Psychological Factors Contributing towards Financial Problem among Civil Service Sector Employees

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Abstract

Financial problems faced by employees can affect their performance and life satisfaction, as well as impact people surrounding them. This study aimed at identifying the potential contributors to financial problems among employees, whereby multi-stage random sampling was used to sample employees working in the civil service sector of Peninsular Malaysia. The results obtained from 470 employees in this cross-sectional study revealed that psychological factors such as self-worth, future orientation, locus of control, and materialism were more prevalent in contributing to their financial problems. In particular, self-worth and future orientation negatively contributed to financial problems, whereas locus of control and materialism were contrastingly revealed as posing positive influences on the aspect. Meanwhile, financial behaviours such as savings and investment were not contributing directly to financial problem in consideration of psychological factors, wherein these employees' perception of financial adequacy could be attributed instead. Hence, an intervention programme for employees focusing on these psychological factors can be developed by vigilant employers in enhancing their performance. Here, successfully overcoming employee's financial problems may further benefit both parties, thereby leading to explosive economic growth.

Keywords: financial adequacy, financial problem, locus of control, materialism, self-worth

1.0 Introduction

Malaysia is advancing towards higher and more robust economic growth in its bid to achieve high-income status by 2020. To this end, an improvement in organisational productivity is critical in sustaining the current positive trajectory and achieving the national 2020 vision of becoming an advanced economy and inclusive nation (Malaysian Productivity Corporation, 2018). In preparing itself for the

Fourth Industrial Revolution or otherwise known as Industry 4.0, Malaysia has increased its investment in the capital since 2017 to date. Currently, the services sector has registered a high productivity growth of 5.0 per cent, which successfully surpassed the 11th Malaysian Plan target of 4.1 per cent growth, as well as logged the largest contribution to total Gross Domestic Product (GDP) at 54.5 per cent (International Monetary Fund, 2015).

In the bid to improve the state of labour efficiency, the management levels should be able to identify the factors capable of aiding and improving employee productivity as a whole. Here, the effects of employee skills, physical and psychological health, payments, and incentives on the resulting job productivity have been extensively revealed in previous studies (e.g. Ali et al., 2017; Oloke et al., 2017). Therefore, an improved understanding of financial problems can further enhance the prediction of productivity loss via health management strategies.

In general, Malaysia has set a target on improving its services sector specifically by focusing on the productivity of employees, which acts as a catalyst for a greater income equity across all levels. Here, the employee productivity level is expected to reach RM92,300 in 2020 in comparison with RM81,039 recorded previously in 2017 (Malaysian Productivity Corporation, 2018). Furthermore, the Public Complaints Bureau has underlined its target to reduce the amount of complaints lodged on the public service sector. The move towards achieving a high-income nation in 2020 is projected to ably reduce Malaysia's development gap with other newly industrialised economies, such as South Korea. In view of its economy progressing in an upward trajectory and averaging growth of 5.4% since 2010, the country is expected to achieve its transition from an upper middle-income economy to high-income economy by 2024 (The World Bank, 2020). Due to the permanent status of employment held by a majority of the public service sector employees and the fact that retrenchment is not a solution for the low-performing ones, it is crucial for various government agencies to ensure high performance among these permanent workers.

The Household Income and Basic Amenities Survey previously reported an increment in the average monthly income of Malaysian households to RM5,228 in 2016 compared to RM4,585 in 2014, yielding a growth rate of 6.6 per cent annually (Department of Statistic Malaysia, 2016). Despite this, the households were reflected to experiencing low financial well-being and high debt. In particular, the mean monthly household consumption expenditure increased from RM3,578 in 2014 to RM4,033 in 2016, which grew at 6.0 per cent per annum (Department of Statistic Malaysia, 2016) and was almost parallel with the rate of income. In contrast, the expenditure revealed increments at a lower rate of 3.9 per cent per annum from RM4,033 in 2016 to RM4,534 in 2019 (Department of Statistic Malaysia, 2019). During the same period, however, the mean household income was RM7,901 in 2019, which also recorded a lower growth rate of 4.2 per cent (Department of Statistic Malaysia, 2019). Here, the increase in income surpassed marginally in comparison to the expenditure increment, thereby rendering an increased income to not positively affect these households.

Furthermore, the total borrowings to individuals amounted to RM1.757 billion from moneylenders in 2014, which was more than that extended to companies at RM563 millions. In the following year of 2015, the total borrowings increased to RM2.116 billion involving 360,684 individuals, while only RM611 millions were recorded for 560 companies (House of Representative, 2017). The statistics for moneylender's borrowers in the Klang Valley throughout the year 2015 to 2018 has revealed that most of the individual borrowers work in the private sector, which is followed by civil servants, those own businesses, and those without any permanent job (Ministry of Housing and Local Government, 2019). Moreover, a majority of these borrowers earn between RM1,001 to RM5,000, whereby those who mainly borrow less than RM5,000 are of the Malay ethnicity, followed by Chinese and Indians.

Besides, bankruptcy statistics revealed that in terms of debt, the amount of debt caused by car loans alone accounted for almost 24 per cent from the total bankruptcy cases spanning from the year of 2005 until 2010 (Malaysian Department of Insolvency, 2010). In contrast, a total of 3.72 per cent bankrupt cases are among public sector workers out of the total bankruptcy cases recorded from the year of 2012 to 2016 (Malaysian Department of Insolvency, 2016). Although this accounts for only approximately 4 per cent of the total bankruptcy cases in Malaysia, the number has risen by about 3 per cent in the year 2018 compared to the previous year (Malaysian Department of Insolvency, 2018).

In terms of bankruptcy cases, a total of 4,875 consumers were declared bankrupt due to credit card debt, amounting to 4.18 per cent out of the total bankruptcy cases recorded from the year of 2007 to 2013 (Malaysian Department of Insolvency, 2013). In contrast, the period from 2014 to 2018 recorded 9.91 per cent of bankruptcy due to the same cause, comprising of 9,428 individuals. This yielded an overall rate of increase by 6.76 per cent (Malaysian Department of Insolvency, 2018). The constraint in consumption and high level of indebtedness among employees may collectively lead to them developing financial problems. In the year 2016 alone, more than half of the government workers were reported to be part of the lower 40 per cent income group (B40) and received less than RM3,000 per month (Department of Statistics Malaysia, 2016).

In view of the above, past studies have supported the statistics and revealed the positive relationships between personal and household debts with financial problem, respectively (French & McKillop, 2017; Sweet et al., 2013). High spender individuals, in general, have a tendency for compulsive purchasing as they can be a materialistic person who purchases items to reflect certain values and log high consumption rates. Here, employees displaying highly materialistic values are often associated with a lower quality of work-life and work-related personal well-being (Promislo et al., 2017). Furthermore, financial problems faced by this population may affect their performance and life satisfaction, as well as others surrounding them.

The effect of personal financial wellness due to personal finance problems has been discussed by Cox et al. (2009). The scholars have attributed poor financial well-being towards reduced productivity; although it may not cause stress, employees may use their work time to make important calls to creditors and financial advisers while trying to resolve their difficulties. Moreover, Kim et al. (2006) have revealed that among credit counselling participants that engaged via phone-call, those experiencing the highest level of financial stress are found to spend most of their time being involved with personal financial matters at work and reported absenteeism. Their financial problems may further spill out to their workplace, following which these employees show low motivation and less focus towards work, thus affecting employee productivity.

Hence, this study aims at identifying potential contributors to financial problems among employees. Here, psychological factors such as materialism, future orientation, locus of control, and self-worth together with financial factors are subjected to an assessment regarding their influence on employee financial problem, namely those of the service sector. The focus is placed on this specific sector due to its status as the primary contributor to the Malaysian GDP in comparison with other sectors. In particular, the services sector has dominated the diversified economy for the country with 54.5 per cent of contribution for the GDP, while the manufacturing sector contributes 25 per cent of the economy, followed by other sectors such as mining (8%) and agriculture (7%) (International Monetary Fund, 2015).

Therefore, two hypotheses are developed for this study to compare the influences of financial and psychological factors on financial problems.

$H_0$1: Financial factors, namely savings, investment, and financial adequacy do not significantly influence the financial problems of employees in the service sector.

$H_0$2: Controlling for financial factors (i.e. savings, investment, and financial adequacy), psychological factors such as materialism, future orientation, locus of control, and self-worth do not significantly influence the financial problems of employees in the service sector.

2.0 Literature Review

2.1 Expected Utility Theory

Expected Utility Theory is commonly employed to explain the influence of psychological factors on the financial problems surfacing among civil service sector employees. The term “expected utility” was first introduced by Daniel Bernoulli and then further refined by John von Neumann and Oskar Morgenstern in 1944 to explain consumption preferential among consumers (Morgenstern, 1976). It describes decision-making undertaken in view of risk and the manner in which the resulting outcomes influence people’s behaviour.

In general, White (2012) has contended that the theory is primarily used to predict and explain specific behaviours in individuals and family economy. Therefore, the Expected Utility Theory can be employed to predict future behaviour based on the current consumption and outcome. An individual is more inclined to perform a behaviour if the expected output is perceived as highly relevant and beneficial to them. In this case, more resources and effort will be allocated as required (Copeland et al., 2005).

In avoiding negative events, especially regarding financial matters, individuals often choose to make a wise decision based on their financial activities. This is also done to escape from serious financial problems that will ultimately affect their life satisfaction. However, decisions made under uncertainty are hard to make as they are carried out according to individual perception of activities that can lead to satisfaction. Therefore, they are underlined by individual perception and vary depending on one's characteristics, including the psychological aspects.

Here, the expected utility is typically employed to provide an answer in situations where individuals must make a decision under a climate of uncertainty without knowing what outcomes may be obtained from such decision. Therefore, consumers should select the option that will provide the highest and best expected outcome. In the bid to increase their satisfaction regarding money matters as the outcome of decision-making, one may perceive reduced chances of experiencing severe financial problems. Additionally, the act of choosing out of varying and complex financial products and activities offered in the era of internet of things (IoT) along with advancing FinTech often leaves consumers to have to make difficult decisions.

Meanwhile, consumer's consideration to delay gratification in making their financial decisions such as saving or investing for future consumption instead of immediately consuming is highly influenced by their individual characteristics. In particular, the orientation towards their future further motivates the final option selection, wherein the extent to which they believe of themselves in controlling the resulting actions as what they perceived to control may subsequently result in carrying out financial activities that they are good at. However, others may also influence their decisions if they are not internally controlled, along with their perception of themselves as the basis. Consumer's affinity to own things for the purpose of showcasing wealth among fellow materialistic individuals may also create a problem in their cash-flow. By building on the effects of these financial activities and individual characteristics on the theoretical foundation, a conceptual framework is developed and thus displayed in Figure 1.

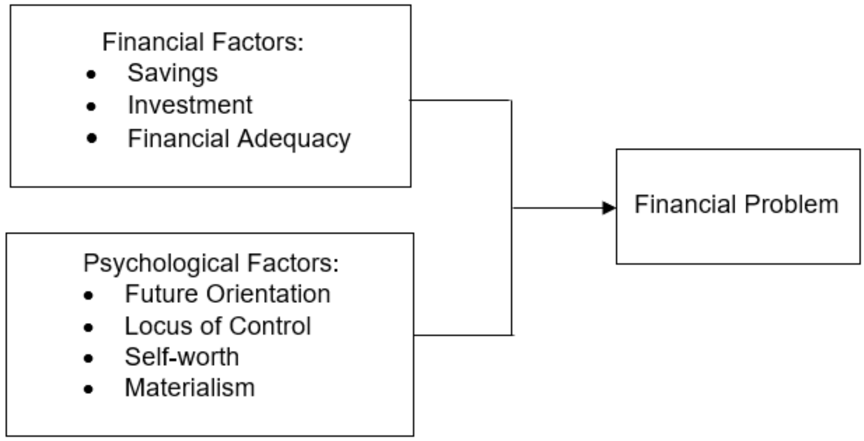

Figure 1 : Conceptual framework for financial problem among employees

2.2 Empirical Studies

Financial problem is the focus in this study and perceived as one of the most important sources of psychosocial stress due to varying regular activities of one's daily life that are associated with personal financial resources and their management (Peirce et al., 1996). Furthermore, past studies have confirmed financial problem to be one of the determinants for individual financial well-being (Delafrooz & Paim, 2013; Mokhtar & Husniyah, 2017). In fact, Halkos and Bousinakis (2010) have found that increased stress due to this element leads to reduced productivity, whereas increased employee satisfaction results in increased productivity. When the workers' personal life starts to interfere with their work, a negative effect is thus implicated on their productivity.

Furthermore, other factors that indirectly influence financial problems via financial behaviour as studied among male students in Pakistan include financial socialisation, negative spending attitude, and secondary socialisation agents other than family (Jan et al., 2013). In this aspect, Falahati et al. (2011) have revealed that spendthrift attitude and secondary socialisation agents both result in a positive effect. In contrast, a negative effect on financial problem is contributed by conservative attitude, financial socialisation, and financial behaviour in the context of male students. Therefore, the effect of financial behaviour on financial problem has been identified through the study accordingly. In terms of college students in Malaysia, it has been demonstrated that by controlling for the correlates of financial literacy, students with higher financial knowledge are more likely to report savings behaviour and found to have fewer financial problems (Mohd. Fazli & MacDonald, 2010).

Currently, psychological factors are becoming topics of high interest among researchers when studying the well-being of households and individuals. Regarding financial matters, the overall concern on psychological factors and their effect on financial well-being is also increasing. In line with this, materialism has been proposed as the extent to which individuals engage in the development and maintenance of self through the acquisition of products, services, and experiences (Shrum et al., 2013).

The above element encourages people to work more and thus leads to them generating higher income simply for the purpose of financing greater consumption and higher living standards (Kasser et al., 2007). Materialism can be a motivation for individuals; however, growing concerns have been noted among researchers that it can yield more negative consequences to individuals, such as growing amount of debt, depression, and greed (Tsang et al., 2014). Here, higher consumption and increasing debt level among materialistic individuals will inevitably lead them to financial problems.

Furthermore, previous studies have revealed that materialists are willing to take on greater levels of debt (Ponchio & Aranha, 2008) and display more positive attitudes towards debt (Pirog & Roberts, 2007). Accordingly, these individuals have a higher potential to involve in compulsive purchases (Dittmar, 2005) than their non-materialist counterparts. Moreover, those using fewer money management strategies are typically more materialistic (Garoarsdottir & Dittmar, 2012). In relation with this, high materialism is found to be negatively associated with financial satisfaction, which is a concept that is the opposite of financial problem (Tang et al., 2011). A study on American consumers' well-being, for example, has found the positive effect of materialism on personal well-being, while negative effects are noted on financial satisfaction (Helm et al., 2019). Similar, employing structural equation modelling on the data of 600 married couples has resulted in a study finding that materialistic attitudes have a stronger impact on spousal perceptions of financial problems than the levels of couple income (Dean et al., 2009).

Besides, income adequacy as a concept in past studies has been implemented interchangeably with financial adequacy to reflect the adequacy of monetary situations, whereby those on perceived income adequacy tend to use the construct as an outcome. For example, a study has revealed that household income, health status, age, and migrant status are the main predictors of perceived income adequacy among older Americans (Stoller & Stoller, 2003). Meanwhile, similar concepts such as subjective income have also been examined in their association with self-rated health (Cairney, 2000), depressive symptoms (St. John et al., 2006), health inequalities (Wildman, 2003), and mortality (Blazer et al., 2005). In essence, these studies have supported the notion that subjective income influences the varying aspects of well-being. In contrast, less works has addressed the perceptions of financial adequacy or income adequacy as the independent variable or in view of their direct relation with financial problem.

Moreover, a study carried out in New Zealand has noted that non-homeowners are less financially adequate than homeowners. In particular, Māori, renters, and individuals living in multi-dwelling occupancies yielded much lower levels of financial adequacy (Noviarini et al., 2019). Therefore, financially-adequate individuals have been linked to those owning a house compared to the non-homeowners. Meanwhile, a study on the quality of life has shown that perceived income adequacy is positively associated with self-rated health and quality of life among adults in higher-income countries (Gildner et al., 2019). Similarly, another work focused on the impact of cancer-related financial burden on the quality of life has revealed that survivors of cancer with financial problems struggle more with depressed mood and psychological distress, thereby indicating lower health-related quality of life and psychological health (Byrd, 2016). In contrast, studies detailing the direct effect of financial adequacy on financial problem have yet to be found. Since financial problem influences the quality of life, it is thus deduced that income adequacy or financial adequacy will have an effect on financial problem itself.

Besides, future orientation is another important component of identity development, whereby identity is defined as a self-produced personality organisation achieved through having oneself integrated in time and social settings (Seginer, 2009). For example, a study has revealed that low future-oriented students exhibit more problematic behaviours in schools in comparison with those of higher levels of future orientation (Chen & Vazsonyi, 2013). Prior to this, Sherraden (1991) has suggested that assets pose a number of effects towards well-being, thus leading to an extended conceptual framework that specifies the role of future orientation as an intermediate construct in the relationship between assets and well-being (Shobe & Page-Adams, 2001).

According to Kooij et al. (2018), future time perspective as a concept similar to future orientation can correspond with one's future, wherein a more future-oriented individual will plan better for their retirement. In contrast, Kempson (2018) has provided evidence that time orientation has a significant effect on financial well-being. Since financial problem influences one's financial well-being (Delafrooz & Paim, 2013; Mokhtar & Husniyah, 2017), time orientation is henceforth contended to influence the element as well. Recently, Van Raaij and Riitsalu (2020) have proven that future-oriented people have higher expected future financial security, which reflects their good financial status and less financial problem.

Meanwhile, a personality trait that is the locus of control indicates the extent to which individuals believe that they have control over what is happening to them in life (Dormann et al., 2006). Here, the locus of control is identified as the degree to which one believes that their lives are influenced by internal or external forces (Timmins & Martin, 2019). In particular, internal forces denote their own choices and actions, which will pose a great effect on the outcomes and spurring them to put more efforts into their job. In contrast, external forces are elements outside of their control, which may include families, friends, teachers, and idols. Apart from parental social status and childhood intelligence, locus of control has also been noted as a significant predictor of adult financial well-being (Furnham & Cheng, 2017; Ponchio et al., 2019; Zurlo, 2009).

In this particular context, a local study has obtained similar results for locus of control and its correlation with financial well-being (Mokhtar & Husniyah, 2017). Across countries, however, Kempson (2018) has found that the financial locus of control and confidence pose significant effects on financial well-being. In fact, Van Raaij and Riitsalu (2020) have associated individuals with high self-control to have a lower level of current money management stress. In contrast with its socio-economic variables, the effect of psychological factors on financial well-being, including future orientation, is larger and extensive. Due to the lack of specific studies on the relationship of locus of control with financial problem, it is assumed that the former variable will affect the latter in the same manner as its effect on financial well-being. This is presumed based on the significant influence of financial problem on financial well-being (Delafrooz & Paim, 2013; Mokhtar & Husniyah, 2017).

Moreover, contingencies of self-worth in one's interaction with relevant events may further predict the increment of depressive symptoms over time (Crocker, 2002; Crocker et al., 2002). Self-worth or sometimes referred to as self-esteem may also be affected by one's negative status of financial situation (Marjanovic et al., 2015), thus displaying the role played by perceptions of stressors in pertinent models. Nonetheless, research on self-esteem is limited and inconsistent findings have thus been presented on the effects of economic strain (Waters & Muller, 2003).

3.0 Methodology

The study employed a correlational design and implemented the survey method to gather primary data from employees working in the civil service sector. The population encompasses 1.6 million individuals employed in 28 different schemes of Malaysian service under the Public Services Department. They include: the federal public service, state public services, joint public services, education service, judiciary, legal service, police and armed forces (Department of Statistics Malaysia, 2018).

As suggested by Krejcie and Morgan (1970), a sample of 384 would be adequate for this population in order to generalise the outcomes to the overall population at 95 per cent if confidence interval with a ± 5 per cent margin of error, whereas Needham and Vaske (2008) have suggested for a sample of 400. However, a higher number was decided on, namely 500 respondents, in consideration of the differences between group analyses. Meanwhile, Pallant (2013) has also recommended a larger sample size for social science studies to make allowances for the possibility of rejection by potential respondents or non-response items.

By utilising a multi-stage random sampling in the first stage, five states were randomly selected from five zones in Malaysia. In general, the country is divided into five zones based on their locations, namely the North, Middle, South and East regions in Peninsular Malaysia comprising of three states each, while East Malaysia was the fifth zone comprising of Sabah, Sarawak, and Federal Territory of Labuan. In each zone, one state was randomly selected through balloting, resulting in the selection of Perlis, Selangor, Negeri Sembilan, Terengganu, and Sabah. As this study targeted for 500 samples, an equal distribution of samples among all five zones was done, resulting in a total of 100 samples targeted for each state.

Based on the list of departments detailed in the government agency websites, the services sector departments were selected via balloting during the second stage of random sampling. Altogether, 18 services sector departments were chosen, which consisted of nine types of departments or agencies as follows: Department of Information Services, Department of Agriculture, Department of Finance, Department of Women Development, Department of Health, Department of Welfare, Department of Labour, Town Council, and SOCSO. Per the assistance of a liaison officer from the selected department or agency, the respondents were then chosen from a list containing the employee names and their consents were sought before the questionnaire distribution. Therefore, a total of 470 completed self-administered questionnaires were collected between one and two weeks after their distribution either through postage or personally sent to the respective departments by the enumerators.

Next, the variable measurements were adapted from established assessments made in past studies to further ascertain their content validities. Accordingly, data on socio-economic characteristics, personal factors, financial factors (i.e. savings, investment, and financial problem) and psychological factors (i.e. financial adequacy, materialism, future orientation, locus of control, and self-worth) were obtained. The measurement for the locus of control yielded high reliability with Cronbach’s alpha value of 0.954 for its seven items in the actual study. Meanwhile, examining materialism as a facet of consumer behaviour resulted the use of the material values (MV) scale developed by Richins (2004), which included 18 items with five responses ranging from strongly disagree to strongly agree. The scale yielded a reliability of 0.646 in this study. Next, financial adequacy was measured based on a measurement adapted from a study on older people after retirement (Husniyah & Jariah, 2002). Meanwhile, the self-worth scale by Hira and Mugenda (1999) and items of financial problems as adapted from Fitzsimmons et al., (1993) were implemented accordingly in the questionnaire. Prior to the data collection process of the actual study, a pre-test was done with 30 respondents working in Universiti Putra Malaysia to establish the face validity of the measurements employed for the variables.

After the cleaning process for the actual data, the data were treated with Exploratory Data Analysis (EDA) and subsequently confirmed that those of the continuous variables were normally distributed based on normal curves, Q-Q Plot and P-P Plot. Furthermore, the equality of variances was checked and no outliers were found by using the box-plot, indicating that the assumptions for multiple regressions were fulfilled by the data. Then, descriptive analysis was utilised to profile the respondents based on their background information, while multiple linear regressions were performed to test the hypotheses of this study.

4.0 Results and Discussion

4.1 Profile of Respondents

The profile of respondents is displayed in Table 1, which shows the background information of the employees serving in the public service sector in this study. More than half of the respondents (60.2%) were female and about three quarters were of Malay ethnicity (82.1%) and single (74.1%). In terms of the education level, a similar proportion of non-graduates and graduates was seen among these employees, whereby slightly more than two-thirds (68.8%) were young workers and half (49.2%) of them had been working for less than 10 years. In terms of respondent’s income, two-thirds earned less than RM3,000 a month and the median income was in the range of RM750 to RM3,000. Meanwhile, in terms of household income, an earning less than RM3,000 monthly was considered as urban poor, making up almost half (45.6%) of the respondents. This might reflect their low financial situation and thus contribute to financial problem.

In contrast, only one-fifth of the respondents earned at least RM6,000 per month. Some of these respondents may be among those who were graduates (49.8%) or those with longer work tenure (20.5% working more than 20 years). Almost a quarter (74.1%) of the respondents were singles. The median household income was within the range of RM3,000 to RM6,000 monthly, which was in accordance with median household income for Malaysia ranging between RM5,228 and RM5,860 for the urban area in 2016 (Department of Statistic, 2017). This reflects the sample representativeness of the population.

Table 1 : Profile of respondents

Background of respondent	n (%) (n = 470)
Gender	
Male	187 (39.8)
Female	283 (60.2)
Ethnicity	
Malay	386 (82.1)
Chinese/ Indian	5 (1.0)
Bumiputra Sabah/ Sarawak	79 (16.8)
Marital Status	
Single	335 (74.1)
Married	117 (24.9)
Education	
Non-graduate	236 (50.2)
Graduate	234 (49.8)
Age (year)	
21 – 40	319 (68.8)
41 - 60	145 (31.2)
Work Tenure (year)	
≤ 10	216 (49.2)
11 – 20	133 (30.3)
21 - 40	90 (20.5)
Respondent's Income	
< RM750	33 (7.2)
RM750 - < RM3,000	246 (57.8)
RM3,000 - < RM6,000	147 (32.2)
RM6,000 - < RM12,000	31 (6.8)
Household Income	
< RM750	37 (8.4)
RM750 - < RM3,000	164 (37.2)
RM3,000 - < RM6,000	151 (34.2)
RM6,000 - < RM9,000	56 (12.7)
≥ RM9,000	33 (7.5)

4.2 Predictors of Financial Problems of Employees

Two models of regression were developed in this study, thereby representing the grouping of variables outlined in the conceptual framework. The first model comprised of only financial factors (i.e. savings, investment, and financial adequacy) to detect their influence on the financial problem of an employee. In contrast, the second model included psychological variables (i.e. future orientation, locus of control, self-worth, and materialism) into the first model and would show the relative influence of both groupings of variables.

First, the validity and fitness of the models were determined prior to explaining the results of multiple regression analyses for financial problem model, which yielded an acceptable R square value of 32.4 per cent in the final model (Table 2). Here, a total of 32.4 per cent of the variance in financial problem was explained by the model determinants, whereby significant ANOVA tests were then carried out to establish the validity of the regression models.

Table 2 : Model summary for financial problem model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.367[a]	.134	.129	3.90837
2	.569[b]	.324	.313	3.47016

a. Predictors: (Constant), financial adequacy, investment, savings
b. Predictors: (Constant), financial adequacy, investment, savings, locus of control, self-worth, future orientation, materialism

Here, the three variables of savings (B = -0.314; $p \leq 0.01$), investment (B = 0.299; $p \leq 0.01$), and financial adequacy (B = -1.633; $p \leq 0.01$) in the first model were found to be highly significant in influencing the financial problem of employees (Table 3). Therefore, the first null hypothesis for these financial factors was rejected. By establishing more savings and being more financially adequate, working individuals would be less likely to exhibit financial problems in reference with the negative influence found on the dependent variable. However, those who were more involved in investment activities would be more likely to experience financial problems, which were possibly attributable to investment mistakes that might take place during investing. The findings for savings are thus in line with those obtained by prior local studies (e.g. Falahati et al., 2011; Mohd. Fazli & MacDonald, 2010).

In the second model, the regression results revealed that the psychological variables of self-worth (B = -0.211; $p \leq 0.01$), future orientation (B = -0.377, $p \leq 0.01$), locus of control (B = 0.083; $p \leq 0.01$), and materialism (B = 0.055; $p \leq 0.05$) together with financial adequacy (B = -1.622; $p \leq 0.01$) significantly influenced financial problem.

Therefore, the second null hypothesis on the influence of psychological variables was also rejected.

In view of this, Model 1 shows the significant influence of financial factors alone on the financial problem of employees. However, when it includes psychological variables consisting of future orientation, locus of control, self-worth, and materialism in the second model, the influence of financial factors, especially savings and investment, diminishes. This shows that compared to psychological variables, financial factors such as savings and investment are not important in influencing financial problem. The results further suggest that these variables are more prevalent than its non-psychological counterparts that are financial factors (i.e. savings, investment, and financial adequacy) in contributing to the financial problem of employees in Model 2.

Table 3 : Multiple regression analysis for financial problem model

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.404	.907		15.886	.000
	Savings	-.314	.060	-.241	-5.251**	.000
	Investment	.299	.051	.268	5.876**	.000
	Financial adequacy	-1.633	.378	-.192	-4.326**	.000
2	(Constant)	20.970	1.880		11.151	.000
	Savings	-.056	.062	-.043	-.908	.364
	Investment	.072	.051	.065	1.416	.158
	Financial adequacy	-1.622	.336	-.190	-4.824**	.000
	Future orientation	-.377	.046	-.404	-8.129**	.000
	Locus of control	.083	.028	.130	3.025**	.003
	Self-worth	-.211	.063	-.155	-3.327**	.001
	Materialism	.055	.025	.091	2.214*	.027

a. Dependent Variable: financial problem
b. $^{**}p \leq 0.01$; $^{*}p \leq 0.05$

Furthermore, future orientation and self-worth of employees negatively contributed to financial problems, thereby indicating that future-oriented and highly self-worthy employees would have the tendency to face less financial problem. Here, people who are future-oriented as opposed to current-oriented are always preparing in advance for their future; thus, they are financially prepared for any emergencies. Similar, they believe in their ability to do something and will be taking all necessary steps in achieving financial security. Accordingly, previous studies on future orientation by Kempson (2018) and, Van Raaij and Riitsalu (2020) are in support of these findings. Meanwhile, the self-worth study by Marjanovic et al. (2015) has noted that a lower self-worth is related to the negative status of one's financial situation.

In contrast, locus of control and materialism were revealed to pose positive influences on employee financial problem, whereby those with an internal locus of control and materialistic tendencies would be more likely to involve in financial problems. Here, having control of one's action across different financial matters seems to lead towards having more financial problems as they may be spending lavishly as a result of their materialistic behaviour. Therefore, the results for locus of control are in line with the studies by Furnham and Cheng (2017), Ponchio et al. (2019), and Van Raaij and Riitsalu (2020). Similarly, the studies by Ponchio and Aranha (2008), Tang et al. (2011), and Tsang et al. (2014) are also in support of the positive influence displayed by materialism on financial problem.

Finally, financial behaviour such as savings and investments did not contribute directly to financial problem in consideration of psychological factors in the second model. As seen in Model 1, employee's perception of financial adequacy contributed directly and negatively to their financial problem seen in Model 2 with the inclusion of psychological variables. These results indicate that the higher one perceives that their finances are adequate, the less financial problem will be experienced.

5.0 Conclusion and Implication

The results of surveying 470 employees in this cross-sectional study revealed that psychological factors such as self-worth, future orientation, locus of control, and materialism were more prevalent in contributing to the financial problem of employees in comparison with non-psychological factors like savings and investment. Meanwhile, financial behaviours such as savings and investment did not contribute directly to financial problem in consideration of such psychological factors. In the absence of these psychological factors, financial behaviour was also found to influence financial problem, while one's perception of financial adequacy further contributed to their financial problem. Therefore, the results obtained revealed that psychological variables were more important than financial factors in influencing one's financial problems.

The outcomes imply that employees should be more future-oriented and less materialistic, and have higher self-worth and internal locus of control to result in less financial problems. Regardless, these psychological aspects can change over time. Besides, those focusing on their lifestyle will promote immediate gratification and face the challenges in competing between their current consumption with future consumption.

As a result, intervention programmes should not emphasise much on financial factors during their development. Those programmes geared for employees and focusing on the psychological factors such as self-worth, future orientation, locus of control, and materialism, as well as the perception of their financial adequacy can be developed by employers towards increasing the employee performance. The recommended intervention is thought to enhance the psychological variables, such as increasing one's self-worth and rendering them more future-orientated. In contrast, locus of control and materialism pose negative influences on financial problem; thus, an external locus of control and highly materialistic person will most probably reduce their financial problem. Most intervention programmes have previously suggested to focus on financial factors, such as increasing one's savings or encouraging their higher involvement in investment. However, this study successfully prove that psychological factors are of more importance than financial factors in overcoming one's financial problem.

Additionally, minimising financial problem among employees will aid their organisation to extract better job performance, yielding higher productivity and better services delivered to the public. Therefore, individuals or companies alike functioning as the clients of these civil agencies will be able to experience elevated services and reduced interaction time. Such effective time usage may increase the national productivity, thus enabling robust economic growth.

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