

## The Relationship Between Financial Wellness and Job Performance in Employees of PDAM Tugu Tirta in Malang City

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### Abstract

Job performance is a crucial criterion related to organizational outcomes and success. One of the factors that influence job performance is individual financial wellness. This research examines the relationship between financial well-being and job performance among PDAM Tugu Tirta Malang City employees. This research utilized a quantitative, non-experimental correlational method. The sample consisted of 100 PDAM Tugu Tirta Malang City employees, selected using an accidental sampling technique. The instruments employed were the Personal Financial Wellness Questionnaire and the Individual Job Performance Questionnaire. The data analysis involved the use of Pearson's product-moment correlation analysis. The analysis results indicate that financial wellness has a significant positive relationship with job performance ( $r_{xy} = .662$ ; Sig. = .00).

### Abstrak

Performa kerja adalah kriteria penting yang terkait dengan hasil dan kesuksesan organisasi. Salah satu faktor yang mempengaruhi performa kerja adalah kesejahteraan finansial individu. Penelitian ini menguji hubungan antara kesejahteraan finansial dengan performa kerja pada pegawai PDAM Tugu Tirta Kota Malang. Penelitian ini menggunakan metode kuantitatif korelasional non-eksperimental. Sampel terdiri dari 100 pegawai PDAM Tugu Tirta Kota Malang yang dipilih dengan menggunakan teknik *accidental sampling*. Instrumen yang digunakan adalah *Personal Financial Wellness Questionnaire* dan *Individual Job Performance Questionnaire*. Analisis data menggunakan analisis korelasi *Pearson's product-moment*. Hasil analisis menunjukkan bahwa kesejahteraan finansial mempunyai hubungan positif yang signifikan terhadap performa kerja ( $r_{xy} = 0,662$ ; Sig. = 0,00).



## INTRODUCTION

*Perusahaan Umum Daerah Air Minum* (English: Municipally Owned Drinking Water Company; abbreviated as *Perumda Air Minum* or PDAM) Tugu Tirta in Malang City has the vision to become a healthy drinking water provider that can be proud of with optimal and sustainable services. In achieving the company's vision and mission, good performance is required from each employee. According to Frinka (2016), job performance at PDAM Tugu Tirta continues to increase yearly. It is evident from a report by Ardiansyah (2022) that PDAM Tugu Tirta won the 2022 5-Star Top BUMD Award.

The award was given to PDAM Tugu Tirta for achieving the best performance. However, this is contrary because there were also several leaking pipe accidents that caused many parties to feel disappointed with the performance of PDAM Tugu Tirta. According to Sutaji, the Mayor of Malang City, the management of PDAM Tugu Tirta, led by M. Nor Muhlas, has yet to resolve this problem correctly. Every time a problem occurs, PDAM Tugu Tirta management waits for more so that the leak's impact also causes some areas to experience a water crisis.

From the above phenomenon, it can be seen that PDAM Tugu Tirta needs to be more consistent in its performance. Nevertheless, it has received awards related to job performance in recent years. However, some parties have also felt disappointed with the performance of PDAM Tugu Tirta because of the many cases of leaking pipes that have harmed many parties. On the other hand, organizational managers are always demanding about employee performance and consider it important. Considering the matter, it becomes evident that employee performance is an essential foundation for any organization. Hence, organizations must thoroughly analyze the factors that provide the foundation of outstanding performance to achieve success (Abbas & Yaqoob, 2009; Inuwa, 2017). One case involves the desire to improve skills and knowledge, flexibility in work, the ability to deal with difficult situations, and work-related adaptations

Then, there is the counterproductive work behavior aspect, which refers to negative behaviors contrary to the work climate. This includes behavior outside the interests of the job, excessive complaining, perfunctory work, lack of attention to the quality and quantity of work results, and a tendency to engage in conflict. In addition, one of the causes of contradictory work behavior is indirectly influenced by salary or financial factors. Furthermore, financial wellness refers to an individual's financial condition, including the ability to meet basic needs, manage debt, invest for the future, and feel financially secure (Pape & Wollburg, 2019). The relationship between job performance and financial wellness is a two-way relationship. First, good financial wellness can improve employee performance. Employees who feel financially secure are more likely to focus on work, less distracted by personal financial issues, and more motivated to achieve work goals. On the other hand, good job performance can improve employees' financial wellness or vice versa. Successful employees tend to earn better income, opportunities for promotion, and additional benefits that support their financial stability (Gubler et al., 2018).

Moreover, a study conducted by Sabri et al. (2020) explains that individuals are more likely to be motivated when they receive benefits or enjoy financial stability from their employer, as this creates a sense of safety and leads to improved job performance. According to Phelps and Crabtree (2013), financial wellness refers to the state of persons effectively managing their economic lives. Enhancements in an individual's financial wellness directly correlate with an improved quality of life, which extends to employees' job performance inside the organization (Rahman et al. 2021). Financial wellness for individuals is a complex concept that involves numerous interconnected factors.

According to Joo (2008), there are several aspects of financial wellness, namely objective measures, income, and consumption measures that represent financial status, such as net worth, net worth related to life expectancy, adequacy of housing needs, nutritional adequacy, cash availability, and income stability. Then there are financial behaviors, which are various things with results and can affect financial wellness. This can be reflected in the activities that individuals participate in and avoid. Personal financial wellness significantly affects company employees' performance, albeit indirectly (Mrkvicka et al., 2016; Rubio-Andrés et al., 2022).

Therefore, when research shows the influence of financial conditions on employees, leading to subpar performance and vice versa, it does not exclude the likelihood that it would also negatively or

positively affect the company. Financial wellness leads to a decrease in financial stress. According to study, when an employee's level of financial stress is low, their job performance tends to be strong. This is because there is a connection between an employee's financial wellness and their overall job outcomes (Hannon et al., 2017; Mrkvicka et al., 2016; Rubio-Andrés et al., 2022). Then, research from Balitor et al. (2021) explains the same thing about the relationship between employee financial wellness and job performance, but no one in Indonesia has conducted similar research. Therefore, this research aims to determine whether there is a relationship between financial wellness and job performance among PDAM Tugu Tirta Malang City employees, which adds to the significance of research on this theme, especially in Indonesia.

## METHODS

This research design uses non-experimental and correlational quantitative research methods. The objective of the research is to determine the relationship between financial health and job performance through statistical calculations. The population in this research was 287 permanent employees of PDAM Tugu Tirta in Malang City. The sample of respondents in this research is 100 people. The instrument used to measure financial wellness is the Personal Financial Wellness Questionnaire, which is prepared with reference to aspects of financial wellness that consist of subjective perceptions of personal finances and assessments of personal financial behavior (Joo, 2008). Job performance is measured using the Individual Job Performance Questionnaire, which is structured based on aspects of job performance, namely task performance, contextual performance, and contradictory work behavior (Koopmans et al., 2011). The next stage is to analyze the data obtained with the help of SPSS Software, using Pearson's product-moment correlation to calculate the correlation coefficient. Before testing the hypothesis, two stages of assumption testing are carried out, namely the normality test and the linearity test.

## RESULTS

### Descriptive Analysis of Financial Wellness and Job Performance

Data description analysis is carried out to understand the picture related to financial wellness (variable X) and job performance (variable Y). Empirical data on the two variables can be observed as follows.

Table 1.  
Empirical Data Statistics

Variables	Empirical Data			
	Min.	Max.	Mean	SD
X	50	73	65.15	4.68
Y	60	85	74.8	5.15

This research uses empirical data to categorize the variables of financial wellness and job performance, which aims to determine the description of these two variables.

Table 2.  
Categorization of Financial Wellness

Category	Norm	Frequency	Percentage
Low	$X < 60.47$	19	19%
Medium	$60.47 \leq X < 69.83$	63	63%
High	$69.83 \leq X$	18	18%
<b>Total</b>		100	100%

Among the 100 respondents, 19% fell into the low category, 63% fell into the medium category, and 18% fell into the high category. Thus, it can be concluded that the financial wellness variable is categorized as moderate.

Table 3.  
Job Performance Categorization

Category	Norm	Frequency	Percentage
Low	$X < 69.65$	18	18%
Medium	$69.65 \leq X < 79.95$	64	64%
High	$79.95 \leq X$	18	18%
<b>Total</b>		100	100%

Among the 100 respondents, 18% fell into the low category, 64% fell into the medium category, and 18% fell into the high category. Thus, it can be concluded that the job performance variable is categorized as moderate.

Table 4.  
Normality Test Results

Variables	Significance	Conclusion
Financial Wellness	.200*	Normally distributed*
Job Performance		

\* Sig. > .05

It can be concluded that financial wellness and job performance have normality test results with a significance value that meets the test rules, namely .200, greater than .05. This value indicates that the data distribution is normally distributed or that the distribution of data that has been tested has no different results.

Table 5.  
Linearity Test Results

Variables	Deviation from Linearity		Conclusion
	F	Sig.	
Financial Wellness	1.201	.279	Linear*
Job Performance			

\* Sig. > .05

In the deviation from the linearity column, it is known that the results of linearity testing on the financial wellness and job performance variables have a significance  $\alpha$  of .279. This value is more significant than .05, so it can be concluded that there is a linear relationship between financial wellness and job performance. The correlation test is conducted using Pearson's product-moment correlation test to prove whether there is a correlation or relationship between the financial wellness variable and the job performance variable in PDAM Tugu Tirta employees. Variables can be correlated if the significance value is below .05. The correlation test results of financial wellness and job performance can be seen in Table 6.

Table 6.  
Results of the Correlation Test

Variables	Sig.	Conclusion	Description
Pearson's correlation	.662*	Positive	It has a significant and positive relationship
Sig. (2-tailed)	.000	Significant**	

\* There is a significant correlation at the .01 level

\*\* Sig. < .05

A Pearson's correlation value of .662 was obtained from the tests carried out. This value shows a correlation coefficient with a positive relationship direction, so if financial wellness is high, job performance is also high. When viewed from the output table above, it is known that the two-tailed significance test value between financial wellness and job performance is .00, which is smaller than .05, meaning there is a significant relationship between the financial wellness variable and the job performance variable. Thus, it can be said that there is a relationship between financial wellness and job performance among PDAM Tugu Tirta employees.

## DISCUSSION

This research aims to describe the financial wellness and job performance of PDAM Tugu Tirta Malang City employees. The results of descriptive data based on empirical data show that 63% of PDAM Tugu Tirta employees who participated in this research were categorized as having moderate financial wellness, meaning that most respondents often experienced financial wellness. Then descriptive data based on empirical data shows that 64% of PDAM Tugu Tirta employees in this research have work performance that is categorized as moderate, meaning that the majority of respondents have sufficient work performance.

Based on the data analysis test conducted using Pearson's product-moment correlation data analysis technique, it is known that financial wellness has a significant correlation with job performance. This positive correlation means that if the level of financial wellness is high, then job performance also tends to be high. Conversely, if the level of financial wellness is low, job performance also tends to be low. This research's findings align with previous research conducted in the Philippines, which found a significant correlation between financial wellness and job performance. Other studies have also stated that job performance ratings are significantly related to employee financial wellness. Employees who report that their performance ratings are high then individuals also feel better about financial wellness (Garman & Bagwell, 1998).

Studies show a strong relationship between financial health and productivity. To keep employees engaged and maintain optimal productivity, employees need to have financial wellness. Financial wellness has a significant impact on employee productivity and employee retention (PwC Indonesia, 2021). This research also highlights the importance of financial wellness programs in the workplace to help employees manage their finances well and improve overall wellness. A survey by Aon Hewitt (2014) found that financial wellness programs positively impact employee productivity and retention. This research shows that employees who engage in financial wellness programs tend to have higher levels of job satisfaction, lower levels of stress, and better retention rates. These financial wellness programs can help employees manage their finances well, improve financial security, and provide long-term benefits to the organization through higher productivity and better employee retention. Productivity describes good job performance, and productivity itself refers to the ability of an individual or organization to produce desired results using available resources. In the work context, productivity reflects efficiency and effectiveness in completing tasks and achieving work goals (Busro, 2018).

Productive employees tend to get the job done well, produce a high output, and significantly contribute to the organization, so productivity is an indicator that affects job performance in terms of task performance (Joo, 2008). Therefore, high productivity is often considered an indicator of good job performance. One way of understanding the relationship between financial wellness and job performance is through the impact of emotional responses and stress on employees. Financial instability or serious financial problems can cause significant stress.

This stress can disrupt a person's concentration, focus, and cognition, thus affecting their ability to complete work tasks properly (Allen & Martin, 2017). In addition, ongoing financial stress can affect overall psychological wellness, which can negatively impact employees' motivation, morale, and commitment to their jobs (Xu et al., 2016). Thus, organizations need to understand and address the impact of emotional responses and stress on employees in the context of financial wellness in order to improve overall job performance. Financial wellness can also affect employee motivation and engagement in their work. Research from Sabri et al. (2020) explains that an individual's motivation increases when they receive benefits or achieve financial stability through their employment with a company. This sense of security encourages better job performance. When employees encounter financial hardships or significant financial obligations, they could experience a sense of being stuck in unsatisfying employment or unable to accomplish their future financial goals. This might diminish the inherent drive and undermine employee involvement in their task.

In contrast, employees who feel financially secure tend to be more motivated and engaged in their work, which in turn improves their job performance (Barling et al., 1996). Organizations should pay attention to employees' financial wellness. Companies can improve employee motivation, engagement, and job performance by providing financial education resources and programs, reducing financial overload, and encouraging employees to achieve greater financial stability. In this regard, understanding the relationship between financial wellness and job performance can help organizations create a more productive work environment and ensure employees feel supported in their financial aspects.

Financial wellness can provide a sense of security, stability, and control over one's financial life. This can have a positive impact on employees' psychological wellness. Financially secure employees typically experience reduced stress levels, improved sleep quality, and a more favorable work-life balance. This enables individuals to enhance their overall productivity and job performance by directing their attention and concentration more effectively towards their work. In addition, when a person's financial health improves, their quality of life will also improve, including employees' job performance in the company (Rahman et al., 2021). Conversely, financial instability and heavy financial burdens can cause stress, affect motivation, and disrupt employees' psychological health. Therefore, attention to financial wellness in the workplace is important, including providing financial education resources and programs, reducing financial overload, and encouraging employees to achieve greater financial stability.

## **CONCLUSION**

After completing all the processes and describing the research results, several important points can be concluded. Based on the results of the analysis, it is known that there is a significant relationship between financial wellness and job performance among employees of PDAM Tugu Tirta Malang City. The relationship was positive, which means that the higher the financial wellness of the respondents, the higher the job performance, and vice versa. This research is expected to be a source of reference to expand future research by using other factors that may have a relationship with job performance to help improve good job performance for employees.

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