



THE EFFECT OF PERSONAL FINANCIAL RESOURCES PLANNING ON JOB SATISFACTION AND PERFORMANCE

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Abstract

This study aims at developing a reliable and valid measures of personnel financial resources planning and its influence on job satisfaction and job performance. Survey method was used to collect data through scientific scale development. The scale was first tested for reliability and valid measure items. The data was subjected to test model fit using structural equation modeling. The study revealed that antecedent of personnel financial resources has significant relationship. However, there was no direct or indirect influence on job satisfaction and performance. The present study was confined to the employees working in the university only. Antecedents of personnel financial resources can be used to measure effect on job satisfaction

and performance in private organizations and provide directions for employees to plan his/her personnel financial resources planning. This is the first study which contributes to the development of dimensions of personnel financial resources in the field of economy, accounting and finance.

Keywords: income, investing, spending, saving, job satisfaction, job performance

INTRODUCTION

Personnel financial resources planning is one of the most interesting and important topic for many employees because it has the significant impact on their day to-days' lives. It is a continuous process of planning financial activities (income, savings, investing and spending) to meet the day to-days and future financial needs. The need for planning usually centers on cash and entails the preparation of budget towards savings, spending and investing to meet financial needs of day to-day life. The benefits of financial planning includes increasing wealth, protecting wealth and smoothing consumption (Hanna and Lindamood, 2010), increasing quality of life and satisfaction, reducing the like hood of over-indebtedness and bankruptcy of the household (Waliszewski, 2014). In addition, it benefits the entire family during recession period, economic shutdown and financial crises and even after the retirement from the work or services. Moreover, it helps to plan for future expenses i.e., marriages of children, college education and health. Therefore, it is essential that we take right decisions at the right time to avoid any financial crises which may occur during the economic turbulence or economic shutdown.

Personnel financial resources planning means collecting the sources of income (salary, wages, bonuses and so on) and dividing the money into various disciplines (savings, spending and investing) by an employee to avoid the financial crises during the economic turbulence time and to meet future financial needs. The most common areas of personal financial planning includes planning of savings, spending, investment, tax, liability, risk management, retirement (Altfest, 2004). Most of the employees working either in private or public sector do not plan for their day to-days' and future financial needs. Therefore, the current study investigates the relationship between the constructs of personnel financial resources planning (income, investing, savings and spending) as well as job satisfaction and performance. Subsequently, measures the effect of these constructs on job satisfaction and job performance.

PERSONAL FINANCIAL RESOURCES

Previous studies were thoroughly reviewed to examine the constructs in the current study. The main focus of the study is to investigate the construct of personnel financial resources planning

and tests the relationships between the identified constructs. Also measure the effect of these constructs on job satisfaction and job performance.

Income

Income has referred in the accounting profession to means different things such as revenue or sales and net income. Income of an employee working in the organization is termed as salary, pay, remuneration etc. Income or salary means receiving money on a regular basis for the work. In other words, salary/income is a fixed compensation paid by an employer to an employee on monthly basis which is stated in an employment contract, is coming to be seen as part of a "total rewards" system which includes bonuses, incentive pay, commissions, benefits and perquisites (candor,2019). Sources of income includes salary, bonuses, hourly wages, pensions, extra hours, incentives for attending workshops and seminars, incentive for publication of research papers etc. These income uses for saving, investing and spending monthly income/ salary may or may not influence the job satisfaction and performance. Therefore, it is interesting to investigate the relationship between income, job satisfaction and job performance.

H1: Income has positive effect on satisfaction which, in turn, influence job performance

Investing

Investing means buying and selling of securities such as bonds, stocks, mutual funds and so on with the expectation of generating high returns (profit or income). In other words, allocating funds to an asset to attempt to make profit or income. Andriani and Nugraha (2018) described investment as to place capital or funds on some asset which expected to earn something or to increase its value in the future. Investors can hold assets either for short term or long term. Employees working in the universities or colleges do not focus on investing in various financial products and hence it is hypothesized that investing have positive effect on job satisfaction and job performance.

H2: Investing have positive effect on satisfaction which, in turn, influence job performance

Savings

Savings means retaining excess cash for future investment and spending. Savings for retirement, payment of debts and cutting expenses are savings for future. In economics more broadly, savings refers to any income not used for immediate consumption (Giordano1983). Most people do not focus on savings and increases debts. Lack of focusing savings leads to job satisfaction and performance. Therefore, it is hypothesized that saving have positive effect on job satisfaction and performance.

H3: Savings have positive effect on satisfaction which, in turn, influence job performance

Spending

Spending means paying money for buying Goods and Services or anything that is consumable. Spending, according to Andriani and Nugraha (2018) is an expenditure of the household to buy goods and services. In other words it is an expensed related to rent, taxes, food, entertainment, travel clothing etc. Spending money on various items reduce the money for saving and investing. Managing expenses is considered important than generating income because higher spending leads to lower savings and investing. Planning with regard to spending need to be done to know where the money goes and excess cash is retained for investment or savings. In addition help to trim expenses. Therefore, savings leads to job satisfaction which in turn leads to job performance of employee. Hence, it is hypothesized as

H4: Spending have positive effect on satisfaction which, in turn, influence job performance

Job Satisfaction

Satisfaction is a psychological atmosphere that does not have a universal standard size that applies to everyone. Job satisfaction is a complex concept which is related to multiple factors (Rezaee, 2018). It is a person's sense of evaluation of his work, assessment of how well his job satisfies his needs, how his assessment of the job or how it is assessed for individual social relations outside the work, or measures of organizational success in meeting the needs of subordinates (Banjarnahor et al., 2018). In fact, it is an attitude toward one's work and the related emotions, beliefs, organizational environment, and motivation. It illustrates why employees behave as they do toward accomplishing personal and organizational goals. In sum, it can be defined as an attitude or feeling about the job itself. In other words, job satisfaction is connected to how people feel about their jobs and their different aspects (Robbins, 2010).

An employee's job satisfaction can be affective and cognitive. Affective job satisfaction is the extent of pleasurable emotional feelings that an individual has about diverse dimensions of his/her job situation. On the other hand, cognitive job satisfaction is the extent of an employee's perception, feelings and responses, with particular aspects of their jobs, such as pay, pension arrangements, working hours and numerous other aspects of their jobs (Kosi, et al., 2015). The most important indicators of job satisfaction are the work itself, wages or salaries, co-workers, supervision, promotion, and working conditions (Luthan, 2006).

H5: Income, investing, savings and spending have positive effect on satisfaction which, in turn, influence job performance

Job Performance

Performance is a practice and an epistemology, a creative doing, a methodological lens, a way of transmitting memory and identity (Curtin, 2016). Job performance means good ranking with the hypothesized conception requirements of a role. The elements of job performance are contextual and task. Task performance is related to cognitive ability while contextual performance is dependent upon personality (Ivan, 2015). Task performance are behavioral roles that are recognized in job descriptions and by remuneration systems, they are directly related to organizational performance, whereas, contextual performance are value based and additional behavioral roles that are not recognized in job descriptions and covered by compensation; they are extra roles that are indirectly related to organizational performance (Paul, 2011).

An effective performance is determined by achievement skills and competency of the performer level of skill and knowledge. Spencer and McClelland in 1994 defined competency as "a combination of motives, traits, self-concepts, attitudes, cognitive behavior skills (content knowledge)" that helps a performer to differentiate themselves superior from average performers. A performance may also describe the way in which an actor performs (Shippmann et al., 2000). An ideal performance state includes: absence of fear, not thinking about the performance, adaptive focus on the activity, a sense of effortlessness and belief in confidence or self-efficacy, a sense of personal control, a distortion of time and space where time does not affect the activity (Williams & Krane).

In addition, performance is dependent on adaptation of eight areas: handling crisis, managing stress, creative problem solving, knowing necessary functional tools and skills, agile management of complex processes, interpersonal adaptability, cultural adaptability, physical fitness (Frank et al., 2010). Therefore, it is hypothesized that income, investing, spending have positive effect on job performance.

H6: Income, investing, savings and spending have positive effect on job performance

METHODOLOGY

Sample and Data Collection- The data was collected from the university staff including teaching and non-teaching. Survey questionnaire includes three constructs: Personnel financial resources planning (income, investing, savings and spending), job satisfaction and job performance. It also includes demographic variables such as age, gender, income etc. A total of 225 valid responses were obtained through email, SMS and Google drive and hence convenience sampling technique has adapted to collect the data (see Table 1).

Measures and Instrument--In order to achieve the objectives of this study, six constructs: income, investing, savings and spending, job satisfaction and performance are considered. The questionnaire is self-designed. The questionnaire included 35 items for personnel financial resources planning, job satisfaction and job performance. All items were measured using 5-point Likert's scale from 1 (strongly disagree) to 5 (strongly agree). The questionnaire is first drafted in English version and then translated in Arabic version since the national language is Arabic. The questionnaire was further revised after pilot test is conducted to assess the suitability and reliability.

This pretest allowed to review, modify and refine the questionnaire by deleting, adding or reformulating items, or changing wording and layout as required, etc. For this pretest, an exploratory factor analysis was performed to detail the dimensions of personnel financial resources planning, job satisfaction and job performance. From this analysis, six items associated with the income, investing, savings, expense, job satisfaction and job performance dimensions were removed owing to factor loadings of less than 0.40 or cross-loadings.

Table 1: Descriptive Statistics

Demographic Factors	Percentage	Percentage
Gender		
Male	166	73.8
Female	59	26.2
Total	225	100.0
Education		
Secondary School	01	0.4
Diploma	17	7.6
Graduation	47	20.9
Master	77	34.2
PhD	83	36.9
Total	225	100.0
Job Positions		
Administration	31	13.8
Teaching Staff	182	80.9
Researcher	03	1.3
Technician	05	2.2
Others	04	1.8
Total	225	100.0

Table 1...

Experiences		
< 3 Years	05	2.2
3-6 Years	65	28.9
6-9 Years	40	17.8
9-12 Years	24	10.7
> 12 Years	91	40.4
Total	225	100.0
Marital Status		
Married	205	91.1
Unmarried	20	8.9
Total	225	100.0
Number of Children		
< 2	71	31.6
2-4	101	44.9
4-6	20	8.9
6-8	02	0.9
> 10	08	3.6
No	23	10.2
Total	225	100.0
Sources of Income		
Salary	221	98.2
Other Sources	04	1.8
Total	225	100.0
Salary		
<3000 SAR	00	00.0
3000-6000 SAR	50	22.2
6000-9000 SAR	45	20.0
9000-12000 SAR	84	37.3
> 12000 SAR	46	20.4
Total	225	100.0
Nationality		
Arabs	164	72.9
Non-Arabs	61	27.1
Total	225	100.0

ANALYSIS AND RESULTS

Measurement Model Testing

An exploratory factor analysis was performed for obtaining initial factor structure of personnel financial resource planning, job satisfaction and job performance. Reliability and validity of obtained factor structure is tested using Cronbach's Alpha and then, a confirmatory factor analysis was conducted in order to verify the characteristic of convergent validity of the measurement items (Anderson and Gerbin, 1998; Bagozzi and Foxall, 1996).

For checking sampling adequacy, Kaiser-Meyer-Oklin (KMO) and Bartlett's test of Sphericity were performed. The value of KMO (0.84) and Bartlett's test of Sphericity ($\chi^2 = 344.12$, $df = 145$ and $p \leq 0.000$) represented the adequacy of sampling for further analysis. The data was analyzed using principle axis factoring and promax with Kaiser Normalization rotation method. Six factors were identified after removing the commonalities with low value, cross loadings and low factor loadings. These six factors were labeled as income, savings, investing, spending, job satisfaction and job performance.

Cronbach's alpha for all factors scale was 0.841 which exceeded the minimum standard of 0.7 recommended by Nunnally, 1978 and Peterson 1994 for scale reliability. The alpha values for six factors were 0.945 (Income), 0.883 (Investing), 0.855 (Savings), 0.717 (Spending), 0.745 (Job Satisfaction) and 0.657 (Job performance) respectively. Table 2 depicts the measurement items, its factor loadings and reliability analysis.

Table 2: Exploratory factor analysis and reliability analysis

Q.NO	Factor 1 - Income	Value	Cronbach Alpha Value
8	The best way to succeed is to manage my income according to my budget and the goals planned.	.937	0.945
2	Realistically dealing with my income according to my financial situation is the first steps of the good financial planning.	.917	
7	Good financial planning of income depends on my ability to create a balance between financial resources and expenditure level to save and invest.	.900	
5	Effective financial planning helps me to avoid debt accumulation, bankruptcy and provides economic security to the household.	.894	
6	Effective financial budgeting guide me to live within our income.	.868	
3	Managing in a turbulent economic environment without a financial plan is one of the biggest mistakes.	.792	

Factor 2 – Investing			
17	I work to manage a balance between my spending and savings to obtain an appropriate amount for investment.	.993	0.883
16	I work to provide a part of my income to the investment.	.920	
26	I conduct a periodic audit of my income through statement of an expensed and savings.	.747	
15	I have financial goals that are realistic, precisely defined and cover a wide-range of financial investment program.	.558	
Factor3 – Savings			
19	My savings levels affect my financial decision related to investment.	.958	0.855
14	I always make policy for monthly savings.	.835	
25	I create an annual financial budget and divide it into a monthly budget to manage my savings as planned in the budget.	.792	
Factor 4 – Spending			
13	Visa card leads to excessive payment and it obstacles savings.	.788	0.717
18	My budget is negatively affected by the deduction of a large amount of income to pay investment premiums.	.779	
30	The salary I receive is according to the cost of living spending.	.666	
Factor 5 - Job Satisfaction			
32	The level of job satisfaction depends on my job security	.903	0.745
31	The level of job satisfaction and income is reflected in the financial planning of my budget.	.848	
Factor 6 -Job Performance			
34	My job performance improves when my income increases.	.865	0.657
22	Job satisfaction affects my job performance.	.654	

After obtaining the standard alpha values, confirmatory factor was performed using AMOS 20.0 to verify convergent and discriminate validity of the constructs. The results of confirmatory factors analysis matches with the results of exploratory factor analysis after 11 iterations. The measurement model indicates an acceptable model fit of data ($\chi^2 = 344.120$, $df = 145$, $p \leq 0.000$, $CMIN/DF = 2.373$, $CFI = 0.935$, $PCFI = 0.714$, $RMSEA = 0.078$). This Model fit indicates a reasonable fit of the measurement model with data and confirms to the six factors of personnel financial resources planning (See figure 1).

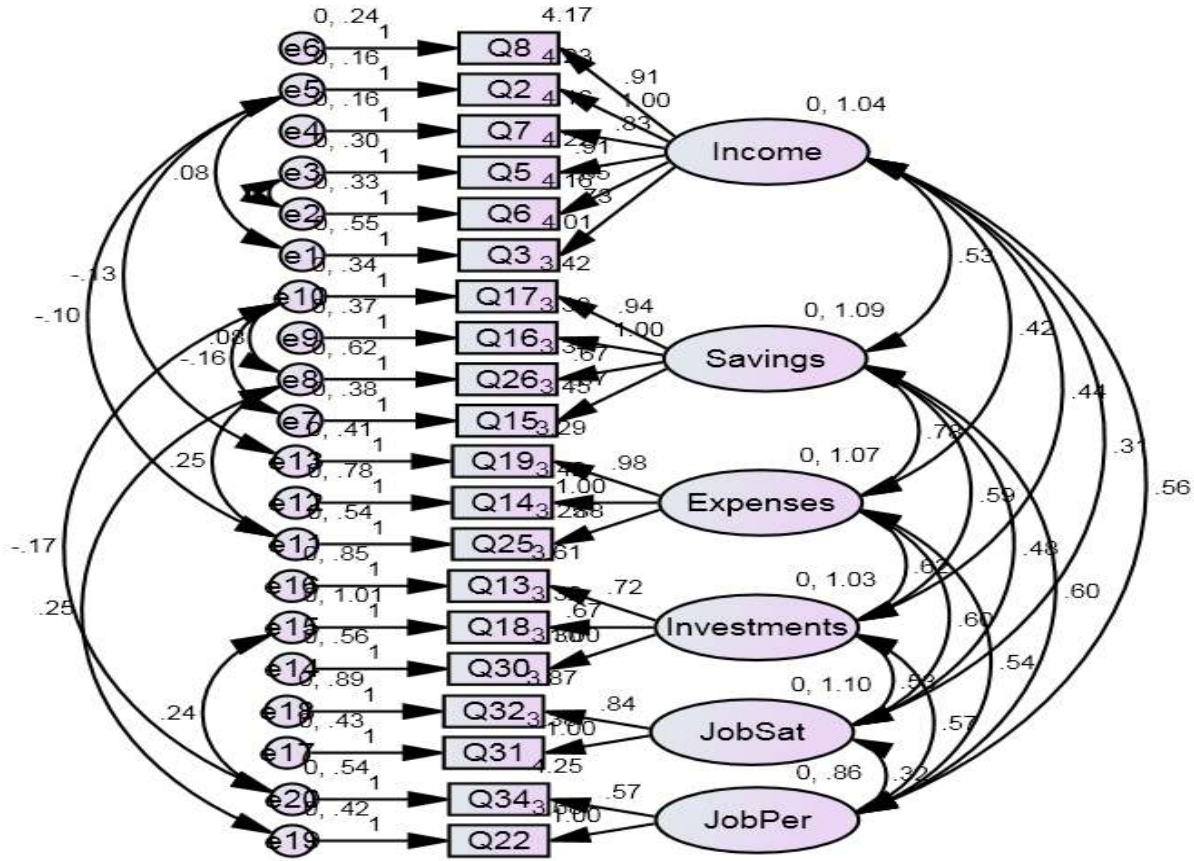


Figure 1: Measurement Model Fit

Structural Model Testing

After the confirmatory factor analysis, the structural equation modeling (SEM) analysis was conducted to examine the hypothesized relationship between the constructs. To achieve minimization model, the data iterated 12 times. The results indicate that the model does not fit indices as the RMSEA value (0.123) is above cut off i.e., 0.95 (Wheaton, 1987) and hence the model fit indices are not acceptable. The model has no significant value of $\chi^2 = 703.543$, $df = 161$ and $p \leq 0.000$. All the other relevant indices are also not within the acceptable range (CMIN = 4.370, CFI = 0.823, PCFI = 0.698 and RMSEA = 0.123) See Figure 2.

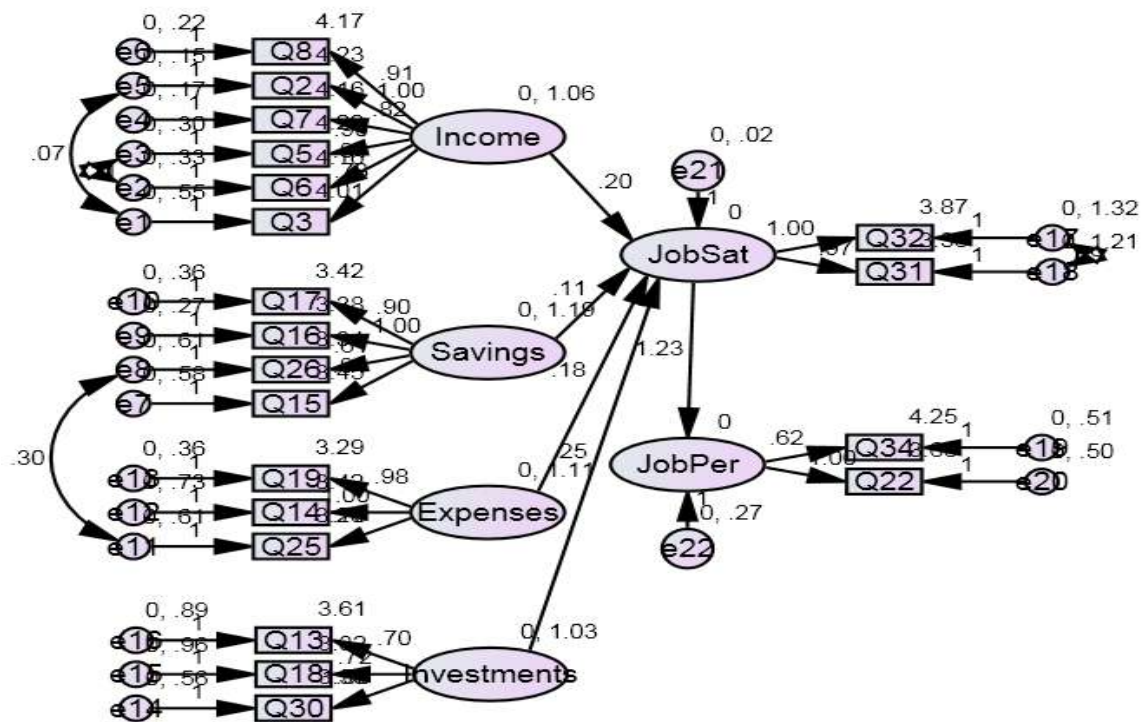


Figure 2: Structural Equation Modeling

DISCUSSIONS

The personnel financial resource planning has emerged as a multidimensional constructs such as income, investment, saving, and spending. The present study investigates the relationship between the constructs of personnel financial resources planning and other construct such as job satisfaction and job performance. The measured items of first construct includes managing income according to budget planned, good financial planning, planning towards levels to save and invest, debt accumulation and security, living within the income limit and planning helps to manage income during turbulent economic environment.

The second construct is labeled as investment that constituted by four measured items- balancing spending and savings helps in investment, saving income for investment, periodic income audit and realistic goals towards investment.

Savings has emerged as a third construct which is constituted by measurement items such as making policy towards monthly savings, savings affect financial decisions, creating monthly financial budget to manage savings.

The last construct of personnel financial resources planning is labeled as spending which is constituted by three measurement items- credit cards obstacles savings, high investment premiums and income is according to the cost of living spending.

The results indicate that there are statistically significant relationships between the constructs of personnel financial resource planning (income, investing, savings and spending) and other constructs such as job satisfaction and performance. But, the constructs of personnel financial resource planning showed no relationship with job satisfaction and job performance. The model does not fit the indices, this is probably from the fact that employees belong to the government university. The employees, therefore, may not be able to distinguish differences between the constructs. However, the present model can be tested by considering the employees working in the private sector.

IMPLICATIONS

The current study is one the few that models the interrelationship of income, investing, savings and spending (personnel financial resources planning), job satisfaction and job performance in the organizations. This study is, to the best of knowledge, the first study to empirically investigate the relationships between the constructs within the university. A key findings of this study is the strong relationships between the constructs of personnel financial resources planning (income, investing, savings and spending) and its relational constructs such as job satisfaction and job performance.

CONCLUSIONS

This study was aimed at developing a six dimensional multi items scale for items measurement and investigate the relationship between the antecedents of personnel financial resources planning (income, investing, savings and expensed) and examine its influence on job satisfaction and job performance. The scale was first tested for reliability and validity. It is argued that teachers does not plan for their resources either monthly or annually. They take home the salary and other resources of income such as extra hours, research publications, writing books and consultations fees etc. and do not prepare plan of investing for future, savings for investing and spending. Sound financial planning can determine and establish the standards for living toady and in the future.

LIMITATIONS AND FUTURE RESEARCH

First the model used in the current study was tested using the email. SMS, Google drive and self-administered survey. Second, the current study is based on survey of employees working in the government university only, with the relatively small size thus limiting the generalizability of the findings. Finally, insurance, liability, personal balance sheet, and retirement planning has been neglected in the study. These all restrict the generalizability of the current findings. It is

believed that future research, which could collect data across all the private and government universities and private organizations, might help generalize the findings.

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