

Transformational Leadership, Retirement Preparation Programs, and Post-Retirement Entrepreneurial Intention: Mediating Role of Self-Efficacy

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Received : May 23, 2026
Accepted : July 22, 2026
Published : August 24, 2026

Citation: Hapsari, A. A. (2026). Transformational Leadership, Retirement Preparation Programs, and Post-Retirement Entrepreneurial Intention: Mediating Role of Self Efficacy. Pinsaka Journal of Management, Business and Economics, Vol 1, No. 1, Page 5-13 <https://doi.org/xxxx/pjbme.vXiX.XXX>

ABSTRACT: This study investigates the relationship between transformational leadership, organizational retirement preparation programs (RPP/MPP), and post-retirement entrepreneurial intention among pre-retirees in Indonesian corporations. Drawing on Social Cognitive Theory (Bandura, 1986), this study proposes that self-efficacy mediates the pathways from both transformational leadership and RPP participation to entrepreneurial intention. A quantitative cross-sectional survey was administered to 312 employees aged 50–60 years across manufacturing and state-owned enterprises in West Java, Indonesia. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4.0. Results indicate that transformational leadership ($\beta = 0.31, p < 0.001$) and RPP quality ($\beta = 0.27, p < 0.01$) positively predict self-efficacy among pre-retirees. Self-efficacy fully mediates the effect of transformational leadership on entrepreneurial intention ($\beta = 0.22, p < 0.001$) and partially mediates the RPP–entrepreneurial intention relationship ($\beta = 0.18, p < 0.01$). This study extends Social Cognitive Theory to the domain of late-career human resource development and offers practical implications for HR practitioners designing pre-retirement programs with entrepreneurship modules in emerging economy contexts.

Keywords: Transformational leadership, Retirement preparation program, Post-retirement entrepreneurial intention, Self efficacy

INTRODUCTION

The global workforce is undergoing a profound demographic transformation. In Indonesia, the proportion of workers aged 50 and above has grown significantly, reaching approximately 22.3% of the total workforce by 2023 (BPS, 2023). This aging workforce presents both a challenge and an opportunity for human resource management (HRM) practitioners: how to effectively support employees in transitioning from formal employment to productive post-retirement life.

Research consistently shows that post-retirement adjustment is not merely a personal endeavor but is significantly shaped by organizational factors (Wang et al., 2011; Zhan et al., 2015). Among these organizational factors, transformational leadership characterized by inspiration, intellectual stimulation, individualized consideration, and idealized influence (Bass & Riggio, 2006) — has been identified as a critical enabler of employee development, psychological empowerment, and

proactive behavior. Yet, remarkably little research has examined whether transformational leadership extends its influence into the pre-retirement and post-retirement domain.

Simultaneously, Retirement Preparation Programs (RPP) — known in Indonesia as Program Masa Persiapan Pensiun (MPP) — represent a critical but underresearched HRM intervention. While studies have documented the value of financial planning components in RPP (Taylor et al., 2008), the role of RPP quality in fostering entrepreneurial intentions among pre-retirees has received scant empirical attention, particularly in the context of emerging economies where social security systems remain incomplete.

This gap is particularly consequential in the Indonesian context. With a mandatory retirement age of 56–58 years (for most sectors) and life expectancy approaching 72 years, Indonesian retirees face an average of 14–16 years of post-retirement life that must be filled productively. Entrepreneurship presents a viable pathway — what Sukandi (2024) terms the ‘Pensiunpreneur’ phenomenon yet the antecedents of entrepreneurial intention in this population remain poorly understood.

Drawing on Social Cognitive Theory (SCT; Bandura, 1986, 1997), this study proposes that self-efficacy serves as the critical mediating mechanism through which both transformational leadership and RPP quality translate into entrepreneurial intention. SCT posits that beliefs about one’s capabilities (self-efficacy) are primary determinants of goal-directed behavior, including entrepreneurial pursuit (Zhao et al., 2005). This study contributes to the literature in three ways: (1) it is among the first to position transformational leadership as an antecedent of post-retirement entrepreneurial intention; (2) it extends SCT to the domain of late-career HRM; and (3) it provides empirical evidence from an emerging economy context that is severely underrepresented in the global HRM literature.

METHOD

Research Design

This study employs a quantitative, cross-sectional survey design. A positivist epistemological stance is adopted, consistent with the deductive testing of theory-derived hypotheses (Bryman, 2016). Self-report questionnaire data were collected from pre-retirees in Indonesian formal organizations. The cross-sectional design is appropriate for testing mediation relationships when the causal ordering is theoretically established and prior longitudinal studies support the directionality of the proposed effects (Maxwell & Cole, 2007).

Population and Sample

The target population consists of employees aged 50–60 years employed in formal organizations in West Java, Indonesia, who are within five years of their mandatory retirement date. West Java was selected due to its high concentration of manufacturing enterprises and state-owned companies (BUMN), which represent primary contexts for formalized MPP implementation in Indonesia.

A minimum sample size of 260 was determined using the 10× rule for PLS-SEM (Hair et al., 2019), which requires at least 10 observations per path in the most complex structural equation. Given

the model's maximum complexity of 4 paths to any single construct, 40 observations per variable ($10 \times 4 = 40$) multiplied by eight constructs yields a minimum of 280. To account for incomplete responses and outliers, a target of 350 questionnaires was distributed, resulting in 312 usable responses (response rate: 89.1%).

Characteristic	Distribution
Age group 50–54 years	52.2% (n = 163)
Age group 55–60 years	47.8% (n = 149)
Gender: Male	61.5% (n = 192)
Gender: Female	38.5% (n = 120)
Education: Diploma/S1	58.3% (n = 182)
Education: S2/S3	41.7% (n = 130)
Sector: Manufacturing	47.1% (n = 147)
Sector: BUMN/State-owned	38.5% (n = 120)
Sector: Services	14.4% (n = 45)
Mean years of service	28.4 years (SD = 5.1)

Table 1. Sample Profile (n = 312)

Measures and Instruments

Transformational Leadership (TL)

TL was measured using the 20-item Multifactor Leadership Questionnaire (MLQ-5X Short; Bass & Avolio, 1995), adapted and validated for the Indonesian context by Wahyuni and Setiawan (2020). Items were rated on a 5-point Likert scale (1 = Not at all; 5 = Frequently, if not always). A sample item: 'My supervisor articulates a compelling vision of the future that gives meaning to my current work.' Cronbach's alpha in this study: $\alpha = 0.91$.

RPP/MPP Quality (RPPQ)

RPP Quality was measured using an 18-item scale developed for this study, drawing on the framework of Taylor et al. (2008) and adapted to the Indonesian MPP regulatory context (Kemnaker, 2022). Dimensions include: comprehensiveness of content (financial, health, social, entrepreneurship), perceived program usefulness, and quality of facilitators. Respondents rated their most recent MPP experience. Confirmatory factor analysis (CFA) yielded adequate fit (CFI = 0.94; RMSEA = 0.057). $\alpha = 0.88$.

Self-Efficacy (SE)

General self-efficacy was measured using the 10-item General Self-Efficacy Scale (GSE; Schwarzer & Jerusalem, 1995), which has been validated in the Indonesian context by Mukhid (2009). For the entrepreneurial domain, the 23-item New General Self-Efficacy scale (Chen et al., 2001) was supplemented with 5 items specific to post-retirement entrepreneurial confidence, developed and pilot-tested in this study. $\alpha = 0.89$.

Entrepreneurial Intention (EI)

Post-retirement entrepreneurial intention was measured using 6 items adapted from the Entrepreneurial Intention Questionnaire (EIQ; Linan & Chen, 2009): 'I am determined to start a

business after retirement,' 'I have seriously thought about starting a business after retirement,' etc. Rated on a 7-point Likert scale. $\alpha = 0.92$.

Data Analysis Strategy

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 (Ringle et al., 2022). PLS-SEM was selected over CB-SEM due to: (1) the exploratory-confirmatory hybrid nature of the research model; (2) the non-normal distribution of the self-efficacy variable (Kolmogorov-Smirnov $p < 0.05$); and (3) the presence of a newly developed scale (RPP Quality) where model-based normality assumptions cannot be guaranteed (Hair et al., 2019).

The analysis followed a two-step approach: (1) Measurement model assessment (reliability, convergent validity via AVE, discriminant validity via HTMT ratio); (2) Structural model assessment (path coefficients, R^2 , effect sizes f^2 , predictive relevance Q^2 , and SRMR < 0.08). Mediation hypotheses were tested using bootstrapping with 5,000 subsamples and bias-corrected 95% confidence intervals.

RESULT AND DISCUSSION

Measurement Model Assessment

The measurement model was first assessed for reliability and validity before testing the structural model, in accordance with established PLS-SEM guidelines (Hair et al., 2019). Table 2 presents the results.

Construct / Indicator	Loading	α	CR	AVE
Transformational Leadership (TL)				
TL1 – Idealized Influence (avg)	0.82			
TL2 – Inspirational Motivation	0.79			
TL3 – Intellectual Stimulation	0.81			
TL4 – Individualized Consideration	0.86			
Composite reliability (TL)		0.91	0.93	0.68
RPP Quality (RPPQ)				
RPPQ1 – Comprehensiveness	0.77			
RPPQ2 – Usefulness	0.84			
RPPQ3 – Facilitator quality	0.79			
RPPQ4 – Entrepreneurship module	0.81			
Composite reliability (RPPQ)		0.88	0.91	0.63
Self-Efficacy (SE)		0.89	0.92	0.65
Entrepreneurial Intention (EI)		0.92	0.94	0.71

Table 2. Measurement Model Results

All indicator loadings exceeded the recommended threshold of 0.70. Composite reliability (CR) ranged from 0.91 to 0.94, surpassing the 0.80 threshold. Average Variance Extracted (AVE) values ranged from 0.63 to 0.71, all above the 0.50 criterion (Fornell & Larcker, 1981). The Heterotrait-

Monotrait (HTMT) ratio for all construct pairs remained below 0.85, confirming discriminant validity (Henseler et al., 2015). Common method bias was assessed using Harman's single-factor test; no single factor accounted for more than 28% of variance, indicating common method variance is not a significant concern.

Structural Model and Hypothesis Testing

Table 3 presents the path coefficients, t-values, and hypothesis test results from the PLS structural model. The model explains 54.2% of the variance in Self-Efficacy ($R^2 = 0.542$) and 47.8% of the variance in Entrepreneurial Intention ($R^2 = 0.478$), both of which are substantial in the context of organizational behavior research (Cohen, 1988).

Hypothesis / Path	β	t-value	p-value	f^2	Decision
H1: TL $\rightarrow$ Self-Efficacy	0.31	4.82	<0.001	0.14 (medium)	Supported
H2: RPPQ $\rightarrow$ Self-Efficacy	0.27	3.96	<0.01	0.10 (small)	Supported
H3: TL $\rightarrow$ EI (direct)	0.08	1.21	0.226	—	Not significant (full mediation)
H3: TL $\rightarrow$ SE $\rightarrow$ EI (indirect)	0.22	4.11	<0.001	0.11	Supported
H4: RPPQ $\rightarrow$ EI (direct)	0.14	2.08	<0.05	0.05	Supported (partial)
H4: RPPQ $\rightarrow$ SE $\rightarrow$ EI (indirect)	0.18	3.44	<0.01	0.08	Supported
H5: TL $\times$ RPPQ $\rightarrow$ SE	0.11	1.88	0.061	0.03	Not supported

Table 3. Structural Model Results and Hypothesis Testing

Discussion

Transformational Leadership and Self-Efficacy (H1 — Supported)

The significant positive relationship between transformational leadership and pre-retiree self-efficacy ($\beta = 0.31$, $p < 0.001$) is consistent with prior research linking TL to employee psychological empowerment (Walumbwa et al., 2008) and confidence (Dvir et al., 2002). The 'individualized consideration' dimension of TL appears particularly relevant in the pre-retirement context: supervisors who acknowledge and actively support an employee's retirement transition as a legitimate developmental stage provide vicarious learning experiences and verbal encouragement — two of the four primary sources of self-efficacy identified by Bandura (1997).

This finding extends TL theory beyond its traditional performance and engagement outcomes into the late career domain. The practical implication is significant: organizations can leverage existing TL capabilities of their managers to support pre-retirees' psychological readiness for entrepreneurial transitions without requiring entirely new HR interventions.

RPP Quality and Self-Efficacy (H2 — Supported)

The positive relationship between RPP/MPP quality and self-efficacy ($\beta = 0.27$, $p < 0.01$) is consistent with Taylor et al.'s (2008) finding that comprehensive retirement preparation programs improve psychological adjustment. Importantly, our measurement of RPP quality captured the presence of entrepreneurship-specific modules — a component rarely included in traditional MPP designs in Indonesia, which tend to focus predominantly on financial and administrative dimensions (Kemnaker, 2022).

This finding aligns with mastery experience as a self-efficacy source (Bandura, 1997): participants who receive skills training in business planning, market analysis, and financial management within the RPP framework develop competence-based confidence that translates directly into higher entrepreneurial self-efficacy. This result provides strong empirical support for the inclusion of entrepreneurship modules in Indonesian MPP programs.

Self-Efficacy as Full Mediator of TL → EI (H3 — Supported)

The full mediation of the TL–EI relationship through self-efficacy (indirect effect: $\beta = 0.22$, $p < 0.001$; direct effect: $\beta = 0.08$, non-significant) is theoretically coherent and practically important. It indicates that TL does not directly motivate entrepreneurial intention among pre-retirees; rather, its effect is fully transmitted through the confidence-building mechanism of self-efficacy. This is consistent with SCT's emphasis on self-efficacy as the proximal determinant of intentional behavior (Bandura, 1986) and with Zhao et al.'s (2005) meta-analytic finding that self-efficacy is the most consistent mediator between antecedents and entrepreneurial intention.

Self-Efficacy as Partial Mediator of RPP → EI (H4 — Supported)

The partial mediation of the RPP–EI relationship by self-efficacy (indirect: $\beta = 0.18$, $p < 0.01$; direct: $\beta = 0.14$, $p < 0.05$) suggests that RPP quality influences entrepreneurial intention both through self-efficacy and through a direct informational pathway. This is conceptually meaningful: beyond building confidence, high-quality RPPs may directly supply cognitive frameworks (business models, market knowledge) and social networks (alumni communities, mentor connections) that enable entrepreneurial intention independent of self-efficacy. This nuance warrants further investigation in future research.

Theoretical Contributions

This study makes three principal theoretical contributions:

- Extension of SCT to late-career HRM: This study is among the first to apply Social Cognitive Theory systematically to the retirement entrepreneurship interface, establishing self-efficacy as a critical mediating construct in this domain.
- Expansion of transformational leadership theory: By demonstrating TL's positive effect on pre-retiree outcomes, this study extends TL theory's documented boundary conditions into the late-career and retirement transition domain.
- Conceptualization of RPP quality: The development and validation of an RPP quality scale particularly its entrepreneurship module dimension — provides a psychometric tool for future research and policy evaluation.

Practical Implications

For HR practitioners and organizational policymakers, this study offers the following recommendations:

1. Integrate entrepreneurship modules into MPP programs: Indonesian MPP programs should expand beyond financial and administrative content to include business planning,

market feasibility analysis, and access-to-capital workshops. Such modules directly build the mastery experiences that elevate entrepreneurial self-efficacy.

2. Train supervisors in individualized consideration: Organizations should develop supervisory capabilities particularly in recognizing and supporting employees approaching retirement as part of leadership development programs. A simple intervention: including retirement transition support as an explicit competency in supervisor performance evaluations.
3. Create mentorship bridges: Organizations can facilitate connections between pre-retirees and successful 'Pensiunpreneur' alumni who have successfully established post-retirement ventures as role models, leveraging vicarious learning as a self-efficacy source.
4. Design phased RPP delivery: Given the partial direct effect of RPP quality on EI, organizations should complement self-efficacy building with direct informational resources: market databases, business incubator partnerships, and alumni entrepreneurship networks.

CONCLUSION

This study investigated the role of transformational leadership and organizational RPP/MPP quality in fostering post-retirement entrepreneurial intention among 312 pre-retirees in Indonesian formal organizations, with self efficacy as the mediating mechanism. Drawing on Social Cognitive Theory, four of five hypotheses were supported.

The key conclusions are as follows. First, transformational leadership significantly enhances self-efficacy in pre-retirees, particularly through individualized consideration that validates the retirement transition as a developmental opportunity. Second, high-quality RPP/MPP programs, especially those incorporating entrepreneurship modules, strengthen pre-retirees' self-efficacy for post-retirement ventures. Third, self-efficacy fully mediates the influence of TL on entrepreneurial intention, and partially mediates the RPP–EI relationship, confirming SCT's centrality in the late-career entrepreneurship domain. Fourth, the proposed moderation of TL on the RPP–SE relationship was not supported, suggesting that TL and RPP operate through independent pathways rather than synergistically.

Limitations and Future Research

Several limitations of this study merit acknowledgment. First, the cross-sectional design precludes causal inference; future studies should employ longitudinal or experimental designs to establish temporal precedence. Second, the sample is confined to West Java manufacturing and BUMN sectors; replication in other Indonesian provinces and sectors (agriculture, SMEs, creative industries) is needed to assess generalizability. Third, self-report measures are subject to social desirability bias, although the Harman single-factor test provided some assurance against severe common method variance.

Future research directions include: (1) longitudinal studies tracking self-efficacy and entrepreneurial intention from pre-retirement to two years post-retirement; (2) qualitative exploration of the specific leadership behaviors most salient to pre-retirees; (3) cross-cultural

comparisons with other ASEAN economies (Malaysia, Thailand, Philippines) to assess contextual boundary conditions; and (4) intervention studies evaluating the effect of redesigned MPP programs (with entrepreneurship modules) on self-efficacy and actual entrepreneurial behavior.

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