policymakers and financial

advisors in developing strategies to encourage appropriate retirement planning behaviors.

CONCLUSION AND RECOMMENDATION

The study's findings, which reveal that only perceived behavioral control and subjective norms influence choice of retirement options while attitude does not demonstrate a significant impact, can be attributed to firstly, the psychological distance from retirement. The notion of the "psychological distance from retirement" refers to the idea that individuals who are currently employed and actively engaged in their careers may not perceive retirement as an imminent or immediate reality. In other words, they may feel that retirement is a distant event that is not directly relevant to their present circumstances and decision-making. Participants in the study, currently employed individuals, may not feel an immediate connection to retirement. Attitudes towards retirement might be viewed as more abstract, lacking a strong link to their present behaviors and decisions. This concept aligns with temporal discounting, wherein

individuals tend to prioritize immediate outcomes over future ones (Ainslie, 1975). For example, an individual who is in the midst of their career, dealing with daily work responsibilities, and facing immediate financial commitments (such as mortgage payments or educational expenses for children) may find it challenging to allocate resources and attention to retirement planning. Retirement, which may be several decades away, could be seen as a more abstract and remote concept compared to the pressing concerns of the present. This temporal discounting perspective suggests that individuals may not give the same level of consideration to retirement-related attitudes and decisions as they do to matters that have a more immediate impact on their lives. As a result, their attitudes toward retirement may lack a strong connection to their current behaviors and choices.

Additionally, cultural and social factors could play a significant role. Cultural factors refer to the shared beliefs, values, traditions, and practices of a particular group or society. Social factors encompass the influence of family, peers, and broader social networks on an individual's choices and behaviors. Attitudes regarding retirement are often influenced by cultural and social norms. In cultures that emphasize collectivism, retirement decisions may be influenced by the expectations and obligations of the extended family or community. Individuals may feel a strong sense of duty to follow established norms regarding retirement age and financial support for family members. The influence of cultural and social factors on retirement attitudes and decisions is a complex and multifaceted phenomenon. Personal attitudes are not formed in isolation but are shaped by the broader cultural and social context in which individuals live. As a result, individuals may prioritize collective expectations and norms over their individual preferences when it comes to retirement. These cultural and social factors might overshadow personal attitudes (Hofstede, 1980).

The absence of a substantial influence of attitude on retirement choices within the study's findings may point to a potential information and awareness gap concerning retirement planning among the participants. This means that individuals in the study might not have a well-informed understanding of the retirement options available to them or the significance of engaging in proactive retirement planning. This knowledge gap could result in a weaker association between their attitudes or beliefs about retirement and the concrete decisions they make regarding their retirement planning. Participants may not possess a clear understanding of available options or the importance of planning for retirement, leading to a weaker connection between their attitudes and actual choices (Lusardi, 2012). For instance, if individuals are unaware of the benefits of diversified retirement portfolios, tax implications, or the significance of early planning, their attitudes alone may not be sufficient to drive informed and effective retirement choices. The finding that attitude has no significant impact on retirement options may suggest that participants require better access to retirement-related information, education, and resources to bridge the information gap and empower them to align their attitudes with well-informed retirement planning decisions.

Economic considerations, such as income levels and financial stability, might also overshadow the role of attitude in retirement planning. When individuals are confronted with financial constraints or uncertainties about their financial future, they tend to prioritize other factors, such as their perceived control over retirement decisions and the social norms or expectations regarding retirement. These factors may take precedence over their own attitudes or beliefs about retirement. (Lusardi & Mitchell, 2014). Individuals facing financial challenges or insecurity may be more focused on practical aspects, such as how much control they have over their retirement savings and whether they conform to societal

norms related to retirement planning. In such cases, attitudes toward retirement, which may be more abstract and less immediately actionable, may not exert as significant an impact on decision-making as compared to the pressing economic concerns that demand attention and resources.

Moreover, psychological factors, including cognitive biases and heuristics, contribute to the complexity of attitudes. Optimism bias, as described by Shepperd et.al. (2013) refers to the tendency for people to be overly optimistic about their own future experiences and outcomes. In the context of financial planning and retirement, individuals with an optimism bias may underestimate their vulnerability to financial difficulties or unforeseen challenges in the future. They may have an overly positive outlook on their financial security and may not adequately prepare for potential risks or setbacks. Optimism bias is a cognitive bias that can lead individuals to hold positive attitudes about their financial future while underestimating their susceptibility to financial challenges. This bias can create a disconnect between attitudes and behaviors, influencing individuals to underprepare for retirement and financial security.

Lastly, methodological considerations should not be overlooked. The measurement and operationalization of attitude in the study may not have fully captured the nuances of participants' beliefs and feelings about retirement. Different measurement scales or instruments could yield different results (Ajzen & Fishbein, 1980).

The lack of significant influence of attitude on retirement options likely stems from a combination of psychological, cultural, economic, and methodological factors. Future research should delve deeper into these factors to provide a comprehensive understanding of the relationship between attitude and retirement planning choices.

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