

DIGITAL FINANCIAL KNOWLEDGE, FINANCIAL BEHAVIOR AND FINANCIAL STRESS DETERMINANTS OF FINANCIAL WELL-BEING AMONG EMPLOYEES OF PERODUA MANUFACTURING SDN BHD, RAWANG, SELANGOR

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ABSTRACT

Financial well-being is a term used to refer a state of psychological well-being in which individuals feel they have control over their current and future finances which can have a direct and indirect impact on the individual. The aim of this study was to examine the relationship between digital financial knowledge, financial behaviour, financial stress among private employees of the automotive sector of Perodua Manufacturing Sdn. Bhd. Rawang, Selangor in achieving financial well-being. The main objective of this study is to identify the relationship between digital financial knowledge, financial behaviour, financial stress on financial well-being. This study used quantitative research where questionnaires will be distributed through Google Form and 80 employees were used as respondents in conducting this study. All data is being analysed using IBM Statistical Package for Social Science (SPSS). Data analysis results include descriptive analysis, mean analysis, correlation analysis and hypothetical analysis in this study. The data obtained is used to find out what factors have a relationship with a dependent variable. The results of this study show that knowledge of digital finance has a significant and positive relationship as well as financial behaviours that have a significant and positive relationship while financial stress has a significant and negative relationship to achieve financial well-being.

Keywords : *Digital Financial Knowledge, Financial Behavior, Financial Stress, And Financial Well-Being Among Employees of Perodua Manufacturing Sdn. Bhd., Rawang, Selangor.*

INTRODUCTION

Many researchers have worked towards an understanding of financial well-being, how it is measured, how it is defined and how it relates to other issues such as financial knowledge with the use of digital finance, financial behavior and financial stress. We have also gone through a phase of great economic recession and the Covid-19 pandemic. Financial well-being refers to a state of psychological well-being in which individuals feel that they can control their current and future finances which can directly or indirectly affect one's financial situation. According to Ghazali et al (2022), financial well-being includes the ability of individuals to manage their financial future and make decisions that allow them to enjoy a better life.

Today's digital lifestyle has connected individuals digitally through computers or mobile phones to launch business and transactions quickly and can provide maximum personal satisfaction in e-aspiration and help in the delivery of smart services for more productive results (Dzogbenuku et al., 2022). In addition, the digital revolution promotes the delivery of financial services at a global level, which is a development championed by financial technology and digital financial services organizations. Therefore, with the development of innovative financial systems and services such as mobile payments, digital money transfers, loans, savings and digital insurance financial services, the affairs of individuals around the world are easier because they can be accessed at any time.

Maximum theoretical or digital financial knowledge will be able to help form prudent financial behavior and can reduce a person's financial pressure in ensuring a good financial status. Financial problems will arise if employees do not plan their finances effectively. In addition, nowadays there are many financial facilities offered such as digital finance, loan and investment facilities that require employees to have financial knowledge for a guaranteed life and financial well-being can be realized (Al Nawayseh, 2020). Therefore, good and controlled financial well-being can make individuals feel safe and ready to face unexpected emergency situations in the future (Mahendru et al., 2022).

Problem Statement

The level of individual financial well-being declines among private workers is due to less competent behavior, wastefulness in finances as well as the increasing cost of living (Nyoto et al., 2021). Various financial problems such as bankruptcy can occur and positive financial well-being cannot be achieved. According to Bernama (2022), data from the Malaysian RinggitPlus Financial Literacy Survey (RMFLS) 2022 found that as many as 70% of respondents stated that they save less than RM500 a month or are unable to save at all. This has given the worst results obtained by RMFLS in five years. The number of Malaysians saving more than RM1,500 a month has also dropped significantly. From 20% in 2020, the figure has dropped four times lower to just 5% in 2022. The RMFLS 2022 findings also show that more Malaysians are struggling with less savings on hand with 53% of respondents saying they can last for three months or less by relying only on their savings compared to last year at a rate of 52%.

LITERATURE REVIEW

Financial Well-being

According to Mahdzan et al. (2020), financial well-being not only includes feeling satisfied with one's current financial situation, but also incorporates one's view of their future financial situation. In this regard, the concept of financial well-being is used as a subjective measure of a person's current and future and the concept as a perception to be able to maintain the desired standard of living and financial freedom.

In addition, financial well-being includes elements of financial sufficiency and security of an individual or family in protecting against economic risks such as unemployment, chronic illness, bankruptcy, poverty and financial problems after retirement. This also translates into individual attitudes towards money management among households to measure the financial well-being and economic well-being of the local community (Fan & Babiarz, 2019).

The findings from the study (Mahdzan et al., 2020) in figure 2.2.1 found that households according to income group in Malaysia are not fully satisfied and feel stressed with their finances,

with the level of financial well-being varying depending on the level of income. B40 households (low-income group) scored the lowest in all financial well-being measurement items. Their mean score for each item was below 4.50, indicating lower financial well-being overall while T20 households (high income group) scored the highest in all financial well-being measurement items. They generally report higher financial well-being than M40 (middle-income) and B40 households.

The confidence to find RM1,000 for a financial emergency was the item with the highest score among all households. The T20 group recorded the highest score at 7.64, followed by the M40 group at 5.66. The lowest collection for all households, especially B40, is worried about covering monthly living expenses. This shows that many Malaysian households are struggling with their daily financial needs.

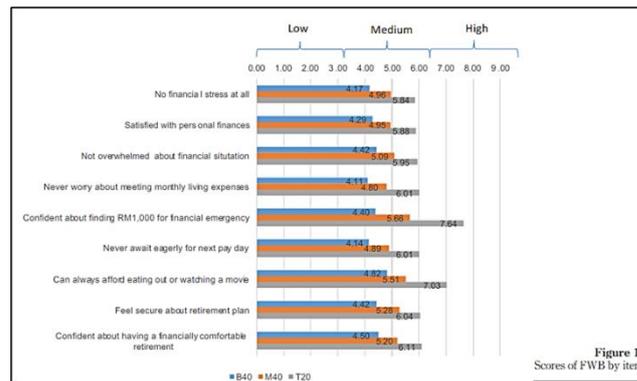


Figure 1 Mean Score For Each Financial Well-Being Item By Household Income Group

In conclusion, financial learning is important for individuals to better understand terms, issues and the development of financial innovation to ensure financial well-being. This financial well-being will be achieved when individuals are skilled and capable in managing their finances effectively on a regular basis that can meet existing financial obligations, able to face financial challenges or unexpected emergencies by having savings, insurance coverage, access to credit, or a support network (friends and family) that can provide financial assistance when needed and achieve satisfaction with financial circumstances while having the freedom to make choices that improve quality of life.

Digital Financial Knowledge

Digital financial knowledge refers to individuals who have a digital lifestyle where they often use computer or smartphone applications to launch daily affairs and make financial decisions. Based on a study by Bank Negara Malaysia (BNM) in 2018, it shows that the level of financial literacy of the people is still low, including some aspects of financial knowledge, behavior and attitudes related to financial management. Among the weaknesses identified include a large number of people not being able to afford unexpected expenses, with 52% admitting to having difficulty collecting RM1,000 in case of an emergency. Next, among Malaysians, findings by (Izyani et al., 2022) found that young people have a weak level of knowledge and this affects financial management practices, especially in credit and debt. Findings from this study have proven that there is a relationship between financial knowledge and individual financial well-being.

In general, financial knowledge is seen to have an impact on financial management practices in a person's life. Good financial management practices can be influenced by a person's high level of financial knowledge (Wahid & Zahari, 2020). The aspect that needs to be clarified about the importance of financial knowledge especially in digital finance is the negative impact that may occur when financial decision-making is not guided by proper financial analysis, especially in relation to personal financial planning which is a long-term process. Individuals who want to create a financial planning plan have the option of either doing it themselves or getting the services of a financial advisor. In an ideal situation, an individual should seek the services of a financial consultant if he does not have good knowledge about a financial product he wants to venture into.

Financial Behaviour

Negative financial behavior is shown in behavior such as not preparing a cash book, committing waste because of not planning expenses, not controlling the use of credit cards and not being consistent in saving money. According to Susanti & Widiastuti (2021), financial behavior that good will have a good effect on individuals, especially in making allocations of income and expenses based on needs, instead of wants. Financial behavior also refers to a person's behavior in managing finances. It is an individual's responsibility in personal financial management, covering savings, investment, cash flow, and credit management. An individual's financial behavior is closely related to his financial planning objectives (Wai, 2016). If an individual cannot plan his personal finances well, then it will also affect his financial behavior. A good attitude will positively influence individual behavior (Ahmad et al. 2019). This means, financial behavior depends on how individuals plan their daily expenses. If an individual cannot plan his personal finances well, then it will also affect his financial behavior. Without good financial management, it is difficult for individuals to have excess money for future savings, let alone have capital to invest.

Financial Stress

In general, financial problems are related to negative financial behavior and in turn lead to financial stress that affects personal and family life (Delafrouz & Paim, 2013). A financial problem is a situation where an individual faces difficulty in meeting financial obligations due to a lack of money. A large amount of debt, medical bills and job loss can cause financial problems. In fact, if financial problems persist, it can cause a decline in work performance among employees due to poor financial management. Financial problems also include several financial aspects such as assets, income, debt and money management.

According to Psychiatrist, Zakaria, R et al (2022) said, the increase in the cost of living has an impact on mental health because it can be a factor that interferes with the basic needs of individuals such as food, clothing, shelter and educational needs. When these basic needs are compromised, it will trigger stress. It also affects an individual's ability to get help. For example, individuals may not be able to afford treatment because they have to work overtime to cover the rising cost of living. Findings from studies throughout the pandemic show that cases of mental problems have increased two to three times compared to before the pandemic. Coupled with the financial impact, this upward trend is expected to continue. He explained that if this situation is not addressed, it can lead to various mental health problems such as stress, depression, extreme anxiety, drug and alcohol abuse, self-harm and suicide as well as domestic violence. This study also shows that there is a relationship between the financial pressures faced by the community to achieve financial well-being.

Therefore, based on the findings of the evidence study that has been described, the researcher has proposed a research framework for the relationship of financial well-being through digital financial knowledge, financial behaviour & financial stress among employees of Perodua Manufacturing Sdn. Bhd., Rawang, Selangor.

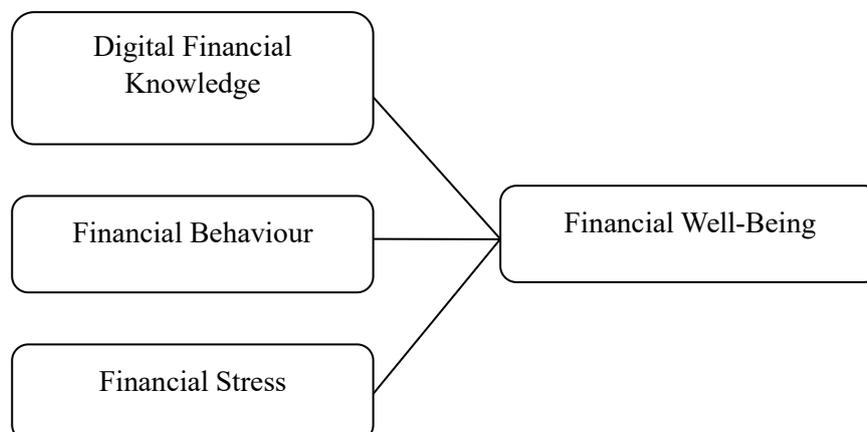


Figure 2 Research Framework of the Relationship between Digital Financial Knowledge, Financial Behavior and Financial Stress with Financial Well-Being

RESEARCH METHODOLOGY

This study uses a quantitative design. Quantitative design refers to the use of questionnaires. This study uses the population of employees at Perodua Manufacturing Sdn. Bhd, Rawang in 2023 which numbered 415 people (Perodua Manufacturing Sdn. Bhd Human Resources Department, Rawang, 2023) and sampling for this study, researchers used the Tabachnick and Fidell method (2013) to determine the sample size which is 80 respondents.

Research Instrument

A research instrument is a tool used by a researcher when conducting research. Research instruments are used as a basis for obtaining data as required by the researcher to achieve the objectives of the study.

In this study, the researcher used the questionnaire distribution method through Google Form. The questionnaire is the first instrument to collect research data. The questionnaire data collection method is a method preferred by researchers. By using this method, it makes it easier for respondents to answer questions because the information obtained will be kept confidential. This questionnaire is divided into five (5) parts namely:

Part	Item	Sources
A: Demographic	<ul style="list-style-type: none"> • Gender • Age • Status • Level of education • Years of service • Monthly income 	
B: Financial Well-Being	<ol style="list-style-type: none"> 1. I am free to spend all the time. 2. I am sure I have savings finances in old age. 3. I am confident that I am good at controlling my personal finances. 4. I can provide emergency money at a cost of RM1,000. 5. I am at peace with my financial status at all times. 	(Suzana Ab Rahman, Abdul Mutalib Mohamed Azim & Shafinar Ismail, 2020)
C: Digital Financial Knowledge	<ol style="list-style-type: none"> 1. I have a high level of financial knowledge. 2. I am always aware of changes in the interest rate of financing or investment. 3. I am always aware of financial risks. 4. I feel that the digital payment method is easy and understandable during the transaction. 5. I know that digital payments are used to pay bills and other transactions easily. 	<p>(Suzana Ab Rahman, Abdul Mutalib Mohamed Azim & Shafinar Ismail, 2020)</p> <p>(Robert Kwame Dzogbenuku, George Kofi Amoako, Desmond K Kumi & Gifty Agyeiwaa Bonsu, 2021)</p>
D: Financial Behaviour	<ol style="list-style-type: none"> 1. I make a monthly personal budget. 2. I examine and evaluate expenses at the end of the month. 3. I have a plan to achieve financial goals. 4. I pay utility bills on time. 5. I set aside money for savings. 	(Zaimah, Sarmila MS, Azima AM, Suhana Saad, Lyndon N, Mohd Yusof Hussain & S Selvadurai, 2012)

E: Financial Stress	<ol style="list-style-type: none"> 1. I often feel worried about meeting the needs of daily living expenses. 2. I often face spending more than my income. 3. I feel that the salary received is not enough for living. 4. My job specification makes my emotions easily disturbed. 5. My overall financial situation is very troubling. 	(Suzana Ab Rahman, Abdul Mutalib Mohamed Azim & Shafinar Ismail, 2020)
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ANALYSIS OF RESEARCH RESULTS

All the data obtained has been analysed in several methods namely descriptive analysis and correlation analysis. By analysing the data obtained, researchers can provide research results and comments about the data analysis.

Descriptive Analysis

1. Gender

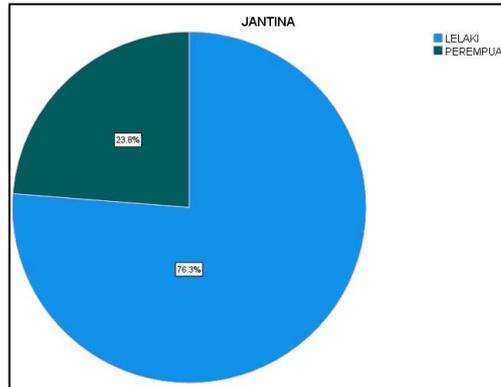


Figure 4.2.1: Respondent by gender

Based on diagram 4.2.1 shows a total of 80 employees at Perodua Manufacturing Sdn. Bhd., Rawang has participated in this study which uses the calculation method of Tabachnick and Fidell (2013) which is categorized into two groups namely men and women. In the table it has been shown that the number of male respondents is as much as 76.3% while the number of female respondents is as much as 23.8%. This shows that more male employees answered the questionnaire than female employees.

2. Age

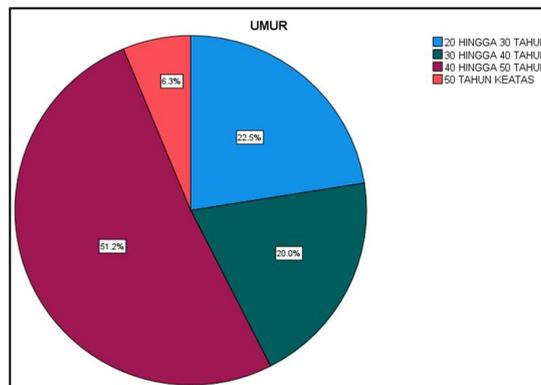


Figure 4.2.2 Respondent by age

Based on table 4.2.2 showing the frequency of age of the respondents consisting of 80 employees at Perodua Manufacturing Sdn. Bhd., Rawang which covers various age groups. Among respondents who are 20 to 30 years old, 18 people represent 22.5%, for 30 to 40 years old, 16 people represent 20.0%, for 40 to 50 years old, 41 people represent 51.2% and for 50 years old and above, 5 people representing 6.3%. This shows that the majority of respondents who answered this questionnaire are between 40 and 50 years old compared to respondents who are 20 to 30 years old, 30 to 40 years old and 50 years old and above.

3. Monthly Income

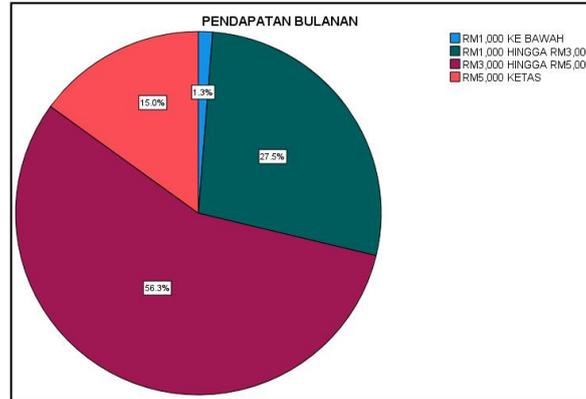


Figure 4.2.3 Respondents Based on Monthly Income

Based on table 4.2 shows the frequency of monthly income of the respondents consisting of 80 employees at Perodua Manufacturing Sdn. Bhd, Rawang according to various income levels. For respondents who have a monthly income of Rm 1,000 or less, only one represents 1.3% while a total of 22 respondents have a monthly income of Rm 1,000 to Rm 3,000 representing 27.5%. For a monthly income of Rm 3,000 to Rm 5,000 there are a total of 45 respondents representing 56.3% and a total of 12 respondents with a monthly income of Rm 5,000 and above representing 15.0%. This shows that the majority of respondents have a monthly income of Rm 3,000 to Rm 5,000 which is a total of 45 people.

Correlation Analysis

This correlation analysis was done to complete the study's goal, which is to identify the relationship between the independent variable and the dependent variable in this study. Therefore, the results of this analysis look like the following table:

Table 4.2 Pearson Correlation

		Correlation			
		Financial Well Being	Digital Financial Knowledge	Financial Behaviour	Financial Stress
Financial Well Being	<i>Pearson Correlation</i>	1	.446**	.553**	-.615**
	<i>Sig. (2-tailed)</i>		.000	.000	.000
	<i>N</i>	80	80	80	80
	<i>N</i>	80	80	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.2 has shown the entire value of the Pearson Correlation coefficient (r). The relationship between financial well-being and financial behaviour recorded the highest r of 0.553. Then, followed by digital financial knowledge which has the second highest r value of 0.446 while financial stress recorded an r value of -0.15. Only two independent variables, namely financial behaviour and digital financial knowledge only have a significant relationship while financial stress does not have a significant relationship with the financial well-being of employees at Perodua Manufacturing Sdn. Bhd., Rawang.

CONCLUSIONS

Based on the objective of the study conducted is to identify the relationship between digital financial knowledge, financial behavior & financial stress on financial well-being among employees at Perodua Manufacturing Sdn. Bhd., Rawang, Selangor. Through the correlation analysis that has been analyzed, that the independent variables that are digital financial knowledge, financial behavior and financial stress are factors that affect financial well-being.

As a result of the results obtained through the study, the digital financial knowledge factor has a relationship with the financial well-being among the employees at Perodua Manufacturing Sdn. Bhd., Rawang, Selangor. This can be seen from the results of the study where there is a significant relationship of 0.000. The results of this study are supported by Dzogbenuku et al. (2022), where the digital revolution promotes financial services globally by financial technology and digital financial service organizations in digital payment transactions to pay bills and other transactions easily.

Next, through the financial behavior factor, the results of the research carried out by the researcher found that the financial behavior factor also has a relationship with the financial well-being among the employees at Perodua Manufacturing Sdn. Bhd., Rawang, Selangor. This statement can be proved by the value obtained which is 0.000 which is a smaller value than 0.05. The results of this study are supported by Susanti & Widiastuti (2021), where good financial behavior will have a good effect on individuals, especially in making allocations of income and expenses based on needs, not wants, but financial behaviour also depends on how individuals plan their daily expenses. If an individual cannot plan his personal finances well, then it will also affect his financial behaviour

Finally, through the financial stress factor, the results of the research conducted by the researcher found that the financial stress factor also has a relationship with financial well-being among the employees at Perodua Manufacturing Sdn. Bhd., Rawang, Selangor. This statement can be proven with the value obtained which is 0.000. The results of this study supported by Michael Collins & Urban (2020), have proven the increase of uncertainty about a person's financial situation and the financial difficulties that a person feels. Financial problems refer to a situation where individuals face difficulties in meeting financial obligations due to a lack of money. In fact, if financial problems persist it can cause a decline in work performance among employees due to poor financial management. In conclusion, the results of the study question the relationship between digital financial knowledge, financial behavior and financial stress on financial well-being among employees at Perodua Manufacturing Sdn. Bhd., Rawang, Selangor. Finally, the results of this study have explained the relationship between the three independent variables and the dependent variable. Therefore, all questions and objectives of the study were answered, namely the relationship between financial well-being through digital financial knowledge, financial behavior and financial stress among employees of Perodua Manufacturing Sdn. Bhd., Rawang, Selangor. It is hoped that the suggestions given will be able to improve the financial health of the workers at Perodua Manufacturing Sdn. Bhd., Rawang, Selangor in the future.

DISCUSSION

In summary, this study has examined the results of the study which proved that there is a significant relationship between the variables of digital financial knowledge, financial behavior and financial stress on financial well-being among employees at Perodua Manufacturing Sdn. Bhd., Rawang, Selangor. Finally, the results of this study have clarified the relationship between the three independent variables and the dependent variable on private workers in the automation industry. The researcher would like to suggest to future researchers by further expanding the scope of the study and

various methods of data analysis in order to be able to focus on more other industry sectors and different locations. In addition, studies on the financial well-being of the industrial sector, especially private sector workers in Malaysia, are not conducted very much, in fact the study of financial knowledge is more focused on students in schools and educational institutions only. In addition, the researcher also suggests factors to implement ineffective variables that affect the financial well-being of private sector workers so that the research conducted can have more research findings and knowledge for use by the next researcher. The community needs to be aware in the current situation where they need to be constantly aware of the development of financial technology because it can help the community to know more about the risks related to the use of digital finance so as not to get caught in financial fraud. Furthermore, the community should spend according to their ability only and not spend to meet the wishes and expectations of the people around them so that they are able to strengthen their financial resilience and be able to make more responsible decisions in financial management to achieve financial well-being in the future.

AUTHOR CONTRIBUTIONS

All authors played a role in conceptualizing the research and drafting the manuscript. In simple words, all team members provided support in various aspects of this paper.

CONFLICTS OF INTEREST

The manuscript has not been published elsewhere and is not under consideration by other journals. All authors have approved the review, agree with its submission and declare no conflict of interest on the manuscript.

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