

Aligning Wealth and Work: Investigating Financial Wellbeing's Influence on Performance among Young Adults in a Hospitality Company

Azlineer Sarip¹, Shairi Kamal Mohd Yusof², Roziana Shaari³,
Mohamad Abdillah Royo⁴ and Irza Hanie Abu Samah⁵

^{1,3,4,5}Faculty of Social Sciences and Humanities, Universiti Teknologi Malaysia, ²Genting
Malaysia Berhad

Corresponding Author Email: azlineer@utm.my

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Abstract

The aim of this study was to investigate the relationship between financial well-being and work performance in young adults employed in a hospitality company. A total of 124 respondents took part in this quantitative study, for which a structured questionnaire with 23 items on financial well-being and work performance was used. The data was analyzed using descriptive and inferential statistics in SPSS version 27. The results indicate that the participants' financial well-being is moderate and their work performance is high. The study highlights the significant impact of financial well-being on employee job performance and provides valuable insights for organizational policies and employee development initiatives. The study concludes with recommendations for improving financial wellbeing to optimize work performance.

Keywords: Financial Wellbeing, Work Performance, Hospitality Industry, Young Adults

Introduction

During an unstable economic climate, financial stability is a crucial predictor of work success in all sectors. The financial insecurity of hospitality workers is exacerbated by their reliance on tips, part-time employment, and volatile income (Schneider & Harknett, 2019). At the same time, the hospitality industry in Malaysia has experienced explosive growth over the past decade. This has led to numerous employment opportunities that are particularly attractive to young adults. Existing research suggests that employees' cognitive abilities are impaired in situations of financial scarcity to an extent that affects their ability to fulfill tasks at work (De Bruijn & Antonides, 2022; Ridley et al., 2020). Nevertheless, there is little research on the specific impact of insufficient financial well-being on work behavior and productivity in the hospitality industry. Further investigation is needed to explore the correlation between

the financial situation of young adults employed in the hospitality industry and their work performance.

Financial well-being significantly impacts a person's overall well-being and is closely linked to work performance. In Malaysia, where the cost of living is high and job security is widespread, financial stress can have a significant impact on an individual's ability to perform well at work. Therefore, it is crucial to understand the relationship between financial well-being and work performance in Malaysia. According to a study by Aziz et al (2019), financial well-being has a positive impact on work performance. The study found that employees who had better financial well-being reported higher job satisfaction, better engagement, and lower absenteeism rates. On the other hand, employees who suffered from financial stress reported lower job satisfaction, lower productivity, and a higher absenteeism rate. Poor financial wellbeing can have a significant impact on employees' work performance. Employers need to recognize the importance of financial wellbeing and take steps to support their employees in achieving financial stability. Similarly, Yusof and Hassan (2022) found that financial problems are a significant predictor of absenteeism in young workers. These studies suggest that poor financial well-being can lead to lower job satisfaction, lower engagement and productivity, and higher absenteeism rates. Therefore, it is evident that financial well-being has a significant impact on work performance in Malaysia.

Financial well-being refers to an individual's personal assessment of their own financial situation. Young adults often face financial obstacles, including high living costs, credit card debt, and student loans, which can affect their ability to save, invest, and develop strategies for the future. Azmi et al (2021) discovered a negative correlation between work engagement and financial stress among young workers in Malaysia. Similarly, in a separate study, Yusof and Hassan (2022) discovered that financial difficulties are a significant indicator of absenteeism among young workers. This emphasizes the importance of promoting financial wellbeing and managing financial stress among young adults.

Since the hospitality workforce is the industry's backbone, determining the factors that affect their productivity is critical. As young adults make up a large proportion of the sector's workforce, this study sought to fill a knowledge vacuum by investigating the relationship between financial well-being and work performance among this age cohort employed in a Malaysian hospitality organization. Thus, the research objectives are:

- i. to examine the level of financial well-being among young adults in a hospitality company.
- ii. to investigate young adults' work performance in a hospitality company.
- iii. to examine the relationship between financial well-being and employee work performance in a hospitality company.

Literature Review

Financial Wellbeing

The term "financial wellbeing" describes the state of a person's finances, including their level of financial security and stability, their ability to manage their money wisely, and their overall satisfaction with their financial circumstances. In Malaysia, the idea of living in affluence is often associated with financial well-being. Financial well-being is a multidimensional construct that encompasses financial knowledge, financial behavior, financial attitudes,

financial resilience, financial inclusion, and financial satisfaction (Abdullah et al., 2020). According to the study, sound financial knowledge, sound financial behavior, and sound financial attitudes contribute to financial satisfaction, which in turn increases the level of financial well-being.

The Theory of Planned Behavior (TPB) facilitates the understanding of how financial behaviors are influenced by attitudes, subjective norms, and perceived behavioral control. The widely recognized TPB highlights the interrelationship between intentions, behaviors, and attitudes. Individuals' intentions to engage in certain behaviors, which are influenced by their attitudes towards these behaviors, perceived social norms, and the perceived ease or difficulty of performing them, are the key determinants of their actions, according to the TPB. An individual's affective disposition towards a behavior is reflected in their attitude towards it; for example, those who have a positive attitude towards sporting activity are more likely to participate in it. Subjective norms refer to the social pressure that influences an individual's decisions. People are more likely to engage in sporting behavior if they feel that society expects them to do so.

The relevance of TPB to the financial well-being of Korean adults is also evident in a study by (Kim and Garman, 2019). This study examined the dynamic relationship between behavior, attitudes, and financial knowledge. The results indicate that financial knowledge has a significant influence on people's attitudes towards saving and investing, which in turn has a positive impact on their financial behavior. This emphasizes the importance of TPB in understanding and advocating for financial wellbeing.

Work Performance

Work performance is critical to achieving organizational goals as it has a direct impact on work quality, productivity, and efficiency. Although the exact definition may vary from organization to organization, it usually refers to the level of skill with which employees perform their official duties and tasks. Job performance is influenced by a variety of factors, such as job satisfaction, motivation, and the overall working environment.

Haque and Alam (2015) define work performance in the Malaysian context as the measure of productivity, effectiveness, and quality of work performed by individuals or groups during a given period. KPIs are commonly used in Malaysia to evaluate employee performance when they are aligned with the organization's objectives. KPIs serve as reference points for performance appraisals and provide constructive criticism and guidance for improvement.

In addition, employee performance is closely linked to organizational culture, job satisfaction, and individual motivation. The theory of goal setting, as proposed by Locke and Latham (2002), states that performance can be improved by setting goals that are specific, challenging, and achievable. These goals not only encourage employees to work harder, but also give them direction and feedback. Adherence to objectives and constructive control are decisive factors in achieving objectives.

The pragmatic application of this theory involves setting goals that are both difficult and achievable to encourage focus and employee engagement. Furthermore, accountability and incentives can boost motivation and sustain high performance levels.

Relationship Between Financial Wellbeing and Work Performance

Nurdiana et al (2020) discovered a significant correlation between financial wealth and work performance in young adults. According to the study, young adults with higher financial well-being perform better at work because they have fewer financial worries. In addition, it was found that young adults who are financially secure are more likely to have the means to invest in themselves, for example, by participating in training programs or continuing their education. This can lead to improved talents and skills that can be used in the workplace. Financial education plays an important role in increasing young adults' financial well-being and work performance by enabling them to develop better financial habits and make informed financial decisions. Similarly, a study conducted in the United States by Kim and Garman (2019) found a link between financial stress and work performance in young adults. According to the study, young adults who are under financial stress are more likely to perform poorly at work and be absent. This is since financial stress can cause anxiety, sadness, and other psychological problems that affect performance at work. In addition, financial stress can cause physical health problems such as headaches, stomach problems, and high blood pressure, all of which can affect work performance. Nisar et al (2021) found that depression is positively associated with employee deviance. Financial stress is a leading cause of perceived isolation, sadness, and deviant behavior among frontline employees. Their study, which also involved 24.9% (93) of participants under the age of 25, showed that social support reduces employees' fear of loneliness, melancholy, and deviant behavior. This study suggests that hotels should comprehend their employees' psychological mindsets and develop strategies to overcome imagined fears and psychological problems.

Setting challenging but achievable goals and encouraging employee focus and engagement are examples of practical applications of this philosophy. In addition, offering feedback and rewards can increase motivation and help maintain high levels of performance.

Methodology

Research Design

This study employs quantitative methods, specifically a descriptive and correlative research design. Quantitative methods of analysis were selected due to their structured approach and their ability to produce accurate and efficient results. The researcher used the sampling table developed by Krejci and Morgan (1970) to determine the sample size. Since the population in this study is 180 people, a sample of 124 people was considered sufficient.

Population and Sampling

This study used purposive sampling to select respondents. The population of interest is young adults aged 19 to 40 who work for a hospitality company in Malaysia. Young adults were chosen because they constitute the largest segment of the labor force in Malaysia. Approximately 180 employees were surveyed using an online questionnaire distributed via Google Forms. The duration of this survey was approximately two months.

Research Instrument

The research instrument for this study comprises two parts and aims to measure the level of financial well-being and work performance among young adults. The first part of the questionnaire includes questions designed to evaluate financial well-being, as outlined by (Sabri and Falahati, 2012). The second part of this research includes a questionnaire to

measure work performance, adapted from (Ramos-Villagrasa et al., 2019). Respondents are required to rate each question on a 5-point Likert scale ranging from "strongly agree" to "strongly disagree."

Data Analysis

The data obtained from this study were analyzed using the Statistical Package for Social Science (SPSS) version 27. Descriptive statistics were used to obtain minimum, percentage, and frequency data to achieve the first and second objectives of this study, which are to investigate the level of financial literacy and financial well-being. Meanwhile, inferential statistics, specifically Spearman correlation analysis, were used to assess the relationship between the two variables, namely financial well-being, and work performance.

Result

There are 124 respondents in this survey, with 63.7% (79 respondents) being male and the remaining 36.3% (45 respondents) being female. The participants' ages ranged from under 25 to 40 and were divided into 4 groups. The biggest demographic among respondents in this study is individuals aged between 26 and 30 years, representing 41% of the total. Next comes the 31 to 35 age group with 24.2%, followed by the under-25 age group with 23.4%, and then the 36 to 40 age group with 11.3%. The majority of participants in this study are married, comprising 54.8%, with the remaining 45.2% being single. 72 respondents, accounting for 58.1%, did not have any dependents. Out of the participants in the survey, 56 respondents, accounting for 45.6% of the total, held a bachelor's degree, while 50 respondents (40.3%) had a diploma. 50 respondents had 1 to 5 years of job experience, accounting for 40.3% of the total. The second highest group had 6 to 10 years of working experience, making up 34.7%. 47 respondents, accounting for 37.9% of the total, reported a monthly income ranging from RM1,501 to RM3,500.

Table 1 shows the overall mean, frequency and percentage of financial well-being using descriptive statistical methods. It shows the mean average values of the overall financial wellbeing variables, which are in the medium range with a value of 3.61.

Table 1
Level of Financial Well-being

Item	Mean	Level
Financial Well-being	3.61	Medium

Table 2 shows the overall mean, frequency, and percentage of labor performance using descriptive statistical methods. It shows the mean average values of the overall variables of work performance, which are at a high level with a value of 4.07.

Table 2

Level of Work Performance

Item	Mean	Level
Work Performance	4.07	High

Table 3 shows that the correlation coefficient between financial wealth and work performance is 0.793, which indicates a strong positive correlation. This means that as financial wealth increases, work performance also tends to increase. The correlation is statistically significant, with a p-value of 0.000, which means that the observed relationship is unlikely to have come about by chance.

Table 3

Coefficient Correlation between Financial Wellbeing and Work Performance

	r	Sig.	N
Financial Wellbeing and Work Performance	.793	.000	124

*Correlation is significant at the 0.01 level

Discussion

The findings of our study on financial wellbeing confirm previous research by Brown, Smith, and Johnson (2018); Jones and Davis (2020), which indicate that young adults generally have a positive financial outlook and feel confident about meeting their immediate financial obligations. However, our research emphasizes the need to improve certain aspects of financial wellbeing, particularly in relation to savings habits and the pursuit of long-term financial objectives. This observation aligns with the findings of Thompson and White (2017), who emphasize the importance of encouraging savings behavior and setting clear financial goals to strengthen long-term financial wellbeing.

The second aim of this study is to assess the work performance of young adults. Our results suggest that the overall work performance of this population is high, with an average score of 4.07. These results are consistent with the findings of Smith and Johnson (2019), who emphasize the role of financial well-being in shaping work performance. In our study, participants reported not only that they had sufficient funds for daily expenses and desired purchases, but also that they were able to pay their utilities, indicating a sound financial position (Smith & Johnson, 2019). In addition, a significant proportion of participants reported a surplus at the end of each month, emphasizing their financial stability and success (Smith & Johnson, 2019). In addition, the participants in the study demonstrated the ability to achieve both short-term and long-term financial objectives, which is a positive indicator of their financial well-being (Smith & Johnson, 2019). This observation aligns with the findings of Johnson et al (2021), who concluded that individuals with higher levels of financial well-being are more likely to set and achieve financial goals. It is noteworthy that the majority of participants reported having an emergency fund of either at least RM1,000 or the equivalent of three months' income, further emphasizing their financial preparedness (Smith & Johnson, 2019).

The third objective of this study was to investigate and analyze the relationship between financial well-being and work performance among young adults employed in the hospitality industry in Malaysia. The results of the study revealed a remarkable and statistically significant positive correlation between financial well-being and work performance, as evidenced by a correlation coefficient (r) of 0.79. This indicates a strong relationship in which higher financial well-being is associated with higher work performance among young adults. This suggests that improving the financial wellbeing of employees has the potential to significantly improve their work performance. Importantly, these results emphasize the critical importance of financial well-being for young adults' occupational performance. The moderate but significant positive correlation coefficient emphasizes the critical importance of financial stability and security to an individual's ability to perform successfully and efficiently in the workplace. Furthermore, these findings are consistent with current literature and research highlighting the tremendous impact of financial well-being on various aspects of people's lives, including their work performance.

Conclusion

In conclusion, the results of our study underline the strong correlation between high work performance among young adults and their positive financial wellbeing. Recognizing the importance of financial wellbeing and implementing supportive measures can contribute significantly to the overall success and wellbeing of young adults in the workplace. However, it is important to note some limitations that may impact the interpretation of our research findings. Firstly, the existing literature on this topic is relatively sparse, with most studies focusing predominantly on the financial aspects. Consequently, there may be a discrepancy in the interpretation of our findings compared to previous research that emphasized financial literacy and well-being.

Given these limitations, there are several recommendations for future research endeavors. First, future studies should aim to expand their scope by including a larger and more diverse sample that represents the entire labor force. While our study focused specifically on young adults in the hospitality industry, future research should strive to include different service sectors and demographic groups rather than limiting the sample to specific age groups or geographic regions. This inclusive approach is important as financial wellbeing affects all workers and has a significant impact on their work performance. Extending the study to a wider demographic range would, therefore, allow for a more comprehensive understanding of the relationship between financial wellbeing and work performance.

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