

Personal financial
wellness and workers
job productivity
psychology essay



This chapter will elaborate on the personal financial wellness and workers job productivity. Financial matters are related to all aspects of personal and family life. Researchers have done some investigations for years about the financial matters and their impacts on personal and family life. Over the past years they have examined both objective and subjective measures in an attempt to describe the financial condition of individuals and families (Joo & Garman, 2002; Brown, 1999; Danes & Rettig, 1994; Garman, 1997; Grable & Joo, 2001). However, although all of these measures have been useful in contributing to the body of knowledge about individuals' economic situations, there has been little agreement about the factors by themselves Drente, Garman, Kim, O`Neill, Prawitz & Sorhaindo, (2006). Financial concerns and family relationships, psychological aspects of financial hardships, financial problems and stress, are just a few examples of research topics in personal finance. Important areas of research are identification of the characteristics of financial problems and financial wellness, examination of financial difficulties of various groups, and development of financial management education (Barrington, 2001; Lowe, 2003; Kim & Garman, 2004; Bemheim & Garrett, 1996). But, according to Joo & Garman (2000), financial matters are one of the most important issues in our daily lives. They affect not only an individual's personal and family life, but also the person's work life.

Most people experience financial difficulty at some point in their lives, and may have some financial troubles on a regular basis. Consequently some of these workers who have financial difficulties tend to neglect the execution of job responsibilities. Besides research shows that financial stress is associated

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with employees' health, absenteeism and acceptable work performance (Loibl & Hira, 2005; Joo & Garman, 2000; Attridge, 2009). Besides those direct relationships, indirect relationships arise from the financial stress. It impacts family and marriage relationships and physical and mental health. The relationship between workplace productivity and poor financial behavior, employee financial problems are one of the major problems in the workplaces. It has been suggested that the workplace productivity could also be affected

(Collins & Dietrich, 2011; Ajala, 2012; Botha, 2010). Because of the negative impacts of personal financial difficulties on workplace productivity, researchers and educators have recommended workplace financial education (Brunsen, Garman, Joo, Kim & Kratzer, 1999; Lowe, 2003; Loibl & Hira, 2005; Delafrooz, Masud, Paim & Sabri, 2010).

Studies suggested according to Lowe (2003), that successful healthy workplace initiatives are comprehensive in scope, integrated with other human resource programs, and have well-designed implementation strategies based on strong leadership, good communication and extensive participation. Workplace financial education can work as a buffer for those who have financial difficulties (Bulgarella, 2005; Brocke & Thomas, 2006; Gurm, 2004). It can provide useful information to workers and help them eliminate causes of their decreased productivity. As a result the positive effects of the workplace financial education will enhance the outcome referring to the workers financial behavior and absenteeism, the relationship between personal financial wellness and productivity. Of course these advantages of workplace financial education are for both employees and

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employers. Helping troubled workers can improve productivity and reduce costs (Garman & Tech, 1999).

1. 2 Background of the study

Various theories have been proposed to explain the relationship between personal financial shortcomings and job productivity. Bagwell, Garman & Kim (1998) stated that financial problems are not only, just the concerns of the poor. The incidence of personal financial problems is a worldwide concern due to the increase in the cost of living without an increase in their income and it requires individuals to manage their financial resources effectively. Increasing consumer debts and bankruptcy filings are also evidence of this fact. As previous studies have shown, (Garman, Grable & Leech, 1996; Joo & Bagwell, 2002; Garman & Joo, 1998; Garman, Grable, Leech & Tech, 1996; Joo & Pauwels, 1999), the impact of personal financial problems and difficulties in worker job productivity are significant.

Moreover, it can lead to declining employment opportunities, income instability and eroded purchasing power (Collins & Dietrich, 2011).

Heerwagen (1998) stated that personal financial problems are frequently cited as a cause of workplace troubles. He also mentioned the significant relationship between financial problems and stress- related illness which can damage the workplace morale and diminish productivity while (Imtiaz & Ahmad, 2009; Price, 2009; Beal & Ford, 2001; Angadi, 2008) argued that financial problems will lead to fractured working relationships, reduced innovation by the manpower and produced an overwhelming amount of industrial accidents. Those are a few of the negative consequences which an

organization will cope with when their employees suffer with debt
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problems. Therefore, the urge for a research that describes the relationship between personal financial wellness and job productivity is needed (Bailey, Turner, Woodiel, Young, 1998). Based on the relationship between personal financial wellness and job productivity, the potential effects of workplace financial education will be discussed.

One of the reasons for a not appropriate financial behavior is the individual financial illiteracy; which mean an adequate knowledge of personal finance facts and vocabulary for successful personal financial management (Joo & Bagwell, 2002; Abd & Moniem, 2011). It is a primarily skill-based attitude and involves a lack of understanding about how to save, manage and invest money. There are also some behavioral and psychological factors that can contribute to money problems among workers. According to (Bayer, Bernheim, Scholz, 2008) a more common tendency on the mundane side for many people is the tendency for impulse buying. Moreover there are also money problems associated with addictions like drugs, gambling and alcohol. Garman & Kim (2004) pointed out that such a behavior is associated with a variety of characteristics including male gender, youth, lower income and education. Hence, the income stagnation can of course be a reason. This derives from the fact of some larger general economic trends in the social environment. This decline in actual income increases the financial strains on personal and family budgets.

It is commonly known that financial stress is a very real phenomenon in the lives of individuals at every level of society, and every walk of life. Looking at the disparity of what is happening in the business world and the

expectations of the people entering the job market; one can easily see how <https://assignbuster.com/personal-financial-wellness-and-workers-job-productivity-psychology-essay/>

the entering walk of the financial stress cycle can emerge in somebody behavior. Both financial and mental stressors continue to escalate together with the individual and family health deteriorates. Individuals have various strategies for dealing with financial stress. Financial education, including workplace education can be considered one of these and is often a type of employee assistance program. Brunson et al. (1999) argued that this has a positive impact on the work environment. It will lead to potential improvement in job productivity, which can be defined as an efficiency of resources, individual performance responsibilities and better performance ratings. Prawitz et al. (2006) asserted that financial education in the workplace is a key factor in both recruitment and retention of workers. However, the proposed workplace financial education, as an existing result between financial wellness and workers job productivity, has many factors and variables which can be determined to be examined. Therefore the need for workplace financial education is increasing.

The study of personal financial wellness is a relatively new event. The use of the term financial wellness has developed within the past decade. Previously researchers attempted to explain, predict, or define the term such as general well-being, financial satisfaction, and economic well-being. A review of previous literature tended to name financial wellbeing as income wealth, consumption, financial behavior, financial satisfaction, and financial attitudes Grasmick, Mills, Morgan, Wenk, (1992). Actually, personal financial wellness tend to be a total construction of overall well-being, and a broader concept than only financial satisfaction or economic level of living (Bagwell, et al., 2002). The term wellness comes from the health promotion industry while

(Joo & Pauwels, 1999) defined financial wellness as the level of being financially healthy and happy. The financial wellness of individuals has been measured with several methods. One approach to measuring financial wellness is to use objective indicators such as personal or household income or situational measures that are quantitative observable indicators (Diwan, Kohl, Montiel, Rodrik & Verdier, 2001) Afterwards researchers have recommended studying subjective variables to measure financial wellness (Joo & Garman, 2000; Mandell & Klein , 2009). Since general well-being, the perception of happiness and free from worry is broad and intangible, there is an important need for financial counseling and planning professional of helping people to achieve their financial objectives. Therefore, research findings from the past and the future ones will be beneficial to understand the concept of personal financial wellness and its components. The profile of personal financial wellness of workers can indicate the financial well-being level of workers. And the profile can provide useful information to all interested by identifying the financial wellness level of workers

1. 3 Research questions and Sub questions

The problem that will be examined in this research is prove the findings that exist and describes the relationship between financial wellness and worker job productivity. It will specified the relationships between personal financial wellness and worker job productivity as the dependent variables outcome, relationship of personal financial wellness and the demographic characteristics, and subsequently the relation of the personal financial wellness towards the financial stressors. A part of the model that examines the relationship between personal financial wellness and worker job

productivity will be tested by using a sample of employees working in the middle and large companies on the island of Curaçao. A survey instrument focusing on questions regarding personal financial wellness towards productivity will be developed.

Research question:

What is the relationship between personal financial wellness and worker job productivity?

Sub questions:

1. How does the personal financial wellness profile differ by the demographic characteristics?
2. What is the relationship between financial stressors and personal financial wellness?
3. What is the need for the workers to obtain a financial education programs in the future?

1. 4 Purpose of the Study

The purpose of this study is to identify the relationship between job productivity and some factors that are strictly related to another independent variable namely the financial wellness, the functioning of demographic characteristics and the financial stressors. Moreover this study will investigate how possible the independent variables act as influential factors on the attitude of workers on the productivity at work in a positive or negative way. Besides, this study will investigate the personal financial wellness and workers productivity and will provide a base for future research

development. The model can be utilized in wellness research, stress research, and employee benefits research. Development of a personal financial wellness profile can be acquainted based on this research. Also, the model can be used in research examining the relationship between personal financial wellness and other phenomenon such as marital identification. The outcome of a survey for knowing to what extend those variables influence the productivity of the workers in an organization are of great importance for both employers and the employees.

This research can provide a base for a model providing the improvement from personal financial problems towards financial stressors. Also, this research can offer helpful information for identifying causes of worker problems as well as estimating the potential costs of personal financial problem in the workplace by calculating productivity losses. The profile of personal financial wellness of workers can indicate the financial well-being level of workers. And the profile can provide useful information to all interested by identifying the financial wellness level of workers.

In this thesis, research will be conducted, based on extensive previous published literature about the relationship and the influences driven to certain impacts on the workers attitude regards their productivity. The relationship between financial problems and productivity can highlight the importance of workplace financial education. Based on this research, the need for personal finance education can become clearer to educators, financial practitioners, employers, and employees. The result can also be used in future research studies associated with the development of employee assistance programs, examinations of levels of personal financial

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wellness, and identification of the relationship of stressors and personal characteristics.

1.5 Limitations

The primary concern of this research will be the financial aspects of workers. The developed conceptual model in the areas of describing the two of the variables namely the personal financial wellness against the demographic characteristics and afterwards the financial stressors identifying a personal financial wellness profile will be explored. Besides, the relationship between personal financial wellness and the dependent outcome workers job productivities will also be examined. This study will exclude the independent financial stress and the relationship of financial education of the workers completely. Reference to the workplace financial education, the examination of the effects of personal financial education on worker job productivity will not be conducted. Neither the outcomes of the conceptual model like performance rating, absenteeism nor workers loan- compensation will also not be examined. The level of financial stress produces outcomes for personal and work activities. Both negative and positive outcomes exist for these personal financial indicatives. None these outcomes will be exanimate.

This study will focus on the influences of the independent the personal financial wellness against two specific variables, namely the demographic characteristics, the financial stressors. Moreover the outcome which is the job productivity of workers employed at middle and large companies in Curaçao towards the personal financial wellness. Companies surveyed are officially registered in the category of middle and large organizations at the

Central Statistic Bureau. These companies are also registered at the <https://assignbuster.com/personal-financial-wellness-and-workers-job-productivity-psychology-essay/>

Chamber of Commerce. The focus group will be employees at the randomly selected appointed companies, ranking on all position to perform their jobs. The participating companies will be Ennia, Curaçao Towage Company (KTK), DVB Bank NV, Algemene Spaar en Krediet Cooperatie (ACU), Caribbean Cargo Services NV, United Telecommunication Services (UTS), Nieuwe Post NV, Betonindustire Brievengat, Albert Heijn, Lovers Industrial Corporation, Kooyman Megastore. All companies with less than twenty-five employees will be excluded from this research.

The study will be conducted via the personal interviews instead of mail or a telephone survey. Because the instrument included some sensitive data such as income, age, ethnicity, financial behavior, savings, and credit payments, the answer given to several questions can be doubtful.

By conducting such survey, it can be recognized as a possible weakness, not all questionnaires will provide secure and correct information.

Moreover, the inability to obtain accurate objective data will be a limitation of this study. Data such as savings, self-evaluation of the productivity, performance rating, and absenteeism are difficult to gather as individuals may not know the exact figures of each category or may not want to give away this information. Normally respondents tend to report high level of satisfaction in the financial category. Also measures on the subjective category may not be interpreted correctly by respondents and the researcher.

Sample size for this study is 100 workers, from the organizations as mentioned previously.

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1. 6 Setup of the thesis

The following chapters of this thesis are organized as follows: Chapter 2 will cover and list up a literature review of previous survey conducted that emphasizes the definition, characteristics and factors that are related to the personal financial wellness towards job productivity. Chapter 3 will elaborate about the methodology of the study. The reason why the quantitative survey method will be preferred above the qualitative survey method will also be discussed.