

# Personal Financial Stress and Financial Wellness: Their Influence on The Performance of Bumiputera Academicians

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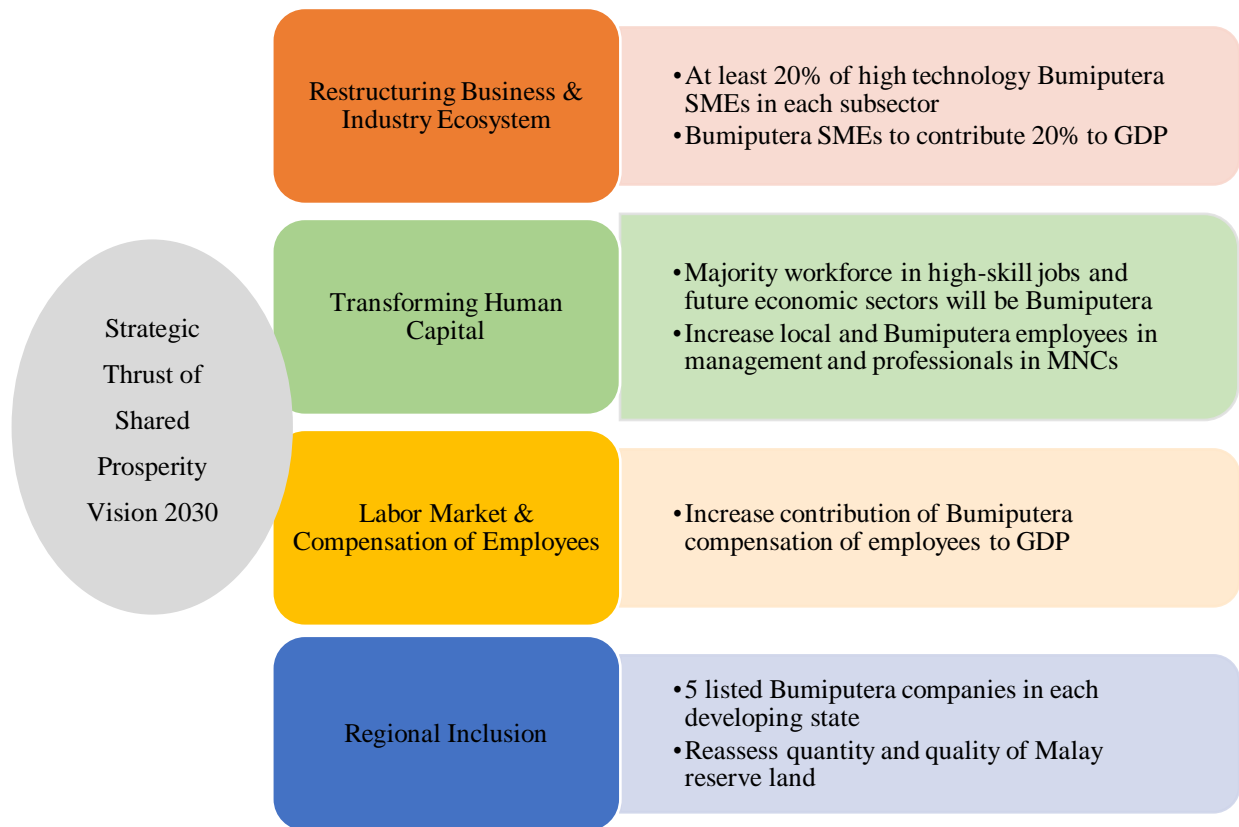
**Abstract:** *Economic situation of a nation does affect the financial wellness of its people. Families that have problems in paying debts, meeting daily expenses due to their poor income earnings were more prone to face financial vulnerability and thereby affecting job performance. Organisations in Malaysia are been encouraged to look into the financial wellness and financial stress of its workers, but studies on these factors among Bumiputera employees, particularly from academic institutions in Malaysia are very few. Thus, a research was conducted to examine the influence of financial wellness and financial stress on the performance of Bumiputera employees. The study was conducted in one of the academic institutions in Malaysia, populated by 100% Bumiputera academicians. Data collection was done through questionnaire, and analysed via descriptive statistics, correlation, factor analysis, and regression analysis. Results of the analysis revealed that the level of financial wellness and financial stress of Bumiputera were mediocre. Furthermore, work performance was influenced by financial wellness. Nonetheless, the impact of financial stress on performance was not significant, albeit negatively. The findings are important as they could provide the management the guideline during the revision of human resource policies, and development of intervention programs.*

**Keywords:** education, well-being, stress, B40, Desire Satisfaction Theory

## 1. Introduction

Bumiputera is a major ethnic in Malaysia, where its population was estimated to be 69.3% in 2019 (Department of Statistics Malaysia, 2020). With this large percentage, the government is quite concern with Bumiputera's well-being as this particular ethnic dominates the bottom 40% of Malaysian household income (Shared Prosperity Vision 2030, 2019). In a study conducted by Mahdzan et al. (2019), it was confirmed that there were significant differences between the three household income groups – B40, M40 and T20 – in terms of their financial well-being.

This situation reflects the importance of ensuring Bumiputera people have healthy financial situation. When the financial situation of a nation's residents is high, it is expected that the residents would have better financial security and financial freedom (Nik Hadiyan et al., 2020). Hence, when the Strategic Thrust of Shared Prosperity Vision 2030 were presented, four out of seven thrusts are directly addressed the Bumiputera group (Figure 1).



**Figure 1: Selected Strategic Thrust of Shared Prosperity Vision 2030**

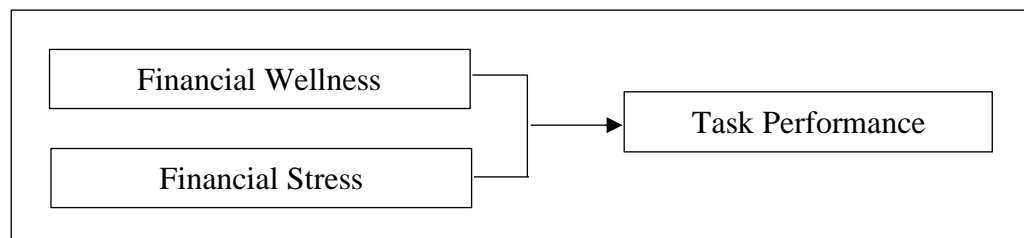
From business point of view, financial wellness of workers is an important issue to be looked at because it affects work performance (Rosdi et al., 2020). The state of financial un-wellness makes workers unable to focus on task on hand, results in error and defects, decrease productivity, and engage with bribery and theft; these in turn the workers' performance. Similarly, the believe that one unable to cope with financial demand with the available financial resources could lead to financial stress. The mental strain could affect the behaviour in the workplace, and hence affecting performance (Mohamad Fazli & Eugene, 2020). Untreated, poor workers performance would eventually affect organisation's performance. At national level, if Malaysia composed of organizations that perform poorly, it will influence Malaysian performance such as low productivity and weak competitiveness. When this happens, Malaysia Shared Prosperity Vision 2030 will be difficult to be achieved.

Due to their importance, past investigations were done to examine the financial wellness and financial stress in Malaysia workplace. For example, Nurazleena and Nur Damia' (2019) determine the relationship between financial literacy, financial stress, and financial wellness among support staff that represented low-income earners in Kelantan. Shiau et al. (2018) inspected the financial well-being of manufacturing workers in one of the states in Malaysia. Zaimah et al. (2016) investigated the factors contribute to the financial wellness of married workers in public sectors in Malaysia. Delafrooz and Paim (2011, 2013) studied the relationship between financial problems, financial wellness, financial literacy, financial behaviors, and financial stress of the Malaysia workers in both public and private sectors.

However, finding past studies on financial wellness and financial stress focusing on Bumiputera are rather challenging. Therefore, a research on the financial wellness, financial stress, and work performance of Bumiputera workers is required. Research framework is

illustrated in Figure 2. To achieve this aim, a private academic institution was chosen as a starting point because the institution comprises of 100% Bumiputera academicians. The specific objectives of the paper are as follow:

- a) To determine the level of financial wellness of Bumiputera academicians.
- b) To determine the level of financial stress of Bumiputera academicians.
- c) To examine the influence of financial stress and financial wellness on task performance of Bumiputera academicians.



**Figure 2: Framework**

## **2. Literature Review**

### **Financial Stress**

According to Jayasekara et al. (2020, p.46), financial stress is an outcome of persistent financial and economic issues faced by individuals, which create psychological hazards resulting in physical deterioration. Similarly, financial stress is referred to financial strains resulted from an event that requires an individual to provide money more than what he or she used to (Mahdzan et al., 2019). Hence, financial stress reflects a person's setback to fulfil his or her financial commitment based on existing financial resources.

In measuring financial stress, two approaches have been undertaken by past studies – subjective and objective approach (Jayasekara et al., 2020). However, stress is a result of individuals' perceptions of their inability to match their resources and situational demands (Lazarus & Folkman, 1984). In this case, resources would refer to financial resources whereas situational demands refer to financial obligations. Since stress arise due to an individual's evaluation, then subjective measure should be appropriate.

### **Financial Wellness**

Muleke and Muriithi (2013) defined financial wellness as an individual's satisfaction towards his or her financial situations. Nik Hadiyan et al. (2020) describe a person's financial wellness as someone with financial security and financial freedom whether at the present time or in the future. From these various definitions, it can be said that financial wellness is a state of a person to be financially healthy, where he or she capable of fulfilling current, future, and unexpected financial needs and wants.

Even though there is no general measure for financial wellness (Joo, 2008), past studies have made several attempts to design the appropriate indicators of financial wellness. Financial wellness was measured objectively such as liquid assets-to-income, and debt-to assets (Baek & DeVaney, 2004), and subjectively such as financial satisfaction, cash management, and income adequacy (Joo, 1998). Among the latest effort, Collins and Urban (2019) measured financial wellness subjectively by four items that are having control of daily or monthly finance, capacity to absorb financial shock, on track to meet financial goals, and freedom to enjoyable choices.

### **Employee Performance**

Not much variation with regards to the definition of performance. Performance reflects achievement; whether the achievement of individuals, groups or organizations (Haršányová et al., 2016). Similarly, Chimaobi (2020) defined performance as the accomplishment of certain tasks based on predetermined standard. According to Indriastuti and Fachrunnisa (2020), employee performance is defined as the success of an employee in completing his or her task responsibilities. Nevertheless, all of these definitions describe performance using the same theme: achievement.

In term of measuring worker performance, there was no predetermined indicators. But it can be observed that performance was also measured objectively and subjectively (Bayo-Moriones et al., 2011). Key performance indicator is one of the objective tools, while satisfaction in meeting deadline is considered as subjective measure. In the past, several measures have been used to measure employee performance. Examples are time spent to achieve desired output, productivity, key performance indicators, and efficiency (Buuri, 2015; Tarimo & Kessy, 2017; Nedaei et al., 2020).

### **Financial Stress and Performance**

Financial stress is not a favourable situation. Hence, it is expected that financial stress and performance is inversely related. Kim and Garne (2004) found that financial stress of workers in insurance companies affect negatively on workplace performance. However, this situation is not necessarily true as later, Sears (2008) found that financial strain was not related to job performance. Nevertheless, through the analysis of 2,246 employees in Malaysia, Mohamad Fazli & Eugene (2020) found that financial stress negatively influences performance, measured by workplace productivity. Thus:

H<sub>1</sub>: When financial stress of Bumiputera academicians is high, their performance tends be the low.

### **Financial wellness and Performance**

When an employees' financial wellness is minimum, he or she tends to encounter financial stress, which in turn affects its performance at work (Kim & Garman, 2003). Joo (1998), and Joo & Garman (1998) demonstrated that an employee's financial wellness and productivity are positively connected. Kim (2000) also found that financial wellness is positively linked to organisational commitment. All of these findings imply that the lack of financial wellness can have a negative effect on employees' performance at work. Workers who are financially well off would be healthy, happy, and stress free, which would make them productive, efficient and effective. Hence the hypotheses of this research are:

H<sub>2</sub>: When financial wellness of Bumiputera academicians is high, their performance tends be high.

## **3. Methodology**

This study seeks to examine the impact of financial wellness on Bumiputera employee's performance. Utilizing quantitative approach, a questionnaire was designed where the items were adapted from past research. The questionnaire was used as the instrument to collect data.

The questionnaire was distributed to 250 Bumiputera academicians in one of Malaysia private higher education institutions. But, only 178 feedbacks were gotten from the respondents (i.e.

response rate is 71.2%). From the 178 feedbacks gotten, only 174 (69.6%) were able to be analyzed because 4 of them had too many missing data.

Using SPSS, data was analysed through descriptive statistics, correlation, and linear regression tests. Content validity was analysed using factor analysis, while reliability test was conducted using Cronbach- $\alpha$ .

## 4. Results

### Reliability and Validity Test Results

*Financial wellness.* Factor analysis found that all eight items that measured financial wellness were rotated into one component, where factor loadings were between 0.597 and 0.825. The reliability value for financial wellness was 0.88.

*Financial stress.* Factor analysis of five financial stress items disclosed that only four items belonged in the same dimension. Meanwhile, another one separated into another different dimension, which was deleted from further analysis. The four items measuring financial stress were rotated into one component, where factor loadings were between 0.791 and 0.858. The reliability value for financial stress was 0.84.

*Performance.* As for performance, only six out of eight performance items measured performance; the rest two illustrated the relationship with peers and superiors which were excluded from further analysis. The factor loadings for the six items ranged from 0.688 to 0.823. The reliability value for performance was 0.87.

### Descriptive Analysis

To achieve objective number one, test using descriptive analysis was done. Results show that the lowest score for financial wellness, financial stress and performance were 1 and highest were 5. The mean for financial wellness, and financial stress were 2.95 and 2.59 respectively, indicated that on average, the Bumiputera employees perceived that their financial wellness and financial stress were at moderate level. As for performance, the mean was 3.88, indicated that on average, the Bumiputera employees believed that their employee performance was slightly high. All standard deviations indicated that all responses were near to the mean. Table 1 shows the findings on minimum, maximum, mean and standard deviation for financial wellness, financial stress, and employee performance.

**Table 1: Descriptive Analysis of Financial Wellness and Performance**

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Wellness	174	1.00	5.00	2.95	0.78
Financial stress	174	1.00	5.00	2.59	0.99
Performance	174	1.00	5.00	3.88	0.63

### Correlation Test

Table 2 shows the correlation findings. Results showed that Bumiputera financial wellness and their work performance correlated with each other positively significantly. That is, financial wellness had a positive correlation value of 0.239 with performance. Whereas, financial stress correlated negatively with financial wellness (-0.321), and performance (-0.190).

**Table 2: Correlation Analysis**

	Financial Wellness	Financial Stress	Performance
Financial Wellness	1	-0.321***	0.239*
Financial Stress	-0.321***	1	-0.190**
Performance	0.239*	-0.190**	1

\* Correlation is significant at the 0.001 level (2-tailed)

\*\*Correlation is significant at the 0.006 level (2-tailed)

\*\*\* Correlation is significant at the 0.000 level (2-tailed)

However, the findings only show correlation or association. The analysis did not show whether financial wellness and financial stress affect performance. The causal relationships are shown through linear regression analysis in the next section.

### Regression Test

Linear regression analysis was conducted to determine whether financial wellness and financial stress influenced employee performance to test the two hypotheses. Linear regression analysis revealed that there was a positive and significant relationship between financial wellness and performance ( $\beta = 0.198$ ;  $p=0.012$ ). In other words, the higher the financial wellness, the higher the performance. However, financial stress has no significant relationship with performance, albeit negative ( $\beta = -0.126$ ;  $p=0.106$ ).

**Table 3: Regression Coefficient Result**

Model	Beta ( $\beta$ )	t	Sig.
1 (Constant)		13.912	0.000
Financial wellness	<b>0.198</b>	<b>2.548</b>	<b>0.012</b>
Financial stress	<b>-0.126</b>	<b>-1.626</b>	<b>0.106</b>

## 5. Discussion and Conclusion

The first objective of this research was to identify the level of financial stress and financial wellness of Bumiputera academicians. Results show the mean for both variables were considered as adequate, which support the concern of Malaysian government regarding Bumiputera's unfavorable financial wealth status.

The second objective was to determine impact of financial wellness and financial stress onto performance. The hypothesis for this research was the higher the Bumiputera financial wellness, the higher their performance, thus, indicating a positive relationship between financial wellness and employee performance. The hypothesis was accepted. However, the hypothesis that postulated the inverse relationship between financial stress and performance was not significant and therefore was not accepted.

Based on the financial wellness indicators, Bumiputera academicians who are very satisfied with financial situation, not worry about their financial status, have more than enough income, highly satisfied with retirement savings, have spare of monthly salary before getting new ones, no trouble in paying monthly bills, very confident with managing personal finance, and have contingency savings for emergency would contribute to high performance – measured by high productivity, high score of key performance indicator, improve work quality, very satisfied with service to customers, know well on what and when to do, and able to meet deadlines.



As Desire Satisfaction Theory proposed, if a person desires are fully satisfied, then the person life is good (Heathwood, 2005). Hence, when Bumiputera academicians are financially healthy, they are capable of fulfilling current and future desire. This situation would make them happy, which would explain the reason for their high work performance.

The results are significant because it could provide input to the organisation in designing development and intervention programs such as courses on managing personal finance, and managing personal tax.

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