

1. INTRODUCTION

1.1 Background

Retirement is a significant life transition, marking a shift from active employment to a phase of economic and personal independence. While retirement offers the opportunity for newfound freedom and leisure, it also brings about substantial changes that extend beyond financial dependency, impacting social dynamics, mental health, and physical well-being. Age is one factor and reason for employees to end their work life within a company. In Indonesia, the standard retirement age for private sector employees is set at 55 years, as specified under Minister of Manpower Regulation No. 2 of 1995, Article 2. However, if an employee continues to be employed beyond this age, the maximum retirement age is capped at 60 years. Renewed law regarding the age limit for retirees in Indonesia has been established effective by 2024 as mentioned in Omnibus Law on Job Creation, which changed it into flexibility to determine retirement age through employment agreements, company regulations, or collective labor agreements. Moreover, Law No. 11 of 1992 on Pension Funds further mandates the establishment of pension funds for private-sector employees, aiming to provide financial support post-retirement. However, despite this framework, retirees still encounter challenges, including financial insecurity, social isolations and mental health problems as well as health issues (Rosenthal & Moore, 2018). A study by MassMutual indicates that most pre-retirees are anxious about their financial uncertainty (44%), not having enough money to support their family (43%), health issues (42%), the feeling of “old” (22%) and the rest are anxious about boredom and socially isolated. Those financial, health and social stigma issues lead to anxiety which ends up affecting their mental health wellbeing when preparing for retirement. According to Ardela (2018), 90% of employees are not ready to face their retirement phase and 61% are unsure about their savings to cover their retirement life. Research by Doolin (2024) emphasizes that retirement planning is often postponed until it is too late, especially in today's rapidly changing world. Doolin further asserts that retirement preparation should extend beyond financial planning to include fostering emotional and psychological readiness. This holistic approach facilitates smoother transitions into retirement, equipping individuals to navigate this significant life phase more effectively.

Pre-retirement programs are structured interventions designed to support individuals in effectively planning for their transition into retirement, typically delivered through seminars, workshops, or courses. These programs address two primary domains: practical and psychosocial. The practical aspects focus on financial and physical preparation, including financial literacy, budgeting, long-term planning, legal considerations such as inheritance, understanding pension benefits, health insurance, physical activity, and balanced nutrition. The psychosocial aspects aim to alleviate retirement-related anxiety, foster a positive outlook, and provide strategies for navigating the emotional and psychological adjustments associated with this life stage.

PT. X is a leading tobacco manufacturing company in Indonesia, employing thousands of workers across various levels, from production labor to the Board of Directors and Commissioners. Operating in a labor-intensive industry, the company places significant emphasis on fostering long-term employment and supporting the welfare of its employees, even beyond their tenure. Recognizing the critical importance of retirement preparation, the Employee Relations team serves as the project manager for the Pre-Retirement Program, curating tailored materials and resources to equip employees with the knowledge and skills necessary for a smooth transition into retirement phase. While the company is unable to provide regular income post-retirement, the main objective is to emphasize retirement preparation as a key initiative to address potential unemployment challenges and support employee holistic well-being as the core of preparedness beyond their tenure with the organization.

The pre-retirement program in PT. X is structured into three distinct groups based on employees' salary grades, roles, and organizational levels, ensuring the content aligns with their unique needs and professional experiences. The first group consists of employees in essential support roles, contributing to the seamless execution of daily organizational operations. The second group includes individuals who manage processes, coordinate activities, and provide team guidance, encompassing supervisory and senior positions. The third group comprises managerial and executive-level participants, including members of the Board of Directors and Board of Commissioners, who are tasked with strategic decision-making and guiding the organization's long-term direction. This classification enables the program to deliver tailored material that aligns with the diverse background conditions and career stages of its participants.

This study mainly discusses the third group, managerial and executives levels. Executives and managerial-level employees, accustomed to high-pressure roles and significant social status, may experience a more pronounced adjustment period upon retirement. The abrupt loss of

professional identity, coupled with the potential decline in social networks tied to their former positions, can lead to feelings of isolation and reduced self-worth. Additionally, while financial security may be a less pressing concern for some, the complexity of retirement planning and the need to adjust to a potentially reduced income stream can add to the overall stress of the transition for managers and executives. Moreover, the transition from a structured work environment to the unstructured nature of retirement can be challenging for individuals who thrive on routine and purpose. This can lead to feelings of boredom, restlessness, and a loss of meaning.

The pre-retirement program is specifically designed for employees who are nearing retirement within the next five years, as well as for those undergoing early retirement or termination. For managerial and executive-level participants, the program is implemented in a structured series comprising three phases. The pre-program phase involves a survey assessing participants' current conditions for retirement, complemented by bite-sized inspirational videos to build engagement before the main program. The main program phase features a two-day workshop facilitated by nationally recognized speakers, offering comprehensive insights of holistic wellbeing as a cornerstone of retirement preparedness, and aims to achieve a fulfilling retirement life. Finally, the post-program phase includes a six-month coaching and monitoring initiative, ensuring continued support and practical application of workshop learnings facilitated by several professional coaches and mentors to choose on. By the end of 2024, PT. X has successfully conducted two batches of this Pre-Retirement Program for managerial and executive-level. The program is designed to enhance holistic well-being across four essential pillars: physical, financial, mental, and social. Its goal is to provide participants with the necessary tools and knowledge to approach retirement with confidence, effectively addressing interconnected challenges and paving the way for a fulfilling post-retirement life.

This study focuses exclusively on the main program phase of the Pre-Retirement Program. Historically, the program was conducted using a traditional structure that primarily centered on the main phase, comprising training sessions and workshops. However, with the recent evolution into a more structured series of three phases, the program now incorporates pre-program and post-program components aimed at enhancing engagement and sustained impact. By concentrating on the main program phase, this study seeks to evaluate whether its current iteration has become more effective in supporting participants' readiness for retirement compared to the previous approach. Additionally, as the post-program phase had not yet been

done at the time of this research, its potential influence on overall program effectiveness falls outside the scope of this study.

Moreover, the program's effectiveness in meeting its objectives remains unclear. To date, the evaluation has been limited to measuring participants' satisfaction levels, providing insights into their immediate experience using Net Promoter Score (NPS) but not capturing the program's long-term impact on holistic well-being. Without a structured mechanism to assess the program's outcomes against its goals, it is challenging to determine whether it adequately addresses the concerns and needs of pre-retirees as they prepare for their retirement life. This limitation highlights a critical gap in participants' understanding and impact analysis. The absence of outcome-based evaluation means that the program's ability to bring meaningful and measurable improvements to participants' preparedness remains unverified. According to Jones (2017), lack of direction and unclear goals are the main reasons that drive failure in a project with approximately 37% of programs failing due to unclear objectives, creating challenges and no room for improvement. He also added that a failed project toward reaching its objectives wastes not only time but also efforts and cost inefficiency.

1.2 Problem Formulation

While implementing a pre-retirement program involves significant costs, it underscores the necessity of conducting robust impact assessments. Such objective based evaluations are essential to ensure the program is effectively designed to address the unique challenges faced by pre-retirees. However, the current focus is primarily on holistic well-being with its four pillars: physical, financial, social, and mental during the main program phase, neglecting the pre-program and post-program phases of the series. Current approaches have been done using NPS as the guideline to improve the experience of the next program based on past participants' insights, but not how it affects their preparedness of entering the retirement phase after joining the program. Without measuring the program's effectiveness in meeting its objectives, the significant costs incurred per participant may not yield meaningful outcomes, resulting in inefficient resource allocation. A comprehensive evaluation would not only clarify its impact but also identify specific areas within the well-being pillars that have gaps and require improvement. This would enable the program to adopt more effective and cost-efficient strategies, ensuring its objectives are met and enhancing its overall value for pre-retirees.

To address this issues, the following hypothesis will be tested:

- **H0 (Preparedness Score and Pre-Retirement Program Participations):** There is no significant relationship between employee's retirement preparedness score on participations of Pre-Retirement Program
- **H1:** There is a significant relationship between employee's retirement preparedness score on participations of Pre-Retirement Program

1.3 Objectives

1. To assess the influence of the Pre-Retirement Program towards the Preparedness Score of pre-retirees on PT. X
2. To identify areas for improvement within each pillar of well-being and provide recommendations for enhancing the next iteration of the Pre-Retirement Program at PT. X.

1.4 Scope of Study and Research Limitations

The limitations used in this study are as follows:

1. This thesis research is conducted at a tobacco manufacturing company, namely PT. X
2. This research is conducted focusing on the managerial and executive level employees at PT. X
3. This research is based on the participants' data of 2 batches Pre-Retirement Program held in July 2024 and October 2024
4. This research does not take into account detailed other series of the program other than the main workshop program
5. This research is carried out up to the stage of proposing improvements, without reaching the implementation phase in the company.

1.5 Data Collection Methods

In this study focusing on Pre-Retirement Program, data collection employs the following rigorous methods:

1. **Observation:** This method involves direct, firsthand observation conducted during the main stages of the pre-retirement program to gather real-time data and insights
2. **Questionnaires:** Data collection utilizes carefully designed questionnaires based on the program's delivered materials to assess respondents' preparedness for holistic well-being.

The respondents include both participants and non-participants of the pre-retirement program, with retirement projected within the next 5 years

3. Interviews: Structured interviews are conducted with key personnel who are either directly involved in developing the pre-retirement program or closely connected to the research subject.

1.6 Structural Framework

The structural organization of this research report follows a systematically planned sequence of chapters and subchapters, designed to ensure clarity and coherence while upholding the academic rigor required for the study of the effectiveness of pre-retirement programs on holistic well-being preparedness:

CHAPTER 1: INTRODUCTION

This chapter lays the groundwork for the research, explaining the motivations behind examining the effectiveness of pre-retirement programs in fostering holistic well-being preparedness. It also highlights the key challenges and gaps in retirement readiness and program evaluation within PT. X.

CHAPTER 2: LITERATURE REVIEW

This chapter provides an in-depth exploration of the theories and concepts relevant to the study. Topics covered include the design of pre-retirement programs, holistic well-being frameworks, retirement readiness, AHP, multifactor ANOVA, and methods for conducting outcome-based evaluations.

CHAPTER 3: RESEARCH METHODOLOGY

This section details the research methodology, presenting a step-by-step process illustrated with a flowchart to ensure clarity and organization. It explains data collection techniques, participant criteria, and the analytical approach using multifactor ANOVA to assess program outcomes.

CHAPTER 4: RESULTS AND DISCUSSION

This chapter presents the findings of the study and discusses their implications. It analyzes how factors such as program participation, private health insurance, financial literacy, health awareness, and financial readiness contribute to holistic well-being preparedness. The discussion identifies areas for improvement and offers recommendations to enhance the effectiveness of the pre-retirement program.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

The final chapter summarizes the research findings, providing conclusions that address the study's objectives and research questions. It also offers actionable recommendations to improve the pre-retirement program and suggests directions for future research in the field.