

DETERMINANTS OF EMPLOYEES' FINANCIAL WELL-BEING: THE MODERATION EFFECT OF WORK SECTORS

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Abstract

The purpose of this study is to examine the factors affecting the financial well-being among public and private employees in Malaysia. The results of this study can be used for better understanding on the relationships between and among determinants of financial well-being by highlighting the relationships among financial literacy, financial behaviour, financial management, financial problems, and financial stress. Samples were selected using multi-stage sampling technique among employees in public and private sectors. A total of 2,000 completed questionnaires were analysed using path analysis to identify direct and indirect effects on financial well-being. The results indicate that financial behaviour, financial management, financial problems and financial stresses are significant predictors of financial well-being among employees in public and private sectors. In contrast, financial literacy contributes to predict financial well-being among public sectors but not among private sectors. Findings from this study have important implication

with respect to the need of workplace financial education.

Keywords: Financial literacy, financial behaviour, financial management, financial problems, financial stress, financial well-being

Introduction

Personal financial matters are gaining focus in Malaysia as the country strives to be a developed nation by 2020. Increase in the cost of living without comparable increase in income can be detrimental to individuals. Families have to stretch their hard earned dollars to meet daily as well as future needs. Inability to meet those needs may lead to a lower financial well-being or financial distress. Research conducted especially in the United States revealed that financial distress can affect the family life as well as work life. Garman, Leech and Grable (1996) estimated that 15% of employees experience productivity loss due to financial stress from poor financial behaviours.

