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Income, Subjective Norms, Policy Uncertainty, and Saving Behavior: The Mediating Role of Saving Intention

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Abstract

Although Kediri City recorded the highest Gross Regional Domestic Product (GRDP) in East Java, the real sector actually experienced a contraction, which forces the society to be more active in saving. The objective of this study is to analyze the effect of subjective norms, income, and policy uncertainty on the saving behavior of workers in Kediri City, as well as to examine the role of saving intention as a mediating variable. This study employs a quantitative approach using a survey method with a 5-point Likert scale questionnaire. The sample consisted of 100 productive-age workers selected through a proportional cluster sampling technique across three administrative areas. Data were analyzed using the Structural Equation Modeling - Partial Least Square (SEM-PLS) approach via SmartPLS software version 4.1.1.7. The results indicate that subjective norms have a positive and significant effect on both saving intention and saving behavior directly. Policy uncertainty and saving intention are also proven to have a significant positive effect on saving behavior. However, the income level is found to have no significant effect on workers' saving behavior. In conclusion, encouragement from the immediate social environment and concerns over future regulatory conditions are crucial factors shaping precautionary saving behavior, whereas the amount of income is not the main determinant without a strong intention.

Introduction

The COVID-19 pandemic that hit the world, including Indonesia, has caused a sharp decline across various sectors, particularly in macroeconomic stability (Sihaloho, 2020; Kacaribu & Crystallin, 2022; Anas et al., 2022). This uncertain economic condition psychologically encourages people to save their money as a precautionary measure against unforeseen future events, rather than spending it on daily consumption (Putri, 2020). Saving becomes a vital instrument not only as a financial safety net for individuals but also plays a crucial role in driving investment, production, and the smooth economic development of a country (Asandimitra & Kautsar, 2019; Hamran et al., 2022). In line with the macroeconomic theory concept proposed by Keynes (1936), household income is the main determinant of the amount of savings, where savings are essentially the remainder of the income intentionally not consumed at that time.

In addition to the impacts of the pandemic, the enactment of the Job Creation Law (Undang-Undang Cipta Kerja) in 2020 has also generated new policy uncertainty among the public (Heizier, 2021), triggering concerns about the potential abolition of the city minimum wage, layoffs, and the health security system (Basalamah, 2022; Dzulfaroh, 2020). According to Masayuki et al., (2017), this kind of government policy uncertainty can be defined as an economic risk that directly drives society, especially workers, to reduce expenses and increase

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their savings as a precautionary motive. This anomalous phenomenon of economic behavior is particularly interesting to observe in Kediri City. The city recorded the highest per capita Gross Regional Domestic Product (GRDP) in East Java, with a Human Development Index (HDI) that far exceeds both provincial and national averages. However, despite these high welfare indicators, the real economic sector in Kediri actually experienced a contraction, evidenced by a 30% turnover decline in local MSMEs and a 63.92% plunge in the net profit of PT Gudang Garam Tbk in 2022. The high levels of GRDP and HDI, which ideally should be accompanied by high public consumption, are now clashing with a weakening real economy that forces the society to be more active in saving (BPS, 2022; Ibe, 2024; Abbas, 2026).

To examine the phenomenon of saving behavior more deeply and structurally, this study relies on the Theory of Planned Behavior (TPB) framework proposed by Ajzen (1991). This theory suggests that a person's behavior does not emerge suddenly but is strongly determined by intention, which is partly shaped by subjective norms. Subjective norms themselves are an individual's perception of social support or pressure from their closest figures, such as family, friends, or partners, to perform a certain action, which in this case is the habit of setting aside money. Aside from subjective norms and income factors, the literature review reveals a research gap among previous academics. Some scholars, such as Amari et al., (2020); Riana, (2022); Suryanti et al., (2021), have proven that income and subjective norms have a significant positive effect on saving behavior, while Mustari et al., (2024) found that these two variables have no effect. The existence of these differing results reinforces the urgency of this research to re-examine these factors by adding policy uncertainty as a novel variable that has not been widely explored in Indonesia previously.

Starting from the gaps in previous research and the dynamics of existing economic anomalies, the formulation of the problem in this study is focused on determining the extent to which income, subjective norms, and policy uncertainty influence the saving behavior of workers in Kediri City, as well as investigating whether saving intention truly acts as a mediator connecting subjective norms to saving behavior. To answer these issues, a series of hypotheses are proposed, assuming a partial effect of each variable, income, subjective norms, and policy uncertainty on workers' saving behavior. Furthermore, it is hypothesized that subjective norms have a significant effect on saving behavior when mediated by saving intention. Empirical proof of all these hypotheses serves as the main objective of this study, which is to precisely analyze the magnitude of the impact of income, social environment encouragement, and policy uncertainty on the saving behavior of workers in Kediri City. By achieving this objective, the research is expected to present a comprehensive new scientific perspective on the complex interactions between government policies, social pressures, and individuals' financial conditions in formulating economic decisions during difficult times.

Based on these descriptions, the authors are interested in conducting a study titled " Income, Subjective Norms, Policy Uncertainty, and Saving Behavior: The Mediating Role of Intention"

Methods

Type of Research

This study uses a quantitative research design. The main data collection is focused on obtaining primary data through a field survey method with a 5-point Likert scale closed questionnaire instrument. The target population in this study is specifically defined, namely the productive age group (15–65 years old) with the status of workers in the Kediri City area, with a total population reaching 202,126 people that distribute into three administrative areas.

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To obtain an accurate sample representation, sampling was conducted using the Cluster Sampling technique which was divided based on administrative areas. The minimum sample size was calculated precisely using the Slovin formula with an error tolerance limit of 10%, where $n = N / (1 + N.e^2)$. With a total productive-age population of 202,126 workers across three administrative areas in Kediri City, the calculation yielded $n = 202,126 / (1 + 202,126 \times 0.1^2) = 202,126 / 2,022.26 = 100$ respondents. According to Israel (1992) a 10% margin of error as one of four accepted levels of precision in survey research, along with 3%, 5%, and 7%. indicates that this margin of error is a valid methodological choice. Furthermore, Israel (1992) reference table indicates that for large populations, a sample of approximately 100 respondents is sufficient at a 10% margin of error, which is consistent with the sample size used in this study. This position is supported by Adam (2020), who asserts that the choice of margin of error should be guided by the nature of the research and the practical constraints of data collection, with a ten percent margin remaining a recognized choice in social science survey research.

To ensure proportional representation across the three administrative areas, the number of respondents allocated to each administrative area was determined by dividing the productive-age population of each administrative area by the total productive-age population of Kediri City of 202,126, and subsequently multiplying the result by the total sample size of 100. Based on this calculation, Kecamatan Kota, with a productive-age population of 58,976, contributed 29 respondents; Kecamatan Mojoroto, with a productive-age population of 80,556, contributed 40 respondents; and Kecamatan Pesantren, with a productive-age population of 62,594, contributed 31 respondents, yielding a total sample of 100 respondents. This proportional allocation ensures that each administrative area is represented in accordance with its relative share of the total population, thereby enhancing the representativeness of the overall sample (Chao, 2010; Elfil & Negida, 2017; Taherdoost, 2016)

Data Collection Technique

The data collection technique in this study was a 5-point Likert scale closed questionnaire given directly to the respondents. The population criteria in this study are productive age people (15–65 years old) who are working in the Kediri City area.

Data Analysis Technique

In this study, the data processing stage began with the results of the distributed questionnaires that had been collected, which were then tabulated and analyzed using the Structural Equation Modeling - Partial Least Square (SEM-PLS) method in the form of SmartPLS software version 4.1.1.7. In this PLS testing, there are two sides that need to be tested, namely the outer model and the inner model. The tests included in the outer model are the Convergent Validity and Reliability test and the Discriminant Validity test, while the tests included in the inner model are R square and Path Coefficient.

Result and Discussion

This section presents the empirical findings obtained from 100 workers in Kediri City. The analysis is structured into five parts. First, the demographic characteristics of respondents are described to provide an overview of the sample. Second, descriptive statistics are presented to examine respondents' perceptions regarding income, subjective norms, policy uncertainty, saving intention, and saving behavior. Third, the measurement model is evaluated through convergent validity, discriminant validity, and reliability testing. Fourth, the structural model is assessed using the coefficient of determination (R^2). Finally, hypothesis testing is conducted to examine the direct and indirect relationships among the research variables.

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Respondent profile

Table 1. Demographic Characteristics of Respondents

Characteristics	Category	Frequency (n)	Percentage (%)
District	Kecamatan Kota	29	29.0
	Kecamatan Mojoroto	40	40.0
	Kecamatan Pesantren	31	31.0
	Total	100	100.0
Monthly Income	< Rp 1,799,000	15	15.0
	Rp 1,800,000–Rp 2,999,000	18	18.0
	Rp 3,000,000–Rp 4,799,000	22	22.0
	Rp 4,800,000–Rp 7,199,000	37	37.0
	> Rp 7,200,000	8	8.0
	Total	100	100.0

This study involved 100 respondents who are workers in Kediri City, distributed across three administrative areas. The majority of respondents were from Kecamatan Mojoroto, accounting for 40% of the total sample, followed by Kecamatan Pesantren at 31% and Kecamatan Kota at 29%. Regarding monthly income, the largest proportion of respondents earned between Rp 4,800,000 and Rp 7,199,000 per month, representing 37% of the total sample, followed by those earning between Rp 3,000,000 and Rp 4,799,000 per month at 22%, and those earning between Rp 1,800,000 and Rp 2,999,000 per month at 18%. Respondents earning below Rp 1,799,000 per month accounted for 15%, while those earning above Rp 7,200,000 per month represented the smallest proportion at 8%. This income distribution indicates that the majority of respondents are on the middle-income range, which is consistent with the characteristics of the general working population in Kediri City.

Descriptive Statistical Analysis

According to Sugiyono (2013), descriptive statistics is a technique used to analyze data by describing or depicting the collected data to make it clearer and easier to understand. From the results of the research data processing, the following are the details of the descriptive statistics of this study:

Table 2. Summary of Descriptive Statistics

Variable	Indicator with Highest Mean	Mean	Indicator with Lowest Mean	Mean
Income	Income (single indicator)	3.050	Income (single indicator)	3.050
Subjective Norm	SN5	4.540	SN6	4.020
Policy Uncertainty	PU9	4.260	PU4	3.740
Saving Intention	SI7	4.430	SI4	3.650
Saving Behavior	SB7	4.320	SB2	4.010

Source: Primary Data Processed Using SmartPLS (2026).

Table 2 summarizes the descriptive statistics of the study variables. Subjective Norm exhibited relatively high mean scores, ranging from 4.020 to 4.540, indicating strong perceived social influence regarding saving behavior. Policy Uncertainty also recorded relatively high scores, particularly for uncertainty related to labor market regulations (mean = 4.260). Within the

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Saving Intention construct, the highest mean value was observed for SI7 (4.430), suggesting that respondents strongly recognized the importance of maintaining sufficient future savings. Similarly, Saving Behavior demonstrated consistently high mean values, with SB7 recording the highest score (4.320), reflecting a strong tendency among respondents to save for specific financial goals.

Validity Test

The validity test is used to determine the extent to which the research instrument in the form of a questionnaire is truly valid or accurate in measuring a concept needed in the study. In the Structural Equation Modeling - Partial Least Square (SEM-PLS) testing method using SmartPLS software, the evaluation of the measurement model (outer model) for reflective indicators in the validity test is divided into two stages, namely the Convergent Validity and Discriminant Validity testing.

Convergent Validity

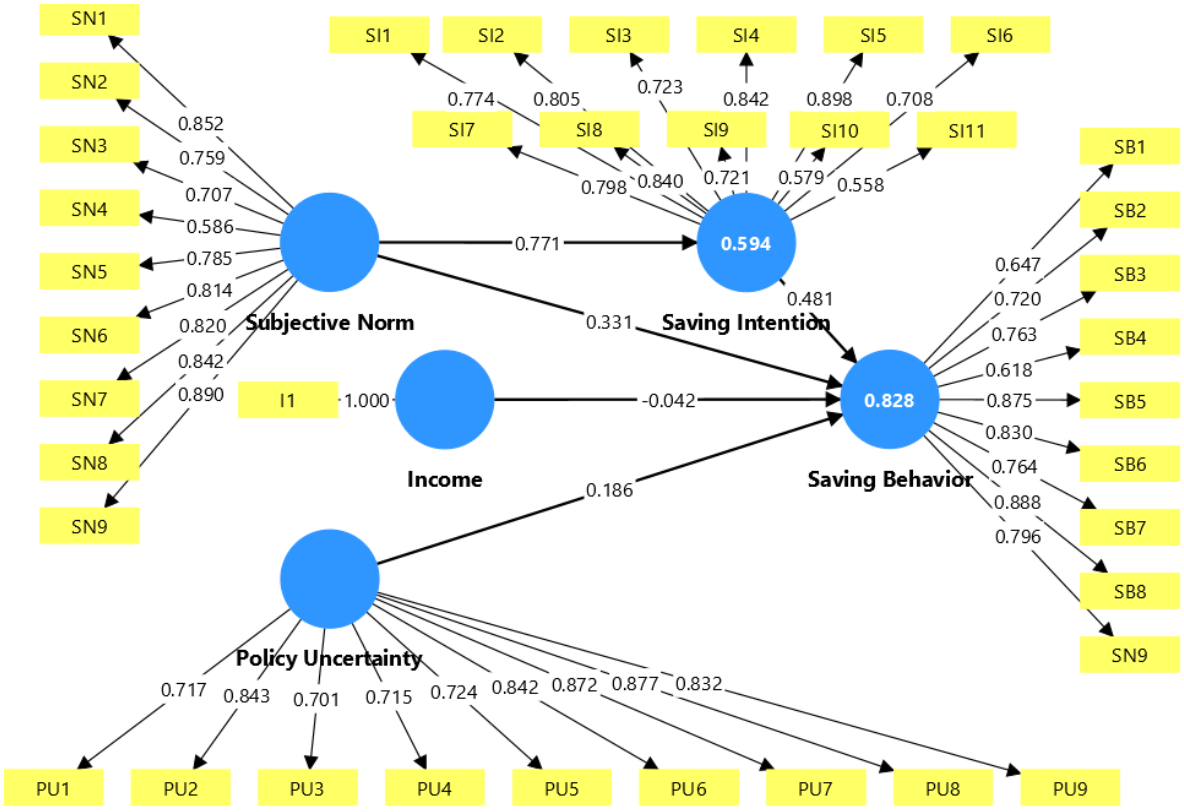

Figure 1. Outer Loading Factor

Source: SmartPLS Test Results (2026)

According to Ghozali (2014), convergent validity in the measurement model can be assessed through the outer loading value of each indicator and the Average Variance Extracted (AVE) value of each construct. Ideally, an indicator is considered to have strong convergent validity when its outer loading value is greater than 0.70. However, in the early stage of model development or exploratory research, indicators with loading values above 0.50 can still be retained as long as the construct shows adequate AVE and theoretical relevance.

Based on the outer loading results, most indicators in this study have loading values above 0.70, indicating that the indicators generally have adequate ability to represent their respective

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latent constructs. Nevertheless, several indicators have loading values below the ideal threshold of 0.70, namely SN4, SI2, SI3, SB1, SB4, and SB9. These indicators were not removed because their loading values remain above the minimum acceptable threshold of 0.50 and they are still theoretically relevant to the constructs being measured. Therefore, their retention is considered methodologically acceptable.

Furthermore, the Average Variance Extracted (AVE) values for the multi item constructs also meet the required threshold of more than 0.50. The AVE value of Subjective Norm is 0.622, Policy Uncertainty is 0.631, Saving Intention is 0.572, and Saving Behavior is 0.596. These results indicate that each construct is able to explain more than half of the variance of its indicators. Therefore, the measurement model in this study can be concluded to have met the requirements of convergent validity.

For the Income variable, the construct was measured using a single indicator, namely the respondent's monthly income range, with an outer loading value of 1.000. Since Income is treated as a single item construct, AVE and internal consistency reliability are not interpreted in the same way as multi item latent constructs.

Table 3. Average Variance Extracted (AVE)

Construct	Average variance extracted (AVE)
Subjective Norm	0.622
Policy Uncertainty	0.631
Saving Intention	0.572
Saving Behavior	0.596

Source: SmartPLS Test Results, 2026

Based on the test results table above, it can be seen that all indicators retained in the model already have an outer loading value above 0.70. In addition, the Average Variance Extracted (AVE) values of the income, subjective norms, policy uncertainty, saving intention, and saving behavior variables have also been valued at more than 0.50. Thus, all indicators and variables in this study are declared to have met the convergent validity requirements.

Discriminant Validity

The discriminant validity testing is conducted to ensure that each latent variable has a construct that is adequate, unique, and different from other variables. This test is assessed by looking at the cross loading factor value, where an indicator is declared valid discriminantly if the correlation value (loading) on its intended variable construct is greater compared to its correlation value to other variable constructs. The following are the results of the cross loading test in this study:

Table 4. Cross Loading

Construct	Item	Loading	Cronbach's Alpha (α)	Composite Reliability (CR)	AVE
Income	Monthly income range	1.000	–	–	–
Subjective Norm	My family recommends that I save money	0.852	0.922	0.936	0.622
	My family is accustomed to saving money	0.759			

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	My family believes that I should save money	0.707			
	I care about my family's advice	0.586			
	My friends have a habit of saving money	0.785			
	My friends think that I should save diligently	0.814			
	I care about my friends' advice	0.820			
	I will follow my family's opinion to save diligently	0.842			
	I will follow my friends' opinion to save diligently	0.890			
Policy Uncertainty	I know the percentage of Income Tax (PPh)	0.717	0.927	0.939	0.631
	I know the amount of Consumption Tax (PPn)	0.843			
	I know the percentage of Inheritance/Gift Tax	0.701			
	I feel that the pension system in my career creates uncertainty	0.715			
	I feel that the healthcare system remains uncertain	0.724			
	I feel that the long-term care system in Indonesia is uncertain	0.842			
	I feel that the child-care system in Indonesia is uncertain	0.872			
	I am aware that privacy regulations in Indonesia are uncertain	0.877			
	I feel that labor market policies (e.g., contract worker regulations and minimum wage policies) in Indonesia are uncertain	0.832			
Saving Intention	I am interested in seeking more information about banks	0.774	0.922	0.935	0.572
	I have sufficient income to set aside money for savings every month	0.579			
	I do not have substantial financial obligations that prevent me from saving	0.558			

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	I consider saving because I often discuss financial matters with my friends	0.805			
	I always try to allocate part of my income to savings	0.723			
	I consider saving in a bank because many people around me save in banks	0.842			
	I believe it is important to have sufficient savings in the future	0.898			
	I prefer saving money rather than spending it on unnecessary things	0.708			
	I feel comfortable when I have adequate savings	0.798			
	I want to know the advantages and disadvantages of the banks used by people around me	0.840			
	I pay attention to interest rates or returns obtained from savings	0.721			
Saving Behavior	I regularly set aside money for the future	0.647	0.914	0.929	0.596
	To save money, I often compare prices before making purchases	0.720			
	I always maintain savings in a bank account	0.763			
	To save money, I consistently follow a careful monthly budget	0.618			
	I always have savings available for emergencies	0.875			
	To save money, I plan to reduce my expenditures	0.830			
	I save money to achieve specific goals	0.764			
	I save money every month	0.888			
	My savings continue to increase from month to month	0.647			

Source: SmartPLS Test Results, 2026

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Based on the cross loading table above, it can be seen that each variable-forming indicator has a higher correlation value to its own main variable when compared to the correlation value of that indicator to other variables. This indicates that each latent variable in this study already has a clear differentiator, so that all variables are declared to have met the discriminant validity requirements.

Reliability Test

Table 5. Reliability Test

Construct	Composite reliability (rho_a)	Composite reliability (rho_c)	Conbrach's Alpha
Subjective Norm	0.941	0.939	0.922
Policy Uncertainty	0.929	0.929	0.927
Saving Intention	0.932	0.935	0.922
Saving Behavior	0.934	0.936	0.914

Source: SmartPLS Test Results, 2026

Based on the results of the reliability test, all variables in this study have Composite Reliability (rho_c) values ranging from 0.929 to 0.936 and Cronbach's Alpha values ranging from 0.914 to 0.927, all of which exceed the minimum threshold of 0.70 as required by Ghozali (2014); Hair et al. (2019), (2020), confirming that all constructs demonstrate adequate internal consistency reliability.

Although the reliability values obtained in this study are relatively high, they remain below the upper threshold of 0.95 established by Hair et al. (2020), who explicitly stated that composite reliability should range from 0.70 to 0.95, with values of 0.95 and above being problematic as they indicate item redundancy and reduced construct validity. Since all values in this study fall within this accepted range, the reliability results are considered methodologically sound and do not indicate excessive item overlap.

Furthermore, the indicators employed in this study were carefully designed to capture diverse and non-overlapping aspects of each construct. The indicators for subjective norm, for instance, encompass family recommendations to save, family saving habits, sensitivity to family and peer advice, peer saving habits, and the intention to follow family and peer suggestions, reflecting multiple distinct facets of social influence rather than repeating the same idea in different wording. Similarly, the indicators for policy uncertainty cover distinct policy domains including taxation, pension systems, healthcare, long-term care, child welfare, privacy regulations, and labor market policies. The indicators for saving intention capture different motivational dimensions such as information-seeking behavior, income sufficiency perception, financial burden assessment, and peer discussion influence. Meanwhile, the indicators for saving behavior reflect diverse behavioral manifestations including routine saving habits, budgeting practices, goal-oriented saving, and emergency fund preparation.

Coefficient of Determination

Table 6. Coefficient of Determination

Dependent Variable	R-square	R-square adjusted
Saving Intention	0.594	0.590
Saving Behavior	0.828	0.821

Source: SmartPLS Test Results, 2026

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The coefficient of determination (R2) test is used to determine how much influence the independent variables have in explaining the dependent variable. According to the inner model evaluation guidelines, an R2 value of 0.75 is categorized as strong/good, 0.50 is categorized as moderate, and 0.25 is categorized as weak. Based on the table above, the results of the coefficient of determination can be described as follows:

The R-Square value for the Saving Intention variable is 0.594. This indicates that the Saving Intention variable can be explained by the Income, Subjective Norms, and Policy Uncertainty variables by 59.4%, and is included in the moderate category. Meanwhile, the remaining 40.6% is explained by other variables not examined in this study.

The R-Square value for the Saving Behavior variable is 0.828. This indicates that the Saving Behavior variable can be explained by the Income, Subjective Norms, Policy Uncertainty, and Saving Intention variables by 82.8%, and is included in the strong category. Meanwhile, the remaining 17.2% is explained by other variables outside this research model.

Path Coefficient

Table 7. Path Coefficients and Hypothesis Testing

Relationship	Original Sample	T Statistic	P values	Decision
Subjective Norms -> Saving Intention	0.771	19.747	0.000	Significant
Income -> Saving Behavior	-0.042	1.126	0.260	Not significant
Policy Uncertainty -> Saving Behavior	0.186	2.695	0.007	Significant
Saving Intention -> Saving Behavior	0.481	6.424	0.000	Significant
Subjective Norms -> Saving Behavior	0.331	4.839	0.000	Significant
Subjective Norms -> Saving Intention -> Saving Behavior	0.371	5.931	0.000	Significant

Source: SmartPLS Test Results, 2026

Note. Significant at $p < 0.05$.

Based on the significance test results above, it can be concluded that:

The p value of the effect of subjective norms on saving intention is 0.000, meaning that subjective norms are significantly able to influence saving intention because the p value is less than 0.05 which is the criterion for a significant impact based on Ghozali (2014). The p value of the effect of income on saving behavior is 0.260, meaning that income is not significantly able to influence saving behavior because the p value is more than 0.05 which is the criterion for a significant impact based on Ghozali (2014).

The p value of the effect of policy uncertainty on saving behavior is 0.007, meaning that policy uncertainty is significantly able to influence saving behavior because the p value is less than 0.05 which is the criterion for a significant impact based on Ghozali (2014). The p value of the effect of saving intention on saving behavior is 0.000, meaning that saving intention is significantly able to influence saving behavior because the p value is less than 0.05 which is the criterion for a significant impact based on Ghozali (2014).

The p value of the effect of subjective norms on saving behavior is 0.000, meaning that subjective norms are significantly able to influence saving behavior because the p value is less

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than 0.05 which is the criterion for a significant impact based on Ghozali (2014). The p value of the indirect effect of subjective norms on saving behavior through saving intention is 0.000, meaning that subjective norms are significantly able to influence saving behavior through saving intention because the p value is less than 0.05 which is the criterion for a significant impact based on Ghozali (2014)

The Effect of Subjective Norms on Saving Intention (H1)

From the research results, it can be seen that the p value < 0.05 (0.000), so Hypothesis 1 (H1) is accepted. Thus, this study found that subjective norms are significantly able to influence saving intention.

From the descriptive statistical results, it can be concluded that the indicators regarding "I care about my family's advice" and "My friends have a habit of saving" have the highest average (mean) value compared to other subjective norm indicators. The results of this study state that subjective norms have a significant effect on saving intention, meaning that with high support or saving habits from the surrounding social environment, someone's intention to participate in planning their savings will also be stronger. The stronger the social influence perceived by workers (whether from family members who recommend saving, family habits of saving, family advice and opinions regarding the importance of saving for the future, peers who habitually save, peer advice and opinions encouraging saving behavior, as well as the intention to follow both family and peer recommendations to save) the stronger their intention to engage in saving behavior.

This result is theoretically consistent with the Theory of Planned Behavior (TPB), in which subjective norm is identified as one of the primary antecedents of behavioral intention. When individuals perceive that significant others in their social environment, such as family and peers, expect them to save, they tend to internalize these social expectations and form a stronger the saving intention. This social internalization process reflects the normative influence mechanism described by Ajzen, (1991), wherein perceived social pressure shapes motivational readiness to act in accordance with the expectations of one's reference group.

The results of this study are in line with previous research by Widyastuti et al., (2016) which showed that subjective norms provide an important role and have a significant positive effect in shaping a person's saving intention. Therefore, the greater the positive influence of family and friends, the greater a person's motivation to start planning their finances. In the study of Widjaja et al., (2020) it also stated that individuals will tend to have a strong intention to save when they see it as a good habit in their immediate environment.

The Effect of Income on Saving Behavior (H2)

From the research results, it can be seen that the p value > 0.05 (0.260), so Hypothesis 2 (H2) is rejected. Thus, this study found that income is not significantly able to influence saving behavior.

From the descriptive statistical results, it can be concluded that the single indicator regarding the respondent's income has an average (mean) value of 3.050. The results of this study state that income does not have a significant effect on saving behavior, meaning that the large or small nominal income received is not the main determinant for someone to save if it is not accompanied by intention and good financial management.

Income reflect for financial capacity, whereas saving behavior represents a behavioral decision. This distinction implies that while an individual may possess sufficient economic resources, they may still lack the intention, discipline, or consistent habit required to save. The results of

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this study conducted among residents of Kediri City, indicate that income does not exert a significant influence on saving behavior, as evidenced by a p value > 0.05 (0.260). This suggests that variations in income level do not meaningfully determine the saving behavior of the respondents.

These findings align with prior research by Adityandani & Haryono, (2019); Mustari et al., (2024), which similarly reported no meaningful effect of income levels on saving patterns. From an empirical perspective, the non-significance of income on saving behavior may further be attributed to the tendency of expenditure to increase proportionally with income growth. As income rises, individuals do not necessarily allocate the additional funds toward savings; rather, they tend to elevate their consumption standards, expand routine expenditures, or redirect financial resources toward other priorities. Consequently, fluctuations in income levels do not consistently correspond to variations in saving behavior.

The Effect of Policy Uncertainty on Saving Behavior (H3)

From the research results, it can be seen that the p value < 0.05 (0.007), so Hypothesis 3 (H3) is accepted. Thus, this study found that policy uncertainty is significantly able to influence saving behavior.

From the descriptive statistical results, it can be concluded that the indicator regarding "I feel that Labor Market Policies (example: laws/regulations on contract workers as well as on minimum wage) in Indonesia are uncertain" has the highest average (mean) value compared to other policy uncertainty indicators. The results of this study state that policy uncertainty has a significant effect on saving behavior, meaning that with the perception of uncertainty about future conditions, respondents will tend to be more vigilant and increase their saving behavior as a form of emergency funds and anticipation.

This result can be explained through the concept of the precautionary saving motive, which posits that individuals tend to increase their savings when the future is perceived as more uncertain or unpredictable. In this study, workers in Kediri City were found to perceive uncertainty across various dimensions of government policy, including income tax and consumption tax regulations, the pension system, healthcare coverage, long-term care arrangements, child welfare policies, privacy regulations, and labor market policies such as minimum wage and employment contracts. When faced with ambiguity in these policy domains, workers tend to restrain consumption and allocate a greater portion of their income toward savings as a precautionary buffer against potential income decline, rising living costs, or unexpected economic changes. This behavioral response is consistent with the findings of (Giavazzi & McMahon, 2012) who demonstrated that rising policy uncertainty in Germany prompted households to increase their savings, as well as (Xu, 2023), whose cross-national analysis across 21 countries from 1987 to 2021 confirmed that policy uncertainty significantly raises household saving rates even after accounting for business cycles and endogeneity concerns.

The results of this study are in line with previous research by (Aaberge et al., 2017; Giavazzi & McMahon, 2012; Masayuki et al., 2017; Morikawa, 2019; Xu, 2023) which found that policy uncertainty, especially related to taxes, health, and social security systems has a strong influence on individual saving decisions. Awareness of economic risks makes individuals more likely to withhold unnecessary expenses. The study shows that people who experience policy uncertainty tend to have a higher propensity to save as an effort to secure their finances in the future.

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The Effect of Saving Intention on Saving Behavior (H4)

From the research results, it can be seen that the p value < 0.05 (0.000), so Hypothesis 4 (H4) is accepted. Thus, this study found that saving intention is significantly able to influence saving behavior.

From the descriptive statistical results, it can be concluded that the indicator regarding "I feel it is important to have sufficient savings in the future" has the highest average (mean) value compared to other saving intention indicators. The results of this study state that saving intention has a significant effect on saving behavior, meaning that individuals who have strong financial intentions and planning will tend to be more disciplined in translating it into real actions (saving behavior).

This significant positive relationship between saving intention and saving behavior can be explained through the Theory of Planned Behavior (TPB), which positions intention as the most immediate and strongest predictor of actual behavior. According to Ajzen (1991), intention captures an individual's motivational factors that influence behavior, reflecting how much effort they are willing to exert in order to perform the behavior. In the context of saving, when workers in Kediri City hold a strong intention to save (driven by the belief that having sufficient savings in the future is important) they are more likely to commit to consistent saving actions, prioritize financial allocation over discretionary spending, and maintain saving discipline over time. In other words, a well-formed saving intention acts as an internal motivational force that bridges the gap between financial awareness and actual saving conduct, making it a critical determinant of whether saving behavior is ultimately carried out.

These findings are in line with the research of Peiris (2021) and Sukardi (2020) which states that saving intention is a variable that affects a real financial behavior. Someone who has instilled a strong intention to save will consistently translate it into the action of allocating money. This is also supported by the research of Satsios & Hadjidakis (2018) which concluded that saving behavior does not happen by chance, but is driven by a pre-planned intention.

The Effect of Subjective Norms on Saving Behavior (H5)

From the research results, it can be seen that the p value < 0.05 (0.000), so Hypothesis 5 (H5) is accepted. Thus, this study found that subjective norms are significantly able to influence saving behavior.

From the descriptive statistical results, it can be concluded that the indicator regarding "I save to achieve a certain goal" has the highest average (mean) value compared to other subjective norm indicators. The results of this study state that subjective norms have a significant effect on saving behavior, meaning that the real encouragement from the social environment does not only stop at the formation of intentions, but is also able to directly move someone to take saving actions.

This significant positive relationship between subjective norm and saving behavior can be explained through two complementary mechanisms. First, from a normative influence perspective, individuals are inherently motivated to conform to the expectations and behaviors of their significant reference groups, such as family and peers. When saving is perceived as a socially valued and expected behavior within one's immediate social environment (as reflected in this study's indicators, including family recommendations to save, family saving habits, peer saving habits, and peer opinions encouraging saving) individuals are more likely to directly adopt saving behavior in order to align themselves with those social norms. This conformity mechanism operates not merely through rational deliberation, but through a deeply embedded

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social desire to gain approval and avoid social disapproval from one's reference group (Ajzen, 1991).

Second, from a social influence perspective, individuals who are surrounded by a saving-oriented social environment tend to develop a stronger sense of social obligation and behavioral consistency toward saving. Shim et al. (2010) demonstrated that parental financial socialization and peer influence directly shaped young adults' financial behaviors, suggesting that repeated exposure to saving norms within one's social circle can directly trigger saving actions without necessarily passing through a conscious intention formation process. In this context, workers in Kediri City who regularly receive encouragement from family and peers to save, or who observe those around them practicing consistent saving habits, are more likely to directly engage in saving behavior as a natural response to their normative social environment.

These findings are in line with the research of Widyastuti et al. (2016) which found that subjective norms have a significant positive effect on saving behavior. This indicates that pressure or habits from the surrounding environment, such as seeing friends or family routinely save, can directly trigger someone to participate in acting to replicate that behavior. (Sukardi, (2020) research also confirms that social intervention is highly crucial in directly changing a person's financial habits.

The mediating role of saving intention in the relationship between subjective norm and saving behavior (H6)

From the research results, it can be seen that the p value < 0.05 (0.000), so Hypothesis 6 (H6) is accepted. Thus, this study found that subjective norms are significantly able to influence saving behavior through saving intention.

These findings are theoretically grounded in the Theory of Planned Behavior (TPB), which posits that subjective norm does not directly translate into behavior, but rather first shapes an individual's intention to perform that behavior. In this study, workers in Kediri City who perceived social expectations from family, peers, or their surrounding environment to save money were found to first internalize such social influence into saving intention, which subsequently drove actual saving behavior. This indicates that saving intention functions as a psychological bridge between subjective norm and saving behavior, whereby social pressure becomes behaviorally effective only after it has been transformed into an internal commitment to act.

The mediation role of saving intention was confirmed in this study, as the indirect effect of subjective norm on saving behavior through saving intention. This result is consistent with the findings of Widyastuti et al., (2016), who demonstrated that subjective norm significantly influences saving intention, and saving intention in turn significantly influences saving behavior among pre-service teacher students in Indonesia. Furthermore, Satsios & Hadjidakis, (2018) similarly found that in a TPB-based model among Pomak households in Greece, subjective norm positively influenced intention toward saving, which subsequently led to actual saving behavior. Collectively, these findings affirm that the influence of social norms on saving behavior is most effectively realized through the mediating role of saving intention.

The results of this study are in line with previous research by (Mustari et al., 2024) which found that subjective norms, especially related to the expectations of family, friends, and the social environment, have a strong influence on shaping an individual's intention to save, which subsequently drives actual saving behavior. Social support and awareness of social expectations make individuals more likely to set financial goals. The study shows that people who receive positive financial encouragement from their surroundings tend to develop a

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stronger intention, which ultimately translates into a higher propensity to save as an effort to secure their finances in the future.

Conclusion

Based on the findings of the conducted research, the conclusion that can be drawn from this study is that subjective norms have a significant effect on saving intention. The immediate social environment, such as encouragement from family or friends who have a saving habit, is able to provide a strong psychological and motivational influence, so that someone has a greater desire to start planning their savings.

On the other hand, this study shows that income does not have a significant effect on saving behavior. This explains that the large or small nominal income received is not the main determinant for someone to save. This factor occurs because a high income will not have an impact on savings if it is not accompanied by the ability to manage lifestyle and expenses.

Furthermore, this study finds that policy uncertainty has a significant effect on saving behavior. The existence of a perception regarding uncertain macroeconomic policy conditions in the future (such as tax, health, or labor policies) actually encourages society to be more vigilant. This sense of concern makes them increase their saving behavior as a form of emergency fund and an anticipation step against financial risks in the future.

This study also concludes that saving intention has a significant effect on saving behavior. Individuals who have a strong intention and financial planning within themselves will tend to be more disciplined in translating it into real action, namely controlling expenses and setting aside a portion of the income they have for saving.

In addition, the results of the study show that subjective norms have a significant direct effect on saving behavior. This means that real encouragement from the social environment does not only stop at the formation of intention, but is also able to directly move someone to take saving actions.

Finally, this study concludes that saving intention significantly mediates the relationship between subjective norms and saving behavior. This finding indicates that the influence of the social environment on saving behavior is not always direct, but is also channeled through the formation of saving intention. When individuals perceive social expectations from family or peers to save, they first internalize those expectations into a strong intention to save, which subsequently drives actual saving behavior. This suggests that saving intention serves as a critical psychological bridge that transforms social influence into concrete financial action, reinforcing the importance of intention formation as an intermediate mechanism in the relationship between subjective norms and saving behavior.

This study is expected to be a reference for banks and related government agencies in formulating strategies to improve the saving habits of the society, for example by utilizing social environment encouragement and educating on the importance of emergency fund preparation. This study has a number of limitations, such as the limited number of respondents obtained, this can affect the level of generalization of the research results. Therefore, future research is suggested to add a more maximum number of respondents. In addition, it is suggested to explore other variables such as financial literacy or ease of banking access considering that there are still factors outside the model that potentially influence saving behavior in this study.

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