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FINANCIAL LITERACY AND SELF-EFFICACY AS PREDICTORS OF RETIREMENT PREPAREDNESS AMONG EMPLOYEES

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ABSTRACT
This study aimed to determine the domains of financial literacy and self-efficacy that significantly predict retirement preparedness. The respondents of this study were teaching and non-teaching employees of an academic institution. A non-experimental quantitative research design with a descriptive correlational approach was employed. Also, the sample size was determined using the Raosoft formula, and participants were selected through simple random sampling. Data analysis involved using Mean, Pearson-r correlation, and Regression Analysis. The results revealed that the respondents had a high level of financial literacy and a very high level of self-efficacy. Similarly, the respondents had a very high level of retirement preparedness. Moreover, the study showed a significant relationship between financial literacy, retirement preparedness, self-efficacy and retirement preparedness. Further, three domains of financial literacy, financial skills, financial goals, and financial behaviour significantly influence retirement preparedness. Furthermore, all domains of self-efficacy significantly influence retirement preparedness. The result of this study supports the Prospect Theory, Social Cognitive Theory, and the Life-Cycle Theory. Thus, the study results suggest that management can improve current university programs, like membership in the cooperative, and foster greater awareness of government programs, like the Pag-IBIG MP2 savings program. Lastly, employees can support these opportunities to save and invest collectively.
KEYNOTES: *Financial Literacy, Self-Efficacy, Retirement Preparedness, Employees, Philippines*
SGD Indicators: *#10. Reduced Inequalities and #11. Sustainable Cities and Communities*

INTRODUCTION

Retirement is a wonderful word that everyone loves to hear. At age 60, there is a transitional time into a world of less demanding activity. The moment has come to say goodbye to co-workers. Retirement is a crucial reward for years of daily effort, a time to unwind, and a chance to explore. Yet, most retirees appear unprepared to manage their finances and retirement (Bangao 2020, p. 128).

Given their advanced age, most lack a basic understanding of making wise financial decisions about savings and investments. Most of them are aware of economic issues, but they rarely put this knowledge into practice (Casingal & Ancho 2021, p. 718). Though vital and often unavoidable, retirement is fraught with complications, ranging from the retiree's lack of knowledge of retirement to identifying some economic means for managing and sustaining resources if available (Ige 2020, p. 9).

Individuals are finding it tough to handle their financial obligations due to the economy becoming more difficult. These difficulties are arguably exacerbated by increasing life expectancies (Amka 2020, p. 1). Also, in line with Qi, Chatterjee, and Liu's (2022, pp. 2-3) study, 36% of workers aged 25 and older lacked retirement savings.

In addition, the longer life expectancies make it more difficult for people to decide whether they want to or can afford to retire and how they want to spend their retirement years. A deterioration in life satisfaction and quality of life is brought on by inadequate retirement preparedness, which forces an employee to leave the organization and has various detrimental economic effects (Gathiira, Muathe & Kilika 2020, p. 89). Similarly, in the retirement preparedness survey conducted by Prudential 2018 by Qi, Chatterjee and Liu (2022, p. 3), two out of every five respondents stated that they did not know how much money they would require monthly after retirement. The rapidly increasing share of unprepared retirees may presage a severe reduction in purchasing power and a

significant decrease in financial well-being. Likewise, the research by Qi, Chatterjee, and Liu (2022, p. 3) indicated that in the Prudential 2018 retirement planning survey, two out of five respondents were uncertain about their required monthly income after retirement. The swiftly growing proportion of unprepared retirees may indicate a significant decline in purchasing power and a substantial deterioration in financial well-being.

Moreover, in line with Nyangarika and Bundala's (2020, p. 1256) study, many seniors in Nyamagana District rely heavily on their retirement benefits. Few engage in various economic pursuits because many are too old to manage and engage in such operations. Also, in line with De los Santos, Labrague and Milla (2020, p. 3) study, many employees approaching retirement in the Philippines show anxiety, are typically unprepared, and lack essential knowledge for a successful retirement. This may stem from insufficient expert financial guidance and apprehension regarding potential economic loss, challenges in utilizing savings for basic expenses, health issues, and the fear of becoming a burden to their children. Many elderly Filipinos prefer cohabitation with their adult children, who provide care and financial support. Moreover, while only two-thirds of Filipino workers are eligible for a state pension upon retirement, many retired Filipinos seek to continue working to boost their income.

Financially literate employees are more adept at establishing sound financial practices and managing financial challenges. Individuals must avoid financial difficulties (Khawar & Sarwar 2021, p. 2). In even the most advanced financial systems globally, insufficient financial literacy poses a significant challenge that demands immediate attention. Financial literacy should be regarded as a fundamental right and a universal necessity rather than a privilege accessible only to a select group of individuals with specialized access to financial knowledge or counsel. Financial literacy, like reading and writing, must be considered essential in the contemporary setting. Individuals and societies cannot achieve their maximum potential without it (Lusardi 2019, p. 7).

Furthermore, financial literacy is becoming increasingly important as people get more involved in sophisticated financial transactions. Proper financial literacy enables people to make long-term financial decisions for their future well-being (Kadoya & Khan 2020, p. 12). Similarly, Amka (2020, p. 14) concluded in his study that people must have clear goals to achieve financial well-being, especially during their retirement years. Moreover, in Gathiira, Muathe and Kilika (2020, p. 83) study, employees who feel more certain about their ability to retire prefer to plan. As opposed to those less prepared for retirement, people who are more prepared for retirement tend to have a more favourable attitude regarding it (Amka 2020, p. 4).

On the other hand, according to Jurek and Niewiadomska's (2021, p. 4) study, self-efficacy can be defined as the conviction that one can utilize cognitive resources, abilities, learning solutions, and effort to complete a task effectively. A higher level of self-efficacy is associated with a greater likelihood of individuals viewing obstacles and objectives as challenges. Due to the functions above, self-efficacy is considered a self-regulatory capability that facilitates the establishment of ambitious and essential life goals, decision-making, action motivation, behavioural engagement, and activity regulation, ultimately resulting in successful task execution and satisfaction and effective coping with challenging circumstances. This indicates that the examined component enhances quality of life.

Additionally, prior research by Lim, Ma and Park (2020, p. 65) suggests that self-efficacy is crucial in preparing to emotionally adapt to retirement and successfully navigate the retirement years from middle to old age. Self-efficacy is considered a determinant of mental health; the more capable a person is at handling different issues and adjusting to novel circumstances, the higher their level of self-efficacy, which lowers social stress and depression. Moreover, self-efficacy is essential for achieving financial objectives, as individuals with elevated self-efficacy are more inclined to exert effort to surmount challenges and attain their goals (Peter, Ambilikumar & Ramanathan 2021, p. 6396).

This study is anchored with the Prospect Theory (Kahneman and Tversky 1979) and Social Cognitive Theory (Bandura 1986). Also, in line with the study of Qi, Chatterjee, and Liu (2022, p. 3), a framework for assessing the retirement preparedness of different generations is constructed utilizing the Life-Cycle Theory of Ando and Modigliani, 1963.

The first independent variable is based on the Prospect Theory (Kahneman and Tversky, 1979); this theory is an adequate descriptive model of decision-making in uncertainty. Prospect theory identifies two distinct stages in the decision-making process: framing and valuation. In the framing stage, the decision maker mentally represents the decision's possible actions, contingencies, and outcomes. In the valuation stage, the decision maker evaluates the worth of each prospect and chooses accordingly.

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Furthermore, various studies demonstrate increasing significance and concern regarding financial literacy assessment. Individuals are increasingly seeking comprehensive information before purchasing financial items, assuming accountability for their choices, and recognizing the repercussions of engaging in economic activities without adequate knowledge due to the recent shift toward digital money, a decrease in faith in financial institutions, and the incidence of financial fraud have all contributed to this trend (Dewi et al. 2020, p. 134).

The second independent variable is underpinned by Albert Bandura's Social Cognitive Theory (1986), which highlights the idea of self-efficacy. Based on Bandura, self-efficacy is the conviction that one can achieve or complete a task under specific conditions. It is the potential for someone to be willing to take on a challenging endeavour and keep working toward completion. A person's choice of goals and the effort they put out to achieve them are influenced by their perceived level of self-efficacy. Self-efficacy is the conviction that one can complete a particular job (Peter, Ambilikumar & Ramanathan 2021, p. 6396).

The Life-Cycle Theory supports the dependent variable (Ando and Modigliani, 1963). Modigliani introduced the Life-Cycle Theory through two research papers published in 1950. According to the notion, individuals make deliberate decisions about how much money they want to set up for expenses at various stages of their lives. These choices, however, are constrained by the resources that people have access to throughout their lives (Safari, Njoka & Munkwa 2021, p. 122).

In addition to the Life-Cycle Theory, Ajzen (1985) said that people organize their spending and savings to spread them across their lifetimes. The fundamental premise of this theory is that people tend to maintain a constant level of consumption to maintain a steady standard of living. Consequently, individuals are anticipated to sustain this level of consumption both before and during retirement to preserve a consistent replacement proportion throughout their lifetime. This hypothesis elucidates the tendency of individuals to allocate a segment of their income during employment and disburse these funds during post-retirement to sustain a consistent level of spending (Qi, Chatterjee & Liu 2022, p. 3).

The conceptual framework of this study is shown in Figure 1. In accordance with the framework, it consists of three variables: financial literacy, self-efficacy, and retirement preparedness.

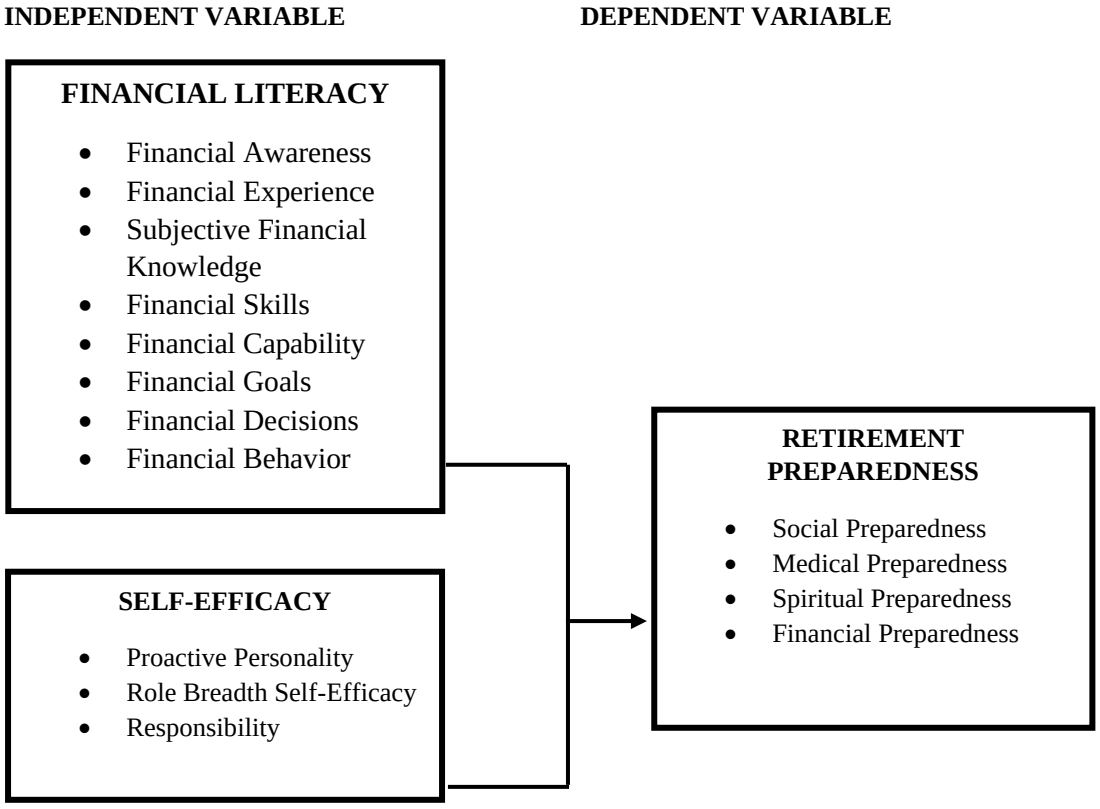


Figure 1: Conceptual Framework of the Study

The first independent variable is financial literacy, which encompasses several indicators outlined by Dewi et al. (2020, p. 154). These encompass financial awareness, experience, subjective financial knowledge, financial skills, financial capability, financial goals, financial decisions, and financial behaviour.

The second independent variable in this study is self-efficacy, which includes the indicators identified by Samsuwan (2019, p. 107): proactive personality, role breadth self-efficacy, and responsibility. Meanwhile, the dependent variable is retirement preparedness, measured through the indicators outlined by De Los Reyes and Lausa (2019, pp. 74–75): social preparedness, medical preparedness, spiritual preparedness, and financial preparedness.

This study contributes to individual financial decisions in developing better retirement preparedness. The influence of financial literacy and self-efficacy on retirement preparedness would benefit individuals who want to plan their finances for retirement in the future.

Financial literacy encompasses all basic skills that enable individuals to recognize basic financial concepts, their knowledge level associated with financial instruments, and the decisions they will make in the short and long term to be correct and timely (Antepli 2019, pp. 116-117). This variable is evaluated regarding financial awareness, experience, subjective financial knowledge, financial skills, financial capability, financial goals, financial decisions, and financial behaviour (Dewi et al., 2020, p. 154).

The first indicator of financial literacy is financial awareness. Financial awareness refers to how healthy individuals understand their financial situations and is the driving force behind their efforts to enhance financial knowledge, skills, and behaviours (Tang 2024, p. 2). Additionally, as Holik and Mulyeni (2019, p. 317) state, individuals with financial awareness can lead more prosperous lives.

The second indicator is financial experience. It is described as the practical, hands-on knowledge a person gains through managing and utilizing money in real-life situations (Chabaefe & Qutieshat, 2024, p. 50). Similarly, financial experience refers to any money-related event or situation that an individual has encountered, lived through, or personally dealt with either in the past or currently (Manafe 2021, p. 209).

Moreover, the third financial literacy component is subjective financial knowledge or confidence. This refers to an individual's perceived capacity to engage in particular financial strategies and practices; it has been demonstrated that this factor considerably impacts behaviours across various financial circumstances (Lind et al., 2020, p. 627). Similarly, Dewi et al. (2020, p. 136) emphasized that subjective financial knowledge relates to how individuals assess their understanding and evaluate their knowledge level on financial matters.

Additionally, the fourth indicator is financial skills. In the context of finance, financial skills refer to the capacity to put one's knowledge of other financial services to use. It also allows people to make informed decisions about their finances, which decreases the possibility that they would be taken advantage of in this respect (Kumari 2020, p. 116).

The fifth indicator is identified as financial capability. Financial capability is the capacity of an individual to monitor and control their economic position (Mokhtar, Sabri & Ho 2020, p. 1082). Also, this is supported by Kumar et al. (2023, p. 173), that it is a dynamic and multifaceted idea that encompasses selecting goods and services, managing finances, financial literacy, planning for the future, and keeping informed.

The sixth indicator of financial literacy is financial goals. Additionally, it plays a significant role in determining the extent to which an individual is financially literate. Financial goals are broad, personal objectives that individuals establish to guide their saving and spending decisions. Without clear and measurable financial objectives, a person lacks the direction to achieve economic independence (Dewi et al. 2020, p. 138).

Moreover the seventh indicator is financial decisions. In the study by Kumari (2020, p. 111), people make several financial decisions on borrowing, investing, and saving during daily living. The world market is growing more susceptible and riskier by the day. One of its primary implications is that people must be able to make educated financial decisions because the prices of goods and services have been increasing. Life's financial decisions rely on an individual's financial knowledge and comprehension. Additionally, lacking adequate financial literacy may lead to poor financial decision-making (Swiecka et al. 2020, p. 2; Baihaqqy et al. 2020, p. 3078).

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Lastly, the eighth indicator is financial behaviour. The study of Ardila, Febriaty and Astuti (2021, p. 145) cited that financial behaviour refers to one's financial responsibility and ability to handle finances. How a person manages cash, debt, savings, and other expenses reflects their economic behaviour.

Self-efficacy is the second independent variable in this study. Samsuwan (2019, p. 107) presents the following indicators for self-efficacy: proactive personality, role breadth self-efficacy, and responsibility.

The first indicator of self-efficacy is proactive personality. A proactive personality is characterized as a trait that is less influenced by external pressures and often challenges the status quo. Individuals with this trait tend to shape their environment actively, seeking opportunities to take initiative and consistently striving to create favourable conditions. Essentially, they enjoy identifying and solving problems impacting their surroundings (Karimi, Malek & Farani 2022, p. 4502).

Furthermore, the second indicator is role breadth self-efficacy. In the study of Syamsudin et al. (2022, p. 2), this concept is derived from the work of Van Dyne (1995). Role breadth self-efficacy alludes to employees' confidence in their capabilities and confidence to carry out a broader scope of proactive tasks beyond their defined job responsibilities.

The final indicator of self-efficacy is responsibility. The notion of self-efficacy originated from cognitive-social theory and the works of renowned psychologist Albert Bandura, who described self-efficacy as an individual's perceptions or assessments of their capacity to successfully carry out duties and responsibilities. These responsibilities are the tasks that an individual is obligated to fulfil (Safari, Davaribina & Khoshnevis 2020, p. 28).

Planning for retirement with defined achievable or reachable goals will equip individuals to feel confident enough to undertake this period (Khan 2022, p. 126). Further, retirement preparedness is the study's dependent variable, and according to De Los Reyes and Lausa (2019, pp. 74–75), this involves the following indicators: social preparedness, medical preparedness, spiritual preparedness, and financial preparedness.

The first indicator of the dependent variable, retirement preparedness, is social preparedness. Happiness after retirement should be carefully prepared for and should not depend on luck; having a clear idea of how social life should be planned for is essential to a happy and well-received retirement (De Los Reyes & Lausa 2019, p. 73).

Furthermore, the second indicator is medical preparedness. The study of Amka (2020, p. 2) asserts that as the elderly members of society who are eligible for pensions demand more medical spending, a rise in life expectancy is correlated with an increase in healthcare expenses.

The third indicator is spiritual preparedness. In line with the Damayon et al. (2022, p. 604) study, retiring individuals often take up new hobbies and re-engage in spiritual pursuits. This could be explained by the fact that retirement is a good time for retirees to pursue their interests and engage in religious or spiritual pursuits, especially those who have dedicated their lives to their careers. This explains why becoming back involved in religious or spiritual activities after retirement is a need for meaning and fulfilment in life.

The last indicator of retirement preparedness is financial preparedness. Financial preparedness entails planning how to handle future financial requirements (Lyons, Kass-Hanna & Liu 2020, pp. 9-10), also in line with Greenberg and Hershfield (2019, as cited by Yego, Kibirango and Ong'eta (2021, p. 31) making retirement plans in advance might give people a greater sense of control over their future financial needs.

This study aims to investigate the relationship between financial literacy and self-efficacy, as well as their impact on people's retirement preparedness, daily lifestyle, and personal thinking, which may affect them in the future. Despite the growing body of research on financial literacy and retirement preparedness, there remains a lack of studies that explore the combined impact of financial literacy and self-efficacy on retirement preparedness, particularly among employees in academic institutions. Most available studies address financial literacy or self-efficacy separately without investigating how these factors impact retirement preparedness. Thus, to fill this gap, this paper critically reviewed financial literacy and self-efficacy as predictors of employee retirement preparedness.

The primary objective of this research was to identify the specific domains of financial literacy and self-efficacy that significantly impact employees' retirement preparedness. In particular, it aimed to First describe the level of financial literacy in terms of financial awareness, financial experience, subjective financial knowledge, financial skills, financial capability, financial goals, financial decisions, and financial behaviour. Second, describe the level of self-efficacy in terms of proactive personality, role breadth self-efficacy, and responsibility. Third, assess the level of retirement preparedness in terms of social, medical, spiritual, and financial preparedness. Fourth, the significant relationship between financial literacy and retirement preparedness and self-efficacy and retirement preparedness must be determined. Lastly, determine which financial literacy and self-efficacy domain significantly influenced retirement preparedness.

Also, the following hypotheses were tested at the 0.05 level of significance. First, there is no significant relationship between financial literacy and retirement preparedness. Second, there is no significant relationship between self-efficacy and retirement preparedness. Third, there are no domains of financial literacy that significantly influence retirement preparedness. Lastly, there are no domains of self-efficacy that significantly influence retirement preparedness.

The result of this study provides significance to the *management* since having financially stable retirees speaks highly of the business and demonstrates its concern for the welfare of its employees. Consequently, it could improve the company's standing. Furthermore, management can hold frequent retirement planning workshops/seminars to help employees understand their retirement goals, financial possibilities, and essential retirement steps. Also, the result of this study benefits the *employees*, as it might increase their knowledge and awareness of the preparations needed for retirement. Corresponding to that, this will assist the employee in planning for a more prosperous retirement and living intentionally rather than accidentally. Finally, it will benefit *students and future researchers* as it serves as a bird's-eye view for those who wish to delve deeper into the studies relating to this topic. It may also be a reference for future researchers interested in pursuing similar problems.

METHOD

This section presents the methods used to gather all the necessary data. Also, this section delineates the study respondents, materials and instruments, and the design and procedure.

Research Respondents

The respondents of this study were teaching and non-teaching employees of an academic institution, all aged 45 and above, who voluntarily participated by completing the survey questionnaire. From a total of 392 employees, a sample size of 215 was determined using the Raosoft formula, allowing for a 10% margin of error.

Moreover, the researcher used proportionate stratified sampling. As noted in the study by Iliyasu and Etikan (2021, p. 25), this method involves allocating the number of elements in each stratum based on the stratum's proportional representation in the overall target population. In other words, the sample drawn from each subgroup reflects its relative size within the population. The same sampling fraction is applied across all strata, assuring that each individual within the target population has an equal opportunity for selection. Consequently, the final sample is self-weighted.

Additionally, the respondents were chosen using a simple random selection technique. This technique is one of the most straightforward and widely used sampling methods, where every individual in the population possesses an equal probability of selection, and selections are made one at a time with equal probability for every unit (Noor, Tajik & Golzar 2022, p. 79). The study's respondents were identified using an online random number generator (Research Randomizer).

Finally, the exclusion criteria of this study were employees aged 44 or younger, affiliates, and other campuses that do not offer college programs were excluded from participation in this study. Also, researchers analyzed the precautions taken to protect the respondents' privacy and confidentiality. Those unwilling to participate in the study were free to refuse and not coerced.

Materials and Instrument

The researcher employed a questionnaire that was adapted and modified. The survey questionnaire consists of three parts: financial literacy, self-efficacy, and retirement preparedness. Survey questions were taken from similar research and restructured to reflect modern and regional situations better. Expert validation was carried out to improve the instrument's reliability.

The questionnaires were pilot-tested among forty-eight (48) teaching and non-teaching employees aged 45 and above from private tertiary schools in Tagum City, Davao del Norte. The individuals who participated in the pilot testing were not among the actual respondents in the main study. In addition, Cronbach's Alpha results indicated strong reliability, with the first independent variable scoring 0.947, the second independent variable at 0.904, and the dependent variable at 0.907. Based on the pilot test results, necessary revisions and adjustments were made to the study items. Furthermore, expert validators provided an average validation rating of 4.93, corresponding to a "Very High" descriptive rating. Consequently, the questionnaires were thoroughly polished and enhanced for final use.

The three-part survey questionnaires were given to the teaching and non-teaching employees. For the first independent variable, the researcher adapted the survey instrument of Dewi et al. (2020, p. 154) – the Financial Literacy Survey tool. The questionnaire consisted of eight areas: financial awareness, financial experience, subjective financial knowledge, financial skills, financial capability, financial goals, financial decisions, and financial behaviour. The second independent variable, the researcher, adapted the survey instrument of Samsuwan (2019, p. 107) – the Self-Efficacy Survey tool. The questionnaire comprised three areas: proactive personality, role breadth self-efficacy, and responsibility. For the dependent variable, the researcher adapted the survey instrument of De Los Reyes and Lausa (2019, pp. 74-75) – Retirement Preparedness Survey tool. The questionnaire comprised four areas: social preparedness, medical preparedness, spiritual preparedness, and financial preparedness.

The five-point Likert scale with a range from Always (5), Often (4), Sometimes (3), Seldom (2), and Never (1) was used to assess financial literacy, self-efficacy, and retirement preparedness. A uniform scale was applied across all variables. The mean range of 4.20 to 5.00 reflects a very high descriptive level, indicating that the statement is very much observed. A mean range of 3.40 to 4.19 corresponds to a high descriptive level, suggesting that the statement is much observed. Means ranging from 2.60 to 3.39 represent a moderate descriptive level, meaning the statement is moderately observed. A range of 1.80 to 2.59 indicates a low descriptive level, implying the statement is less observed. Lastly, a mean range of 1.00 to 1.79 signifies a very low descriptive level, showing that the statement is not observed.

Design and Procedure

This research utilized a quantitative, non-experimental design with a descriptive correlational methodology. The correlational method facilitates predicting and explaining relationships between variables by assessing two or more variables to determine how closely the variables are related (Seeram 2019, p. 176). This design is suitable as its goal is to identify correlations between variables and define them in terms of their strength, direction, positive or negative, and absence of an intervention to alter an outcome variable (Cook and Cook 2008, p. 101). Applying quantitative methods proved to be the most suitable means of collecting valuable data from the intended respondents to answer the research questions effectively.

The three-part survey questionnaire in this study was derived from an adapted and modified research instrument. The researcher conducted the study in several stages. First, an outline defence was performed, and the research instruments were validated by internal and external experts, who reviewed and corrected them before finalization. Subsequently, the researcher submitted all necessary documents to the UM Ethics Review Committee (UMERC) to obtain authorization and a certificate to commence data gathering. Approval was granted under the UMERC protocol number UMERC-2024-364. Following this, a pilot test was conducted to assess the reliability of the questionnaires.

The researcher secured approval before conducting the study. After receiving the necessary permission, the survey questionnaires were disseminated to the respondents; if they could not complete the printed forms, the researcher used online tools like Google Forms and clearly explained the purpose of the study to them. Upon the respondents' completion of all items, the researcher gathered the questionnaires, which were subsequently used for data analysis and interpretation. The findings were used to draw conclusions and develop recommendations.

The researcher employed the subsequent statistical tool for data interpretation: The mean, as a statistical technique, was used to assess the levels of financial literacy, self-efficacy, and retirement preparation. Secondly, the Pearson correlation coefficient was utilized to ascertain the substantial connection between financial literacy, self-efficacy, and retirement preparedness. Regression Analysis was employed to determine which financial literacy and self-efficacy aspects significantly affect employee retirement preparedness.

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The researcher strictly adhered to the highest ethical standards throughout the study, ensuring that the population and data were handled according to established protocols and standardized criteria. Employees could engage without fear of repercussions or compulsion because voluntary participation was strictly followed. They were always appreciated for their independence and openness to participate. To protect respondents' rights, privacy and confidentiality were rigorously maintained. The researcher complied with the Data Privacy Act of 2012 and other relevant Philippine laws, ensuring that only the researcher could access the respondents' identities and specific responses. Sensitive data was labelled correctly to maintain confidentiality, stored safely, and safeguarded by password-protected files.

Moreover, an informed consent process was thoroughly implemented. The questionnaires were straightforward, easy to understand, and devoid of technical jargon, and respondents were free to ask questions or get help. They were required to read, understand, agree to, and sign an informed consent form and were reminded of their entitlement to retract at any moment without repercussions. Recruitment was conducted by distributing the questionnaires to employees aged 45 and above across the main campus and its branches.

The study posed no significant physical, psychological, or socioeconomic risks to respondents. They were told their voluntary involvement would not impact their employment status. The research focused solely on financial literacy and self-efficacy about retirement preparedness. In terms of benefits, the study helped respondents' awareness of their current levels of financial literacy and self-efficacy, providing them with insights that could enhance their preparedness for retirement and future life challenges.

Also, academic integrity was rigorously upheld. The researcher used plagiarism detection tools such as Turnitin and Grammarly to ensure originality and prevent misrepresenting others' work. There was no evidence of fabrication or falsification, and all findings were reported accurately based on reliable academic sources. The study did not inflate results or manipulate conclusions to meet theoretical expectations. Potential conflicts of interest were also addressed. The researcher ensured that no financial or personal interests influenced the study's findings, disclosed all vital information, and refrained from involving family members.

The researcher also demonstrated integrity by avoiding deceit or misuse of respondent's data. There was no evidence of dishonest behaviour, and responses were neither falsified nor altered. A formal letter requesting permission to conduct the study was sent to the primary and branch campuses. The study only commenced after official approval was granted. To accommodate respondents who could not access printed questionnaires, the researcher utilized online platforms like Google Forms while maintaining strict confidentiality of submitted information.

Finally, the researcher adhered to the ethical guidelines established by the University of Mindanao Ethics Review Committee (UMERC) and implemented revisions based on adviser feedback. This was done to ensure the researcher conformed to and upheld ethical standards during this study.

RESULT AND DISCUSSION

This section delineates the results, analysis, and interpretation of the data collected from respondents about financial literacy, self-efficacy, and retirement preparedness as employees.

Level of Financial Literacy

Table 1 presents the level of financial literacy, one of the independent variables in this study. It covers essential indicators, including financial awareness, financial experience, subjective financial knowledge, financial skills, financial capability, financial goals, financial decisions, and financial behaviour.

Table 1

Level of Financial Literacy

Indicators	Mean	SD	Descriptive Equivalent
Financial Awareness	4.21	0.63	Very High
Financial Experience	3.76	0.82	High
Subjective Financial Knowledge	3.94	0.81	High
Financial Skills	3.99	0.85	High
Financial Capability	4.39	0.51	Very High
Financial Goals	4.35	0.65	Very High
Financial Decisions	4.35	0.60	Very High
Financial Behavior	3.93	0.76	High
Overall	**4.12**	**0.57**	**High**

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Table 1 summarizes the mean scores for various financial literacy indicators. The total mean score is 4.12, reflecting a standard deviation of 0.57, indicating a high financial literacy level. Among the eight indicators, financial capability recorded the highest mean of 4.39 with a standard deviation of 0.51, subsequently financial goals and financial decisions, each with means of 4.35 and standard deviations of 0.65 and 0.60, respectively. Financial awareness had a mean of 4.21 and a standard deviation of 0.63; financial skills scored 3.99 and a standard deviation of 0.85; subjective financial knowledge had a mean of 3.94 and a standard deviation of 0.81; financial behaviour with a mean score of 3.93 and standard deviation of 0.76, while financial experience had the lowest mean of 3.76 with a standard deviation of 0.82. Overall, the findings suggest that financial literacy is observed in many of the respondents.

Moreover, among the items of financial awareness, as shown in the appended Table 1.1, *I evaluate my spending regularly* and received the highest mean score of 4.39, which denotes a descriptive level of very high. After that, *I compared some financial products before deciding* with a mean of 4.30, while *I considered the importance of discussing economic issues* and got a mean of 4.29.

In terms of financial experience items, as shown in the appended Table 1.2, *I hold emergency savings*, and *I have saving experience in bank and non-bank financial institutions*. I got the same mean score of 4.10, signifying a high descriptive level, and *I have experience in managing personal assets* with a mean of 3.91.

Also, about subjective financial knowledge items, as presented in the appended Table 1.3, the statement *I have knowledge of risk and return* obtained the highest calculated mean of 4.02, reflecting a high descriptive level. Subsequently, *I write down where my money is spent* with a mean of 3.95, and *I discuss economic and financial issues* with a mean of 3.87.

Regarding financial skills items, as shown in appended Table 1.4, *I keep bills and receipts where they are easy to find and* receive the highest mean rating of 4.16, indicating a high descriptive level. Afterwards, the *statement I evaluate debts regularly* had a mean score of 4.15, *and I assess savings financial records regular*ly which obtained a mean score of 4.06.

Regarding financial capability items, as indicated in appended Table 1.5, the statement *I pay bills promptly* had the highest calculated mean of 4.62, reflecting a descriptive level of very high. *I buy things as needed* and receive a mean of 4.42. *I gather information before deciding to buy* with a mean of 4.30.

On the items of financial goals, in appended Table 1.6, *I make plans on how to use my money, which* got the highest average mean of 4.39, indicating a very high descriptive level. The statement *that I plan for long-term goals, such as retirement,* followed with a mean of 4.36, while *I save money to buy items in cash rather than with credit*, received an average score of 4.31.

Among the items of financial decisions presented in appended Table 1.7, the statement *I make decisions with careful planning* recorded the highest mean score of 4.45, signifying a descriptive level of very high. Subsequently, *I carefully considered my options before purchasing, despite any persuasion*, which had a mean of 4.39, and *I bought something after significant consideration* with a mean of 4.36.

As reflected in the appended Table 1.8, under financial behaviour items, the statement *I pay bills on time* obtained the highest calculated mean of 4.59 with a descriptive equivalent of very high. Subsequently, *I have a retirement investment* with a mean score of 3.87, and *I allocate a portion of funds for charitable or social activities*, with an average score of 3.75.

Furthermore, the results were supported by Dewi et al. (2020, pp. 145–146), who emphasized that financial literacy involves an individual's capability to know and apply financial knowledge in making informed financial decisions. This capability is influenced by one's skills, experience, awareness, and sound financial management skills, all of which contribute to developing positive financial behaviour to achieve financial goals and independence. This study further supports the idea that an individual's awareness and experience impact decision-making and behaviour through perceived knowledge, skills, and capacity. Greater financial literacy is associated with more logical and informed financial decisions. Financial education and experience are essential to making a prudent financial choice, fostering positive financial behavior, and helping individuals reach their financial goals.

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Level of Self-Efficacy

Table 2 shows the level of self-efficacy, which serves as the second independent variable in this study. It includes the indicators of proactive personality, role breadth self-efficacy, and sense of responsibility.

Table 2
Level of Self-Efficacy

Indicators	Mean	SD	Descriptive Equivalent
Proactive Personality	4.26	0.57	Very High
Role Breadth Self-Efficacy	4.35	0.60	Very High
Responsibility	4.42	0.56	Very High
Overall	**4.34**	**0.50**	**Very High**

Table 2 presents the mean score of the indicators of self-efficacy. The total mean score is 4.34, interpreted as very high, with a standard deviation of 0.50. Among the indicators, responsibility scored the highest with a mean of 4.42 with a standard deviation of 0.56, followed by role breadth self-efficacy with a mean of 4.35 and standard deviation of 0.60, and proactive personality with a mean of 4.26 and a standard deviation of 0.57. Overall, the findings suggest that self-efficacy is very much observed among the respondents.

Furthermore, among the items of proactive personality, as presented in the appended Table 2.1, the statement *I look for new methods or better solutions when doing things* recorded the highest calculated mean of 4.37, signifying a very high descriptive level. Subsequently, *I found good opportunities with confidence,* which had a mean of 4.29, *and I could change and create things as usual*, with a mean of 4.13.

Regarding role breadth self-efficacy items, as shown in the appended Table 2.2, *I have achievable goals in life* and obtained the highest average score of 4.40 with a descriptive equivalent of very high. *I can choose the best method to achieve my financial retirement plan* with a mean of 4.33, while *I deal with unexpected problems with confidence* with a mean score of 4.30.

On the items of responsibility, in appended Table 2.3, *I take into account the importance of preparation before starting any task* and got the utmost mean score of 4.48, indicating a descriptive level of very high. *I assure you of my promptness in completing my assignments*, with a mean of 4.41, and *I consider searching for more information about my task whenever I have time*, with a mean score of 4.39.

The findings on the level of self-efficacy align with the study of Pertiwi, Ningrum and Rasyid (2022, p. 42), which suggests that a strong sense of self-efficacy positively influences decision-making abilities. Observing, role modelling, and thoughtful reflection on unfamiliar situations can enhance this capability.

Level of Retirement Preparedness

Table 3 poses the level of retirement preparedness, identified as the dependent variable in this study. It is assessed through four key indicators: social preparedness, medical preparedness, spiritual preparedness, and financial preparedness. These components collectively provide a comprehensive view of how well individuals are equipped for retirement across various aspects of life.

Table 3
L*evel of Retirement Preparedness*

Indicators	Mean	SD	Descriptive Equivalent
Social Preparedness	4.44	0.52	Very High
Medical Preparedness	4.25	0.64	Very High
Spiritual Preparedness	4.53	0.59	Very High
Financial Preparedness	4.20	0.68	Very High
Overall	**4.36**	**0.50**	**Very High**

As presented in Table 3, the total mean score for retirement preparedness is 4.36, which corresponds to a very high descriptive level, with a standard deviation of 0.50. Among the four indicators, spiritual preparedness had the highest mean of 4.53 with a standard deviation of 0.59 and social preparedness with a mean of 4.44 and a standard deviation of 0.52. Medical preparedness showed a mean of 4.25 with a standard deviation of 0.64, while financial preparedness had the lowest mean of 4.20 with a standard deviation of 0.68. Overall, the findings suggest that retirement preparedness is very much observed among the respondents.

Additionally, as reflected in the appended Table 3.1 social preparedness items, the statement *I keep in touch with family and friends whom I will connect with after retirement* had the highest calculated mean of 4.63 with a

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descriptive equivalent of very high. *I establish good relationships with my co-workers, who will keep in touch with me even after retirement*, with a mean of 4.61. *Maintaining friendships outside of work can adequately fulfil the need for companionship*, which had a mean score of 4.59.

As shown in the appended Table 3.2, *I gave my health proper attention* to medical preparedness items. I had the utmost calculated mean of 4.54, which denotes a descriptive level of very high. Then, *I underwent routine medical check-ups* with a mean of 4.41, while *I indulged myself in health-related activities that fit my age* with a mean of 4.35.

On the items of spiritual preparedness, in appended Table 3.3, *I believe God's spirit lives in me* and got the highest average score of 4.72, indicating a very high descriptive level. *I respect life, accept it, and be physically and spiritually prepared for retirement*, followed by a mean of 4.60. *At the same time, I have a strong sense of personal purpose and meaning in life*, receiving a mean score of 4.56.

Among the items of financial preparedness, as presented in the appended Table 3.4, the statement *I considered how the changes in the economy would affect my retirement budget* obtained the highest calculated mean of 4.32, which denotes a descriptive level of very high. This was followed by *a plan to increase my savings to the level of my desired computation if my savings were not enough,* with a mean of 4.29, and *I prepared a projected spending plan for my retirement,* with a mean of 4.23.

Retire preparedness is notably evident among employees, which aligns with the study findings. This is further reinforced by the research of De Los Reyes and Lausa (2019, p. 77), which views retirement as a crucial stage in one's career. Social connections and ongoing participation in meaningful activities significantly impact retirees, making it essential to consider medical and spiritual aspects and, more importantly, financial planning for a fulfilling retirement.

Lastly, this study corresponds with the Life-Cycle Theory (Ajzen, 1985), which states that individuals usually set aside part of their income while working and later rely on these savings during retirement to ensure a steady consumption level throughout their lifetime (Qi, Chatterjee & Liu, 2022, p. 3).

Significance of the Relationship between Financial Literacy and Self-Efficacy to Retirement Preparedness among Employees

Table 4 highlights the significance of the relationship between financial literacy and retirement preparedness, as well as between self-efficacy and retirement preparedness. The relationship between the variables was evaluated using the Pearson-r coefficient. The probability level (*p*) is 0.001, and the significance level is less than 0.05. When correlated with retirement preparedness, the R-value of financial literacy is 0.754, with an r^2 value of 0.565. Also, when associated with retirement preparedness, the R-value of self-efficacy is 0.772 with r^2 of 0.5960.

Table 4

Significance of the Relationship between Financial Literacy and Self-Efficacy to Retirement Preparedness

Independent Variables	Dependent Variable	R-value	r^2	p-value	Decision
Financial Literacy	Retirement	0.754*	0.5685	0.001	Reject H_0
Self-Efficacy	Preparedness	0.772*	0.5960	0.001	Reject H_0

*p<0.05

The findings support the findings of Larisa, Njo, and Wijaya (2021, p. 13), highlighting the critical impact of financial literacy on retirement preparedness, both through direct and indirect effects. Additionally, Amka's (2020, p. 13) research confirms these outcomes, indicating a positive relationship between financial literacy and retirement preparedness. Likewise, the findings align with Nchang and Isoh's (2021, p. 14) view, emphasizing that financial literacy is crucial for leading a successful adult life. It influences how individuals manage their finances and encourages a mindset toward maintaining economic stability in retirement.

Moreover, the findings of this study were supported by Lee, B., Lee, K., and Lee, D. (2022, p. 10), who highlighted that self-efficacy is positively associated with retirement preparation. This suggests that greater self-efficacy enhances participation in social retirement activities, which boosts self-respect and confidence, ultimately leading to improved social retirement preparedness. Furthermore, the findings align with De los Santos, Labrague, and Milla's (2020, p. 2) statement that an individual's perceived self-efficacy is crucial in planning for early retirement.

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Thus, the null hypotheses for all variables were rejected, indicating a significant relationship between financial literacy and retirement preparedness and self-efficacy and retirement preparedness.

Regression Analysis on the Influence of the Domains of Financial Literacy to Retirement Preparedness

Another objective is to identify which domain of financial literacy has a significant impact on retirement preparedness. To achieve this, regression analysis was utilized. Additionally, the significance test was done using the correlation approach alongside regression analysis, which clearly shows what domains of financial literacy significantly influence retirement preparedness.

Table 5 shows the regression analysis, indicating that the domains of financial literacy significantly influence retirement preparedness. The computed F-value of 32.804 and p-value of 0.001 suggest that financial literacy significantly influences employee retirement preparedness.

Table 5

Regression Analysis on the Influence of the Domains of Financial Literacy on Retirement Preparedness

Independent Variables	Unstandardized Coefficients		Standardized Coefficients (Beta)	t-value	p-value	Decision
	B	SE				
(constant)	1.594	0.226				
Financial Awareness	-0.033	0.062	-0.042	-0.532	0.596	Do not Reject H_0
Financial Experience	0.039	0.052	0.064	0.749	0.455	Do not Reject H_0
Subjective Financial Knowledge	0.039	0.058	0.063	0.667	0.506	Do not Reject H_0
Financial Skills	0.106	0.050	0.182*	2.128	0.035	Reject H_0
Financial Capability	0.055	0.065	0.057	0.857	0.392	Do not Reject H_0
Financial Goals	0.176	0.059	0.230*	2.980	0.003	Reject H_0
Financial Decisions	0.130	0.067	0.157	1.955	0.052	Do not Reject H_0
Financial Behavior	0.153	0.051	0.235*	2.964	0.003	Reject H_0
Dependent Variable:	Retirement Preparedness					

R-value = 0.779* F-value = 32.804
R^2= 0.607 p-value = 0.001

Based on the results, the R-value of 0.779 suggests that financial literacy influences retirement preparedness. The overall R^2 value of 0.607 indicates that 60.7% of the employees' retirement preparedness can be explained by the combined influence of the following indicators: financial awareness, financial experience, subjective financial knowledge, financial skills, financial capability, financial goals, financial decisions, and financial behaviour.

The standardized coefficients (Beta) and p-values presented the strength and significance of each financial literacy domain's influence on retirement preparedness. Among the indicators, financial behaviour had the highest standardized coefficient (Beta) of 0.235 and a significant p-value of 0.003, suggesting a substantial and statistically significant impact on retirement preparedness. Similarly, financial goals with a standardized coefficient (Beta) of 0.230 and a p-value of 0.003 and financial skills with a standardized coefficient (Beta) of 0.182 and a corresponding p-value of 0.035 also showed significant positive effects, indicating that these three domains meaningfully contributed to predicting retirement preparedness.

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In contrast, the remaining five indicators showed weaker relationships and were not statistically significant. Financial decisions exhibited a standardized coefficient (Beta) of 0.157 with a p-value of 0.052, above the typical 0.05 threshold for significance—financial capability with a standardized coefficient (Beta) of 0.057 and a p-value of 0.392. Subjective financial knowledge had a standardized coefficient (Beta) of 0.063 and a p-value of 0.506. Financial experience with a standardized coefficient (Beta) of 0.064 and a subsequent p-value of 0.455, and financial awareness had a standardized coefficient (Beta) of -0.042 and a p-value of 0.596 all had low beta values and high p-values, indicating that their effects do not significantly influence retirement preparedness among employees.

The result implies that financial skills, financial goals, and financial behaviour can predict retirement preparedness. This indicates that keeping track of bills and receipts, reviewing savings and financial records, buying insurance, and assessing debts help employees prepare for retirement. Similarly, actions such as budgeting, setting long-term financial goals, and saving money also enhance employees' readiness for retirement. Similarly, financial behaviour-related actions could also predict the retirement preparedness of an employee by considering a retirement investment, paying bills on time, allocating funds for charitable and social activities, and engaging in investment diversification.

Lastly, this study aligns with the Prospect Theory of Kahneman and Tversky 1979, which mentions that decision-making involves risks. However, these risks can be managed and reduced by having the right level of financial literacy (Ylönen 2019, p. 6).

Regression Analysis on the Influence of the Domains of Self-Efficacy to Retirement Preparedness

Table 6 displays the regression analysis of the self-efficacy domains significantly impacting retirement preparedness. The computed F-value of 87.579 and the p-value of 0.001 indicate that self-efficacy significantly influences retirement preparedness among employees.

Table 6

Regression Analysis on the Influence of the Domains of Self-Efficacy on Retirement Preparedness

Independent Variables	Unstandardized Coefficients		Standardized Coefficients (Beta)	t-value	p-value	Decision
	B	SE				
(constant)	1.070	0.208				
Proactive Personality	0.302	0.060	0.347*	5.039	0.001	Reject H_0
Role Breadth Self-Efficacy	0.270	0.057	0.328*	4.712	0.001	Reject H_0
Responsibility	0.187	0.056	0.212*	3.359	0.001	Reject H_0
Dependent Variable:			Retirement Preparedness			
R-value = 0.775*			F-value = 87.579			
R^2= 0.600			p-value = 0.001			

The R-value of 0.775 suggests that self-efficacy influences retirement preparedness. The overall R^2 of 0.600 indicates that 60% of the employees' self-efficacy is explained by the influence of the following indicators: proactive personality, role breadth self-efficacy, and responsibility.

Also, the standardized coefficients (Beta) in the table showed the relative strength and aim of the relationship between self-efficacy and retirement preparedness. The standardized coefficient (Beta) value for proactive personality was 0.347, indicating that it had the most significant positive influence among the three indicators. Role breadth self-efficacy was closely followed by a standardized coefficient (Beta) of 0.328, demonstrating a strong positive effect. Responsibility showed a more minor but meaningful impact with a standardized coefficient (Beta) of 0.212. Moreover, all three indicators had a p-value of 0.001, below the 0.05 threshold for statistical significance. Thus, the results indicated that all self-efficacy indicators significantly influenced retirement preparedness.

The results align with Bandura's self-efficacy theory, which posits that preparing for retirement boosts an individual's confidence in their capacity to do a task effectively is enhanced by the act of preparing, which enhances overall preparedness (Ghafoori et al. 2021, p. 6).

CONCLUSION AND RECOMMENDATION

This section summarizes the study, draws conclusions from the findings, and suggests recommendations for future research related to the topic.

Based on the study's results, the research has reached the following conclusions:
First, the level of financial literacy is high, showing that it is much observed. Second, self-efficacy is very high, indicating it is very much observed. Third, retirement preparedness is also very high, reflecting that it is very much observed among the employees. Fourth, there is a significant relationship between financial literacy, retirement preparedness, and self-efficacy and retirement preparedness. Fifth, only three domains of financial literacy significantly influence retirement preparedness: financial skills, financial goals, and financial behaviour. Lastly, all domains of self-efficacy significantly influence retirement preparedness: proactive personality, role breadth self-efficacy, and responsibility.

Hence, the outcomes of this study are consistent with the Prospect Theory and support the core concepts of the Social Cognitive Theory. Additionally, the findings further confirm and strengthen the applicability of the Life-Cycle Theory.

The study offers the following recommendations to highlight key areas for improvement and to assist future researchers in the related field:

First, the employees demonstrated a high level of financial literacy. However, their financial experience was relatively low. Because of this, the Human Resource Mananagement department might think about creating focused initiatives to raise employees' financial literacy even more. Future programs should use this knowledge to promote more sophisticated financial practices. Institutions can develop programs beyond fundamental financial ideas and prioritize risk management, investment diversification, retirement readiness, and strategic financial planning. The researcher strongly advises setting up webinars, workshops, or forums where seasoned experts can exchange insightful information and real-world case studies. It would also be advantageous to provide advanced skill-building programs, like specialized workshops on risk management or financial and investment analysis.

Encouraging digital financial literacy is also vital, primarily through training that teaches employees how to use digital platforms safely and effectively in light of the growing dependence on digital tools. Employee confidence may be high, but it's crucial to ensure it's backed up by technical accuracy to close the gap between perceived and actual financial knowledge. This will improve current university programs, like membership in the cooperative, and foster greater awareness of government programs, like the Pag-IBIG MP2 savings program, among others. Lastly, employees can support these opportunities to save and invest collectively.

Second, the proactive personality recorded the lowest mean within the self-efficacy level. Employees can adjust savings contributions by increasing monthly deposits to Pag-IBIG MP2 savings programs or personal mutual funds and consider financial literacy as an ongoing initiative of the institution to promote employees' long-term economic sustainability and confidence.

Third, the results showed that respondents demonstrated a very high level of retirement preparedness, although financial preparedness registered the lowest mean. To address this, management could enhance retiree engagement by encouraging their continued involvement as associate members of the cooperative while actively promoting cooperative membership and participation among current employees. Also, the management can boost employees' awareness and participation in the Pag-IBIG MP2 savings program and workplace cooperative by emphasizing their benefits and providing stronger institutional support. For medical preparedness, management might consider extending healthcare benefits for one year post-retirement to ease the transition and help retirees manage medical costs more effectively. Additionally, to support social preparedness, a structured retirement transition program could be implemented—offering career counseling, skills development for post-retirement income opportunities, and wellness initiatives to support retirees' psychological and social adjustment to life after employment.

Fourth, recognizing that there is a significant relationship between financial literacy and self-efficacy toward retirement preparedness, it is advised that employees are encouraged to continue attending financial literacy programs, such as seminars, activities, and workshops that can help individuals remain updated about evolving financial trends, investment opportunities, and retirement planning strategies. Likewise, management can contribute to this effort by integrating financial wellness initiatives into the workplace, providing access to financial planning tools, and promoting a culture that values financial responsibility. Moreover, employees are encouraged to enhance self-efficacy since it can contribute to developing more efficient retirement strategies, better financial decision-making, and a more assured outlook toward long-term planning.

Lastly, financial literacy, financial skills, financial goals, and financial behaviour significantly influence retirement preparedness. Likewise, self-efficacy, proactive personality, role breadth self-efficacy, and responsibility influence retirement preparedness. Therefore, employees must continue to consider these indicators to strengthen their retirement preparedness further.

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