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Financial Well-being of Married Workers in Malaysia

Zaimah, R.¹, Jariah Masud², Sharifah Azizah Haron³, Abdul Hair Awang¹, Sarmila, M.S.¹, Azima, A.M.¹ & Suhana Saad¹

¹ Program of Development Science, Centre for Development, Social and Environment, Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia, 43600 Bangi, Selangor, Malaysia.

Email: zaimahr@ukm.edu.my

² Gerontology Institute, Universiti Putra Malaysia, 43400 UPM Serdang, Selangor, Malaysia.

³ Faculty of Human Ecology, Human Universiti Putra Malaysia, 43400 UPM Serdang, Selangor, Malaysia.

Abstract

This study aims to identify the level of financial well-being of married workers in the public sectors of Malaysia. The sample comprises of married and dual-income workers in the public sector. The unit of analysis is the individual, either the husband or the wife. A total number of 415 respondents participated in this survey. The measurement of financial well-being uses the scale of *Malaysian Financial Well-Being Scale* (MFWBS). The financial well-being is categorized into 3 levels; lower level is 1.0-4.0 (low), the moderate level is 5.0-6.0 (moderate), and the highest level is 7.0-10.0 (high). Research results show 40 per cent of the respondents are in the highest category of financial well-being, 49 per cent is in the moderate level of financial well-being and 11 per cent in the low level of financial well-being. Finally, the finding concludes the level of financial well-being of married, dual-income workers in the public sectors are in the moderate level.

Keywords: *Financial Well-Being, Married Workers, Public Sector, Dual-Income Families*

Introduction

Financial well-being refers to the subjective perception and the objective indicators of individual personal financial status. Financial well-being is greatly influenced by demographic criteria and personal financial behavior. Individuals with low financial well-being are usually young in age, have health problems, do not have their own home and low income (Davis & Gilberth 1995; O'neill et al. 2005; Cox et al. 2009). In addition, the financial well-being of an individual or family also is related and is influenced by many other factors, such as financial knowledge, financial behavior, financial

decisions and socioeconomic development (Zaimah et al. 2010; Zaimah et al. 2015; Zaimah et al. 2013a; Zaimah et al. 2013b).

In an era of increasing number of dual-income families in Malaysia (Zaimah et al. 2013c), it is significant to implement a study on the financial well-being of this group of families in the public sector. It is a major effort to gain knowledge in the family economy in relation to the financial well-being of workers in dual-income families in Malaysia. In fact, it is consistent with the government's national mission to improve the quality of life and to achieve high-income status by 2020 (Malaysia 2006).

The existence of married dual-income families should be able to increase the level of household economy and the financial well-being among the workers themselves, both on the part of the husband or wife. However, the rising cost of living, changing lifestyles and consumption patterns of the people in Malaysia (Malaysia 2010), especially among workers in the public sector need a detailed study to determine the level of their financial well-being. Therefore, the objective of this paper is to identify the level of financial well-being of married dual-income family in the public sector.

Methods

Study samples were married, dual-income family workers from the public sector. Dual-income family means both the husband and the wife are working and have income (Winkler 1998; Goldsmith 2005; Blau et al. 2006). There are about 1.3 million public sector workers until 30 December 2006 (Malaysia 2008). Only the Professional and Managerial positions (Grade 41-54), Support I (Grade 17-40) and Support II (Grades 1-16) is involved in the study. Unit of analysis is the individual, either the husband or the wife.

Multiple stages sampling technique was applied in the study. This technique is particularly suitable for studies that do not have a complete list of population elements (Babbie 2008; Groves et al. 2004). This is because the absence of a complete list of married workers in dual-income families in the public sector. Data was collected using questionnaires answered by the respondents. The method is most suitable to be implemented when there is sensitive information asked (Neuman 2006), that is the personal financial information.

Financial well-being measurement uses the Malaysian Financial Well-Being Scale (MFWBS) (Masud 2007), adapted from the *InCharge Financial Distress/Financial Well-being* (IFDFW) (Prawitz et al. 2006). This scale consists of 12 questions with 10 measurement scale, the scale of "1" is the lowest score and the scale of "10" is the highest score. An assessment is made based on the average scores of financial well-being. The average scale score is obtained by summing all items and divided by 12. The financial well-being was categorized into 3 levels; mean score 1.0-4.0 (low), mean score 5.0-6.0 (moderate), and mean score 7.0-10.0 (high).

Results and Discussion

Respondent background

Table 1 shows the background of the respondents. A total of 415 respondents were selected in the study comprising of 47% of men and 53% of women. The average age of respondents is 38 years old. In particular, almost half of the respondents are aged less than 40 years, which is in the youth category. Although the average duration of the marriage of the respondents is 11 years, more than

half the respondents (55.4%) recorded marriage duration of less than 10 years. Average number of children and household respondents are two and four respectively. Meanwhile, the respondents working period were within the range of one to 37 years and the highest percentage (51.6%) recorded is less than ten years period.

The majority of respondents are non-university graduates (59.8%) and 40.2 percent are university graduates. The percentage of male respondents (51.8%) with graduate education is higher than female respondents (30.0%). In terms of employment, the respondents from the management and professional (Grade 41-54) and the support groups (grades 1-40) recorded 38.3% and 61.7% respectively. The percentage of male respondents in the managerial and professional positions is 47.7% and is higher compared to the female respondents, 30.0%.

Table 1. Respondents' Background

Respondents' background	Frequency (%)	Average (SD)
Gender:		
Men	195 (47.0)	-
Women	220 (53.0)	-
Age	-	38 (9.45)
Length of Marriage	-	11 (9.18)
Number of children	-	2 (1.77)
Number of household	-	4 (1.91)
Length of Employment service	-	13 (10.20)
Education Level:		
<i>University graduates</i>	166 (40.2)	-
<i>Non-University graduate</i>	249 (59.8)	-
Employment group:		
<i>Management and Professional</i>	159(38.3)	-
<i>Support</i>	256 (61.7)	-
Monthly income (RM)	-	3579 (2421.39)
Monthly expenses (RM)	-	2372 (1575.37)
Home ownership	228 (54.9)	-
Finanncial Products ownership:		
<i>Emergency saving</i>	350 (84.3)	-
<i>Pension saving</i>	250 (60.2)	-
<i>Unit Trusts</i>	309 (74.5)	-
<i>Life Insurance</i>	247 (59.5)	-
<i>Emergency Insurance</i>	196 (47.2)	-
<i>Health Insurance</i>	230 (55.4)	-
Family Income Contribution:		
<i>Husband > Wife</i>	266 (64.1)	-
<i>Husband = Wife</i>	46 (11.1)	-
<i>Husband < Wife</i>	103 (24.8)	-

Respondents' average monthly income is RM3,579.00. In particular, more than 40 percent of respondents are with incomes less than or equal to RM3,000.00 and only 23 percent of respondents with incomes exceeding RM5,000.00. Meanwhile, the monthly income of male respondents is observed higher than the monthly income of female respondents ($t=6,658$, $df=413$, $p\leq.05$) with each recorded an average monthly income of RM4,400.00 and RM2,851.00. It is also consistent with the level of education and employment of more male respondents than female respondents.

The average monthly expenses of the respondents is RM2,372.00. The monthly expenses of male respondents is higher than the monthly expenses female respondents ($t=9,349$, $df=413$, $p\leq.05$) with each recorded RM3,070.00 and RM1,753.00 respectively. This shows that the husbands have higher financial responsibility in dual-income families. It is also possible due to the facts that most of the husbands have higher income and the socio-cultural factors (religion) also led to these results.

Of the total respondents, nearly 55% of respondents own their own homes. Home monthly installments of respondents are between RM140.00 to RM3,000.00 with an average monthly installment payment is RM726.50.00. By contrast, the percentage of male respondents own homes is higher (69.2%) than of the female respondents (42.3%). Home ownership among the respondents is still in the medium category, although public sector employees are provided with housing loans. It is also likely possible due to the fact that houses are provided contributes to this condition.

Viewing from a financial product ownership, each recorded; emergency savings (84.3%), retirement savings (60.2%), unit trust (74.5%), life insurance (59.5%), health insurance (55.4%); except accident insurance (47.2%). Percentage of financial product owned by male respondents is higher than owned by female respondents, except for emergency savings and share ownership.

In addition, Table 1 also shows the husband contributed more towards family income than the wife by 64.1% recorded. The equal contribution of income by husband and the wife in the family is only a small percentage i.e. 11%. While the contribution by the wife's income is greater than the husband in the family registers 24.8%. If a comparison is made between male respondents and female respondents, the three categories of family income show a similar pattern, being the husband contributes more in the family compared to the wife even though both are working.

Respondents level of financial well-being

Figure 1 shows the distribution of respondents' financial well-being scores and it is a normal distribution. The results show 45 respondents (10.8%) record a score range of 1.0 to 4.0. The finding shows that respondents have a low level of financial well-being. A total of 204 respondents (49.2%) record a score range between 5.0 to 6.0 and it shows that the respondents have a moderate level of financial well-being. The rest, 166 respondents (40.0%) recorded a score range of 7.0 to 10.0. This finding shows that respondents are at a high level of financial security. The composite score of the financial well-being is 6.57 and shows that most respondents are at a moderate level of the financial well-being. The factor the study carried out among civil servants who have fixed monthly income also contributes to the difference in the findings.

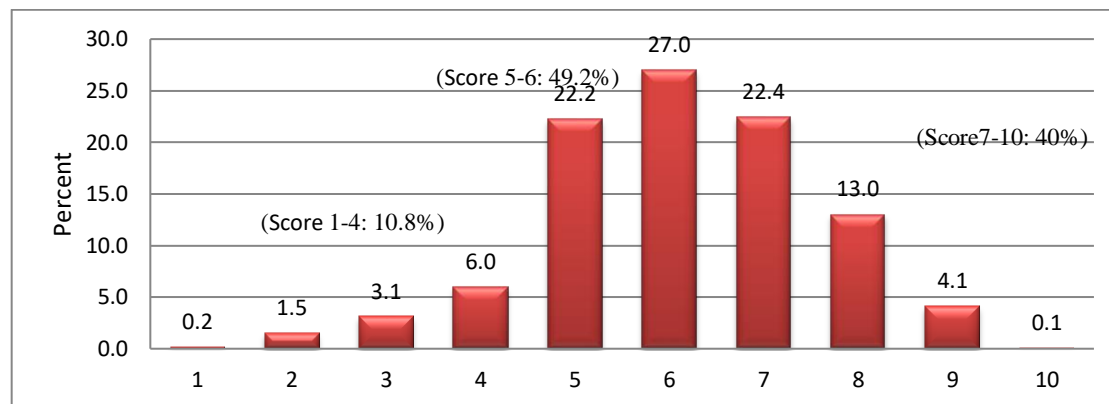


Fig. 1. Levels of financial well-being

Comparison of the respondents' background vs. level of financial well-being

Table 2 shows the profile of the respondents according to their financial well-being. In general, older respondents have a long duration of the marriage, are found to have longer work experience and have better financial well-being relatively. Respondents who are at a higher level of financial well-being were also found to have higher average monthly income than those in the category of low-level and medium-sized financial well-being. They are also recorded a high percentage of home ownership and all types of financial products. While the contribution to the family income records that the husband contributes more than the wife in family for the three levels of well-being.

Table 2. Respondent background vs. level of well-being

Respondents' background	Frequency (%)/Average (SD)		
	Low Level (n=45)	Moderate Level (n=204)	High Level (n=166)
Gender:			
Male	21 (46.7)	92 (45.1)	82 (49.4)
Female	24 (53.3)	112 (54.9)	84 (50.6)
Age	33 (8.57)	37 (9.03)	41 (9.33)
Length of Marriage	7 (7.82)	10 (8.65)	14 (9.65)
Number of children	2 (1.62)	2 (1.74)	3 (1.81)
Number of household	4 (2.04)	4 (1.88)	5 (1.92)
Employment Service	9 (9.39)	12 (9.61)	16 (10.49)
Education Level:			
University graduates	9 (20.0)	68 (33.3)	9 (54.2)
Non-University graduates	36 (80.0)	136 (66.7)	76 (45.6)
Employment Group:			
Management and Professional	10 (22.2)	62 (30.4)	87 (52.4)
Support	35 (77.8)	142 (69.6)	79 (47.6)
Monthly Income (RM)	2404.00	3011.00	4596.00
Monthly Expenses (RM)	1951.00	2117.00	2798.00

Home ownership	18 (40.0)	104 (51.0)	106 (63.9)
Financial Products			
<i>Emergency Saving</i>	19 (42.2)	173 (84.4)	158 (95.2)
<i>Pension Saving</i>	11 (24.4)	113 (55.4)	126 (75.6)
<i>Trusts</i>	23 (51.1)	156 (76.5)	130 (78.3)
<i>Life Insurance</i>	16 (35.6)	123 (60.3)	108 (65.1)
<i>Accident Insurance</i>	11 (24.4)	98 (48.0)	87 (52.4)
<i>Health Insurance</i>	16 (35.6)	114 (55.9)	100 (60.2)
Family Income Contribution:			
<i>Husband>Wife</i>	27 (60.0)	124 (60.8)	115 (69.3)
<i>Husband=Wife</i>	1 (2.2)	30 (14.7)	15 (9.0)
<i>Husband<Wife</i>	17 (37.8)	50 (24.5)	36 (21.7)

This study also compares the differences of the respondents' financial well-being based on gender, level of education, employment and home ownership groups (Table 3). Male respondents are found to have a mean score of financial well-being higher (6.64) than female respondents (6.50). However, the t-test results show no significant difference ($t=0,905$, $df=413$, $p>.05$) between the mean scores of financial well-being by gender.

For level of education, financial well-being of the mean score of respondents with university graduate education is higher (6.98) than respondents who did not reach graduate education (6.29). T-test results confirm that there is no significant difference ($t=4,937$, $df=413$, $p<.05$) between the mean scores of financial well-being by level of education.

Respondents who are in the professional and management group are also found to have higher mean score financial well-being (7.02) than respondents in the support group (6.28). T-test also confirms that there is a significant difference ($t=5,216$, $df=413$, $p<.05$) between the mean scores of financial well-being according to their positions at work.

Table 3. T-test results on the average MFWBS scores according to the selected profile

	n	Average	Standard Deviation	t	Sig.
Gender:					
Male	195	6.64	1.52	.905	.366
Female	220	6.50	1.39		
Education Level:					
University graduates	248	6.29	1.41	4.937	.000**
Non-Graduates	167	6.98	1.41		
Employment Group:					
Support	256	6.28	1.40	5.216	.000**
Management & Profesional	159	7.02	1.44		
Home Ownership:					
No home	187	6.33	1.36	3.096	.002**
Home Owner	228	6.77	1.50		

Note: ** Significant at $p<.01$

In addition, the study also found the mean scores of financial well-being of respondents who own their own homes is higher (6.77) than respondents who do not own their own home (6.33). Results of t-test show a significant difference ($t=3,096$, $df=413$, $p<.05$) between the average scores of financial well-being according to home ownership.

Conclusions

In short, the financial well-being of dual-income families among the public sector is at a moderate level. The level of their financial well-being showed a significant difference between the level of education, employment and home ownership groups, but shows no difference in terms of gender (Davis & Gilberth 1995; O'neill et al. 2005; Cox et al. 2009). Dual-income family workers in the public sector with higher education who are in the professional groups and home owners, are more financially prosperous than those with low levels of education, support groups and own their own homes (Zaimah et al. 2010; Zaimah et al. 2015; Zaimah et al. 2013a; Zaimah et al. 2013b). This means that levels of education and home ownership influence the financial well-being of public sector workers who are married (in dual-income families). So the drive to promote home ownership among young people today is a very good effort. But the issue of repayment capacity and the rising cost of living is a dilemma for low and moderate-income workers.

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Corresponding Author

Zaimah Ramli is a senior lecturer at Program of Development Science, Centre for Development, Social and Environment, Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia. Email: zaimahr@ukm.edu.my

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