Kristu Jayanti Journal of Management Sciences **e - ISSN: 2583 - 6080**

2(2), December 2023, 40-50

EXPLORING GENERATION Y'S INTENTIONS AND ATTITUDES TOWARDS RETIREMENT PLANNING

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Abstract

This study investigates the intention of Generation Y (Gen Y) individuals towards retirement planning, focusing on factors such as financial literacy, demographic variables, and attitudes. The research questions explore the levels of financial literacy among Gen Y, factors influencing retirement planning behavior, demographic impacts on retirement planning, and the role of financial literacy and attitudes. Data was collected through a structured questionnaire distributed to a sample of 130 Gen Y individuals in various regions of India. Analysis includes ANOVA to examine the relationship between demographic variables and retirement planning behavior. Results indicate significant impacts of age on retirement planning behavior, while other demographic factors show no significant effects. The study concludes with recommendations for policymakers, financial institutions, and educators to enhance financial literacy and retirement planning initiatives tailored to the needs of Gen Y individuals, thus fostering long-term financial security.

Keywords: Gen Y, Attitude, intention, retirement planning.

INTRODUCTION

Retirement planning has become a crucial aspect of financial management, particularly in the context of increasing life expectancy and evolving economic landscapes. Generation Y, commonly referred to as Gen Y or Millennials, includes individuals born between 1981 and 1996. This demographic cohort, now entering its prime working years, faces unique challenges and opportunities in the realm of retirement planning. Understanding their intentions and behaviors towards retirement preparation is essential for financial institutions, policymakers, and the individuals themselves. Generation Y has grown up during a period of rapid technological advancement, significant economic shifts, and changing societal norms. These factors have collectively influenced their financial habits, attitudes towards savings, and perceptions of retirement. Unlike previous generations, Gen Y has access to a plethora of financial information and tools online, yet they also grapple with issues such as student debt, high living costs, and job market volatility. Consequently, their approach to retirement planning may differ significantly from that of previous generations.

While there is considerable research on financial literacy among Generation Y, there is a notable lack of studies focusing specifically on retirement planning within the Indian context. This gap includes understanding the influence of financial planning, financial literacy, and demographic factors such as gender, age, education level, and occupation on retirement planning behaviors. This study aims to fill this gap by providing insights into how these factors uniquely affect the retirement planning of Indian Millennials. This study aims to explore the intentions of Gen Y towards retirement planning, examining the factors that motivate Gen Y attitude towards retirement planning. By investigating their financial behaviors, attitudes, and the external influences they encounter, this research seeks to provide a comprehensive understanding of how Gen Y is preparing for their future retirement. The findings will not only contribute to the academic discourse on financial planning but also offer practical insights for financial advisors, policymakers, and Gen Y individuals striving to secure their financial futures.

REVIEW OF LITERATURE

Gupta's study (2016), financial literacy among working women in Delhi was assessed through an analysis of financial attitude, behavior, and knowledge. Multiple regression was employed to model financial literacy based on these dimensions, following a methodology akin to OECD INFE's financial literacy surveys. Results indicated an average level of financial literacy among salaried women, signaling a concerning trend. Noor and Kiran (2017) highlighted the significance of financial planning, particularly for India's predominantly young population. With 65% of Indians under 35 years old and a growing population, prudent financial management becomes imperative. Despite this, a significant portion of the population, as per a 2016 RBI report, isn't saving for retirement. They emphasized the need for purposeful financial planning, considering both demographic and psychological factors, to ensure financial security, especially during retirement.

Gala (2021) emphasized the importance of financial literacy, especially among the youth in the Mumbai Metropolitan Region (MMRDA), noting a concerning decline in India's savings rate. Thavva (2021) highlighted the positive correlation between financial literacy and behavior, advocating for enhanced financial education to improve decision-making. Sekar and Gowri (2015) focused on Generation Y's financial literacy, revealing gender, education, income, and age as key determinants. Subhash et al. (2012) found Indians lagging in financial literacy but exhibiting positive financial behavior, with women slightly outperforming men. Hani (2020) discussed the dynamic nature of financial planning and the importance of comprehensive analysis in achieving financial goals. Ahmer (2020) stressed the significance of financial planning for tax savings and retirement security, noting the preferences of employees in Pune. Sanjay (2022) emphasized the universal importance of financial planning and its role in securing a stable future, irrespective of income or demographic factors.

Kumar et al. (2019) identified barriers to retirement planning implementation and suggested educational campaigns for better preparation. Bamboria (2021) explored retirement planning awareness in Vadodara, noting variations across age and education levels. Vakil (2021) investigated retirement planning behaviors among working individuals, highlighting age, education, and income as predictors. Sumathi et al. (2022) proposed a financial management plan for Gen Y retirees in Thailand, focusing on investments, insurance, and debt management. Saleh et al. (2022) studied the role of financial self-efficacy and retirement goal clarity in retirement planning behavior, with government policies moderating the relationship. Putnam (2010) advised pensioners on sustainable withdrawal strategies, while Rita and Teresa (2012) emphasized the multifaceted nature of retirement planning, tailored to individual circumstances and goals.

RESEARCH GAP

The review of literature shows that past research on consumers behaviour towards eco-friendly products were done by taking only green products into consideration. Other environmentally friendly products such as electric vehicles, solar energy devices were ignored. The present study covers the term 'eco-friendly products and package' in a broader term. The study focuses in analysing an association between variables like age, income, gender, qualification and level of awareness of eco-friendly products and packaging

This research aims to investigate the factors that influence the intentions of Generation Y individuals towards retirement planning. Specifically, it seeks to provide a deeper understanding of the motivations and preferences of Gen Y when preparing for their retirement. The study will address the following research questions and corresponding objectives:

The research tries to find answers to the following research questions

RQ1: What are the factors affecting the retirement planning behavior among Gen Y?

RQ2: Do demographic variables have an impact on retirement planning among Gen Y?

To address the research questions, the following two objectives were formulated and tested. These objectives aim to comprehensively understand the factors influencing Generation Y's approach to retirement planning, focusing on financial literacy, the determinants of their planning behavior, and the impact of demographic variables. By bridging the existing research gap, this study seeks to provide valuable insights and practical implications for enhancing retirement planning strategies for Gen Y.

OBJECTIVES OF THE STUDY:

- To identify the factors affecting the retirement planning behavior of Gen Y

- To identify the various demographic factors that affect retirement planning among Gen Y

The rest of the paper outlines four key sections: the literature review, research methodology, data analysis and interpretation, and conclusion. The literature review succinctly summarizes previous research, identifying gaps and informing the current study's focus. The research methodology section outlines the study's design, data collection methods, and analytical approaches, providing a clear framework for investigation. In the data analysis and interpretation section, findings are presented and discussed, drawing connections to existing literature to contextualize the results. Finally, the conclusion synthesizes key findings, discusses their implications, and suggests avenues for future research, ensuring a cohesive narrative throughout the paper.

HYPOTHESES

H1 : There is significant impact of attitude on retirement planning beahour.

H2 : There is significant impact of finanicla literacy on retirement planning beahour.

H3 : There is significant impact of pshychological factors on retirement planning beahour.

H4 : There is significant impact of economic condition on retirement planning beahour.

H5 : There is significant impact of family obligation on retirement planning beahour.

METHODOLOGY

To address the research objectives effectively a quantitative research approach. The sample for the study was derived using purposive sampling, a form of non-probability sampling. Purposive sampling involves selecting participants based on specific criteria relevant to the study's objectives. In this case, individuals belonging to Generation Y (born between the early 1980s and mid-1990s). The questionnaire comprised closed-ended and Likerts’ scale questions covering areas such as financial literacy, demographics, attitude, income level, and intention to invest in retirement planning. A sample of 130 individuals from Generation Y was selected to understand their attitudes and behavior towards retirement planning. The questionnaire was distributed both online and in person to ensure a diverse and representative sample of Gen Y across various regions in Bengaluru. Data analysis include quantitative techniques like descriptive statistics and regression analysis to identify patterns and significant factors influencing retirement planning behavior.

DATA ANALYSIS

Data analysis is a fundamental component of research endeavors, involving the systematic examination and interpretation of collected data to exact meaningful insights and draw informed conclusions. This part of the paper presents both descriptive and statistical analysis. The demographic analysis reveals insights into the characteristics of the sample population regarding age, marital status, annual income, educational qualifications, and financial dependents. The majority of respondents fall within the age group of less 35 years, comprising 70% of the sample, followed by 36-45 years (23.8%) and 46 and above (6.2%). Regarding marital status, the majority are single or never married (62%), with a smaller proportion being married (33.8%), and very few respondents are divorced (3.8%). In terms of annual income, over half of the respondents earn 5,00,000 and above, while the remaining are distributed across lower income brackets. Educational qualifications are predominantly at the bachelor's and master's levels, with professionals and doctorate holders forming smaller percentages. Regarding financial dependents, the majority of respondents have none (50.7%), while a significant proportion have 1-3 dependents (43.0%), and a smaller percentage have 4 or more dependents (6.1%). This demographic profile provides a foundation for understanding the sample population's characteristics and their potential influence on retirement planning behavior.

Regression analysis was conducted to identify the factors impacting retirement planning behavior. This statistical method explores the relationship between a dependent variable, such as retirement planning behavior, and one or more independent variables, such as demographic factors, financial literacy, and attitudes. By fitting a mathematical equation to the observed data, regression analysis helps model the complex interplay between these variables.

Table 4.1: Factors and Retirement Planning Behavior

Mod el	R	R Square	Adjusted R Square	SE	F	Sig.
1	.186[a]	.035	.027	.892	4.591	.034[b]

a. Dependent Variable: retirement behaviour

b. Predictors: (Constant), Attitude, financial literacy, psychological factors, economic condition, Family obligation,

Coefficients

Model		Unstandardized	Standardized		t	Sig.
		B	SE	Beta		
1	(Constant)	3.192	.277		11.518	.000
	Attitude	.156	.073	.186	2.143	.034
	Financial literacy	.366	.049	.284	7.464	.000
	Psychological factors	.349	.050	.276	6.975	.000
	Economic condition	.112	.042	.100	2.650	.008
	Family obligation	.288	.042	.260	6.892	.000

a. Dependent Variable: Retirement planning behaviour

The regression analysis was conducted to explore the factors influencing retirement planning behavior. The overall model's significance is indicated by an F-value of 4.591 ($p = 0.034$), suggesting that the model as a whole is statistically significant in predicting retirement behavior. The coefficient of determination (R Square) indicates that approximately 3.5% of the variance in retirement behavior can be explained by the predictors included in the model. The adjusted R Square, which accounts for the number of predictors and sample size, is 2.7%.

On examining the coefficients for individual predictors. Attitude, financial literacy, psychological factors, economic condition, and family obligations all demonstrate significant relationships with retirement planning behavior ($p < 0.05$). Financial literacy has the highest standardized coefficient (Beta = 0.284), indicating that it has the strongest influence on retirement planning behavior among the predictors included in the model. Attitude, psychological factors, and family obligations also show relatively strong standardized coefficients, suggesting significant contributions to retirement planning behavior.Economic condition exhibits a smaller, yet still significant, standardized coefficient, indicating a less pronounced but statistically significant impact on retirement planning behavior.

ANOVA (Analysis of Variance) is utilized in this study to determine whether there are statistically significant differences in retirement planning behavior across different demographic groups. It's a suitable statistical method when comparing the means of three or more independent groups, which is relevant in this context as the study explores the impact of various demographic factors (age, marital status, annual income, education qualification, financial dependents) on retirement planning behavior among Generation Y individuals.

Table 4.2 Demographic Factors and Retirement Planning Behavior

		Sum of Squares	df	Mean Square	F	Sig.
Age	Between Groups	3.701	4	0.925	2.734	0.032
	Within Groups	42.31	125	0.338		
Marital Status	Between Groups	2.72	4	0.681	2.191	0.074
	Within Groups	38.85	125	0.311		
Annual Income	Between Groups	24.55	4	61.36	0.793	0.532
	Within Groups	96.76	125	77.41		

Education	Between Groups	2.491	4	0.623	1.118	0.351
	Within Groups	69.63	125	0.557		
Financial Dependants	Between Groups	2.769	4	0.692	1.908	0.113
	Within Groups	45.35	125	0.363		

The ANOVA results in table 4.2 provide insights into the relationship between demographic factors and retirement planning behavior:

Age: The p-value for age is 0.032, indicating statistical significance at the 0.05 significance level. Thus, we reject the null hypothesis and conclude that age significantly influences retirement planning behavior.

Marital Status: With a p-value of 0.074, slightly above the 0.05 significance level, there's a trend suggesting marital status may influence retirement planning behavior, although it does not reach statistical significance.

Annual Income: The p-value for annual income is 0.532, considerably higher than 0.05, indicating that annual income does not significantly impact retirement planning behavior.

Education Qualification: The p-value for education qualification is 0.351, also higher than 0.05, suggesting that education qualification does not have a significant effect on retirement planning behavior.

Financial Dependents: The p-value for financial dependents is 0.113, above the 0.05 significance level, indicating that financial dependents do not significantly influence retirement planning behavior. The ANOVA analysis reveals that among the demographic factors examined, only age has a statistically significant impact on retirement planning behavior. Other factors, including marital status, annual income, education qualification, and financial dependents, do not show significant associations with retirement planning behavior in this study.

CONCLUSION

The conclusion of the study provides valuable insights gleaned from the data analysis and interpretation, shedding light on the overarching research questions and their implications. It highlights the significance of the findings in advancing our understanding of the topic and suggests potential avenues for future research. Additionally, the conclusion discusses the practical implications of the study's results, offering recommendations for policymakers, practitioners, and other stakeholders. However, it's important to acknowledge the limitations of the study, such as sample size constraints, methodological limitations, or potential biases, which may impact the generalizability of the findings. These limitations provide opportunities for future research to address and expand upon, ultimately contributing to the ongoing discourse in the field. The future implications of the study are significant, as they offer insights that can guide various stakeholders in decision-making and practice. Policymakers can use the findings to inform the development of targeted interventions aimed at enhancing financial literacy and retirement planning among specific demographic groups, such as Gen Y individuals. Financial institutions and educators can leverage the study's insights to design tailored financial education programs that address the identified gaps in practical knowledge and behavior. Furthermore, employers may consider incorporating retirement planning workshops or resources into their employee benefits packages to support long-term financial security. Overall, the study's findings have the potential to contribute to improved financial well-being and retirement readiness among Gen Y and beyond, paving the way for a more financially secure future.

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