The relationship between financial efficacy, satisfaction with remuneration and personal financial well-being

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Glory to God Almighty; through Him all things are possible.

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REMARKS

The reader is reminded of the following:

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The article complies with the writing style requirements (i.e. the abstract, spelling, grammar, outlay and referencing requirements) of the journal to which the article was submitted. The author requirements of the journal are attached as part of Annexure B at the end of the mini-dissertation.

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FE	Financial efficacy
FWB	Financial well-being
SD	Standard deviation
SPSS	Statistical Product and Service Solutions
SR	Satisfaction with remuneration

SUMMARY

TITLE: The relationship between financial efficacy, satisfaction with remuneration and personal financial well-being

KEYWORDS: Personal finance, Financial well-being, Economic well-being, Financial efficacy, Satisfaction with remuneration, Pay satisfaction, Financial literacy, Employee's well-being, Financial satisfaction

Financial stress is a condition that is becoming more prevalent in today's society. Factors such as high debt levels, low savings and economic recessions all contribute to the financial stress experienced by people across all nations. Research has found that financial stress negatively affects employees' performance at work. Quality employees play a vital role in the success of a business. As a result, employers should strive to ensure employees' well-being. With these increasing pressures on personal finance and its interference on work, should management attempt to improve employees' financial well-being? Management needs to be convinced that their actions can improve their employees' financial well-being. This study established and measured the relationship that the subjective measures financial efficacy and satisfaction with remuneration have on personal financial well-being. A sample size of 9 057 employees from different sectors in South Africa was used. Data was analysed using Pearson correlation coefficients and multiple regression analysis. Three hypotheses were tested. Hypothesis 1: There is a relationship between satisfaction with remuneration and personal financial well-being. Hypothesis 2: There is a relationship between personal financial well-being and personal financial efficacy. Hypothesis 3: Personal financial efficacy moderates the relationship between satisfaction with remuneration and personal financial well-being. The study found that all three hypotheses were supported. Personal financial efficacy and satisfaction with remuneration were found to have a large positive relationship with personal financial well-being. The study also established that the relationship between satisfaction with remuneration and financial well-being was

stronger in people with higher personal financial efficacy. It is argued that management can intervene with employees' financial well-being by improving financial efficacy through financial literacy education and by improving their satisfaction with remuneration.

OPSOMMING

Titel: Die verhouding tussen finansiële doeltreffendheid, tevredenheid met vergoeding en persoonlike finansiële welstand

Sleutelterme: Ekonomiese welstand, Finansiële doeltreffendheid, Finansiële geletterdheid, Finansiële tevredenheid, Finansiële welstand, Persoonlike finansies, Tevredenheid met vergoeding, Werknemerwelstand

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Finansiële stres is 'n toestand wat al meer gereeld in die samelewing voorkom. Faktore soos hoë skuld, min besparing en ekonomiese resessies dra by tot die finansiële stres wat oor alle nasies ervaar word. Navorsing toon dat finansiële stres werknemers se prestasie by die werk negatief beïnvloed. Kwaliteit werknemers speel 'n belangrike rol in die sukses van 'n besigheid. Werkgewers moet daarna streef om werknemers se welstand te verseker. Met die druk op persoonlike finansies wat toeneem en 'n invloed op werknemers se prestasie by die werk het; hoe behoort bestuur te probeer om werknemers se finansiële welstand te verbeter? Bestuur moet oortuig word dat hul aksies werknemers se finansiële welstand kan verbeter. Hierdie studie bepaal en meet die effek wat die subjektiewe maatstawwe finansiële doeltreffendheid en tevredenheid met vergoeding op finansiële welstand het. 'n Steekproef van 9 057 werknemers van verskeie sektore in Suid-Afrika is gebruik. Data-analise is met Pearson se korrelasie-koeffisiënte en veelvuldige regressie-analise gedoen. Drie hipoteses is gedurende die studie getoets. Hipotese 1: Daar is 'n verhouding tussen tevredenheid met vergoeding en persoonlike finansiële welstand. Hipotese 2: Daar is 'n verhouding tussen persoonlike finansiële welstand en persoonlike finansiële doeltreffendheid. Hipotese 3: Persoonlike finansiële doeltreffendheid modereer die verhouding tussen tevredenheid met vergoeding en persoonlike finansiële welstand. Die studie het gevind dat al drie die hipoteses deur die data ondersteun is. Daar is bevind dat persoonlike finansiële doeltreffendheid en tevredenheid met vergoeding 'n groot positiewe verwantskap met persoonlike finansiële welstand het. Verder het die studie ook gevind dat die

verwantskap tussen tevredenheid met vergoeding en finansiële welstand sterker is in mense met hoër finansiële doeltreffendheid. Dit word aangevoer dat bestuur kan ingryp en werknemers se finansiële welstand kan verbeter deur finansiële doeltreffendheid te verbeter deur middel van finansiële geletterdheid-onderrig en deur tevredenheid met vergoeding te verbeter.

CHAPTER 1

INTRODUCTION, LITERATURE REVIEW, OBJECTIVES, SCOPE AND COURSE OF STUDY

1. INTRODUCTION

1.1 Background to research area and motivation of topic actuality

Maximising shareholders' wealth is the main financial objective managers of for profit entities should strive for (Ogilvie, 2008:4). However, to ensure the sustainability of an entity, all the interest groups' needs should be considered. Therefore, meeting non-financial objectives has become increasingly important (Woods, 2002). Drawing and retaining quality employees are very important for the success of an entity. As a result, ensuring employees' well-being should be one of the entity's non-financial objectives (Woods, 2002; Ogilvie, 2008:6).

Well-being refers to a person's happiness, prosperity and physical health (Hornby, 1980:976). Olson *et al.* (1983:186) identified that satisfaction with a number of aspects in life is an important part of overall psychological well-being. Well-being includes remuneration, working conditions, education, growth and pension (Ogilvie, 2008:6). Occupation, social welfare, economic security, physical health and community security are the vital elements in achieving well-being (Rath, *et al.,* 2010:153-155). Charles *et al*. (2006:8) included physical condition, psychological condition, residence, food security, and wealth in the measuring of well-being. Mills *et al.* (1992:440) also identified financial situation as one of the vital aspects that influence well-being. Economic stress has also been found to have a negative relationship with well-being (Pittman & Lloyd, 1988:64; Mills, *et al*., 1992:442). From the literature it is clear that a number of factors influence well-being and that personal finance, financial stress and financial well-being affect a person's overall well-being. This study will focus on the financial well-being concept.

It is important for management to consider the impact of well-being as it may influence the entity's bottom line. For management to increase their employees' well-being, they need to consider these aspects that affect well-being. This is discussed in section 2 of the chapter.

1.2 Clarification of terms

Before reporting on the literature, the following terms that appear in the literature review are presented:

- Personal financial well-being
- Financial efficacy
- Satisfaction with remuneration

1.2.1 Personal financial well-being

Porter (1990:22) defined financial well-being as objective and subjective aspects of the financial situation evaluated against standards of comparison to form a person's opinion of his/her financial situation. "Financial well-being is about effectively managing your economic life. People with high financial well-being manage their personal finances well and spend their money wisely" (Rath, *et al*., 2010:154).

Therefore, the following understanding of the term is used in the study: Financial well-being is the subjective and objective aspects that contribute to a person's assessment of his/her current financial situation.

1.2.2 Financial efficacy

Financial efficacy is a person's perceived capability to exercise control over his/her personal finances (Lapp, 2010:1). Financial efficacy is the "knowledge and ability to influence and control one's financial matters" (Fox & Bartholomae, 2008:2).

Therefore, the following understanding of the term is used in the study: Financial efficacy is a person's satisfaction with/confidence in his/her level of financial knowledge and his/her ability to meet financial objectives.

1.2.3 Satisfaction with remuneration

Lawler (1971:215) defined satisfaction with remuneration as the difference between the amount a person believes he/she should receive and the amount he/she believes he/she did receive.

Satisfaction with remuneration incorporates satisfaction with level of remuneration, remuneration structure and raises (Kim, 2000:11)

Therefore, the following understanding of the term is used in the study: Satisfaction with remuneration is a person's attitude regarding the adequacy of his/her remuneration package.

2. LITERATURE STUDY

Research found that financial stress is significantly related to a lack of well-being (Bailey, *et al.*, 1998:205). Kim *et al.* (2003:82) proved that financial stress is negatively related to personal financial well-being. Personal finance is regarded as a large contributor to overall stress (Garman, *et al*., 1996:164; Bailey, *et al*., 1998:205; APA, 2010:8). It is popular belief that financial stress is experienced by a large number of adults (Kim, *et al*., 2003:76; Garman, *et al.,* 1996:157; Garman, *et al*., 2004:134). This belief was confirmed by the APA (2010:8), who found that 76% of their respondents' personal finances contributed to their overall stress levels. Financial well-being can therefore not be ignored in the bigger picture of overall well-being. In this section, the following is addressed:

- Factors contributing to financial stress;
- Personal financial well-being indicators; and
- Satisfaction with remuneration and financial efficacy.

2.1 Factors contributing to financial stress

The recession, worries about inadequate savings, debt accumulation, etc. are all contributing to financial stress becoming increasingly commonplace.

According to Kim and Garman (2004:69), millions of Americans are anxious about their financial situation because of the deteriorating economy. Weller and Logan (2009:333) stated that financial pressures of middle income families increased because of the economic recession in 2008. According to Molitor (2010), Americans are still stressed about their financial situation even though it appears that the economy is recovering. This can be an indication that there are other factors also contributing to financial stress.

Citizens of the United States of America saved 3.6% of their disposable income in 2011, while the Germans saved 11.4% (Aridas, 2011). These saving ratios are depressing, since a saving of 15% of disposable income for 30 years is required in order to receive 50% of current salary during retirement (Dutkiewicz, *et al.*, 2007:9). The situation in South Africa looks even grimmer, since the majority of prime-timers (South Africans from the baby boomer generation) have inadequate retirement savings (Du Preez, 2011). During the second quarter of 2013, South Africans saved -0.02% of their disposable income (SARB, 2013:27). Kotze and Smit (2008:169) found that the South African respondents in their study only saved (which includes savings for retirement) between 1 and 2% of their disposable income. Duncan (2011) confirmed that South Africans' financial behaviour is inadequate, because they save almost nothing of their disposable income.

Another source of financial stress is the consumerism-driven economy and credit card system, which pose a threat to young adults' financial well-being (Shim, Xiao, *et al.*, 2009:708). Canada's household debt to disposable income ratio for the first quarter of 2013 was 161.8 % (Statistics Canada, 2013:2); while New Zealand's household debt to disposable income ratio was 146.2% (RBNZ, 2013). In South Africa, the household debt to disposable income ratio for the second quarter in 2013 was 75.8% (SARB, 2013:27). Although the picture looks better in South Africa, a percentage of more than 40% is associated with financial difficulty (Bank of America, 2011; Xiao & Yao, 2011:15). Outstanding consumer credit in March 2013 was R1.45 trillion; a 0.57% increase from the fourth quarter of 2012 (NCR, 2013a:1). During the first quarter of 2013, the number of consumers with flawed credit records increased by 189 000 (NCR, 2013b:1). The conclusion that can be drawn is that South Africans have too much debt (Sibanyoni, 2011).

From the above, it is clear that consumer behaviour is not improving and that this is a global problem. In 2009, 20% of Americans were found to be financially insecure (Hacker, *et al*., 2010:11). Issues such as high debt, low savings and economic recession increase financial stress. It is evident that financial stress has become commonplace in this day and age. Since financial stress is such a big contributor to financial well-being, this is a concept that needs a great deal more attention.

2.2 Personal financial well-being indicators

Joo (1998:11) used financial well-being and economic well-being as alternatives for financial wellness. Economic well-being's description has become more complicated than simply overall financial satisfaction (Porter & Garman, 1993:135; Joo, 1998:11). According to Strumpel (1976:3), the more complicated perceptions of economic well-being include "satisfaction with income and savings, awareness of opportunities, ability to make ends meet, sense of material security, and sense of fairness of the reward distribution system". Hayhoe and Wilhelm (1998:21) defined perceived economic well-being as the perception of the financial situation compared to financial necessity and desire. Joo (1998:8) further defined financial well-being as an indicator of financial health. She included satisfaction with the current financial condition, stability of one's financial condition and the financial resources that a person holds in the measurement of financial well-being.

From the above it is clear that there is recognition of the concept of financial well-being and that a person's financial well-being is influenced by both objective and subjective measures, which will be discussed in more detail below.

Kratzer (1991) measured perceived economic well-being using satisfaction with current financial situation and opinion on the adequacy of income and change in financial situation. She found that income level, locus of control, net worth, education, financial management and employment status predicted perceived economic well-being. Greninger *et al.* (1996:66) provided possible ratios and benchmarks to measure personal financial well-being. Ratios were included for the following broad categories; liquidity, savings, asset allocation, inflation protection, tax liability, housing expenses and insolvency (Greninger, *et al.*, 1996:67). Debt, financial satisfaction and coping with financial strain were used as financial well-being indicators by Shim, Xiao *et al.* (2009:709).

Garman *et al*. (2004:137) stated that objective measures of financial well-being form only part of the total financial well-being concept. They observed that people in the same financial situation showed different levels of distress and concluded that one's feelings about financial issues are a key component of personal financial well-being. D'Acci (2010:61) confirmed this in his study where he established that prosperity does not necessarily indicate high levels of well-being. Porter and Garman

(1993:137) emphasised that the measurement of financial well-being should include a person's assessment of whether one's income level is satisfactory for the achievement of personal financial objectives and not just actual income received.

It is evident from the above literature that a person's financial well-being is not solely dependent on their monetary wealth. A person's subjective perception about his/her financial situation, control over his/her finances, ability to handle stress and so forth play an integral role in a person's financial well-being.

2.3 Financial efficacy and satisfaction with remuneration

After establishing that financial well-being is threatened by various financial stressors in everyday life, the question of whether management should attempt to improve employees' financial well-being as part of achieving non-financial objectives and how this should be done, arises. Two possible solutions have been identified from research that can influence employees' financial well-being, i.e. increase income (Garman, *et al.,* 2005:6) and therefore satisfaction with remuneration, and improve employees' income management (Kim & Garman, 2004:74; Garman, *et al.*, 2005:7).

Previous research indicated that the actual pay level is only one of the dimensions of the satisfaction with remuneration construct (Kim & Garman, 2004:73; Heneman & Schwab, 1985:138; Ash, *et al.*, 1990:11). Kim (1999:43) found that an employee with low satisfaction with remuneration tends to have lower overall job satisfaction as well as lower financial satisfaction. Will an increase in satisfaction with remuneration result in an increase in employees' financial well-being? Will an increase in pay increase financial well-being or will the employee adopt a more lavish lifestyle leaving his/her financial well-being at the same level as before? Evidence exists that an increase in pay does not substantially influence subjective well-being (satisfaction with remuneration); as remuneration increases, desire also increases, leaving subjective well-being at the same level (Diener, 2000:37).

Businesses have limited resources and as a result remuneration levels can only increase up to a certain point. Due to this basic business principle, we need to consider other possibilities that management can focus on in order to improve financial well-being. The old Chinese proverb comes to mind: give a person a fish and feed him for a day, but teach him to fish and feed him for a lifetime. If employers teach their employees to handle their finances, will their financial well-being increase in the long run? Research shows that ample financial education is likely to increase the financial well-being of the participants (Garman, *et al.*, 1999:84; Joo, 1998:233; Holland, *et al.*, 2008:382). Kotze and Smit (2008:157) stated that this inadequate financial behaviour is largely caused by financial illiteracy. Financial illiteracy significantly influences savings behaviour, retirement preparation, mortgages and other financial decisions (Lusardi & Mitchell, 2007:35). An increase in financial knowledge was found to be accompanied with an increase in financial efficacy (Fox & Bartholomae, 2008:3; Lapp, 2010:2). Financial efficacy is a person's skill to influence his/her financial situation (Fox & Bartholomae, 2008:2). Upon further research of the efficacy concept, it is noted that higher efficacy motivates people to try harder to master challenges (Bandura, 1977:193). Influencing financial efficacy and satisfaction with remuneration are two possible areas where management can influence employees' financial well-being.

From the above discussion, we have identified two subjective measures (satisfaction with remuneration and financial efficacy) that need further investigation. Is there a relationship between these two subjective measures and personal financial well-being? The existing link from literature, if any, between financial efficacy and financial well-being as well as the link between satisfaction with remuneration and financial well-being are discussed in 2.3.1 and 2.3.2.

2.3.1 Financial efficacy

Self-efficacy is a person's belief that he/she can successfully complete the actions required to produce the desired outcomes (Bandura, 1977:193). Fox and Bartholomae (2008:2) defined financial efficacy as "knowledge and ability to influence and control one's financial matters". Financial efficacy is also stated as a person's perceived capability to control his/her personal finances (Lapp, 2010:1). In this study, financial efficacy is interpreted as a person's satisfaction with/confidence in his/her level of financial knowledge and his/her ability to meet financial objectives.

Shim, Barber *et al.* (2009:1468) stated that financial knowledge alone is not enough to ensure control over personal finances and that positive financial behaviours and financial efficacy are equally important. Lapp (2010:3) confirmed this by stating that financial efficacy is fundamental if fewer financial problems are desired. According to Lapp (2010:3), financial problems increase financial stress and reduce financial satisfaction; however, he also found that financial efficacy predicts that financial problems will decrease; thereby confirming that financial efficacy is essential to ensure lower financial stress and higher financial satisfaction (indicator of financial well-being).

Xiao *et al.* (2011:240) and other researchers (Shim, Barber, *et al*., 2009:1459; Shim, Xiao, *et al.,* 2009:711) used Ajzen's planned behaviour theory to test whether the three factors that influence behaviour will influence positive financial behaviour. The three factors were subjective norms, perceived behavioural control and financial attitudes. Subjective norms refer to a person's interpretation of social pressure to behave in a certain way (Ajzen, 1991:188). Perceived behaviour control is the "perceived ease or difficulty of performing the behaviour and it is assumed to reflect past experience as well as anticipated impediments and obstacles" (Ajzen, 1991:188). Attitudes refer to a person's viewpoint of the behaviour (Ajzen, 1991:188). Perceived behavioural control was found to be positively related to financial satisfaction, a financial well-being indicator (Shim, Barber, *et al*., 2009:1467; Shim, Xiao, *et al*., 2009:720), healthy financial behaviour (Shim, Barber, *et al*., 2009:1467) and positive financial behaviour intention (Shim, Xiao, *et al*., 2009:720). Xiao *et al.* (2011:240) divided perceived behavioural control into financial efficacy and controllability. They found that financial efficacy directly and indirectly (through positive financial behaviour intention) had a negative relationship with a person's risky paying behaviour (Xiao, *et al*., 2011:243). Staten and Johnson (2010:24) also found financial efficacy to be negatively related to risky financial behaviours. Their research also indicated that financial satisfaction is negatively related to risky financial behaviours (Staten & Johnson, 2010:23).

It is clear from the literature that perceived behaviour control (which includes financial efficacy) has a positive impact on positive financial behaviour, which, in turn, has a positive effect on personal financial well-being. It is also clear that perceived behavioural control had a positive effect on two subjective indicators of financial well-being (satisfaction with financial situation and coping with financial strain). There is, however, a need to establish a clearer and direct link between financial efficacy and financial well-being.

2.3.2 Satisfaction with remuneration

Kim (2000:11) defined satisfaction with remuneration as the satisfaction with level of remuneration, remuneration structure and raises. Other researchers used only three components of satisfaction with remuneration, namely pay level satisfaction, benefits satisfaction and pay structure/administration satisfaction (Ash, *et al.*, 1990:14; Kim, *et al*., 2008:163&164).

Actual pay is therefore not the only determinant of satisfaction with remuneration; an employee's personality also determines whether he/she is satisfied with his/her pay (Kim & Garman, 2004:73). Kim (1999:39), Heneman and Schwab (1985:138) and Ash *et al*. (1990:14) stated that satisfaction with remuneration is a concept with multiple components. Satisfaction with remuneration, according to them, is the difference between the amount a person believes he/she should receive and the amount he/she believes he/she did receive (Lawler, 1971:215). Dyer and Theriault (1976:602) modified Lawler's model by adding perceived sufficiency of pay system administration as a belief that influences satisfaction with remuneration. Weiner (1980:754) supported this by stating that remuneration satisfaction among employees is enhanced if policies and procedures are in place to ensure sufficient pay administration. Heneman and Schwab (1985:138) found strong evidence that pay level (current remuneration) and benefits are dimensions of satisfaction with remuneration.

More recent research stated that satisfaction with remuneration includes an employee's view of whether remuneration for performance is reasonable, remuneration increase is sufficient and whether the employee feels valued by the employer (Kim & Garman, 2004:70; Prawitz & Garman, 2009:12). Kim (1999:38) stated that an employee's financial situation is connected to his/her work environment. She studied the relationship between financial satisfaction (measure of financial well-being) and work outcomes (which included satisfaction with remuneration). Her study provided evidence that high financial satisfaction predicted a higher satisfaction with remuneration (Kim, 1999:42). Kim (2000:280) established that there is a positive relationship between financial well-being and satisfaction with remuneration. Kim and Garman (2004:71) also found significant correlations between employees' financial stress and satisfaction with remuneration. They found that employees with high financial stress were more dissatisfied with their remuneration compared to those employees with lower levels of financial stress (Kim & Garman, 2004:72). Kim and Garman's (2004:74) study included 262 white collar workers and they expressed the need for future studies to determine the relationship between financial stress and satisfaction with remuneration using a different and diverse population. Kim (2000:303) also expressed the need for more research on the relationship between financial well-being and satisfaction with remuneration.

2.4 Literature summary

Personal finances are under stress due to factors such as high debt, low savings, recession and a consumerism-driven economy; this increase in financial stress has a negative effect on financial well-being. It is evident from the existing financial well-being research that subjective aspects play an integral part in the financial well-being of an individual. Two subjective aspects were identified for further study, i.e. financial efficacy and satisfaction with remuneration. Previous financial efficacy research found an indirect relationship with financial well-being; the current study will attempt to establish whether a direct relationship exists.

3. PROBLEM STATEMENT

From the literature it is evident that various factors influence a person's well-being; personal financial well-being influences a person's overall well-being, which, in turn, influences a person's work outcomes and business profitability. Financial efficacy and satisfaction with remuneration were identified as subjective measures of personal financial well-being. The relationship between financial efficacy, satisfaction with remuneration and personal financial well-being and the extent of the relationship is, however, unknown.

Knowing the relationship and the extent will motivate and assist employers to implement more efficient interventions to not only assist employees, but also benefit the entity.

4. OBJECTIVES

Based on the problem statement, the main and secondary objectives are set out in this section.

4.1. Main objective

The main objective is to establish and measure the relationship of the subjective measures, financial efficacy and satisfaction with remuneration, with personal financial well-being.

4.2. Secondary objectives

In order to reach the main objective, the following secondary objectives are set:

- To gain a better understanding of the existing literature on financial well-being, financial efficacy and satisfaction with remuneration (addressed in Chapter 1, section 2)
- To determine which financial stressors in today's life are a threat to financial well-being (addressed in Chapter 1, section 2)
- To determine whether there is a positive relationship between satisfaction with remuneration and financial well-being (addressed in Chapter 2, section 6.3)
- To determine whether there is a positive relationship between financial efficacy and financial well-being (addressed in Chapter 2, section 6.3) and
- To determine whether a person's satisfaction with remuneration will be a greater predictor of financial well-being if he/she has high level of financial well-being (addressed in Chapter 2, section 6.4)

4.3. Hypotheses

In line with the objectives, the following hypotheses are tested in the study:

H1: There is a relationship between satisfaction with remuneration and personal financial well-being.

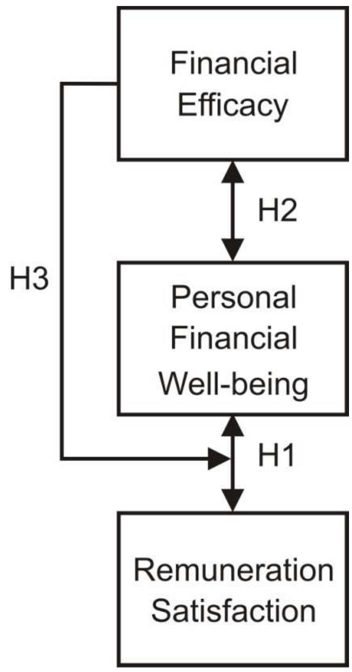
H2: There is a relationship between personal financial well-being and personal financial efficacy.

H3: Personal financial efficacy moderates the relationship between satisfaction with remuneration and personal financial well-being.

The hypotheses are graphically illustrated in Figure 1.

Figure 1

Hypothesised relationship between variables



5. RESEARCH DESIGN AND RESEARCH METHOD

The study will consist of the following:

- Literature review
- Empirical analysis

5.1 Literature review

All relevant and recent literature was consulted in order to establish a theoretical base for the empirical study that was conducted. The literature review (Chapter 1, section 2 and Chapter 2, section 3.2) covered the following, among other things:

- Financial stressors in everyday life affecting financial well-being;

- Determinants of satisfaction with remuneration and literature regarding the relationship between financial well-being and satisfaction with remuneration; and
- Financial efficacy and the relationship it has with financial well-being.

The literature review addresses specific objectives:

- To gain a better understanding of the existing literature on financial well-being, financial efficacy and satisfaction with remuneration; and
- To determine which financial stressors in today's life are a threat to financial well-being.

5.2 Empirical research

The empirical research was based on existing data supplied by Afriforte (Pty) Ltd.

5.2.1 Research design

A quantitative, non-experimental cross-sectional design was applied in a study by Afriforte. Cross-sectional designs relate to studies where information is gathered from the population at a certain time. Non-experimental design consists of four types of designs; i.e. descriptive design, identifying relationships between variables, identifying correlations between variables, and surveys in order to obtain data for statistical analysis.

5.2.2 Data collection

The data was collected by means of an online questionnaire on a secure website. Respondents were provided with a detailed description of the purpose of the study and were assured of the confidentiality of their responses prior to completing the questionnaire. Informed consent was provided by the respondents and they were allowed thirty minutes to complete the questionnaire. Participation in the survey was voluntary. Permission was also granted by the management of each organisation to conduct the research and to use the data anonymously for research purposes.

5.2.3 Sample

A sample of 13 000 were invited to participate in the research project of which 9 057 employees voluntary participated (70% up-take to the survey). The sample consisted of employees in different sectors in South Africa.

The empirical study addresses the following specific objectives:

- To determine whether there is a positive relationship between satisfaction with remuneration and financial well-being;
- To determine whether there is a positive relationship between financial efficacy and financial well-being; and
- To determine whether a person's satisfaction with remuneration will be a greater predictor of financial well-being if he/she has a high level of financial well-being.

6. OVERVIEW OF CHAPTERS

Chapter 1 includes the introduction, motivation of topic actuality, literature review and method to be followed during the proposed research.

Chapter 2 will consist of one article. The article contains the motivation behind the topic's actuality, literature review, objectives of the study, methodology used in obtaining the results of the statistical analysis and a discussion of the results found.

Chapter 3 will be the overview of results, conclusion and recommendations for future studies.

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CHAPTER 2

ARTICLE: THE RELATIONSHIP BETWEEN FINANCIAL EFFICACY, SATISFACTION WITH REMUNERATION AND PERSONAL FINANCIAL WELL-BEING

The reader is requested to take note of the following:

- This article has been submitted for publication to the following SA-approved, peer-reviewed and Department of Higher Education and Training-accredited academic journal as follows:

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  - Fouché, JP – 10%
  - Barnard, RJJ – 5%
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The relationship between financial efficacy, satisfaction with remuneration and personal financial well-being

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1. ABSTRACT

Financial stress is a condition that is becoming more prevalent in today's society due to factors such as high debt levels, low savings and economic recessions. Research has found that financial stress negatively influences employees' performance at work. With these increasing pressures on personal finances and its interference on work, this study considers whether management should attempt to improve employees' financial well-being. Management needs to be convinced that their actions can improve their employees' financial well-being. This study established and measured the relationship that the subjective measures financial efficacy and satisfaction with remuneration have on financial well-being. A sample size of 9 057 employees from different sectors in South Africa was used. Confirmatory factor analyses were used, as the survey was based on a previously developed survey and it was already known which items load onto which factors. Data was analysed using Pearson correlation coefficients and multiple regression analysis. Three hypotheses were tested. Hypothesis 1: There is a relationship between satisfaction with remuneration and financial well-being. Hypothesis 2: There is a relationship between financial well-being and financial efficacy. Hypothesis 3: Financial efficacy moderates the relationship between satisfaction with remuneration and financial well-being. The results from this study supported all three hypotheses. Personal financial efficacy and satisfaction with remuneration were found to have a strong positive relationship with financial well-being. The study also established that the relationship between remuneration satisfaction and financial well-being was stronger in people with higher financial efficacy. It is argued that management can intervene with employees' financial well-being by improving financial efficacy through financial education and by improving their satisfaction with remuneration. Satisfaction with remuneration can be increased by increasing actual remuneration and benefits, addressing administrative issues of the pay system, addressing staff morale or by increasing financial efficacy. Staff with higher well-being will contribute to the better performance of the entity.

Keywords: Financial well-being, Financial efficacy, Personal finance, Remuneration satisfaction

2. INTRODUCTION

"In recent times, financial literacy has gained the attention of a wide range of interested parties, such as major banking companies, government agencies, grass-root consumers and community interest groups" (Louw, Fouché, & Oberholzer, 2013). Linked to a lack of financial literacy is financial stress, a condition that is experienced by society with increasing frequency (Kim, Garman, & Sorhaindo, 2003; Garman, Leech, & Grable, 1996; Garman *et al.*, 2004). The ongoing current worldwide recession, worries about inadequate savings, consumerism and debt accumulation are all contributing to the increase in financial stress. The current economic downturn caused the financial pressures of households to increase (Kim & Garman, 2004; Weller & Logan, 2009). According to Molitor (2010), Americans are still stressed about their financial situation even if it appears that the economy is recovering, indicating that there are other factors that also contribute to financial stress. People know they should save, but they do not save. People need to save 15% of their disposable income for 30 years in order to receive 50% of their current salary during retirement (Dutkiewicz, Levin, & Dukhi, 2007). A savings ratio below this 15% is likely to increase the pressure on the current and future financial situation. German households saved 10% (Trading Economics, 2013a) of their disposable income, whereas American households only saved between 4.5 and 5.2% (Trading Economics, 2013b) during the third quarter of 2013. The saving situation appears even more grim in South Africa, where households saved -0.02% of their disposable income in the second quarter of 2013 (South African Reserve Bank [SARB], 2013). These low saving ratios will increase pressure on personal finances and are likely to be a burden on personal financial well-being. The household debt to disposable income ratio of Canada was 161.8% in the first quarter of 2013 (Statistics Canada, 2013) and New Zealand's was 146.2% (Reserve Bank of New Zealand [RBNZ], 2013). South Africa's household debt to disposable income ratio for the second quarter in 2013 was 75.8% (SARB, 2013). Generally, a household debt to income ratio above 40% is associated with financial difficulty (Bank of America, 2011; Xiao & Yao, 2011). Considering that the average household's debt to income ratio exceeds 40%, it becomes clear that households are highly over-indebted. The consumerism-driven economy and credit card system tempt young adults to incur debt, which has been found to have a negative impact on young adults' financial well-being (Shim, Xiao, Barber, & Lyons, 2009). Shim and Xiao *et al.* (2009) found that high debt is also associated with low financial satisfaction. Low financial satisfaction, in turn, was found to be related to low overall life satisfaction (Shim, Xiao *et al.*, 2009).

From the above discussion, it can be construed that most people have high financial stress levels considering the numerous pressures on personal finances and the fact that many people's financial situation is unfavourable. Joo (1998) and Garman *et al.* (2007) established that a person's financial stress is associated with his/her financial well-being. Considering that financial well-being is associated with financial stress, it is expected that increasing pressures on personal finance will increase the level of financial stress and pose a threat to personal financial well-being and eventually overall well-being. Because financial well-being is threatened by common financial pressures, will this lowered financial well-being have an effect on a person's performance at work?

Employees with high financial stress and low financial well-being tend to be more frequently absent from work (Kim & Garman, 2003). It has also been found that worker productivity and workers' financial well-being are positively related (Joo, 1998; Joo & Garman, 1998). Employees' financial concerns impede their work and they use time at work to attend to financial issues (Bagwell, 2000; Kim, 2000; Kim, Sorhaindo, & Garman, 2006; Garman *et al.*, 2005; Kim & Garman, 2004). Kim and Garman (2003) also found financial stress to be negatively related to organisational commitment, while Kim (1999) found financial well-being to be positively related to organisational commitment. The above-mentioned references show that a lack of financial well-being can have a negative impact on employees' work performance. The need for more research regarding financial stress and its impact on the workplace has been expressed by various researchers (Kim & Garman, 2003; Bagwell, 2000). Therefore, the problem investigated in this study is the fact that further research in this area is necessary in order to understand the relationship between factors affecting personal financial well-being in order to convince management that improving employees' financial well-being will add value to the company (Kim & Garman, 2003; Bagwell, 2000). This will also assist in identifying the most suitable and effective interventions to incorporate as part of an employee wellness plan. If employee financial wellness is effectively addressed, it will contribute to the financial wellness of the larger population.

To fill this knowledge gap, the purpose of the study is to establish and measure the relationship of the subjective measures financial efficacy and satisfaction with remuneration, identified from the literature, with personal financial well-being. The research fulfils this purpose by means of a large sample survey from which the data was used to measure and explain the relationships. The current study therefore contributes to research regarding the return on investment of intervention programmes aimed at increasing personal financial well-being.

The remainder of the paper is organised as follows: The next section provides a background to the study, followed by a section that sets out the detailed objectives and hypotheses, then a section to explain the research methodology. This is followed by a section that reveals the findings and the study is summarised, discussed and concluded in the final section.

3. BACKGROUND

3.1 Conceptual scope and definition

Based on research by Porter (1990), financial well-being can be defined as objective and subjective aspects of a person's financial situation evaluated against standards of comparison to form a person's opinion of his/her financial situation. "Financial well-being is about effectively managing your economic life. People with high financial well-being manage their personal finances well and spend their money wisely" (Rath, Harter, & Harter, 2010). For the purposes of this study, financial well-being is defined as objective and subjective aspects that contribute to a person's assessment of his/her current financial situation. Financial efficacy is defined as a person's perceived capability to control his/her personal finances (Lapp, 2010; Postmus, 2011). Fox and Bartholomae (2008) defined financial efficacy as "knowledge and ability to influence and control one's financial matters". In this study, financial efficacy is interpreted as a person's satisfaction with/confidence in his/her level of financial knowledge and his/her ability to meet financial objectives. Satisfaction with remuneration incorporates satisfaction with level of remuneration, remuneration structure and raises (Kim, 2000). A person's satisfaction with remuneration refers to the difference between the amount a person believes he/she should receive and the amount he/she believes he/she did receive (Lawler, 1971). Therefore, the following understanding of the term is used in the study; satisfaction with remuneration is a person's attitude towards the adequacy of his/her remuneration package.

3.2 Literature review

Above and beyond the fact that increasing the financial well-being of employees needs to add value to the business, management can meet their moral obligation by looking after the well-being of their employees. Drawing and retaining quality employees are very important for the success of an entity. As a result, ensuring employees' well-being should be one of the entity's non-financial objectives (Woods, 2002; Ogilvie, 2008). Personal finances are one of the aspects that have been found to affect overall well-being (Kahneman & Deaton, 2010; Ogilvie, 2008; Rath *et al.*, 2010; Charles, Danziger, Pounder, & Schoeni, 2006; Mills, Grasmick, Morgan, & Wenk, 1992; Pittman & Lloyd, 1988). With increasing financial pressures threatening financial well-being, this will affect a person's overall well-being. In order to meet their non-financial objectives, management can aim to improve financial well-being in an attempt to improve the overall well-being of employees.

Considering that employees who are financially more sound's personal finances have a smaller interference at work, it seems that employees who are more financially sound will benefit an organisation. As a result, management should consider ways in which they can increase employees' financial well-being in order to ensure less interference at work. This will therefore not only benefit the employee, but also the organisation, resulting in a win-win situation. Garman *et al.* (2005) have suggested the following possible ways to increase financial well-being; to evaluate and improve spending behaviours, increase income, manage debt more effectively, and seek financial education in the workplace. Two methods were identified for further analysis and discussion in this study. Firstly, the level of remuneration can be increased (Garman *et al.*, 2005). Other researchers have also included income level as one of the objective measures of financial well-being (Kahneman & Deaton, 2010; Joo, 1998; Leach, Hayhoe, & Turner, 1999; Hayhoe & Wilhelm, 1998; Wilhelm, Varcoe, & Fridrich, 1993). Since the measurement of financial well-being includes the remuneration level, it should theoretically increase financial well-being when the level of remuneration is raised. Secondly, researchers have suggested that employers should provide employees with financial education programmes (which may include ways to manage debt better and improve spending behaviours) in order to improve personal financial well-being (Bagwell, 2000; Kim, 2000; Kim *et al.*, 2006; Kim & Garman, 2003; Bailey, Woodiel, Turner, & Young, 1998; Kim & Garman, 2004; Kim, 2008; Garman, Kim, Kratzer, Brunson, & Joo, 1999; Prawitz & Garman, 2009; O'Neill, Xiao, Sorhaindo, & Graman, 2005; Hira & Loibl, 2005; Garman *et al.*, 2005; Taft, Hosein, & Mehrizi, 2013). A summary of the literature regarding the methods follows.

3.2.1 Increase in remuneration level

An increase in remuneration may well be the easiest alternative. The first problem, however, with increasing remuneration is that a business has limited resources at its disposal. A remuneration increase can only be sustained up to a certain point. Secondly, it is uncertain whether employees' financial well-being will substantially increase after an increase in remuneration level. Some researchers found that an increase in remuneration only leads to a small increase in well-being (Frey & Stutzer, 2000; Diener, Sandvik, Seidlitz, & Diener, 1993; Oswald, 1997; Easterlin, 1974; Binder & Coad, 2011). Others have found that an increase in remuneration does not increase subjective well-being; as remuneration increases, the desire for worldly possessions also increases, leaving subjective well-being at the same level (Diener, 2000; Easterlin, 1995; Easterlin, 2001). Subjective well-being can be defined as a person's overall happiness with life (Binder & Coad, 2011). It has also been stated that an increase in remuneration increases a person's desire and, therefore, if there is any increase in well-being, it will be only temporary (Diener, Suh, Lucas, & Smith, 1999). Low financial well-being is also not a condition that exists only among employees with a low level of remuneration, it exists across all remuneration levels (Garman *et al*., 2005; D'Acci, 2010). It seems that the actual level of remuneration is not the only factor of remuneration contributing to a person's financial well-being.

Bearing in mind that an increase in remuneration will at most have a small impact on well-being, other possibilities need to be considered in order to achieve a sustainable increase in employees' financial well-being. Garman *et al*. (2004) and Porter (1990) stated that objective measures (factual measures, such as income, which are not influenced by one's belief) of financial well-being are only part of the financial well-being story. Garman *et al*. (2004) observed that people in the same financial situation showed different levels of distress and concluded that one's perception of financial issues is a key component of personal financial well-being. Strumpel (1976), Joo (1998) and Porter (1990) proposed the inclusion of satisfaction with remuneration as one of the subjective measures of financial well-being. Considering that subjective measures of financial well-being are just as important as objective measures, will an increase in satisfaction with remuneration, rather than an increase in the remuneration level, increase financial well-being? If management focuses on employees' satisfaction with remuneration (subjective) instead of actual remuneration (objective), will this improve financial well-being?

Literature on satisfaction with remuneration has shown that satisfaction with remuneration is a concept with multiple components (Kim, 1999; Heneman & Schwab, 1985; Ash, Bretz, & Dreher, 1990). Lawler (1971) defined satisfaction with remuneration as the difference between the amount a person believes he/she should receive and the amount he/she believes he/she did receive. Measurements of satisfaction with remuneration include satisfaction with the pay system administration (Dyer & Theriault, 1976; Weiner, 1980; Ash *et al.*, 1990; Kim, Mone, & Kim, 2008), income level increase (Spector, 1997; Prawitz & Garman, 2009; Kim, 2000, Ash *et al.*, 1990), benefits (Heneman & Schwab, 1985; Kim *et al*., 2008), remuneration structure (Kim, 2000), belief that pay-for-performance is reasonable (Spector, 1997; Prawitz & Garman, 2009) and satisfaction with the level of remuneration (Ash *et al*., 1990; Kim *et al*., 2008; Kim, 2000). Because satisfaction with remuneration is a multi-dimensional construct, it is expected that satisfaction with remuneration can be influenced by various aspects. Previous research regarding the relationship between financial well-being and remuneration satisfaction found that financial well-being is positively related to satisfaction with remuneration (Kim, 2000). Kim and Garman (2004) also found significant negative correlations between employees' financial stress and satisfaction with remuneration. Kim (2000) expressed the need for more research on the relationship between remuneration satisfaction and financial well-being.

This study will conduct further research on the relationship between satisfaction with remuneration and financial well-being, using a demographic group from a developing country (i.e. South Africa) and a larger number of participants when compared to previous studies. The study will also, for the first time, quantify the relationship within the sample of participants.

3.2.2 Financial education

Considering that financial education has been identified in research as a factor that could potentially benefit financial well-being, what are the advantages of more financially literate individuals? An increase in financial literacy has been found to decrease financial stress (Calamato, 2010; Steen & MacKenzie, 2013) and increase financial well-being (Garman *et al*., 1999; Holland, Goodman, & Stich, 2008, Kumaran, 2013). In addition, research has also shown that financial literacy increases a person's financial efficacy (Fox & Bartholomae, 2008; Lapp, 2010; Postmus, 2011). Postmus (2011) and Shim, Barber, Card, Xiao, and Serido (2009) found that financial literacy alone is not enough to ensure control over personal finances; financial efficacy is equally as important. Lapp's (2010) finding that higher financial efficacy predicts fewer financial problems (i.e. more control over personal finances) supported this notion. Upon further inspection of the efficacy concept, it was noted that higher self-efficacy motivates people to try harder to master challenges (Bandura, 1977). Will increased financial efficacy enable a person to overcome financial difficulty more easily and effectively increase his/her financial well-being?

Some researchers have indirectly studied the relationship between financial efficacy and financial well-being. Xiao, Tang, Serido, and Shim (2011) divided perceived behavioural control into financial efficacy and controllability. Perceived behavioural control (which includes financial efficacy) was found to have a positive relationship with good financial behaviours (Shim, Barber *et al*., 2009; Xiao *et al*., 2011; Shim, Xiao *et al*., 2009; Staten & Johnson, 2010). Good financial behaviour, in turn, was found to have positive relationships with financial satisfaction (Staten & Johnson, 2010) and an aversion to debt (Shim, Xiao *et al*., 2009). Debt was one of the objective indicators used by Shim and Xiao *et al*. (2009) in order to determine the level of financial well-being. Therefore, financial efficacy (as part of overall perceived behavioural control) was found to indirectly have a positive relationship with financial satisfaction and financial well-being. Perceived behavioural control was also found to have a positive relationship with financial satisfaction (Shim, Barber *et al*., 2009; Shim, Xiao *et al*., 2009) and ability to cope with financial strain (Shim, Xiao *et al*., 2009). Some researchers use financial satisfaction as a measure of financial well-being (Joo, 1998; Shim, Xiao *et al*., 2009; Wilhelm *et al*., 1993). Shim and Xiao *et al*. (2009) used ability to cope with financial strain as a measure of financial well-being. One can conclude that financial efficacy (as part of perceived behavioural control) has a positive relationship with financial well-being measurement instruments.

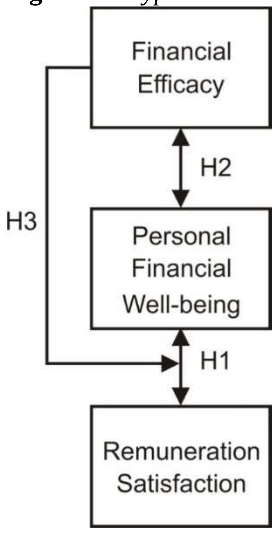
Financial efficacy is influenced by a person's financial literacy and financial ability (Fox & Bartholomae, 2008); therefore, will increased financial efficacy (due to an increase in financial literacy) lead to increased financial well-being? Further research into the direct relationship between financial well-being and financial efficacy will be conducted in the current study. The study will consider whether such relationships exist for the South African demographic profile described in the research methodology section.

4. OBJECTIVES AND HYPOTHESES

The main objective of this study is to establish and measure the effect that the subjective measures financial efficacy and satisfaction with remuneration have on personal financial well-being. Personal financial well-being influences a person's overall well-being (Ogilvie, 2008; Rath *et al.,* 2010; Charles *et al.*, 2006; Mills *et al.,* 1992; Pittman & Lloyd, 1988), which, in turn, influences a person's work (Kim & Garman, 2003; Joo, 1998; Joo & Garman, 1998; Bagwell, 2000; Kim, 2000; Kim *et al.,* 2006; Garman *et al.,* 2005; Kim & Garman, 2004). If one can determine which factors influence a person's financial well-being and to what extent those factors influence financial well-being, constructive interventions can be designed to improve employees' financial well-being and work outcomes. Therefore, this research focuses on whether there is a relationship between financial efficacy, satisfaction with remuneration and personal financial well-being and exactly what the relationship is. In line with the objectives, the following hypotheses (as depicted in Figure 2) are tested in the study.

The hypotheses are graphically illustrated in Figure 2.

Figure 2 - *Hypothesised relationship between variables*



H1: There is a relationship between satisfaction with remuneration and personal financial well-being.
H2: There is a relationship between personal financial well-being and personal financial efficacy.
H3: Personal financial efficacy moderates the relationship between satisfaction with remuneration and personal financial well-being.

5. RESEARCH METHODOLOGY

This research study was conducted in the positivism paradigm. Statistical analyses (scientific methodologies) were used in this research in order to obtain an understanding of social and psychological concepts (The Open University, 2011). Experimental science has been adopted by positivists in order to use statistical methods of analysis on quantitative data to measure social occurrences and conclude on relationships found between variables (The Open University, 2011).

A quantitative, non-experimental cross-sectional design was applied in the study. The empirical research was based on existing data supplied by Afriforte (Pty) Ltd (Afriforte).

5.1 Sampling

The data was collected by Afriforte by means of the South African Employee Health and Wellness Survey (SAEHWS) (De Beer, Rothmann Jr., & Pienaar, 2012; Rothmann & Rothmann, 2007) on a secure website. Respondents were provided with a detailed description of the purpose of the study and were assured of the confidentiality of their responses prior to completing the questionnaire. Informed consent was provided by the respondents and it took them between twenty and thirty minutes to complete the questionnaire. Participation in the survey was voluntary. Permission was also granted by the management of each organisation to conduct the research and to use the data anonymously for research purposes. A sample of 13 000 persons were invited to participate in the research project of which 9 057 employees voluntarily participated (70% up-take to the survey).

5.2 Survey validity

The survey questions must be aligned with the objective of the research in order for the outcome to be meaningful (Taylor-Powell & Hermann, 2000). Proper planning was conducted and the questionnaire was developed to examine the main and secondary objectives of the research study. As managerial consent and information regarding the purpose of the questionnaire were provided beforehand, employees were aware of the survey’s relevance and importance. To ensure that participants answer the questions thoroughly and remain focused, a standardised sliding-scale questionnaire was used, making it possible to provide their own perspective within the context of the questions.

5.3 Measuring instruments

The three measuring instrument categories used in this analysis of the survey data are financial efficacy, satisfaction with remuneration and financial well-being. The questionnaire was a four-point scale marked from “Strongly Disagree” to “Strongly Agree”. The following are examples of questions asked in order to measure the participants’ level of financial well-being, financial efficacy and remuneration satisfaction:

- Financial efficacy: “I feel that I have the necessary skills to manage my finances.”
- Satisfaction with remuneration: “I am paid enough for the work that I do.”
- Financial well-being: “I am prepared for unexpected expenses that might occur during the month.”

Factor scores were created in a confirmatory fashion, i.e. the items representing the factors were grouped together. The alpha coefficients for all of the constructs were acceptable: $\alpha \geq 0.70$.

5.4 Statistical analysis

SPSS was used to perform statistical analysis. SPSS software is used for the statistical analysis of data and hypothesis testing (International Business Machines [IBM], 2013). Descriptive statistics were used to determine how the data was distributed. A confirmatory factor analysis was used as the survey was based on previous research findings and it was already known which items load onto which factors (De Beer, Rothmann Jr., & Pienaar, 2012; Rothmann & Rothmann, 2007). Pearson product-moment correlation coefficients were calculated to establish the relationship between variables (hypotheses 1 and 2). For hypothesis 3, multiple regression analysis was used to test the hypothesised moderating effect.

6. ANALYSIS OF RESULTS

The results are presented as the profile of the participants, descriptive statistics of the three measures and hypotheses testing.

6.1. Profile of participants

In total, 9 057 employees (80.9% male and 19.1% female) of whom 19.9% were single, 0.8% engaged, 73.9% married, 4.8% divorced and 0.7% were a widow or widower participated. Table 1 provides further details about the participants’ characteristics. The sample consisted of employees from different sectors in South Africa. The majority (56.7%) of respondents were employed in the mining industry and 30.7% of the respondents are employed by the manufacturing industry. The remaining 12.6% of respondents are from the academic, call centres, engineering, government and other industries. Of all the participants, 23.8% had a three-year or higher degree/diploma, the remainder of the participants (76.2%) had a grade 12 education or lower.

Table 1: Characteristics of the participants (n = 9 057)

Item	Category	Frequency	Percentage
Sector	Academic	304	3.4
	Call centres	35	0.4
	Engineering	277	3.1
	Financial	126	1.4
	Government	226	2.5
	Manufacturing	2783	30.7
	Mining	5137	56.7
	Other	169	1.9
Qualification	Grade 8	1731	19.1
	Grade 9	82	0.9
	Grade 10	463	5.1
	Grade 11	195	2.2
	Grade 12	4432	48.9
	3-year degree/diploma	1215	13.4
	4-year degree/diploma	527	5.8
	5- to 7-year degree	93	1.0
	Master's degree	257	2.8
	Doctoral degree	62	0.7

6.2. Descriptive statistics of the three measures

The descriptive statistics of the three measuring instruments (Financial well-being, Remuneration satisfaction and Financial efficacy) are provided below in Table 2. Of the 9 057 employees who participated in the survey, only 8 414 of the participants answered the questions relating to these three measuring instruments.

Table 2: Descriptive statistics of measuring instruments (N=8 414)

Item*	Min	Max	*M***	*SD****	Skewness	Kurtosis
FWB	6.00	24.00	13.96	3.83	0.15	-0.34
FE	3.00	12.00	8.81	1.79	-0.40	0.45
SR	3.00	12.00	6.02	2.57	0.61	-0.49

**FWB = Financial well-being; SR = Remuneration satisfaction; FE = Financial efficacy*
*** M = Mean*
**** SD = Standard deviation*

The average financial well-being score was 13.96 (*SD* = 3.83). Financial efficacy's mean was 8.81 (*SD* = 1.79) and satisfaction with remuneration's mean was 6.02 (*SD* = 2.57). Data is considered to be roughly normally shaped when skewness and kurtosis values range from -1 to 1 (Huck, 2012). The table shows that the skewness and kurtosis of all three variables fall within this range; therefore, all three variables are considered to be normally distributed. Normally distributed data implies that most of the scores are equally distributed (Field, 2009). Determining the distribution of data is important as certain statistical analyses (for example, regression analysis) assume that the data is normally distributed (Field, 2009).

6.3. Testing hypothesis 1 and 2

A Pearson product-moment correlation coefficient was calculated to determine whether a relationship exists between financial efficacy and financial well-being; as well as a relationship between satisfaction with remuneration and financial well-being. The correlation matrix summarises the findings in Table 3.

Table 3: Pearson correlation coefficients

Item	Financial efficacy	Financial well-being	Remuneration satisfaction
Financial efficacy	1.00		
Financial well-being	.50** .000	1.00	
Remuneration satisfaction	.29* .000	.63** .000	1.00

* Correlation is practically significant 0.24 ≤ r ≥ 0.36 (medium effect)
** Correlation is practically significant r ≥ 0.37 (large effect)

The strength of the relationship was determined using Cohen's (1988) guidelines; small effect size when 0.1 ≤ *r* ≤ 0.23, medium effect size for 0.24 ≤ *r* ≤ 0.36 and large effect size for *r* ≥ 0.37. The results shown in Table 3 support hypothesis 1 and a positive correlation was found between financial well-being and satisfaction with remuneration (r = 0.631, p = 0.000, two tails). The correlation is statistically significant (p < 0.05) as well as practically significant (large effect, r ≥ 0.37). As a result, a person with high remuneration satisfaction will tend to have a higher level of financial well-being and *vice versa*. The results also supported hypothesis 2, showing that there is a positive correlation between financial efficacy and financial well-being (r = 0.501, p = 0.000, two tails). This correlation was also found to be statistically significant (p < 0.05) and practically significant (large effect, r ≥ 0.37). Consequently, people with higher financial efficacy tend to be more financially sound and *vice versa*.

6.4. Testing hypothesis 3

A multiple linear regression analysis was conducted in order to determine whether financial efficacy moderates the relationship between financial well-being and remuneration satisfaction. The moderator is the variable that influences the relationship between two other variables (Baron & Kenny, 1986). The results are displayed in Table 4.

Table 4: Multiple regression analyses with financial well-being as dependant variable

Model*	Unstandardised coefficients		Standardised coefficients	T	Sig.	F#	R^2	R^2_{Adj}	ΔR^2
	B	SE	B						
1 (constant)	13.96	.03		476.64	.000	4358.384	.51	.51	.51
SR	.79	.01	.53	66.41	.000				
FE	.75	.02	.35	43.67	.000				
2 (constant)	13.83	.03		461.63	.000	3075.614	.52	.52	.01
SR	.76	.01	.51	63.24	.000				
FE	.78	.02	.36	45.85	.000				
SR x FE	.10	.01	.12	15.84	.000				

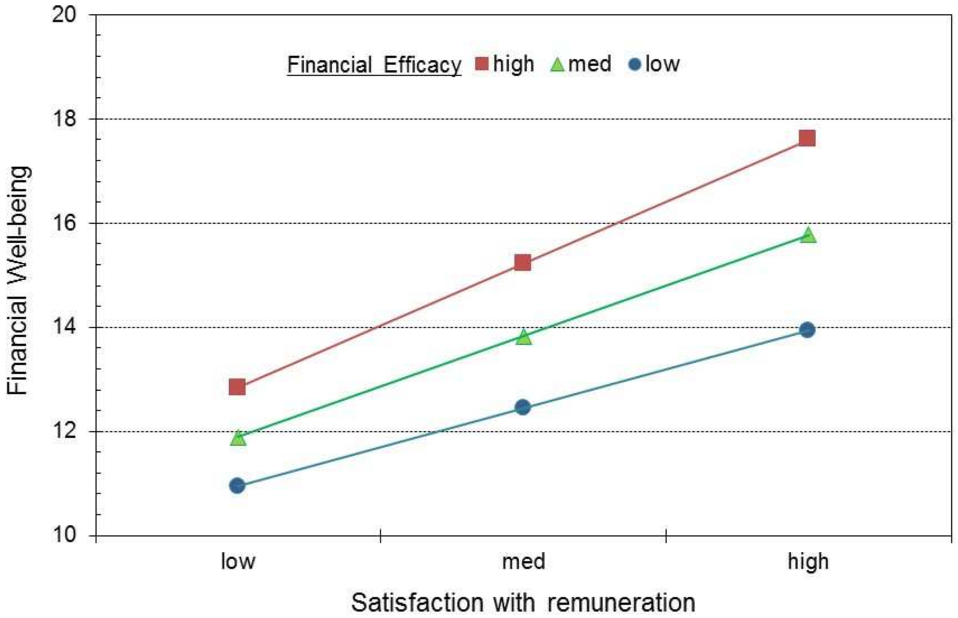
* SR = Satisfaction with remuneration; FE = Financial efficacy
\# Statistically significant (p = .000)

In Model 1, financial efficacy and satisfaction with remuneration were added as predictors of financial well-being. A significant regression equation was found (F(2,8411) = 4358.384, p < .05) with an R^2 of .509. This indicates that 50.9% of the variance in financial well-being can be explained by Model 1. It also indicates that financial efficacy and remuneration satisfaction combined significantly predicts financial well-being. Both financial efficacy (β = .349, p = .000) and remuneration satisfaction (β = .53, p = .000) were found to have a significant impact on financial well-being.

The interaction between financial efficacy and satisfaction with remuneration was added as a predictor of financial well-being in order to construct Model 2. The addition of the interaction term resulted in a ΔR^2 of .014, which supports the presence of a moderating effect (F(1,8410) = 3075.614, p < .05). The interaction term accounted for an additional 1.4% of the variance in financial well-being. A significant moderating effect was found in the relationship between financial well-being and remuneration satisfaction (β = .122, p = .000). The effect size was calculated based on the f^2 statistic that was proposed in Aiken and West (1991) and an effect size of 0.029 was calculated. According to Aguinis, Beaty, Boik, and Pierce (2005), an optimistic proposition for more realistic effect size categories is 0.005 (small), 0.01(medium) and 0.025 for large. Therefore, one can argue that the moderating relationship found has a large practically significant effect.

Figure 3 was plotted in order to clarify the moderating relationship found. The figure predicts financial well-being for three levels of financial efficacy and satisfaction with remuneration. The low level refers to 1 *SD* below mean of the particular predictor, whereas the high level refers to 1 *SD* above the mean and medium refers to the mean.

Figure 3: Interaction effects of financial efficacy and satisfaction with remuneration in predicting financial well-being



The higher the financial efficacy is, the steeper the slope will be. This indicates that an interactive effect does indeed exist. Hypothesis 3 is supported and it was found that financial efficacy moderates the relationship between financial well-being and remuneration satisfaction. The relationship between financial well-being and remuneration satisfaction is stronger in individuals with high financial efficacy (Figure 3).

7. DISCUSSION

This study investigated the effect that the subjective measures financial efficacy and satisfaction with remuneration have on personal financial well-being. In total, 9 057 persons participated in the study. The study confirmed that a strong positive relationship exists between financial efficacy, satisfaction with remuneration and personal financial well-being. The correlations are statistically significant as well as practically significant for the sample. It was shown that 50.9% of the variance in financial well-being can be explained by financial efficacy and satisfaction with remuneration. This correlation between these two variables supports the inclusion of financial efficacy and satisfaction with remuneration as a measure of financial well-being (Strumpel, 1976; Joo, 1998; Porter, 1990).

These results also support Kim's (1999; 2000) findings that remuneration satisfaction is positively related to financial well-being. The positive relationship found between financial well-being and satisfaction with remuneration indicates that if management increases employees' satisfaction with remuneration, and not necessarily only the level of remuneration, it is expected that their financial well-being will benefit. Satisfaction with remuneration is a concept with multiple components (Kim, 1999; Heneman & Schwab, 1985; Ash *et al.*, 1990); therefore, an improvement in one of the components is expected to have a positive effect in financial well-being. Consequently, above and beyond financial education, management can improve benefits (Heneman & Schwab, 1985; Kim *et al*., 2008), improve pay system administration (Dyer & Theriault, 1976; Weiner, 1980; Ash *et al.*, 1990; Kim *et al.*, 2008), make employees feel valued or ensure that pay-for-performance is reasonable (Spector, 1997; Prawitz & Garman, 2009) in an attempt to improve employees' financial well-being. This relationship between financial well-being and remuneration satisfaction suggests that an increase in the one concept is expected to result in an increase in the other concept.

From the literature, and as identified from own experience, management can therefore increase satisfaction with remuneration and eventually financial well-being by:

- increasing the actual remuneration and benefits to employees. This may not be affordable on the long run as entities have limited resources. From the literature, it is also evident that addressing satisfaction with remuneration in this way only has a limited long-term effect.
- addressing administrative issues of the pay-system and remuneration structure. This could include a smooth and efficient appointment and promotion process, leave-taking process and a reliable physical payment process. It could also include clear policies regarding promotion, salary structures and bonuses. This should be an easy matter to address and should not cost the entity too much.
- addressing staff morale with regard to remuneration. This means that pay and bonuses are clearly linked to performance and the system is understood by employees and perceived to be fair and consistent. This may entail salary benchmarking and engaging frequently with staff. This matter is perhaps more difficult and it may be advisable to get in consultants in this regard.
- increasing financial efficacy as discussed further on.

Financial well-being and financial efficacy were also found to have a strong positive relationship. Previous research indicated that financial efficacy (as part of the larger concept perceived behavioural control) had a positive relationship with financial well-being (Shim, Barber *et al.*, 2009; Shim, Xiao *et al.*, 2009). The current study shows that financial efficacy of its own accord tends to be associated with higher financial well-being. This finding also supports Lapp's (2010) finding that financial efficacy leads to fewer financial problems, which, in turn, affected financial well-being positively. Previous research has indicated that increased financial literacy is associated with increased financial efficacy (Fox & Bartholomae, 2008; Lapp, 2010; Postmus, 2011). The relationship found between financial well-being and financial efficacy therefore indicates that increased financial literacy (from financial education) is expected to benefit financial well-being due to increased financial efficacy. Employers can therefore increase the financial efficacy and eventually personal financial well-being by:

- offering financial literacy training as part of their employee wellness campaigns.
- providing financial support and advice services through registered financial advisors.

It was additionally indicated that financial efficacy moderates the relationship between financial well-being and remuneration satisfaction. The interaction term accounted for an additional 1.4% of the variance in financial well-being, with a large practical significance.

This moderating relationship indicates that as a person's financial efficacy increases, so does the strength of the relationship between remuneration satisfaction and financial well-being. This is further evidence that increased financial efficacy can be beneficial to financial well-being through satisfaction with remuneration. Employees who can better manage their finances will experience better financial well-being and higher satisfaction with remuneration. This study strongly supports the notion that comprehensive financial education (that increases financial literacy) can be advantageous for financial well-being, due to the relationship found between financial efficacy and financial well-being as well as the moderating effect of financial efficacy through satisfaction with remuneration.

The results therefore support all three of the hypothesised relationships. Employees' financial well-being interferes with their work life by affecting absenteeism (Kim & Garman, 2003), productivity (Joo, 1998; Joo & Garman, 1998) and organisational commitment (Kim, 1999). The current study adds to research intended to convince management that intervention programmes aimed at improving financial well-being can add value to the company as well as benefit the employee personally. Two concepts were studied to determine their relationship with financial well-being. These two concepts (financial efficacy and satisfaction with remuneration) did indeed have a positive relationship with financial well-being. Therefore, intervention programmes addressing these two concepts are expected to result in a significant increase in a person's financial well-being, since 52.3% of the variance in financial well-being was explained by these variables.

8. CONCLUSION

The study aims to convince management that they can affect employees' financial well-being by positively influencing employees' satisfaction with remuneration and financial efficacy. A positive correlation was found between financial well-being and remuneration satisfaction.

The contribution of this study is threefold. Previous studies did not study the possibility of a direct relationship between financial efficacy and financial well-being, nor did they quantify the relationship between financial efficacy, satisfaction with remuneration and financial well-being. Furthermore, the samples used in previous research on financial efficacy and financial well-being were relatively small. This study investigated the relationship between financial well-being and financial efficacy with a significant sample of participants from the South African population and quantifies the relationship. The increasing pressures on personal finance pose a threat to financial well-being and interfere in the workplace. Management needs to be convinced that it is beneficial to the company to ensure the financial well-being of employees. The current study considered concepts that can be used by management to ultimately ensure that employees are financially sound. Furthermore, as indicated in the introduction, research has shown that a lack of financial well-being can have a negative impact on employees' work performance. Financial literacy training may therefore eventually benefit the entity as employees are more attentive due to less personal finance destruction.

The participants in the study completed the survey willingly; as a result, the sample used for the current study is a convenient sample (Salkind, 2007). One of the limitations of convenience samples is that the findings cannot be generalised past the population included in the study (Salkind, 2007). A limitation of the current study was that a convenient sample was used, which consisted of people employed in South Africa in certain industries. Therefore, any findings in this study cannot be generalised for the whole of South Africa, suggesting that it is possible that the same results will be obtained with a different population. The survey data was collected over a certain period of time and results cannot be generalised to past and future situations. Despite the limitations, the large number of participants and statistical correlations deducted add to the current body of knowledge on financial wellness. This is also the first study of this nature done within the South African (a developing country) context.

Further research is needed to quantify (in currency terms) the effect that financial well-being has on employees' work and whether any increase in financial well-being will ultimately reduce the cost of the company. This future research could be the final step in convincing management to ensure employees' financial well-being. Future research can also focus on specific practical ways that management can improve employees' financial well-being in line with the recommendations of the study.

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CHAPTER 3

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

1. INTRODUCTION

Past research has indicated that a lack of financial well-being can negatively affect an employee's performance at work. Employees with high levels of financial stress tend to be more absent from work (Kim & Garman, 2003:39) and less committed to the organisation (Kim & Garman, 2003:38). Financial well-being has also been found to be positively related to low absenteeism (Kim & Garman, 2003:39), productivity (Joo, 1998:244; Joo & Garman, 1998:171) and organisational commitment (Kim, 1999:6).

The main purpose of this study was to determine whether a relationship exists between financial well-being and two subjective measures, namely financial efficacy and satisfaction with remuneration. The rationale behind the main purpose stemmed from research regarding the impact that financial well-being has on an employee's work outcomes. If it can be determined what potential influences a person's financial well-being has, interventions can be designed and implemented at the workplace to improve employees' financial well-being and also to benefit the employer. In order to achieve this objective, the study also obtained an understanding of existing literature in order to identify the measuring instruments included in the study.

Three hypotheses were set, namely (1) there is a relationship between satisfaction with remuneration and personal financial well-being; (2) there is a relationship between personal financial well-being and personal financial efficacy; and (3) personal financial efficacy moderates the relationship between satisfaction with remuneration and personal financial well-being.

2. OVERVIEW OF RESEARCH METHOD

A literature review (Chapter 1) was conducted as basis for the empirical study performed in the article (Chapter 2). The literature review highlighted that increasing pressures on personal finances negatively affect financial well-being. The review further noted that subjective aspects play an integral part in a person's financial well-being (Garman, *et al*., 2004:137, Porter & Garman, 1993:137). An increase in income (Garman, *et al.,* 2005:6) and financial education (Kim & Garman, 2004:74; Garman, *et al.*, 2005:7) have been identified as potential actions that management can take in order to improve employee financial well-being. Per further inspection of literature, an increase in income was found to have no long-term or a small effect on financial well-being (Diener, 2000:37); therefore, satisfaction with remuneration (subjective concept) instead of actual remuneration was inspected further to consider whether it can affect financial well-being. Satisfaction with remuneration is positively related to financial well-being (Kim, 2000:280). Kim (2000:303) expressed the need for more research in this regard. Financial education research noted that education is positively related to financial efficacy (Fox & Bartholomae, 2008:3; Lapp, 2010:2), which is a person's skill to influence his/her financial situation (Fox & Bartholomae, 2008:2). Financial efficacy (as part of perceived behavior control) was found to be positively related to financial well-being (Shim, Barber, *et al*., 2009:1467; Shim, Xiao, *et al*., 2009:720). Satisfaction with remuneration and financial efficacy were selected as measuring instruments in the current study. With the literature study, specific objectives 1 and 2 were addressed.

The empirical research was conducted by means of a survey that was voluntarily completed by 9 057 participants. All of the participants were employed in various sectors of South Africa, mainly in the mining and manufacturing sectors. This data was analysed using SPSS Software and the descriptive statistics indicated that the data is normally distributed. In determining whether the relationships hypothesised in hypotheses 1 and 2 exist, Pearson product-moment correlation coefficients were calculated. A multiple regression analysis was used in order to test the moderating effect hypothesised in hypothesis 3.

3. SUMMARY OF RESEARCH RESULTS

The current study endeavoured to add to research regarding the return on investment of intervention programmes aimed at increasing financial well-being.

Research regarding the effect of financial well-being in the workplace showed that low financial well-being is related to absenteeism (Kim & Garman, 2003:39), lower productivity (Joo, 1998:244; Joo & Garman, 1998:171) and lower organisational commitment (Kim, 1999:43). This research shows that financial well-being is expected to have an influence on employees' work performance. In order to convince management that intervention programmes will be beneficial to the entity and the employee, it needs to be determined which factors influence financial well-being and to what extent they influence financial well-being. In this study, two concepts were examined that could potentially improve financial well-being.

The two concepts that were studied are financial efficacy and satisfaction with remuneration. Previous researchers have suggested that employers should provide employees with financial education at work in order to ensure higher financial well-being in employees (Bagwell, 2000:175; Kim, 2000:304; Kim, *et al.*, 2006:474; Kim & Garman, 2003:40; Bailey, *et al.*, 1998:205; Kim & Garman, 2004:74; Kim, 2008:383; Garman, *et al.,* 1999:84; Prawitz & Garman, 2009:14; O'Neill, *et al.*, 2005:84; Hira & Loibl, 2005:192; Garman, *et al.*, 2005:7). It has been found that people with higher financial literacy tend to have a higher level of financial efficacy (Fox & Bartholomae, 2008:3; Lapp, 2010:2; Postmus, 2011:3). Financial efficacy, in turn, is defined as a person's perceived capability to control his/her personal finances (Lapp, 2010:1; Postmus, 2011:1). Bearing in mind that higher financial literacy tends to be associated with higher financial efficacy, financial efficacy was chosen as one of the concepts to determine whether there is a more direct relationship with financial well-being.

In determining possible ways that management can increase financial well-being, increase in remuneration was also considered. Previous research has found that an increase in remuneration does not increase well-being substantially (Frey & Stutzer, 2000:934; Diener, *et al*., 1993:212; Oswald, 1997:1818; Easterlin, 1974:121; Binder & Coad, 2011:282). The objective measures of financial well-being are only part of the financial well-being story (Garman, *et al.,* 2004:137; Porter, 1990:22) and satisfaction with remuneration has been proposed as one of the subjective measures of financial well-being (Strumpel, 1976:3; Joo, 1998:8; Porter, 1990:22&24). In this research study, consideration was given to whether there is a relationship between an employee's perception of his/her pay and financial well-being. This study aimed to determine whether a relationship exists between financial well-being and the larger concept, i.e. satisfaction with remuneration.

It was hypothesised that satisfaction with remuneration and financial efficacy have a relationship with financial well-being. These relationships were tested by calculating Pearson product-moment correlation coefficients. Furthermore, it was hypothesised that financial efficacy moderates the relationship between financial well-being and satisfaction with remuneration. This hypothesis was tested by using the multiple regression analysis technique.

In the following sections, the results obtained regarding the main research findings are addressed.

3.1 The relationship between financial well-being and satisfaction with remuneration

The results of this study indicated that there is a strong positive relationship between financial well-being and satisfaction with remuneration. A person who is satisfied with the various aspects of remuneration is expected to have a higher financial well-being than those who are dissatisfied with aspects of remuneration. This positive relationship between financial well-being and satisfaction with remuneration replicates the findings of Kim (2000:280). The correlation between these two variables also supports the inclusion of remuneration satisfaction as a measure of financial well-being (Strumpel, 1976:3; Joo, 1998:8; Porter, 1990:22&24).

The study aimed to convince management that they can affect employees' financial well-being by positively influencing employees' satisfaction with remuneration. Increasing employees' financial well-being is expected to result in management meeting the entity's non-financial objectives (Ogilvie, 2008:6) and less interference at the workplace (Bagwell, 2000:168-169; Kim, 2000:295; Kim, *et al.,* 2006:473; Garman, *et al.,* 2005:3; Kim & Garman, 2004:72). The positive relationship found between financial well-being and satisfaction with remuneration indicates that if management increases employees' satisfaction with remuneration, it is expected that financial well-being will also increase.

Aspects that have been found to affect satisfaction with remuneration include satisfaction with the pay system administration (Dyer & Theriault, 1976:602; Weiner, 1980:754; Ash, *et al.*, 1990:13; Kim, *et al*., 2008:164), income level increase (Spector, 1997:20; Prawitz & Garman, 2009:12; Kim, 2000:11, Ash, *et al.*, 1990:13), benefits (Heneman & Schwab, 1985:138; Kim, *et al*., 2008:163), remuneration structure (Kim, 2000:11), belief that pay-for-performance is reasonable (Spector, 1997:20; Prawitz & Garman, 2009:12) and satisfaction with the level of remuneration (Ash, *et al.*, 1990:13; Kim, *et al*., 2008:163; Kim, 2000:11). If management can endeavour to improve any of these aspects in order to maximise employees' satisfaction with remuneration, it is expected that the employees' financial well-being will benefit as well as the entity.

3.2 Relationship between financial well-being and financial efficacy

The hypothesised relationship between financial well-being and financial efficacy was supported. The data indicated that a strong positive relationship exists between financial well-being and financial efficacy. Individuals with confidence in their level of financial knowledge and their ability to meet financial objectives are expected to have a high level of financial well-being.

Previous financial efficacy research included financial efficacy in the larger concept perceived behavioural control (Xiao, *et al*., 2011:240). Financial efficacy as part of the overall perceived behavioural control concept was found to have a positive relationship with financial well-being (Shim, Barber, *et al*., 2009:1465; Shim, Xiao, *et al*., 2009:720). The current study supports this research by indicating that there is a direct relationship between financial efficacy and financial well-being.

The hypothesised relationship aimed at providing further evidence to convince management that financial education programmes will be beneficial to an organisation. Research has shown that financial literacy increases financial efficacy (Fox & Bartholomae, 2008:3; Lapp, 2010:2; Postmus, 2011:3). The relationship found between financial well-being and financial efficacy indicates that increased financial literacy (from financial education) is expected to benefit financial well-being due to increased financial efficacy.

3.3 Moderating relationship between financial well-being, financial efficacy and satisfaction with remuneration.

Also found was a significant moderating relationship where financial efficacy was the moderating variable in the relationship between financial well-being and remuneration satisfaction. The results indicated that 50.9% of the variance in financial well-being can be explained by the two predictors, financial efficacy and satisfaction with remuneration, of financial well-being. When the moderating effect of financial efficacy was added, an additional 1.4% of the variance in financial well-being was explained. Based on the literature review conducted, this is the first time such a moderating relationship between these variables was identified and measured. The moderating relationship indicates that as a person's financial efficacy increases, so does the strength of the relationship between remuneration satisfaction and financial well-being. This is further support that increased financial efficacy can be beneficial to financial well-being.

4. CONCLUSION

Due to the increasing pressures on personal finance and the impact that financial stress has on employees' work outcomes, management needs to be convinced that their actions can improve employees' financial well-being and overall business performance. An objective of the study was to convince management that employees' financial well-being can be improved by positively influencing financial efficacy and satisfaction with remuneration. The findings of the current study suggest that an improvement in level of satisfaction with remuneration and financial efficacy will go hand in hand with an improvement in financial well-being. This indicates that if management can invest in intervention programmes aimed at improving financial efficacy and satisfaction with remuneration, an increase in employee financial well-being can be expected. This should also benefit the entity.

The following describes the study's contribution to existing financial well-being research. The study studied the possibility of a direct relationship between financial efficacy and financial well-being; where previous research studied this relationship where financial efficacy is part of a larger concept. The samples used in the previous research regarding financial efficacy and financial well-being were also relatively small compared to the current study's sample size. A significant sample from the South African demographic was used in order to examine the relationship between financial well-being and financial efficacy. Previous research also did not study the moderating relationship between financial efficacy, satisfaction with remuneration and financial well-being.

5. RECOMMENDATIONS

The following recommendations are made to the management of corporations and are based on the literature review and study conducted. Management should strive to improve employees' financial well-being in order to improve absenteeism, organisational commitment and productivity. Assistance can be provided to employees in the form of financial education, which will improve employee finance management skills and as a result lead to improved financial well-being. Financial education is also expected to improve employee financial efficacy providing the employee with more confidence in his/her financial management abilities. Management can improve employees' satisfaction with remuneration by, for example, paying attention to the various factors that influence satisfaction with remuneration. Management can ensure the fairness of the pay system administration and income level increases by ensuring that fair policies and procedures are in place. Management can also ensure that employee benefits address the specific needs of the employees and that the level of the remuneration is sufficient.

6. LIMITATIONS OF THE STUDY

The survey participants completed the survey willingly; as a result, the sample used for the current study is considered to be a convenient sample (Salkind, 2007:187). A key characteristic of a convenience sample is that the findings cannot be generalised beyond the population included in the study (Salkind, 2007:187). A limitation of the current study was that a convenient sample of employees from South Africa in certain industries was used. Therefore, any findings from this study cannot be generalised across the whole of South Africa; it can only be suggested that it is possible that the same results will be obtained when performing the same study on a different population. The survey data was collected over a certain period of time and results cannot be generalised to past and future situations.

The study was conducted by means of a survey, which has an inherent limitation that participants can potentially affect the outcome of the survey. The respondents may have wanted to please the researcher and provide researchers with the answers that the researcher is seeking. Other ways that the respondents could affect the outcome is by being dishonest, potentially due to the fear that the employer will see their answers (Wyse, 2012).

Despite the limitations noted, the large number of participants and statistical correlations deducted add to the current body of knowledge on financial wellness. This is also the first study of this nature done within the South-African (a developing country) context.

7. AREAS FOR FURTHER RESEARCH

There is a need for future research to confirm the relationships found in this study, using a different demographic group. Future research can inspect the possibility of other variables that management can utilise in order to improve employee financial well-being. In order to quantify the effect that financial well-being has on the workplace, more research is needed on the interference that financial well-being has on the workplace. If this can be quantified, it can be determined whether companies can expect a return on investment when they invest in the financial well-being of their employees. The investment being the intervention programmes implemented at the workplace with the objective of improving financial well-being.

Future research should also consider the cost effectiveness of interventions that management can implement to improve employee financial well-being, in order to maximise the return on investment. The design of the interventions should be researched to ensure that it is constructive in meeting the objective. The testing of the implementation and effectiveness of the intervention programmes is integral in ensuring that the objective of increasing employee financial well-being is met.

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ANNEXURE A

Confirmation of submission

Email sent for the submission of the article:

Jaco Fouche
to Submissions, me, Jaco

PREFERRED JOURNAL - International Business & Economics Research Journal
TITLE - **The relationship between financial efficacy, satisfaction with remuneration and personal financial well-being**

Submission fee - See proof of payment attached.

Please be so kind at to acknowledge receipt of the article.

Regards
Jaco Fouché

Prof. Dr. JP(Jaco) Fouché
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This is confirmation that we received and processed your PayPal payment in the amount of $60.00 and that your manuscript entitled "The Relationship Between Financial Efficacy, Satisfaction With Remuneration And Personal Financial Well-Being" has been forwarded to our reviewers. You will hear from us in 6 weeks regarding your journal submission.

On all future correspondence, please refer to your reference number listed above. Attached to this email is our current call for journal and conference papers.

Thank you,

Marisa
~~~~~~

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ANNEXURE B

Author requirements for papers submitted to the Clute Institute:

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Please submit your paper in Microsoft Word or a compatible format. Text should be formatted for letter size paper (8.5 x 11 inches) single-spaced at 10 points, Times New Roman, with one inch margins, left justified, and single-column. We follow American Psychological Association (APA) guidelines.

Structure of the Paper

Title page
Title
Abstract
Keywords
Introduction
Body of paper
Tables, figures, etc. placed where they belong
Conclusion
Acknowledgments (if applicable)
References (American Psychological Association style)
Appendices (if applicable)

Title Page

The title page should contain the paper title and each author name, affiliation, mailing address, and email address with the contact author indicated. The title page should also contain a short auto-biography of no more than 100 words for each author.

Title

The title should be concise, descriptive, and contain the keywords or key phrases. Search engines assume that the title contains all of the important words that describe the topic of the paper.

Acronyms

The use of acronyms should be avoided in the title and keywords unless widely recognized and understood.

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Abstracts should not exceed 250 words. The abstract should contain all the keywords and key phrases at least once and more than once if necessary. Search engines rank articles higher if the keyword or key phrase being searched appears more often in the abstract. However, pointless repetition may result in the page being rejected by a search engine. Since most researchers read an abstract before reading the paper, abstracts must be written very well.

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Select 3 or 4 keywords or key phrases that you would give a search engine if you were searching for your article. Avoid the use of general and plural terms, abbreviations, and non-descript words such as *and, of*, *or*, *the*, and so on.

When selecting keywords, please keep in mind how search engines operate. A search on the key phrase "*women's health*" does not yield the same result as separate searches on the words "*women's*" and "*health*". The ordering of keywords within a key phase is also important if quotation marks are used because you are searching for words in a particular order. For example, a search for "*women's health*" is not the same as "*health women's*".

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Abbreviations should be defined at first mention and used consistently thereafter.

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Bottom of the page footnotes are preferred to end of the article endnotes.

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In print journal article citation:

> Bangs, J. (2012). Transforming a business statistics course with just-in-time teaching. *American Journal of Business Education*, *5*(1) 87-94.

Online journal article citation:

> Salazar, R.J., & Wang, J. (2013). The evolution of strategies: multinational subsidiaries operating in china. *Journal of Applied Business Research, 29*(5), 1261-1280. Retrieved from http://journals.cluteonline.com/index.php/JABR/article/view/8012/8066

Book citation:

> Calfee, R.C., & Valencia, R.R. (1991). *APA guide to preparing manuscripts for journal publication*. Washington, DC: American Psychological Association.

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Revised November 2013