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ROLE OF RETIREMENT SELF-EFFICACY IN EXPLAINING RETIREMENT PLANNING.

Liya Peter[1], Dr. V. Ambilikumar[2], Dr. Hareesh N. Ramanathan[3]

[1]Department Of Business Administration And Management, Kerala University Of Fisheries And Ocean Studies, Panangad, Kochi, Kerala,

[2]Department Of Business Administration And Management, Kerala University Of Fisheries And Ocean Studies, Panangad, Kochi, Kerala.

[3]Jain Deemed To Be University, Kochi Campus, Kerala.

Email: [1]liyapeter19@gmail.com; [2]ambilikumar@gmail.com;

[3]hareeshramanathan@gmail.com

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ABSTRACT

The literature on retirement planning has identified various factors that affect retirement planning. Though many researchers had examined the role of demographic and social factors that affect retirement planning, researches examining the role of psychological factors are less. A person's perceived self-efficacy has an influence on his or her choice of goals and the efforts he or she put forth to accomplish those goals. Hence this study aims to compute the level of task-specific self-efficacy related to retirement, also known as retirement self-efficacy possessed by the employees. The study also attempts to find out the discriminating power of retirement self-efficacy factors in discriminating the level of financial preparedness for retirement. The study was able to produce a highly significant discriminant function. The results highlight the use of retirement self-efficacy to predict the level of financial preparedness for retirement.

INTRODUCTION

Retirement, an event that involves various aspects right from the preparation for retirement and is related to deciding on the moment to retire. Usually, retirement has considered as a sudden transformation from being employed at

the moment to the complete stopping of work in the next moment, but the evidence considers it as a more complex and progressive transition (Pinquart & Schindler, 2007).

Giving an unambiguous definition to a phenomenon like the retirement is not an easy task. However, Beehr (1986) opinioned that retirement should be viewed as a process or an act. There are so many factors that need consideration during this complex transition. On the one hand, it is the fundamental freedom of action of the person who is making the decision, and on the other hand, there are pull and push factors that head them to retire at a particular moment (Szinovacz, 2003). Bheer & Adams (2003) considered retirement as 'plural' as there are a series of factors that influence people to think of retirement, and such factors have a role in the retirement intention.

For many workers, retirement is a major life transition (Atchley, 1991). Retirement satisfaction is described as financial security, smooth interpersonal relationships, satisfying health, involvement in leisure activities, and some form of voluntary and paid work and so on (Atchley, 1993; Barrow, 1996; Beck, 1982; De Vaus & Wells, 2004; Kim & Feldman, 2000; Krause, 1987; Mor-Barak, 1995; Richardson & Kilty, 1991). The most critical element of satisfaction out of these variables is financial security (Barrow, 1996; Bateman, Kingston, & Piggott, 2001; Braithwaite & Gibson, 1987; Fletcher & Hansson, 1991; Richardson & Kilty, 1991; Seccombe & Lee, 1986), and studies proved that those who plan gain more wealth (Ameriks, Caplin, & Leahy, 2003; Stawski, Hershey, & Jacobs-Lawson, 2007).

Retirement is an unavoidable event in the life of an employee. Whether it be private sector or public sector and irrespective of the duties assigned, every employee has to come across retirement at a point in their career. Some of the factors that directly related to a successful retirement life are financial soundness, a healthy body, and good social interaction and engagement (McNeil, Lecca, & Wright, 1983). The success of retirement life should be viewed from the financial aspects, the social, and the psychological aspects. McNeil et al. (1983) explained it as to when one person fails to maintain the standard of living that he enjoyed during the period pre-retirement may think it as his incompetence to accomplish family obligations which will further result in a feeling of self-blaming and low self-esteem.

The life expectancy in India for the period 2015-2020 is 69.27 years while it was only 46.1 years during the year 1965- 1970. For the year 2065-2070, life expectancy will to rise to 77.45 (United Nations Statistics Division, 2019). During these years, India has witnessed a change in the family structure too. On the backdrop of increasing life expectancy, changing population and family structure, insufficient coverage of pension schemes, financial planning for retirement has become an essential aspect of everyone's life. Retirement planning is a dynamic process and is affected by both external and individualistic factors. The external factors include various social and economic factors that are beyond the control of an individual, while the individualistic factors are those which can be altered by the individual for successful retirement life. The individualistic factors include financial

awareness, financial literacy, financial involvement, financial planning, savings habit, risk-taking abilities, retirement self-efficacy, etc.

Perceived Financial Preparedness To Retirement

The retirement decision-making process has three important decisions. The first decision is to plan and prepare for retirement where financial decisions being the most crucial and evident; the second decision being the actual transition to retirement; and the third decision relates to the type of transition (Jex & Grosh, 2012). The first decision becomes the most evident and crucial one because financial satisfaction in retirement is the most crucial element in the retirement satisfaction. It will affect the financial ability to retire and the freedom to select the type of retirement and the retirement activities (Segel-Karpas & Werner, 2014).

Retirement planning literature has identified various factors that affect retirement planning. These include psychological characters, social forces, and demographic variables. The psychological characters include retirement goal clarity (Hershey, Jacobs-Lawson, McArdle, & Hamagami, 2007; Kumar, Tomar, & Verma, 2019; Moorthy et al., 2012; Petkosha & Earl, 2009; Stawski et al. 2007), financial risk tolerance (Bernasek & Bajtelsmit, 2002; Grable, 2000; Kumar et al. 2019; Schooley & Worden, 1996), retirement expectations (Johnson, 2004; Smith & Moen, 1998), and perception towards retirement (Ajzen, 1991; Gordon, 1994; Moorthy et al., 2012; Noone, Alpass, & Stephens 2010; Turner, Bailey, & Scott, 1994). The social forces include the support of friends and co-workers, spouse, and parents (Hershey, Henkens, & Van Dalen, 2010), and financial support from employers and government (Van Dalen, Henkens, & Hershey, 2010). The various demographic variables include age, income, marital status, and family status (Hershey et al. 2010; Kemp, Rosenthal, & Denton, 2005).

Though the measurement of retirement planning had taken place many times, this study focused on perceived financial preparedness for retirement. Hershey et al. (2010) explained perceived financial preparedness for retirement as the belief that one's current savings will serve his retirement life. Though studying actual retirement savings was more valuable, this study considers the perceived aspect as equally important. It is because, the other aspect covered under the study is retirement self-efficacy which is also a perceived aspect. Hence this study tried to determine the level of financial preparedness for retirement (hereafter referred to as FPR) of employees.

The retirement and financial decision making literature highlights that the decision to prepare for retirement results from environmental conditions, social forces, and psychological attributes like personality traits and cognitive characters (Hershey, 2004; Van Dalen et al., 2010). It has already established that social, psychological, and environmental factors can together contour human behaviour. Henkens, and Van Dalen (2010), on account of financial behaviour and retirement decision making, had suggested a model where social forces contribute to psychological characters that subsequently affect retirement planning and savings.

The Concept Of Self-Efficacy

Social cognitive theory by Albert Bandura (1986) focused on the concept of self-efficacy. Betz, Harmon, & Borgen (1996) considered it as "one of the theoretically, heuristically and practically useful concepts formulated in modern psychology". Lent, Brown, & Hackett (1996) viewed self-efficacy as "people's judgement of their capabilities to organise and execute various courses of action required in attaining designated types of performance". Bandura (1986) explained self-efficacy as the confidence in one's ability to succeed or accomplish a task in particular situations. It is the possibility that a person is willing to do a challenging task and continue the efforts to accomplish the task. A person's perceived self-efficacy influences his or her choice of goals and the efforts he or she put forth to accomplish those goals. Self-efficacy is an individual's belief in his or her ability to accomplish a specific task. Self-efficacy needs differentiation from self-esteem and self-confidence. Self-esteem means how one feels about oneself, whereas self-confidence is the general assurance in one's ability.

Self-efficacy provides the foundation for human motivation, personal achievements, and personal well-being. Bandura (1977) explains the role of self-efficacy beliefs in human functioning as "people's level of motivation, affective states and actions are based more on what they believe than on what is objectively true". Self-efficacy can also interpret as self-beliefs which helps an individual to accomplish various tasks. It influences the emotions, reactions, and thought patterns of an individual (Bandura, 1986). The high determination associated with self-efficacy will mostly lead to productivity and high performance. Graham & Weiner (1996) considers self-efficacy as a measurement that can predict behavioural outcomes when compared with other motivational constructs in psychology and education.

Various factors can influence an individual's perception of life, such as self-esteem, the concept of self, life experiences, etc. In Bandura's (1977) view, "self-concept reflects people's beliefs in their personal efficacy". Some studies relate self-efficacy to task-based self-esteem (Carson, Carson, Lanford, & Roe, 1997). Accordingly, by building self-esteem, an individual will be able to improve his strength even in situations of frustration (Tjosvold & Tjosvold, 1995). Thus it can be inferred that self-efficacy is an essential factor that affects the behaviour of an individual.

Self-efficacy is important in achieving financial goals as one with greater self-efficacy will more likely to initiate efforts to face the obstacles and achieve the goals. Self-efficacy can be applied in every aspect of our life, whether it be healthcare, financial, sports, workplace performance, education, or at any stage of our life.

Retirement Self-Efficacy

As already discussed, retirement is a significant life transition for all the employees while for around 30% of the employees, it was a stressful transition (Bossé, Spiro III, & Kressin, 1996).

Researchers have identified various factors that influence retirement. Those factors include age (Adams and Rau, 2011; Clark, Knox-Hayes, & Strauss, 2009; Hershey et al., 2010; Turner et al. 1994), gender (Calasanti, 1996), socio-economic status (Bossé, Aldwin, Levenson, & Workman-Daniels, 1991; Calasanti, 1996; Dorfman, 1995; Gall, Evans, & Howard, 1997), pre-retirement occupation and job satisfaction (Dorfman, 1995; Alpass, Neville, & Flett, 2000), the personality of the worker (Bossé et al., 1991), marital or relational status (Dorfman, 1995; Calasanti, 1996), social support (Alpass et al., 2000; Bossé et al., 1991), and life events (Bossé et al., 1991).

Though these factors seem to influence retirement, they fail to explain how people develop task-specific self-efficacy related to retirement. Hence this study aims to compute the level of task-specific self-efficacy related to retirement, also known as retirement self-efficacy possessed by the employees. The study also seeks to determine the discriminating power of retirement self-efficacy factors in discriminating the level of financial preparedness for retirement.

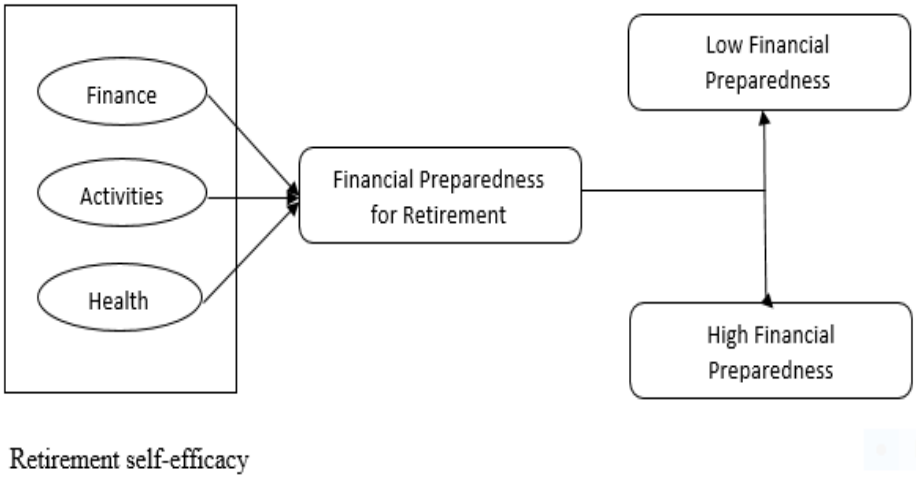
Retirement self-efficacy is an individuals' perception of how successfully they will be able to sail across the anticipated tasks associated with their shift from being an employee to a retiree. Bandura did not explain retirement self-efficacy specifically; instead, Bandura explained various combinations of cognitive, social, behavioural, and emotional skills (Bandura, 1977, 1997) required for self-efficacy which can also be made applicable for retirement self-efficacy. Bandura (1977) cited several studies to show that self-efficacy affects the impulse to attempt tasks, the feelings associated with tasks, the time and effort devoted to tasks, the determination in efforts when faced with obstacles and at last the success experienced in performing the tasks. For some specific tasks, self-efficacy will get varied by factors such as sex (Betz et al., 1996; Busch, 1995; Junge & Dretzke, 1995), socio-economic status (Clark, 1996), and career stage (Guthrie & Schwoerer, 1996).

Subsequently, researchers found evidence for Bandura's theory that self-efficacy can affect task performance (Allinder, 1995; Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Brownell & Pajares, 1996; Dimmock & Hattie, 1996; Harrison, Rainer, Hochwarter, & Thompson, 1997; Kahn & Scott, 1997; Levinson, 1995; Lou, Dai, & Catanzaro, 1997). However, there are studies with results that self-efficacy might not affect the performance of all tasks with all populations (Eaton & Dembo, 1997).

In the past years, several works proposed social cognitive theory from the perspective of self-efficacy. Various studies proved a sound relationship pattern between self-efficacy and task performance on a wide range of tasks on various populations. Studies also found the impact of task-specific self-efficacy on task performance. Among those, some studies conducted in the area of retirement self-efficacy found the sub-factors of retirement self-efficacy. Though the previous studies had found the sub-factors of retirement self-efficacy, no studies used discriminant analysis to determine the discriminating power of retirement self-efficacy factors to its task

performance. Thus the present study examines the discriminating power of the retirement self-efficacy factors in discriminating the financial preparedness for retirement. Figure 1 Conceptual model shows the conceptual model for the study.

Figure 1: Conceptual model



METHODS

Procedure

The study followed a descriptive research design. The study used the survey method for collecting primary data. The employees in the organised sector of India constitute the population of the study. The emloyees in the organised sector of Kerala constitute the sample frame for the study. The study estimated the sample size using the formula

$$n = Nx/((N-1)E^2 + x)$$

where n = sample size to be calculated

N= population size

$$x = Z(c/100)^2 r(100-r)$$

Z(c/100) = critical value of the confidence interval c (95%)

r = response distribution (50%)

E= margin of error.

A sample of 385 was found to be technically optimum for a population which is addressed for the study. Ancticipating deviations in the response rates, 500 questionnaire was sent to the respondents choosen by snowballing. 457 responses came back duly filled in which accounts for 91% response rate.

Measures

The level of retirement self-efficacy possessed by the employees was computed using the Brief Retirement Self-efficacy scale (BRSE-11) (Valero & Topa, 2015). This scale included only 11 items with three subscales: finances, activities, and health. Earlier to this scale, five categories namely health,

finances, activities, government and pension regulations, and retirement itself were used to measure retirement self-efficacy (Neuhs, 1991) and later Valero & Topa (2015) developed a brief scale called BRSE-11 based on the Retirement questionnaire (Harper, 2005).

The original form of the retirement questionnaire included 44 items, with six subscales called physical health, mental health, financial, activities, government and pensions, and retirement itself. BRSE-11 (Valero & Topa, 2015) was adapted because financially preparing for retirement is an economic activity and it is more related to the activities and the comfort (health) one intends to be in when he retires. All 11 items were measured on a five-point Likert scale ranging from Totally agree to Totally disagree.

The scores were then totalled for each of the three subscales: finances, activities, and health separately. The scale used for the measurement is given in Appendix I. The variable retirement self-efficacy was tested for reliability using Cronbach Alpha and was estimated to be 0.853 for finances, 0.839 for activities, and 0.847 for health which found to be good.

The dependent/ outcome variable for the study was measured using the financial preparedness for retirement scale (Hershey & Mowen, 2000). The scale had four items. A five-point Likert scale extending from Strongly agree to Strongly disagree was used to measure all the four items of the financial preparedness for retirement scale. The financial preparedness for retirement score was then arrived at by taking the sum of all the four statements.

The lowest possible score for this variable is four (when the respondent gives the response Strongly disagree to all the items) and the highest possible score will be 20 (when the respondent gives the response Strongly agree to all the items).

Then the middle value 12 is arrived at by taking the average of four and twenty. This score was then used to categorise the respondents into the ones with low financial preparedness and the ones with high financial preparedness. Those who have a financial preparedness for retirement score less than 12 will fall into the group of respondents with low financial preparedness and those with a score greater than 12 will fall into the group of respondents who are having high financial preparedness.

The scale used for the measurement is given in Appendix II. The reliability of the dependent variable financial preparedness for retirement was tested using Cronbach Alpha and was estimated to be 0.745 for financial preparedness for retirement, which found to be acceptable. Table 1 gives the descriptives of all the variables used in the study.

Table 1: Descriptive Statistics (Frequencies, Mean And Sd)

Demographic and socio-economic variables		**%**
Gender	Male	72.40%
	Female	27.60%
Age	21-30	19.30%
(Mean: 35.60)	31-40	60.60%
	41-50	20.10%
Education	Diploma	1.50%
	Graduation	31.50%
	Post-Graduation	60.20%
	Others	6.80%
Experience	≤ 10	54.50%
(Mean: 10.4)	11- 20	42.20%
	> 20	3.30%
Income	< 250000	6.90%
(Mean: 692803)	250001- 500000	29.90%
	500001- 750000	30.00%
	750001- 1000000	31.20%
	> 1000000	2.00%
Marital status	Unmarried	9.20%
	Married	90.20%
	Widow	0.70%
Employment status	Government/ Public sector	30.20%
	Private sector	69.80%
Type of family	Nuclear family	73.10%
	Joint family	26.90%

Source: Survey Data

In finding out the discriminating power of retirement self-efficacy factors in discriminating the level of financial preparedness for retirement, this study used discriminant function analysis (DFA). The Discriminant function analysis is used to estimate the relationship between a dependent variable (categorical variable) and one or more predictors (metric variable). The underlying function of discriminant analysis is to develop discriminant functions that are linear combinations of independent variables that will discriminate between the categories of the dependent variable (Hair Jr., Black, Babin & Anderson, 2014).

Discriminant function analysis requires the determination of a linear equation as in regression that will predict to which group the case belongs (Hair Jr., Black, Babin & Anderson, 2014).

The form it takes will be:

$Z_{jk} = a + W_1X_{1k} + W_2X_{2k} + \ldots\ldots\ldots + W_nX_{nk}$

Where Z_{jk} = Discriminant Z score of discriminant function j for object k

a = intercept

W_i = discriminant weight for independent variable i

X_{ik} = independent variable i for object k.

The following are the assumptions of the discriminant model:

a) The predictors are not strongly correlated.
b) A given predictor's mean and variance are not correlated.
c) The correlation is constant between two predictors across groups.
d) Each predictor's values have a normal distribution.

RESULTS

Regarding the background characteristics of the respondents, the mean age of the respondents was 35.60 years (range 23-50), 72.40% were male, and the majority (60.20%) were post-graduates. The average income of the respondents was Rs. 692803, with the mean experience of 10.4 years. Around 90.20% of the respondents were married, and 73.10% were from a nuclear family. Almost 70% of the respondents were from the private sector.

In this study discriminant function analysis (DFA) was used to find out the discriminating power of retirement self-efficacy factors such as finances, activities, and health (independent variables) in discriminating between the levels of financial preparedness for retirement (predictor variable).

Table 2 Group statistics presents the distribution of observations into the two groups within FPR. The table shows that the mean values of finance in both Low FPR and High FPR category were 11.50 and 19.33, respectively. In the case of activities, the mean values were 7.64 and 11.99, respectively. The mean values were 8.18 and 11.81 in the case of health. Since discriminant analysis is trying to predict group membership, it is required to examine whether there is any significant difference between independent variables using group means and ANOVA results (Hair Jr., Black, Babin & Anderson, 2014). Table 2 and Table 3 provides this information. It is not worthwhile to continue this analysis if there are no significant group differences. Mean differences of finance, activities, and health provided in Table 2 Group Statistics suggest that these may be good discriminators as separations are large.

Table 2: Group Statistics

FPR		Mean	Std. Deviation
Low FPR	Finance	11.50	2.874
	Activities	7.64	1.989
	Health	8.18	2.986
High FPR	Finance	19.33	2.976

	Activities	11.99	2.126
	Health	11.81	2.006
Total	Finance	18.95	3.410
	Activities	11.78	2.314
	Health	11.63	2.201

Source: Survey Data

Table 3 Tests of Equality of Group means provides strong statistical evidence of significant differences between means of Low FPR and High FPR groups for all independent variables with Finances, Activities, and Health producing very high F's.

Table 3: Tests Of Equality Of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Finance	.758	145.430	1	455	.000
Activities	.837	88.478	1	455	.000
Health	.875	64.809	1	455	.000

Source: Survey Data

Table 4 Eigenvalues provides information on each of the discriminate functions (equation) produced (Hair Jr., Black, Babin & Anderson, 2014). The number of groups minus one is the maximum number of discriminant functions produced. Since the study has only two groups, namely, Low FPR and High FPR, only one function is displayed. The multiple correlations between the predictors and the discriminant function are the canonical correlation. It provides an index of overall model fit with only one function, which is interpreted as the proportion of variance explained (R square). In the table, a canonical correlation of 0.524 explains 27.45% of the variation in the grouping variable, i.e. the level of financial preparedness for retirement of the respondent.

Table 4: Eigenvalues

Function	**Eigenvalue**	**% of Variance**	**Cumulative %**	**Canonical Correlation**
1	.378[a]	100.0	100.0	.524

Source: Survey Data

a. First 1 canonical discriminant functions were used in the analysis.

Table 5 Wilks' lambda shows the significance of the discriminant function (Hair Jr., Black, Babin & Anderson, 2014). This table indicates a highly significant function ($p < .000$) and provides the part of total variability not explained, i.e. it is the contrary of the squared canonical correlation.

Table 5: Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1	.726	145.374	3	.000

Source: Survey Data

Table 6 Canonical discriminant function coefficients provides the unstandardized coefficients (beta) used to create the discriminant function (equation). It works similar to a regression equation. The sign of the function indicates the direction of the relationship (Hair Jr., Black, Babin & Anderson, 2014). The equation is

FPR = -7.358 +(0.239 * Finance) + (0.164 * Activities) + (0.077 * Health)

Here Finance is the strongest predictor (0.239) followed by Activities (0.164) and Health (0.077), respectively.

Table 6: Canonical Discriminant Function Coefficients

	Function
	1
Finance	.239
Activities	.164
Health	.077
(Constant)	-7.358

Source: Survey Data

Unstandardized coefficients

Table 7 Structure Matrix provides another way of indicating the relative importance of the predictors (Hair Jr., Black, Babin & Anderson, 2014). The table shows the correlations of each variable with each discriminant function. The Pearson coefficients in Table 7 are structure coefficients or discriminant loadings. These Pearson coefficients serve like factor loadings in factor analysis. Generally, just as factor loadings, 0.30 is seen as the cut-off between important and less important variables.

Table 7: Structure Matrix

	Function
	1
Finance	.920
Activities	.717
Health	.614

Source: Survey Data

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions

Variables ordered by absolute size of correlation within function.

A different way of interpreting the results of discriminant analysis is to use group means of the predictor variables to describe each group's profile. These group means are called Centroids (Hair Jr., Black, Babin & Anderson, 2014). Table 8 Functions at Group Centroids shows the centroids. Those who have Low Financial preparedness for retirement have a mean of -2.728, while those who have High Financial preparedness for retirement have a mean of 0.138.

Table 8: Functions at Group Centroids

FPR	**Function**
	1
Low FPR	-2.728
High FPR	.138

Source: Survey Data

Unstandardized canonical discriminant functions evaluated at group means
Finally, there is a classification phase. Table 9 Classification results is a table in which the columns are the predicted categories, and the rows are the observed categories of the dependent. When the prediction is perfect, all cases will lie diagonally. The percentage of correct classifications is the percentage of cases on the diagonal. The classification results reveal that 90.6% of respondents were classified correctly into Low FPR and High FPR. This overall predictive accuracy of the discriminant function is called the "Hit ratio". The estimated calculations were accurate for Low FPR (100%) than High FPR (90.1%).

Table 9: Classification Results[a]

	FPR		**Predicted Group Membership**		**Total**
			Low FPR	High FPR	
Original	Count	Low FPR	22	0	22
		High FPR	43	392	435
	%	Low FPR	100.0	.0	100.0
		High FPR	9.9	90.1	100.0

Source: Survey Data
a. 90.6% of original grouped cases correctly classified.

DISCUSSION

The primary purpose of this study was to examine the discriminating power of retirement self-efficacy factors, finance, activities, and health in discriminating the level of financial preparedness for retirement. For this, the study undertook a discriminant function analysis. The results of the study showed that a significant discriminant function could be estimated to classify the level of financial preparedness for retirement.

The results highlight that retirement self-efficacy can be used to predict the level of financial preparedness for retirement. The results of the discriminant analysis revealed that among the three sub-factors of the retirement self-efficacy used in the study, finance has the highest discriminating power over the other two sub-factors activities and health.

The study created a discriminant equation with which the financial preparedness for retirement can be estimated if the retirement self-efficacy is known, thereby the level of financial preparedness for retirement can be assessed. The results of the predicted group membership predicted 100 per cent correct assignment to the low financial preparedness for retirement groups and 90.6 per cent to the high financial preparedness group.

The findings of this study can be read along with the studies of Barrow (1996), Bateman et al. (2001), Braithwaite & Gibson (1987), Fletcher & Hansson (1991), Richardson & Kilty (1991), and Seccombe & Lee (1986) which states that the most critical element of retirement satisfaction is financial security. The results of the present study also pointed out that finance has the highest discriminating power over the other sub-factors. This shows that financial matters are the most critical factor that determining the level of financial preparedness for retirement and the financial security attained from the retirement planning plays a crucial role in deciding the satisfaction one gets throughout the retirement.

The results of this study were consistent with the studies of Ashton and Webb (1986), Ballout (2009), Bates, Latham, & Kim (2011), Çetin & Aşkun (2018), Hackett (1995), Klassen & Tze (2014), McAuley & Jacobson (1991), Niu (2010), Schwarzer & Schroder (1997), and Zimmerman (2000). They found that perceived self-efficacy and task-related self-efficacy is positively related to successful task performance.

Though the previous studies had found the sub-factors of retirement self-efficacy, no studies used discriminant analysis to determine the discriminating power of retirement self-efficacy factors to its task performance. Hence, this study is highly relevant and add to the literature a new trend in examining the discriminating power of the self-efficacy factors in discriminating the task performance. The results of this study gave a clear direction as to how and where the retirement planning programs and schemes can be best designed and focused. The findings of the study help the agencies and banks to introduce schemes and plans suitable for those who are in service.

The results will also help the government and policymakers engaged in implementing welfare plans to design new schemes and plans. The findings will also help the planners and researchers for innovating schemes for the benefit of employees. Since this study examined the discriminating power of retirement self-efficacy factors, future research can be initiated to examine the discriminating power of other task-specific self-efficacy factors in task performance.

Theoretical Implications

This paper presented a model for predicting financial preparedness for retirement in retirement planning. A predictive discriminant function of two group cases (high and low financial preparedness for retirement) was developed. The model shows that the financial preparedness for retirement can

be predicted using the three sub-factors of retirement self-efficacy: finance, activities and health. This prediction model is significant and can predict financial preparedness for retirement because of its fair value of canonical correlation coefficient (0.524) and significant discriminant function coefficients.

The result shows that if a person wants to prepare well for his/ her retirement, he/ she should have a high level of retirement self-efficacy more specifically in financial matters. The study would help the employees to have a good understanding of how the sub-factors of retirement self-efficacy contributes to the overall financial preparedness for retirement. Employees should ensure that the three significant sub-factors of retirement self-efficacy, more specifically, the finance are efficiently developed so that high financial preparedness for retirement can be achieved.

This study focused on the social cognitive theory of Albert Bandura (1986). Though Bandura did not explain retirement self-efficacy specifically, various studies (Allinder, 1995; Ashton and Webb, 1986; Ballout, 2009; Bandura et al., 1996; Bates et al., 2011; Brownell & Pajares, 1996; Çetin & Aşkun, 2018; Dimmock & Hattie, 1996; Hackett, 1995; Harrison et al., 1997; Kahn & Scott, 1997; Klassen & Tze, 2014; Levinson, 1995; Lou et al., 1997, McAuley & Jacobson, 1991; Niu, 2010; Schwarzer & Schroder, 1997; Zimmerman, 2000) had found evidence for the theory that self-efficacy can affect task performance on various tasks.

The findings of this study fully support the social cognitive theory. This study contributes to the social cognitive theory by examining the impact of retirement self-efficacy, a task-specific self-efficacy to the task performance, i.e. financial preparedness for retirement. Moreover, the discriminant function analysis used in the study was able to discriminate among the sub-factors of retirement self-efficacy used in this study, finance, activities, and health.

Though many studies covered task-specific self-efficacy and task performance on the background of Social cognitive theory, not many studies examined the discriminating power of sub-factors of task-specific self-efficacy to the task performance. Hence, this study is extremely relevant and stand out among similar studies on Social cognitive theory in such a way that, this study found the discriminating power of retirement self-efficacy factors in discriminating the financial preparedness for retirement of an employee. With the results of this study, the financial preparedness for retirement of an employee who is currently in service can be predicted when his retirement self-efficacy is known.

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