

**THE IMPACT OF FINANCIAL PROBLEMS ON PRODUCTIVITY OF  
EMPLOYEES OF THE DEPARTMENT OF SOCIAL SERVICES,  
POPULATION AND DEVELOPMENT, ERMELO DISTRICT**

BY

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## **DECLARATION**

I declare that this research report on “the impact of financial problems on productivity of employees of the Department of Social Services, Population and Development, Ermelo District” is my own work and that all the sources I have used or cited have been indicated and acknowledged by means of a complete reference.

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Matlale Johannah Masemola

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## **ABSTRACT**

### **THE IMPACT OF FINANCIAL PROBLEMS ON PRODUCTIVITY OF EMPLOYEES OF THE DEPARTMENT OF SOCIAL SERVICES, POPULATION AND DEVELOPMENT, ERMELO DISTRICT**

The purpose of this study was to determine the impact of financial problems on the productivity of the employees of the Department of Social Services, Population and Development, Ermelo District, as a way or method of helping troubled employees to identify causes of their financial problems and how the problems impact on their productivity.

A quantitative approach was used to determine the impact that financial problems have on employees' productivity. The researcher utilized the quantitative approach because she wanted to base her knowledge gained on objective measurements of the real world, not one someone's opinion, beliefs or past experiences.

Applied research was relevant to this study as the knowledge gained, can be utilized to resolve productivity problems impacted by financial problems.

The study was an exploratory research as little is known about this subject.

The researcher used probability sampling with a simple random sampling method to select the sample of 30 respondents from the population of 320 employees.

The researcher compiled a questionnaire to collect information from the

employee's. The results derived from all the respondents indicated that, employees at the Department of Social Services Population and Development Ermelo District experience financial problems. The problem has a negative impact on their productivity and other problems are stated to be emanating from financial problems. It also revealed that there is no Employee Assistance Programme in the Department. The problems of employees are left unattended hence there is no method that is used to address them.

It is then concluded that financial problems has a negative impact on the employee's job productivity, hence there is a need for introduction and implementation of an Employee Assistance Programme.

#### **List of Key Concepts**

- Employee
- Personal Financial Management
- Productivity
- Mongi Mali News

## **OPSOMMING**

### **DIE IMPAK VAN FINANSIËLE PROBLEME OP DIE PRODUKTIWITEIT VAN WERKNEMERS VAN DIE DEPARTEMENT VAN MAATSKAPLIKE DIENSTE, BEVOLKING EN ONTWIKKELING ERMELO DISTRIK**

Die doel van die navorsing was om die invloed van finansiële probleme op die produktiwiteit van werknemers te bepaal. Dit was gedoen om werknemers te help om die oorsake van hulle finansiële probleme te identifiseer en die invloed daarvan op hulle produktiwiteit te bepaal.

‘n Kwantitatiewe benadering was gebruik om die invloed van finansiële probleme op die produktiwiteit van werknemers van die Department van Maatskaplike Dienste, Bevolking en Ontwikkeling Ermelo Distrik te bepaal. Die navorser het die kwantitatiewe benadering benut want sy wou haar verkreeë kennis op objektiewe meting van die werklike wêreld en nie op iemand se opinie, sieninge of ervarings bou nie.

Toegepaste navorsing was tot die studie relevant want die verkreeë kennis kan benut word om die impak van finansiële probleme op produktiwiteit aan te spreek.

Hierdie studie was gedoen deur middel van ‘n eksploratiewe ontwerp aangesien min inligting oor hierdie onderwerp beskikbaar is.

Die navorser het van ‘n waarskynlikheidsteekproef met ‘n ewekansige steekproefmetode gebruik gemaak om die 30 respondente van die populasie van 320 te selekteer.

Die navorser het ‘n vraelys gebruik om die inligting van die respondente te versamel. Die terugvoer vanaf al die respondente dui duidelik daarop

dat werknemers van die Department van Maatskaplike Dienste, Bevolking en Ontwikkeling Ermelo Distrik, finansiële probleme ervaar. Hierdie finansiële probleme het 'n negatiewe invloed op hulle produktiwiteit.

Ook het dit aan die lig gekom dat daar geen Werknemer Hulpprogram (WHP) in die Departement bestaan nie. Die probleme van werknemers word nie aangespreek nie en daar is tans ook geen metode om dit te doen nie.

Die gevolgtrekking wat hieruit gemaak kan word, is dat finansiële probleme 'n negatiewe invloed op die werknemers se produktiwiteit het, en dat daar tans geen hulpverlening in die verband aan werknemers is nie. Daar kan dus beplanning plaasvind ten opsigte van die ontwikkeling en implementering van 'n Werknemer Hulpprogram.

### **Lys van Sleutelkonsepte**

- Werknemer
- Persoonlike Finansiële Bestuur
- Produktiwiteit
- Mongi Mali Nuus

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# *CHAPTER ONE*

## **GENERAL INTRODUCTION AND ORIENTATION TO THE STUDY**

### **1.1 INTRODUCTION**

The employer whether private or public, depends mainly on the performance of employees to achieve the mission and vision of the company. There are a number of factors which impact negatively on the productivity of the employees. Swart (1996:4) argues that, as people are striving to achieve their needs and gain financial independence, the process becomes very complex due to the changing economic conditions, the changing political climate, inflation, the large number of financial institutions, conflicting financial advisors and attractive advertisements in the media industry.

The researcher is of the opinion that the prevailing financial problems in employees' lives do not create only performance problems but a cycle of personal problems such as including marital problems, family problems, substance abuse, legal action and divorce. For some people financial problems are personal and private, therefore they prefer not to talk about them publicly. Orman (1997:12) argues that people don't tell the truth about money and it is difficult for them to confess their financial worries to their children, friends and relatives. This consequently could cause the employee to perform poor at work. The main focus of this study was to explore how financial problems impact on the employee's performance, focussing specifically on the employees of the Department of Social Services, Population and Development in Ermelo District.

## **1.2 MOTIVATION FOR THE CHOICE OF THE SUBJECT**

According to Babbie (1998:50) personal interest on the part of the researcher is usually the main motivating factor in the selection of a research problem. Babbie (1998:50) further states that interest on the part of the researcher forms the foundation of a successful study.

Personal interest, personal experience and having discussions with colleagues as well, influenced the researcher in choosing this subject. The researcher was motivated in her choice of this subject by the large number of employees with financial problems in the Department of Social Services, Population and Development in Ermelo District. This was confirmed by Mrs. E Ngwenya; who is the Director at the Department of Social Services, Population and Development in Ermelo District. As there is no Employee Assistance Programme (EAP) within the Department in Ermelo, most employees find themselves in trouble as there is no one who can assist or advise them on how to cope with their problems, more specifically financial problems. Consequently, they end up being victims of micro-lenders and unscrupulous financial advisors who are only interested in making profit. As a result of this, productivity may be affected. Meyers and Rabatin (2000:133) argue that managing your finances instead of letting your money manage you, will give you more confidence, self-esteem and peace of mind.

## **1.3 PROBLEM FORMULATION**

It is an obvious fact that the Department of Social Services, Population and Development loses millions of rands per year if their employees do

not perform according to the required standard. One of the major problems that could affect the productivity of employees is a financial problem. Betts (1993:398) argues that productivity can be measured by using employees as the resource factor, but understandably all other resources affect employees' effectiveness. Betts (1993:398) further states that elements such as resources provided, financial rewards, relationship with co-workers and comfort may improve job satisfaction but not necessarily productivity. Improved productivity generally implies higher rewards, which together, should improve job satisfaction. This will lead to higher morale which makes the application of motivators easier and more likely to succeed and possibly improve mental and physical health (Betts, 1993:398).

Garman (1998:2) conducted research in the Department of Defense in Virginia, which reveals that productivity loss is caused by the poor personal financial behaviour of employees. The government of South Africa is aware of this plight, hence it introduced a document like Mongi Mali News (2001:7). It indicates that according to the new regulations an employee is not allowed to pay more than 15% of his/her basic salary on insurance premiums. It further indicates how the government is intending to consolidate loans. An employee is not allowed to deduct more than 15% of his basic salary on loan repayments. This sounds like a good strategy but little has been done to ensure that the behaviour of those being affected is corrected and channeled in a positive way.

The research done by Garman (1998:2) indicates that employees with financial problems experience stress to the extent that productivity is negatively impacted. The research further reveals that 25% to 30% of workers report high work stress and among major stresses are relationships, work, health, crime/violence and personal finance.

In South Africa this subject has not been researched based on whether the productivity of employees is affected or not. The researcher intended to investigate whether financial problems have an impact on the productivity of the employees of the Department of Social Services, Population and Development Ermelo District.

#### **1.4 AIM AND OBJECTIVES OF THE STUDY**

According to De Vos, Schurink, and Strydom (1998:7) the aim of the study implies the broader, more abstract conception of the end towards which efforts or ambition is directed.

De Vos (1998a:381) argued that unlike the aim, which is a broad statement, an objective is a precisely worded statement of a desired change.

##### **Aim of the study**

The primary aim of this study was to explore the impact of financial problems on productivity of employees of the Department of Social Services, Population and Development, Ermelo District.

##### **Objectives of the study**

- \* To determine the types of problems that emanates from financial problems as well as factors that impact on productivity through literature study.



- \* To undertake an empirical study to explore the impact of financial problems on the productivity of employees.
  
- \* To formulate conclusions and recommendations for the Department of Social Services, Population and Development, Ermelo District, on relevant strategies to address the financial problems of employees, as based on the research findings.

### **1.5 RESEARCH QUESTION**

According to De Vos (1998b:115) research questions are posed about the nature of real situations, while hypotheses are statements about how things can be. Thus, a research question presents or reveals the purpose of the research. The researcher used a question instead of a hypothesis, as it is more relevant to the exploratory study.

In this study, the research question was as follows:

What is the impact of financial problems on the productivity of employees in the Department of Social Services, Population and Development in Ermelo District ?

### **1.6 RESEARCH APPROACH**

Leedy (in De Vos, Schurink & Strydom 1998:15) identifies qualitative research methodologies as dealing with data that is principally verbal and quantitative research methodologies as dealing with data that is principally numerical.

Neuman (1997:06) argues that the language of quantitative research is the language of variables, hypotheses and causal explanations, while qualitative research's central issues are not to convert data into reliable numbers; rather they are concerned with such matters as the accessibility of other cultures, the relativity of an actor's account of the social world and the relationship between sociological descriptions.

Based on these distinctions, the researcher adopted the use of a quantitative approach to explore the impact of financial problems on employee's productivity. Financial problems are problems in practice, as a result a quantitative approach will assist the researcher to count and correlate its impact on productivity. The researcher based her knowledge gained, as Grinnell (1997:74) puts it, on objective measurements of the real world, not on someone's opinion, beliefs or past experiences.

### **1.7 TYPE OF RESEARCH**

Fouché & De Vos (1998:69) state that basic research focuses on adding to the knowledge base of social work while applied research is based more on addressing the application of research in practice, to extend knowledge of human behaviour relating to human service intervention. It is directed towards shedding light on, or providing possible solutions to practical problems.

This research is applied research as the aim is to address financial problems in practice and some sort of social change (in terms of behaviour change). It is based on the natural setting of the population. Applied research is relevant to this study as the knowledge gained through this study can be utilized to resolve productivity problems impacted by financial problems.

### **1.8 RESEARCH DESIGN**

According to Thyer (in De Vos & Fouché 1998:77) a research design is the roadmap or blueprint according to which the researcher intends to achieve the research goal and objectives. Babbie (1998:89) indicates

that a research design is a strategy for finding out something as it helps to specify clearly what the researcher wants to find out and the way to do it.

There are different kinds of research designs like: exploratory, explanatory, descriptive and experimental. Babbie (1998:279) indicates that an exploratory study explores a research question about which little is already known, in other words, to uncover generalizations and to develop hypotheses that can be tested later.

Explanatory design differs from exploratory design as it is at the highest level of knowledge continuum, has the most rigid requirements and is most able to produce results that can be generalized to other people and situations (Babbie, 1998:292).

Babbie (1998:292) continues to argue that descriptive design is mostly at the centre of the continuum as it begins with more knowledge and produces knowledge at a higher level of certainty.

De Vos (1998c:397) states that the fourth design, which is experimental design, helps to demonstrate causal relationships between the intervention and the behaviours and related conditions targeted for change.

In this study, the researcher used an exploratory design in an attempt to explore whether financial problems have an impact on employees' productivity, as little is known about this aspect of Social Services, Population and Development, Ermelo District.

## **1.9 RESEARCH PROCEDURE AND STRATEGY**

This is a step by step plan the researcher employs in gathering information. It consists of the selection of the most relevant data collection instrument from those available (De Vos 1998d:42). The researcher undertook a literature study on the impact of financial problems on employee's productivity. The researcher further performed an empirical study with the intention to get answers to the question posed for this study.

The researcher developed a self-constructed questionnaire to obtain information on the impact of financial problems on the productivity of employees from the respondents. According to the New Dictionary of Social Work (1995:51) a questionnaire refers to a set of questions on a form which is completed by the respondent in respect of a research project. De Vos and Fouché (1998:89) define a questionnaire as an instrument with open or closed questions or closed statements to which a respondent must react.

The researcher made use of a questionnaire that consisted of both closed and open-ended questions. Questionnaires were delivered by hand to the respondents and a period of a week was allowed to complete the questionnaire. The data collected was analyzed by means of tables, graphs and pie charts.

#### **1.10 PILOT STUDY**

The New Dictionary of Social Work (1995:45) defines a pilot study as the process whereby the research design for a prospective survey is tested. Hysamen (in Strydom 1998a:179) views the purpose of a pilot study as an investigation of the feasibility of the planned project and to bring possible deficiencies in the measurement procedure to the fore.

Strydom (1998a:179) describes the pilot study as the “dress rehearsal” of the main investigation.

From what the authors say, the researcher’s understanding was that a pilot study entailed the researcher trying out the proposed study on people who are not part of the sample, before the actual study commences. Cilliers in Strydom (1998a:179) mentions that a pilot study commences with a literature study, then the experience of experts is on the table.

### **10.1 Literature Study**

Arkava and Lane (in Fouché and De Vos 1998: 65) indicate the three functions of literature study as follows:

- \* It may disclose that someone else has already performed essentially the same research
- \* It provides a substantially better insight into the dimensions and complexity of the problem
- \* It equips the investigator with a complete and thorough justification for the subsequent steps, as well as with a sense of the importance of the undertaking.

Marshall & Rossman (in Fouché and De Vos 1998:66) provide the view that the literature study not only justifies the consecutive steps to be followed in the research process, but also demonstrates the underlying assumptions behind the general research questions.

The researcher reviewed the existing literature about the phenomenon namely: the impact of financial problems on employees productivity, both from a national and international perspective, and used resources like Internet, journals, books, dissertations and government news letters, libraries and inter library services. The researcher utilized the

University of Pretoria's Academic Information Centre, the University of the Free State (QwaQwa Branch) as well as Bethlehem town library.

## **10.2 Consultation with Experts**

Cilliers (in Strydom 1998a:180) states that, inspite of wealth of literature which may exist in any discipline, the researcher can use the experience of experts which usually represents only a section of the knowledge of people involved daily in the specific field. The researcher contacted the following experts:

- Mrs. E. Ngwenya - Director of the Department of Social Services, Population and Development, Ermelo District. She has 21 years experience.
- Ms. M. Selepe - Assistant Director in the Department of Social Services, Population and Development, Ermelo District. She has 20 years experience.
- Ms I. Staddler - EAP practitioner South African Police Services. She has 15 years experience.
- Mr. M. Mokoena - EAP practitioner at the Center for Human Development. He has 11 years experience.
- Mr. M. Mashilo - Director Social Work Services in Sasol Mine Secunda.

The researcher believed these experts' knowledge to be useful as they fully understand the Department and its employees as well as the factors that hamper the productivity of the employees.

The researcher aimed to find out from the experts as they work closely with employees, the following:

- \* the problems emerging as the result of financial problems,
- \* strategies that they use in addressing the financial problems of employees,
- \* the impact of financial problems on productivity and the method they use to identify an employee with financial problems.

According to the information gathered from the experts, the majority of employees' personal problems emanates from financial problems. Those who are EAP practitioners further stated that managers and supervisors make referrals and recommend to employees to seek help through the EAP. Although referred, most of the employees don't consult when experiencing financial problems, as they believe that finances are a private or confidential issue. The EAP practitioners discovered that the problem is busy escalating amongst the employees through personnel records, as they are allowed to have access to employees' salaries (persal) information.

The experts from the Department of Social Services, Population and Development stated that the majority of their employees are earning negative salaries. As a result they experience other problems such as marital problems, legal prosecutions, corruption and divorce. They further indicated that employees with financial problems are not as productive as they are supposed to be. Absenteeism, spending more hours on the telephone, leaving the work premises early and stress are the symptoms of financial problems.

The EAP practitioners indicated that even though EAP services were defined to be confidential in nature; most employees feel that finances are a private issue that one needs to address on her/his own, hence

they don't consult. Those who attend the pro-active workshop (Moneywise) are being classified or labelled as having financial problems because employees do not believe that financial education could help them reduce their financial problems.

### **10.3 Feasibility of the study**

According to Babbie (1998:57) feasibility of the study is about determining whether the research problem can be solved using the research method. Babbie (1998:57) further states that questions like “how readily can it be solved”?, or “how feasible is it”? relating to resources and the ethical concerns, are often asked when checking the feasibility of the study.

The researcher made use of employees from the Department of Social Services, Population and Development in Ermelo District, as respondents to this study. As she is not employed in the same Department, the respondents were not easily accessible.

The study was cost effective, as the researcher did not travel to collect the questionnaires as it was collected on her behalf. Only a few other costs were incurred, such as copying and time.

Permission to conduct this research was granted by the Department of Social Services, Population and Development (See appendix I).

### **10.4 Pilot test of the questionnaire**

Pilot tests are designed to determine whether the intervention will work and they are implemented in settings convenient for the researchers and are somewhat similar to the ones in which intervention will be used (De Vos, 1998c:395).



The questionnaire was pilot tested to clarify and to understand from the respondents the potholes of the questionnaire. Five employees who did not partake in the main research, were selected and completed the pilot test.

A few changes were made to enhance the effectiveness of the questionnaire. The question about whether the respondents agree that they experience financial problems, included to check whether the respondents accept that they have a financial problem or not. Shortcomings identified were that some of the questions sounded like repetition of the others, and with some questions there were not enough space for respondents to motivate their answers. The headings, “factors leading to financial problems” and “causes of financial problems” were confusing to some respondents. However it was clarified that “factors leading to financial problems” mean that if the respondent does such an act as allowing jealousy to control him/her, he/she will end up having financial problems, as he/she will not be able to follow his/her financial planning. “Causes of financial problems” refer to what exactly causes the problem.

## **1.11 DESCRIPTION OF THE RESEARCH POPULATION, BOUNDARY OF THE SAMPLE AND SAMPLING METHOD**

### **1.11.1 Research population**

Arkava and Lane (in Strydom & De Vos 1998:190) define a population as individuals in the universe who possess specific characteristics. Seaberg (in Strydom & De Vos 1998:190) defines a population as the total set from which the individual or unit of the study is chosen. The researcher’s population was derived from the employees of the Department of Social Services, Population and Development Ermelo

District. The population consisted of employees in one district so as to save time and travelling expenses. The total number of employees in the district was 320.

#### **1.11.2 Boundary of the sample**

Arkava and Lane (in Strydom & De Vos 1998:190) define a sample as elements of the population considered for actual inclusion in the study. The researcher argued that the size of the sample was controlled by the number of employees from the Department of Social Services Population and Development in Ermelo District who experienced financial problems. The sample was controlled by the number of employees experiencing financial problems (those netting negative salaries). From the population of 320, the number of employees taking home less than 25% of their salaries was 200, only 30 respondents were selected as a sample to represent the population. The boundary of the sample were employees taking home less than 25% of their salaries.

#### **1.11.3 Sampling method**

The researcher used probability sampling with a stratified random sampling method to select the sample. Strydom & De Vos 1998:197 indicated that this kind of sample is mainly used to ensure that the different groups or segments of a population acquire sufficient representation in the sample. The selection within the stratum still occurred randomly. As a result, a list of the employees' salary numbers were used to select the sample. As the personnel salary numbers consist of seven numbers, only the last three numbers were used to select the sample. So numbers were chosen from a random table of three digits. After every seventh number a respondent was chosen.

### **1.12 ETHICAL ISSUES**

According to Levy (in Strydom 1998b:24) ethics imply preferences which influence behaviour in human relations and indicate what is right and correct.

### **Informed Consent**

The purpose of the research was explained to the respondents before hand so that they could withdraw if they so wished or continue with the project, being well informed. Congress & Lynn (1994: 110) state that participants must be legally and psychologically competent to give consent and they must be aware that they would be at liberty to withdraw from the investigation at any time. The procedures, possible advantages and disadvantages as well as the dangers that may arise were explicitly explained to the respondents to enable them to make informed decisions.

The respondents were made aware that participation in the study might put them under a lot of stress (disadvantage) as they will be aware of their financial situation. They were told that participation will assist them to evaluate their financial situation and begin to plan and to avoid things that may lead to financial crises.

For the study, the researcher received written consent from the Department of Social Services, Population and Development Ermepo District (see appendix I). A letter of consent from the participants in the study is also included in the appendices as appendix II.

### **Privacy and Voluntary participation**

The respondents in this study were encouraged to participate voluntarily, and they were informed of their right to withdraw if not comfortable, or give a written consent if willing to participate. The

researcher ensured that the right to privacy of respondents was respected and anonymity was maintained.

The respondents were not requested to reveal their names on the questionnaires. Strydom (1998b:28) explains that privacy implies the element of personal privacy while confidentiality indicates the handling of information in a confidential manner. Seaberg (in Strydom 1998b:28) argues that confidentiality is the continuation of privacy which refers to agreements between persons that limit others' access to private information.

The employees thought that they would be stigmatised or classified as having financial problems if they volunteer to participate in this study. It was clarified that they will not be requested to write down their names, so no one will know whether they participated or not.

### **Deception of subjects or respondents**

Lewenberg and Dolgoff (in Strydom 1998b:27) describe deception of subjects as deliberately misinterpreting facts in order to make another person believe that which is not true, violating the respect to which every person is entitled.

The purpose of the investigations was explained clearly to the respondents, and no possible deception was experienced.

### **Release or publication of the findings**

Strydom (1998b:32) states that an ethical obligation rests upon the researcher to ensure at all times that the investigation proceeds correctly and that no one is deceived by the findings. Thus, the researcher provided the participants with information about the findings. Publication of the findings were done without any bridging of the confidentiality principle. The researcher also ensured that the

findings of the investigation were the true reflection of the results and deception was avoided at all cost. Shortcomings and errors were admitted and rectified (Strydom, 1998b:33).

The results of the study were made known to management of the Department of Social Services, Population and Development Ermelo District.

### **1.13 DEFINITION OF CONCEPTS**

#### **Employee**

According to the Basic Conditions of Employment Act, 1997 (Act no 75 of 1997) an employee means any person, excluding an independent contractor, who works for another person or for the State and receives remuneration. In another definition, the same Act defines an employee as any other person who in any manner assists in carrying on or conducts the business of the employer.

The Oxford University Dictionary (1995:443) defines an employee as a person employed for wages or salary especially at a non-executive level.

In this study the researcher defines an employee as any person employed to carry out specified tasks/duties for remuneration.

#### **Personal Financial Management**

The New Encyclopaedia Britannica (1995:779) defines personal financial management as the primary management of family budgets, the investment of personal savings and the use of consumer credit.

The Oxford University Dictionary (1999:530) defines personal financial management as the management of the monetary resources and affairs of the person or the amount of money a person has and how well is it organized and used.

The researcher defines the term “personal financial management” as the ability to control one’s income and spent it in such a way that one’s objectives are met.

### **Productivity**

Cheminais, Bayat, Van der Walldt & Fox (1998:55) define productivity as a value related to economy, effectiveness and efficiency. In other words, it measures to what extent objectives were optimally and beneficially achieved with the most economic use of scarce public resources.

Betts (1993:398) defines productivity as the degree of effectiveness of resources or put another way, the degree of accomplishment into two main areas assessed by ratios: output over input and effectiveness over efficiency. Betts (1993:398) further states that productivity refers to the operational performance or otherwise of the workforce.

The researcher defines productivity as the ability to carry out the assigned task according to the required standard.

### **Mongi Mali News**

Mongi Mali is an independent advisory service, endorsed by South Africa’s National Treasury and sponsored by the Banking Council of South Africa and Life Offices Association. Mongi Mali does not provide loans or insurance. It is a service created to educate public servants about consolidating loans and rationalizing insurance policies.

#### **1.14 CONTENTS OF THE RESEARCH REPORT**

- \* Chapter one: General introduction and orientation regarding the choice and method of the research topic.
- \* Chapter two: Literature review concerning the impact of financial problems on employees' productivity.
- \* Chapter three: A description of the findings as well as analysis and interpretation of data by means of tables, charts and graphs.
- \* Chapter four: Presents a summary of the research, conclusions drawn from the findings and recommendations.

#### **1.15 LIMITATIONS**

Due to the fact that employees regard financial problems as private, the respondents were reluctant to answer the questionnaire.

The Department of Social Services, Population and Development is responsible for the improvement of the well being of communities, as a result it took the researcher about eight months to receive the questionnaires back as the respondents were busy and it was not easy for managers to contact them. The respondents were afraid that

participating in this study would be stigmatised or categorized them as people having financial problems.

### **1.16 SUMMARY**

Financial problems are a serious concern nowadays. Employees are trying their best to live according to the way society perceives them. In doing that they find themselves in serious financial problems. The researcher chose this study because she realized that it is a burning issue and it appears to affect every employee.

The researcher used a quantitative approach with the intention to count and correlate the impact of financial problems on productivity. An exploratory design was used as little is known about this subject in the Department of Social Services, Population and Development.

In the next chapter the researcher will focus on a literature review of the concept of financial problems.



# *CHAPTER TWO*

## **LITERATURE REVIEW**

### **2.1 INTRODUCTION**

An Employee Assistance Programme (EAP) is a job based programme within a work organization for the purpose of identifying troubled employees, motivating them to resolve their problems and providing access to counselling or treatment for employees who need these services (Klarreich, Francek and Moore, 1995:1). The researcher believes that the employer needs employees who are able to avoid financial problems and become financially healthy because that will make them productive and it will allow them not to waste time dealing with their financial concerns. An EAP in the Department can deal with the problems of employees if it is available, as it will network and refer those employees to the relevant experts.

According to Garman (2001:page number unknown) the best employees are typically those who are financially well and the worst employees are those who are financially unhealthy. Financial well-being directly predicts employees' performance ratings, pay satisfaction, absenteeism, and conflict between work and money matters. Confidence in employees is often influenced by the manager's assumptions about human nature, in other words, the amount of control or freedom a manager/employer gives to staff members depends on whether that manager/employer believes that the employees are basically lazy, unreliable or irresponsible or that employees can be creative and self-motivated in an environment; if properly motivated and financially healthy (Hersey, Kenneth & Dewey 2001:147). The researcher argues that the employer can achieve his/her motives and vision of financial

well-being for employees, through the use of an Employee Assistance Programme.

The main focus for this chapter is to review literature on the impact of financial problems on employees' productivity. Sub topics like: factors leading to financial problems, causes of financial problems, ways to alleviate the problem and the importance of productivity and the impact of low productivity to the employer and employee, will be included in this chapter.

## **2.2 FACTORS LEADING TO FINANCIAL PROBLEMS**

Botes (1994:104) states that habits can develop into motives for human behaviour, every employee develops his/her own personal reaction pattern and set of ideas. The researcher argues that the way the employee conducts himself/herself, constitutes his whole; meaning his decisions, behaviour and abilities. Some employees experience problems because of their behaviour patterns. Botes (1994:104) further states that to understand a person's behaviour in his working environment one must look at his physical and mental abilities and skills, his ideas, his opinions and prejudices. These all combine to make him/her the person he/she is in terms of character and personality. Social motives, habits as motives, obsessive behaviour and unknown motives contribute to the financial weakness of the employees.

### **2.2.1 Social Motives**

According to Botes (1994:04) the human being is predominantly a social being and during his/her life he is in contact with other human beings in a group relationship such as his/her own family, working environment, church community and political party, social and sports.

The researcher supports Botes by stating that societal expectation is one of the major factors leading to financial problems. As professional employees of the Department of Social Services, Population and Development, the society expects them to live and lead a particular kind of lifestyle. Therefore to maintain that standard, they are forced to live beyond their salaries/means, and that puts them under a lot of pressure and stress.

Wittaker as quoted by Swart (1996:474) argues that good reasons are usually based on logical reasoning such as buying on credit in order to save, whereas the wrong reasons are usually based on emotional decisions. Emotional buying decisions are often made in the absence of personal or household budgets. The researcher argues that employees incur debt as the result of the need to belong, the need for approval and the need for independence and status. Micro and macro systems play a major role in employees' lives, more specifically with regard to behaviour.

### **2.2.2 Habits as Motives**

Botes (1994:105) states that if the habits of an employee could firmly be established, these habits function in the same way as the normal need that then has to be satisfied. Sometimes habits require strong opposing stimuli to get a person to give up his fixed ideas and habits (Botes 1994:105).

According to Mongi Mali (2001:7), the government is willing to assist employees to deal with their financial problems, but little is done to assist those glued to cash-loans (Mashonisa). The researcher argues that the loans and insurance can be consolidated but something has to be done to assist those affected by financial problems. As for them,

lending money from one person to another or from one cash-loan to another is a habit to such an extent that it is like an addiction.

Roux (1997: 28-29) states that in recent years, the average South African has found it much easier to borrow money, take credit cards, personal overdrafts and revolving credit schemes. Employees are able to acquire goods that they would not ordinarily have been able to finance from their monthly salaries. Thus, this adds to their financial stress at the end.

According to Mongi Mali News (2001:6) the new finance regulations will give employees an opportunity to manage their debts and improve their cash flow situation and assist them to take control of their financial affairs. However, the researcher argues that an EAP practitioner is needed in every Department to ensure that employees have access to documents like Mongi Mali News and utilize it in a positive way.

### **2.2.3 Obsessive Behaviour**

Botes (1994:105) argues that exactness; needness and precision obsess some people. Swart (1996:24-25) indicates that the life style of the family or person will determine trends and tendencies (especially as regards to spending). The researcher argues that for some employees the obsession is to spend money and they don't regard budgeting as a tool to good financial planning. Garman, Leech & Grable (1996:1) indicate that the proportion of workers experiencing financial problems that negatively impact on productivity for a single employer, could range as high as 40% to 50%.

Employees with serious credit and money problems are portraits of pain for their employers. Research done in the USA shows that 90% of employees are dissatisfied with their personal financial wellness, 75%

are insecure about retirement and 50% hold a part-time job elsewhere (Garman 2001: page number unknown). The researcher believes that some employees are obsessed in living a certain kind of lifestyle and displaying and maintaining a status attached to them irrespective of their financial difficulties. Joo (2001:49) states that the coping effort through financial education can change and reorganize the person's resources in a positive manner, improve a person's financial weakness, and allow him to seek professional help rather than letting it affect his productivity.

#### **2.2.4 Unknown Motives**

Botes (1994:108) states that the majority of employees do not have thorough knowledge of financial management. Lack of knowledge of this aspect makes them more vulnerable to micro-lenders. The reasons for some employees' behaviour may be totally unknown to them, simply because they never ask themselves why they behave in a certain way. Borrowing money from the bank or acquiring an article on hire purchase and not knowing how the interest is calculated, is one of the biggest mistakes made by employees. Marx, De Swardt & Nortjé (1999:230-231) argue that bank loans are basically the chief source of long-term borrowers of funds. The cost of long-term debt is usually greater than that of short-term borrowing (Marx et al., 1999:230-231).

The researcher is of the opinion that since the majority of employees have little knowledge with regard to personal financial management, it is the employer's duty to ensure that employees get training in personal financial management and more specifically on issues like:

- \* credit management
- \* cash management
- \* income adequacy
- \* personal financial management

\* and consumer shopping skills.

According to Joo (2001:47) personal financial wellness includes the subjective perception of personal finances, the behavioural assessment of personal finances, and satisfaction with the personal financial situation. Garman et al. (1996:1) indicate that by not acknowledging or recognizing how personal financial problems affect workers, and not dealing with the financial situations of their stressed workers, employers have left a vital component out of their bottom-line calculations.

Garman et al. (1996:2) further state that employees in a financial bind are simply not as productive, and that translates into bottom line losses for the employer. The researcher argues that the more the employees find themselves in great financial stress, the less time they will devote to productivity. Garman (2001:page number unknown) indicates that financial education and advice is a good idea because it has benefits for employers as well as employees. Kim in Garman (2001:page number unknown) stipulates that professional advice can be used to address the following:

- professional assistance to chart a course for retirement
- avoid stress by making investment decisions by themselves
- managing growing account balances
- making life impacting financial decisions
- disclosure of potential conflict of interest and protection against self-dealing.

### **2.3 CAUSES OF FINANCIAL PROBLEMS**

Garman (2001:page number unknown) indicates that many employees are not making smart financial decisions to help themselves and their families, and such poor employee financial well-being can hurt employer profitability. The researcher identifies the following factors as causes of

financial problems: credit, substance dependency, gambling, lack of financial planning, health status and migrant labor and extramarital relationships.

### **2.3.1 Credit**

Swart (1996:473) describes credit as the ability to obtain goods and services immediately at promised future cash repayments. An employee should make a sound decision before utilizing credit by making sure that he/she will be able to repay it. Swart (1996:472) indicates that most people desire more than their basic needs and for this they acquire more credit that they are able to handle. This often results in huge financial problems with far-reaching consequences.

The researcher agrees with the above mentioned author and further states that credit is a quick mechanism of acquiring goods for which a person does not have to pay for. Employees find themselves in great debt because of lack of understanding or knowledge of how credit works. Orman (1997:30) states that an employee must be willing to face up to what he/she is really doing with his/her money and his/her thoughts, actions, and words about money will begin to merge and become truthful.

Cambridge Human Resource Group (1995:1) indicates that the financial illiteracy of workers is considered the most unaddressed workplace issue. There are institutions that take advantage of employees' lack of understanding of credit by giving them more credit without giving them advice or credit counselling. Their main aim is to rip them off. This consequently will lead to employees having personal financial problems, which will in turn impact on their productivity, as they will experience stress and depression.

The study conducted by the Depression and Anxiety Support Group in South Africa revealed that most of the population would experience depression at some stage in their lives leading to inefficiency and under-productivity in the workplace. According to research done by Cambridge Human Resource Group (1995:1), 32% of executives ranked the toll on productivity caused by personal financial problems, as the most pressing overlooked workplace issue. Therefore, the researcher argues that one of the major sources of depression is a financial problem.

### **2.3.2 Substance Dependency**

Garman et al. (1996:7) state that when an employee is involved in an on-the-job accident, fact-finding may reveal that other factors are involved such as pending legal action due to financial problems and/or substance abuse. Garman et al. (1996:7) further state that when an employee's work productivity drops off sharply, analysis may reveal that other factors are involved such as emotional stress from financial problems caused by substance abuse. Thus, the researcher argues that employees who abuse alcohol or drugs, often have financial problems because they neglect other major activities and make alcohol and drugs their priority. Some employees with financial problems may use alcohol or drugs as a coping mechanism.

Callery (1994: 35-43) indicates that the relationship between stress and substance abuse and lost employee productivity is especially alarming. Stress, including that caused by financial problems, leads some people to abuse alcohol and drugs. Ten million employees are addicted to alcohol while three million employees are addicted to drugs (Callery, 1994:35-43). According to Callery there is a consistent relationship between chemical abuse and poor employee performance including lowered production and decreased compensation.



### **2.3.3 Gambling**

Meyers & Rabatin (2000:143) indicate that desperation in gambling occurs as the result of the gambling effort to avoid the consequences of problems caused by earlier gambling and is frequently initialized after a bail-out through a major loan from family and friends, intended for paying off major debts. Garman et al. (1996:7) argue that when an employee steals from an employer, analysis may reveal that other factors are involved such as over-use of credit caused by uninsured health costs and gambling to attempt to fix the financial crisis. The researcher however, is of the opinion that addiction to gambling leads to financial problems. Although gambling attracts both rich and poor, it is often the poor or the financially affected who are hardest hit as they spend all their income on gambling hoping to multiply it in order to get out of a financial embarrassment.

Garman et al. (1996:1) state that many employees take time off work to deal with their financial problems, for an example:

- workers take time away from productive labor to telephone creditors
- seek sources of additional credit
- converse with co-workers about stress
- talk with supervisors about financial problems.

Garman et al. (1996:1) continue that employees take occasional extended work breaks, supposedly to use the toilet or to eat a meal, but instead spend the time dealing with financial stresses.

### **2.3.4 Lack of Financial Planning**

Swart (1996:14) indicates that decisions have to be made on all matters relating to one's personal financial position. One of the major aspects of

financial planning is budgeting. Visser & Erasmus (2002:9) define budgeting as an essential framework linking specific spending objectives with their associated costs and is therefore, applicable to any situation where spending objectives have to be determined. Some employees use their personal or family income budgeting for unnecessary expenditure and therefore fall into the trap of purchasing goods which are not priorities for them. This happens as the result of lack of knowledge of proper planning of personal finance. If an employee is having problems balancing household accounts or finding direction, he/she should go to a financial counsellor. However finding really good financial advice is extremely difficult without getting the feeling that all the advice is aimed at coaxing some kind of commission out of you.

The researcher is of the opinion that the fundamental idea of planning one's cash flow is to apportion his/her monthly income to meet his/her short-, medium- and long term needs. Overspending in one area will lead to a shortfall in other areas. Therefore, employees tend to spend more than they earn because of the allowance from the credit facilities. Swart (1996:25) indicates that budgeting forces an employee to assess his/her current and future financial situation and to keep track of his/her income and expenditure.

Garman et al. (1996:9) argue that situations that may create severe financial problems include changes in family income, changes in employment status, unscrupulous or fraudulent schemes, adverse job politics, loss of ability to fulfill home responsibilities and the need to support parents or other persons.

### **2.3.5 Health Status**

According to Galginaitis (1994:28) some circumstances, such as the illness or death of a loved one or the loss of financial security, are very painful. If you learn to redefine the circumstances that are within your control, you can achieve more balance with a mere shift of mental gears. The researcher argues that despite circumstances in which some employees find themselves, it is not easy for them to revisit their financial resources before they could make any decisions. Some don't consider the issue of change in terms of health or otherwise, instead they are more concerned in keeping their living standard constant.

Garman et al. (1996:10) state that changes in the family circumstances call for reallocation of financial resources towards the maintenance of unhealthy habits which in turn will force poor financial management, leading to an increase in the level of stress, which consequently will tend to support other types of behaviour, further reducing employees' productivity. The researcher indicates that the employee's failure to control his/her own finances creates a lot of stress, which may negatively affect his/her productivity at work.

The fact that an employee knows that he/she is no longer in control over his/her money, could lead to depression that may result in impacting his/her productivity. Financial freedom is when you have power over your fears and anxieties instead of the other way around (Orman1997: 2).

### **2.3.6 Migrant labour and extramarital relationships**

The economic and political changes of South Africa, force people to move from rural areas to urban areas to seek employment. Due to this movement, the majority of employees could not stay with their families because the Department of Social Services, Population and Development does not provide accommodation to families. Therefore,

employees have to support themselves as well as their families in rural areas.

The problem of migrant labour does not cause financial problems only but also extramarital relationships that in turn make the financial problems of employees worse. The employee will be forced to divide his/her salary into two: to cater for the relationship he/she started and for the family in rural areas. Drum Magazine (26 September 2002:26) explains that constant agonising about money, running-up of debts and overspending can cause a lot of tension in a relationship. This indicates that migrant employees do not only experience financial problems but as relationship problems as well.

### **2.3 THE IMPACT OF FINANCIAL PROBLEMS ON THE PRODUCTIVITY OF EMPLOYEES AND THE EMPLOYER**

Cambridge Human Resource Group (1995:4) indicates that helping employees deal with financial issues falls under the umbrella of an Employee Assistance Programme (EAP). By placing the financial counselling in EAP, it gives employees the service that assures confidentiality and it gives employees the chance to maintain control and the tools, without any strings attached to work out financial problems (Cambridge Human Resource Group, 1995:5).

The researcher is of the opinion that it is the employer's responsibility to make sure that its employees get access to financial wellness. Joo

(1999:53) states that the workplace is another key source of information. He clarifies this view by saying that employees often can obtain information from their co-workers, unions, informal supervisors, formal supervisors and employer personnel Department (Joo, 1999:53).

### **The impact of financial problems on the productivity of the employee**

In most instances when employees have a financial problem with reimbursement of medical expenses, information may be retrieved from co-workers or the personnel Department. Garman et al. (1996:3-4) explain that employees with financial problems tend to possess behaviours like:

- \* Spending more hours on a telephone,
- \* Absenteeism,
- \* Involvement in corrupt activities,
- \* Regularly borrowing money from colleagues or friends,
- \* Having more than two cash loans,
- \* Typically not contributing to a pension plan,
- \* Regularly losing money to rip-offs and frauds,
- \* Regularly losing money by gambling or buying lottery tickets and or gambling in an attempt to fix one's financial situation,
- \* Regularly allowing insurance to lapse,
- \* Regularly feeling emotionally stressed about money matters,
- \* Regularly worrying about the security of one's job,
- \* Regularly receiving communications from collection agencies,
- \* Being sued for financial reasons,
- \* Having property securing a debt repossessed,
- \* Being evicted from rental housing or having one's home foreclosed,
- \* Having a lien placed on one's personal or real property,

- \* Having one's tax refund intercepted by a government agency or court order,
- \* Having one's wages garnished,
- \* Considering personal bankruptcy,
- \* Being imprisoned for financial reasons,
- \* Job turnover,
- \* Substance abuse.

**The impact of low productivity as the result of financial problems to the employer**

Garman (2001:page number unknown) states that employees with money and credit problems impact on the employer in the following manner:

- \* they cannot save or save enough for retirement, they stay longer at their jobs, more than what is required,
- \* older employees who do not retire on time, will cost their employer more than younger worker's salary, health care premiums, other benefits and the employer's portion for Social Security payroll taxes,
- \* employees with money problems are more likely to be involved in thefts and are more accident-prone.

The researcher argues that instead of the employer experiencing problems with its employees as the result of financial problems, other options can be considered like an EAP address credit counselling/debt management and financial advice and education. According to Garman (2001:page number unknown) the cost for a financial education/advice and credit counseling/debt management programme includes the following:

<b>Direct Cost</b>	<b>Indirect Cost</b>
Materials	Communication
Labour	Travel/Incentives

Time	Lost productivity
	Programme Assessment

Ernest & Young in Garman (2001:page number unknown) indicate that employee financial education programmes lead to:

**Greater employee awareness of personal financial issues which in turn will assist in the following ways:**

- Fewer financial worries
- Stable personal lives and less stress
- Better relationships and health,
- Less substance abuse and less absenteeism
- Reduced health care costs.

**Greater employee awareness of the value of your department benefit programme that will lead to:**

- Greater employee participation
- Reduced turnover
- Reduced future legal liability
- Reduced human resource costs and
- Increased productivity.

## **2.4 SUMMARY**

The current economic growth of South Africa creates problems for the lives of employees as their salary increase is done only once a year. For employees to survive the plight of finding themselves in financial trouble, they have to employ various skills of financial management like

budgeting, shopping skills, credit management and cash flow management.

The next chapter focuses on the analysis and interpretation of empirical data collected from the study population.



# *CHAPTER THREE*

## **EMPIRICAL FINDINGS ANALYSIS AND INTERPRETATION OF DATA**

### **3.1 INTRODUCTION**

This section will focus on how the researcher analysed and interpreted the data collected for the study on the impact of financial problems on productivity of employees of the Department of Social Services, Population and Development, Ermelo District. However, the researcher will first focus on the methodology used in this study before analysing the results.

### **3.2 RESEARCH METHODOLOGY**

In this study, the researcher utilised a quantitative approach due to the nature of the research topic under investigation, which is geared towards the impact of financial problems on productivity of employees of the Department of Social Services, Population and Development, Ermelo District. She wants to base her knowledge gained on objective measurements of the world, not on someone's opinion, beliefs or past experiences.

The researcher utilised applied research in this study to gain knowledge to resolve productivity problems impacted by financial problems.

For this study, the researcher opted for an exploratory design in an attempt to explore whether financial problems have an impact on the productivity of employees of the Department of Social Services,

Population and Development Ermelo District, as little is known about this aspect in the Department.

In this study, the researcher used stratified random sampling to ensure that the segment of the population acquire sufficient representation in the sample.

The researcher designed a questionnaire with the intention of gathering the required data from the Department of Social Services, Population and Development Ermelo District. The questionnaire was divided into four sections namely:

- Personal Details
- Factors leading to financial problems
- Causes of financial problems
- Impact of financial problems on the employee and the employer.

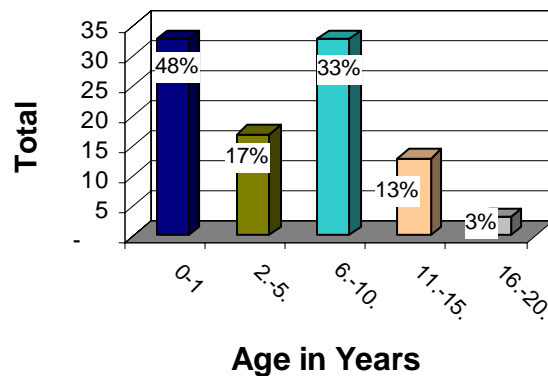
In this chapter, the researcher will present, analyze and interpret data collected from the sample of 30 respondents who answered the questionnaire. Simple statistical analysis was used to analyze the gathered data that is, the frequency of responses was converted into percentages. Tables, graphs and pie charts are used to present this data.

The following is thus an outline of these findings:

### **3.3 SECTION 1: PERSONAL DETAILS**

This section focuses on the age, gender, marital status, nationality and the length of employment in the Department.

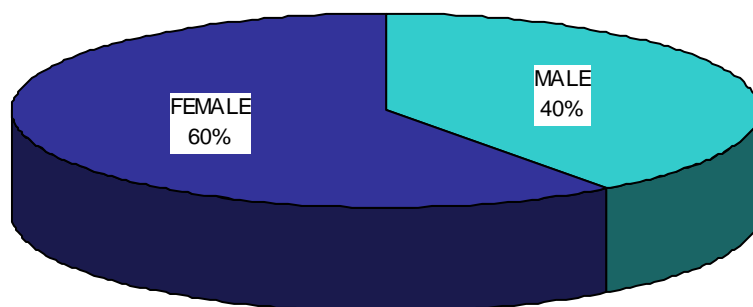
**Graph 1 Age distribution of the respondents**



The information in the above graph shows that the majority (47%) of the respondents were between the age of 16 and 25 years. Another reasonable number (33%) was between the ages of 26 and 35 years. Thirteen percent (13%) of the respondents were between the age of 36 and 45 years. Lastly, seven percent (7%) of the respondents were between the ages of 46 and 55 years.

The fact that the majority (47%) of the respondents were between the age of 26 and 35 years indicates that financial problems affect mostly the early adulthood people. At this age they are starting to build families and finances is their focal point, as they want to achieve a lot of things at once.

**Chart 1: Gender of the respondents**



The information in this pie chart reflects that 60% of the respondents were females and 40% were males. This could be a result of the fact that in the Department of Social Services Population and Development Ermelo District, the majority of the employees are women. The other reason could be the fact that the Department employs social workers, and females at this stage dominate the profession of social work.

**Table 1: Marital status of the respondents**

Status	Number of respondents	Percentages
Single	14	48
Married	10	33
Widow	3	10
Remarried	1	3
Divorced	1	3
Separated	1	3
<b>Total</b>	<b>30</b>	<b>100</b>

The table above shows that 48% of the respondents are single and 33% are married. Ten percent (10%) of the respondents are widows, three percent (3%) of the respondents are remarried. The other three percent

(3%) of the respondents are divorced, while lastly, the remaining three percent (3%) of the respondents are separated.

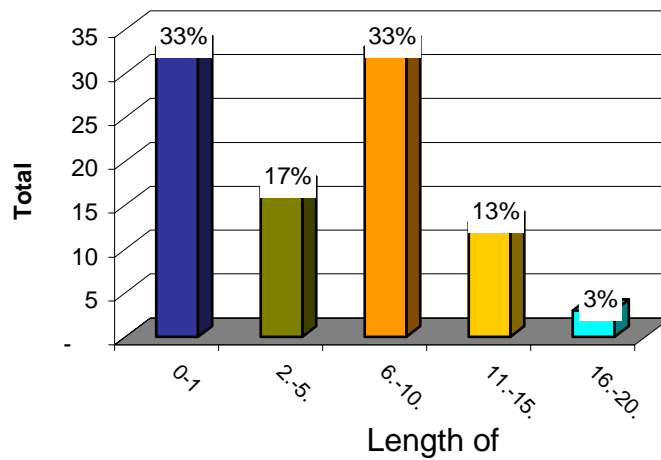
The fact that 64% of the respondents are single, divorced and separated, indicates that employees who are single experience financial problems more as compared to those who are married or remarried as they only represent occupies 36%. Garman et al. (1996:10) verify this by stating that changes in the family circumstances call for reallocation of financial resources towards the maintenance of unhealthy habits which in turn will force poor financial management, leading to an increase in the level of stress, which consequently will tend to support other types of behaviour, further reducing employees' productivity.

**Table 2: Nationality of the respondents**

<b>Nationality</b>	<b>Number of respondents</b>	<b>Percentage</b>
African	25	83
White	3	10
Coloured	2	7
Asian	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table shows that 83% of the respondents were African, 10% were whites and 7% were coloured. The 83% indicates that the majority of the Africans are affected by financial problems as compared to 0% of the Asians. It is a well-known fact that Asians are business minded; in most cases finances are not their major problems.

**Graph 2: Length of employment in the Department**

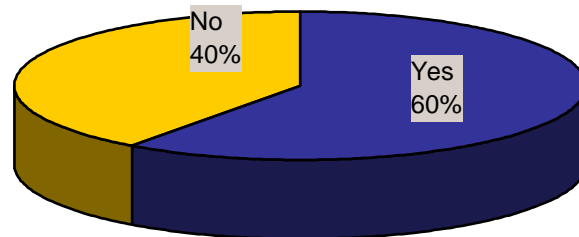


The graph above shows that 37% of the respondents worked for the Department for a period of up to one year. Seventeen percent (17%) worked for a period of two to five years. The other 33% reflect those who worked between 6 and 10 years. Three percent (3%) of the respondents are those who worked between 16 and 20 years.

The interpretation from the graph is that 84% of the respondents indicate those who worked from zero to ten years, experience financial problems.

## SECTION 2: FACTORS LEADING TO FINANCIAL PROBLEMS

**Chart 2: Respondents believe that they are experiencing financial problems**



The information in the chart depicts that 60% of the respondents admitted that they have financial problems, while 40% indicated that they do not have financial problems. Garman, Leech & Grable (1996:1) confirm this statistics by indicating that the proportion of workers experiencing financial problems that negatively impact on productivity for a single employer could range as high as 40% to 50%.

The 40% that indicated that they do not have financial problems could be because they are in denial or that they believe financial problems are private matters. Orman (1997:12) argues that people don't tell the truth about money and it is difficult for them to confess their financial worries to their children, friends and relatives.

**Table 3: Reasons that make respondents find themselves in financial problems**

<b>Reasons</b>	<b>Number of respondents</b>	<b>Percentage</b>
The need to be accepted	6	20
Need for status	8	27
Need to be respected	7	23
Other	9	30
<b>Total</b>	<b>30</b>	<b>100</b>

Twenty seven percent (27%) of the respondents indicated the need for status as the factor that led them to financial problems. Twenty three percent (23%) indicated that the need for respect caused financial problems while 20% indicated the need for acceptance as the cause of their financial problems.

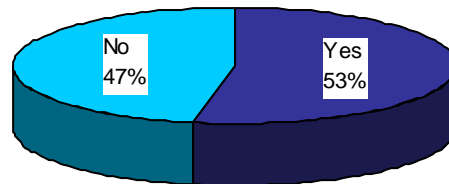
The information in the above table shows that 30% of the respondents stated that they have other reasons why they find themselves in financial problems. Some respondents mentioned that they experience financial problems as the result of other responsibilities like repairing a car. Others indicated that unforeseen circumstances like the death of a member of the extended family who was not included on their insurance policies caused financial difficulties. Some stated that the need for more money makes them find themselves in more financial problems. Botes (1994:105) also indicated that some people have developed habits that make it difficult for them to plan on the little that they have. Sometimes habits require strong opposing stimuli to get a person to give up his fixed ideas and habits.

The fact that there are different factors that lead to financial problems for the respondents indicates that people have different attitudes towards money. The environment and people whom the respondents



interact with daily have a great influence on the respondents' behaviour towards finances. Botes (1994:04) states the human being is predominantly a social being and during his/her life he/she is in contact with other human beings in a group relationship such as his/her own family, working environment, church community and political party, social and sports.

**Chart 3: Problems with managing their finances**



The chart above elicits that 53% of the respondents indicated that they are unable to manage their finances, while 47% maintain that they are able to manage their finances. The fact that the majority of the respondents (53%) highlighted that they are unable to manage their finances confirms what Garman (2001:page number unknown) indicated that many employees are not making smart financial decisions to help themselves and their families, and such poor employee financial well-being can hurt employer profitability.

Respondents motivate their answers by indicating that they couldn't manage their finances, as their salaries are very little, so there is nothing to manage according to them. Others motivated that they substitute their income by borrowing money from people like colleagues, relatives or friends. This is an indication that they are not

satisfied with their salaries. The research done in the United States of America shows that 90% of respondents are dissatisfied with their personal financial wellness, 75% are insecure about retirement and 50% hold a part-time job elsewhere (Garman, 2001:page number unknown).

The other 47% who stated that they are able to manage their finances, may be due to the fact that they have fears of revealing that they cannot manage their finances. Financial freedom is when you have power over your fears and anxieties instead of the other way round (Orman, 1997: 2).

**Table 4: Factors leading to financial problems**

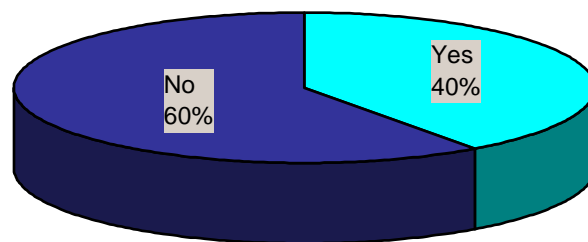
<b>Factors leading to financial problems</b>	<b>Number of respondents</b>	<b>Percentage</b>
Sharing income with the extended families	16	53
Trying to live up to standard	6	20
Obsession of getting more goods at once	2	7
Jealousy	1	3
Competition	2	7
Other	3	10
<b>Total</b>	<b>30</b>	<b>100</b>

The table above shows that 53% of the respondents stated that factors that lead to financial problems are sharing of income with extended families. Twenty percent (20%) maintained that they try to live up to a specific standard while 7% indicated that competition is a factor that

leads to financial problems. The other 7% maintained that the to possess more at once is a fact that leads to financial problems, while 3% mentioned jealousy as the cause.

Garman et al. ( 1996:9) argue that situations which may create severe financial problems include changes in family income, changes in employment status, unscrupulous or fraudulent schemes, adverse job politics, loss of ability to fulfill home responsibilities and the need to support parents or other persons. The Africa's spirit of Ubuntu makes it difficult for an employee to look after his immediate family only, due to the fact that the extended family needs support as well. Meyers and Rabatin (2000:133) pointed out that managing your finances instead of letting your money manage you, will give you more confidence, self-esteem and peace of mind.

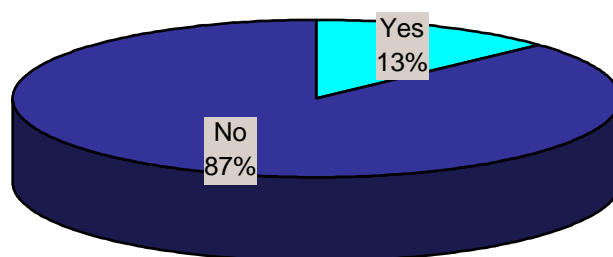
**Chart 4: Whether respondents spend more money than they have**



The above chart shows that 60% of the respondents do not spend more money than what they have while 40% maintained that they do. The motivation that the respondents provided for this answer was due to the lack of understanding of how financial institutions and shops operate. This makes them more vulnerable to have more debt than they intended

to. The cost of long-term debt is usually greater than that of short-term borrowing, (Marx et al., 1999:230-231).

**Chart 5: Whether respondents borrow money from micro-lenders to substitute their income**



The chart above shows that 87% of the respondents do not borrow money from micro-lenders while 13% indicated that they do borrow money to supplement their income. The majority of the respondents are no longer borrowing money from micro-lenders. They motivate their answer by indicating that this is due to the fact that the government no longer allows employees to deduct more than 15% of their salaries for repayment of loans. This is supported by Mongi Mali News (2001:6) that the new finance regulations will give employees an opportunity to manage their debts and improve their cash flow situation and assist them to take control of their financial affairs.

However, this does not mean that respondents are no longer borrowing money. Out of the 87% that said they do not borrow money from micro-lenders, some indicated that they use other resources like friends, relatives, colleagues and bank institutions. This is an indication that they do have a problem as they cannot survive nor manage with their salaries without borrowing. Roux (1997: 28-29) states that in recent

years, the average South African has found it much easier to borrow money and acquire credit cards, personal overdrafts and revolving credit schemes.

### **SECTION 3: CAUSES OF FINANCIAL PROBLEMS**

**Table 5: Whether respondents are satisfied with the amount of money they are able to save**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Yes	3	10
No	27	90
<b>Total</b>	<b>30</b>	<b>100</b>

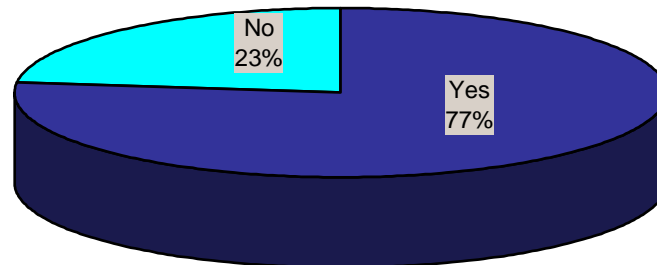
The information in the above table shows that 90% of the respondents are unable to save, while 10% of the respondents indicated that they are able to save. The 10% of the respondents, who indicated that they are able to save, could be due to the fact that they have realized that they do have a problem and contacted relevant resources to rectify the problem. Joo (2001:49) states that the coping effort through financial education can change and re-organize the person's resources in a positive manner. He further claims that it can improve a person's financial weakness and allow him to seek professional help rather than letting it affect his productivity.

**Table 6: Whether respondents do worry about how much money they owe shops/people**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Yes	24	80
No	6	20
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table shows that 80% of the respondents do worry if they owe people/shops, while 20% indicated that they do not worry. This could be due to the fact that 20% that do not give it a thought nor worry if they owe someone do not do introspection with regard to their financial situation. The 80% who maintained that they do worry, show a positive indication that should they get assistance, they would be in a position to reshape their behaviour towards money. Orman (1997:30) states that an employee must be willing to face up to what he/she is really doing with his/her money and his/her thoughts, actions and words about money will begin to merge and become truthful.

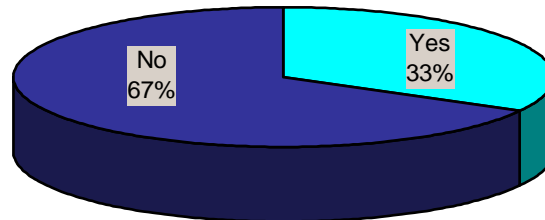
**Chart 6: Whether respondents are having difficulties living on their income**



The information in the above chart shows that 77% of the respondents indicated that they are having difficulties living on their income whereas 23% indicated that they are able to do so.

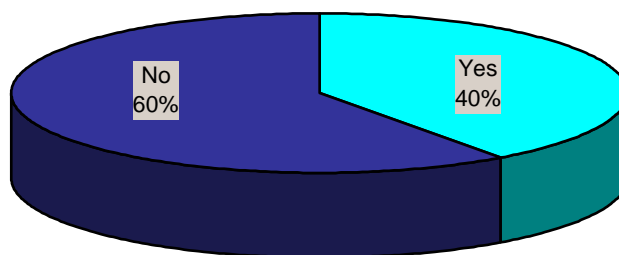
This depicts that the majority of the respondents (77%) are negative about their salaries. Positive behaviour could help them look at their salaries positively and it could motivate them as well. Employees can be creative and self motivated in an environment, if properly motivated and financially healthy (Hersey et al., 2001:147).

**Chart 7: Whether respondents feel positive about their financial situation**



The information in the above chart shows that 67% of the respondents feel negative about their financial situation, while 33% of the respondents indicated that they feel positive about their financial situation. This reflects that the majority of the respondents are financially not healthy. Garman (2001:page number unknown) is of the opinion that the best employees are typically those who are financially well and the worst employees are those who are financially unhealthy.

**Chart 8: Whether respondents set aside money for saving**

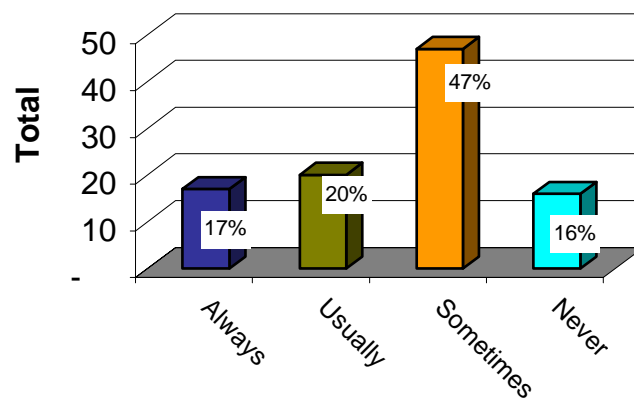


The information in the above chart depicts that 60% of the respondents are unable to set aside money for saving while 40% indicated that they are able to save. Sixty percent (60%) of the respondents who indicated that they are unable to save; could be because they might have a lot of



debts and are unable to manage it. Joo (2001:47) emphasizes that personal financial wellness includes the subjective perception of personal finances, the behavioural assessment of personal finances, and satisfaction with the personal financial situation.

**Graph 3: Whether respondents reach the maximum limit on their credit**



The information in the above graph depicts that the majority (47%) of the respondents indicated that they sometimes reach a maximum limit on their credit. Twenty percent (20%) stated that they usually reach a maximum limit on their credit. However 17% maintained that they always reach a maximum limit on their credit. The least 16% of the respondents stated that they never reach the maximum limit.

The fact that the majority of the respondents (47%) indicated that they sometimes reach the maximum limit is an indication that a lot of employees prefer to buy on credit. Swart (1996:473) describes credit as the ability to obtain goods and services immediately at promised future cash repayments. The reason why employees prefer credit is because they do not repay the credit immediately, which allows them to utilize the cash that they have on other things. Swart (1996:472) elaborates

further that most people desire more than their basic needs and for this they acquire more credit that they are able to handle. This often results in huge financial problems with far-reaching consequences.

**Table 7: The method respondents use as part of their financial planning**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Weekly budget	0	0
Monthly	28	93
Yearly budget	1	3
Other	1	3
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the table shows that 93% of the respondents are using monthly budgets as their method of financial planning while 3% stated that they use yearly budgets. However, the other 3% maintained that they do not budget at all. Therefore it is clear that the majority of the respondents (93%) are using a monthly budget as their method of financial planning. However, they do not stick to their budgets as they experience financial problems. Visser & Erasmus (2002:9) define budgeting as an essential framework linking specific spending objectives with their associated costs and is therefore, applicable to any situation where spending objectives have to be determined. Swart (1996:25) as well indicates that a budget forces an employee to assess his/her current and future financial situation and to keep track of his/her income and expenditure.

**Table 8: Whether respondents have the urge to purchase unnecessary expensive items**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Always	0	0
Usually	0	0
Sometimes	15	50
Never	15	50
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table shows that 50% of the respondents indicated that they sometimes have control over their cash, while the other 50% maintained that they never lose control over their cash.

The fact that one half of the respondents indicated that they sometimes lose control over their cash and the other half stated to never lose control is an indication that the use of personal finances depends on the individual's perception of life and attitude towards money. Swart (1996:24-25) indicates that the life style of the family or person will determine trends and tendencies (especially with regard to spending).

**Table 9: Causes of financial problems**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
More credit	9	30
Gambling	1	3
Substance dependency	3	10
Lack of financial planning	14	47
Health status	2	7
Migrant labour	1	3
<b>Total</b>	<b>30</b>	<b>100</b>

The information in this table shows that 30% of the respondents indicated that the cause of their financial problems is more credit while 10% of the respondents maintained that the cause of their financial problems is substance dependency. However, the majority of the respondents (47%) stated that they experience financial problems due to the lack of financial planning. Seven percent (7%) of the respondents stated that their health status causes their financial problems. The least (3%), maintained that migrant labour is the cause of their financial problems while the other 3% indicated that gambling is the cause of their financial problems. (See Swart 1996, Garman et al. 1996, Meyers & Rabatin 2000, Visser & Erasmus 2002, **Galginaitis 1994**).

The fact that respondents indicated one of the above-mentioned factors as the cause of their financial problems indicates that the respondents shift blame. The sole responsibility of good personal management lies with the individual, as Garman (2001:page number unknown) put it many employees are not making smart financial decisions to help themselves and their families, and such poor employee financial well-being can hurt employer profitability.

#### **SECTION 4: THE IMPACT OF FINANCIAL PROBLEMS ON EMPLOYEES AND THE EMPLOYER**

**Table 10: Behaviour possessed while experiencing financial problems**

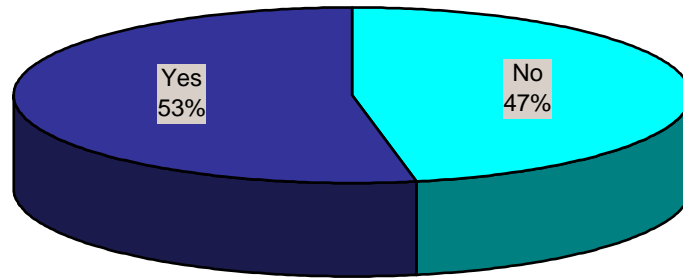
<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Spend more hours on the telephone	4	13
Stay away from work	4	13
Experience stress	20	67
Experience marital problems	2	7
Other	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table shows that the majority of the respondents (67%) maintained that when experiencing financial problems they do experience stress as well. However, 13% of the respondents stated that they spend more hours on the telephone, while the other 13% mentioned that they stay away from work. The least 7% indicated that they experience marital problems when having financial problems. These aspects were highlighted by Garman et al. (2001:page number unknown).

The fact that the majority (67%) of the respondents indicated that they experience stress, is an indication that financial problems cause other series of problems which could make an employee to be unhealthy. Garman et al. (1996:7) further state that when an employee's work productivity drops off sharply, analysis may reveal that other factors are

involved such as emotional stress from financial problems caused by substance abuse.

**Chart 9: Whether financial problems negatively affect productivity**



The information in the above chart shows that 53% of the respondents maintained that financial problems do affect their productivity. However, 47% indicated that it does not affect their productivity at all.

The fact that the majority of the respondents (53%) stated that financial problems affect their productivity negatively, is an indication that financial problems can be a serious concern that do not affect the employee only but the employer as well. Garman et al. (1996:2) state that employees in a financial bind are simply not as productive as they should be and that translates into bottom line losses for the employer. Garman et al. (1996:1) also mentioned that the proportion of workers experiencing financial problems that negatively impact on productivity for a single employer could range as high as 40% to 50%.

**Table 11: Procedures followed by supervisors in addressing the financial problems of employees**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Referral to the relevant resources	2	7
Handle the problem on his/her own	2	7
Hold a meeting with you	4	13
Verbal warning	4	13
Other	18	60
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table shows that 13% of the respondents indicated that if their supervisors are aware that they are experiencing financial problems, they hold a meeting with them while the other 13% stated that their supervisors warn them. However 7% of the respondents maintained that they handle the problem on their own while another 7% maintained that their supervisors refer them to the relevant resources. The majority of the respondents (60%) stated other reasons like:

- their supervisors do not interfere with their personal lives,
- they try to keep personal problems out of the workplace,
- productivity is not affected as such but hampered because of financial problems.

Some respondents indicated that it is difficult for the supervisor to detect that their poor performance is as a result of financial problems.

The fact that the majority of the respondents indicated reasons other than the ones stipulated reveals that they experience a lot of problems without the employer noticing it. Thus it indicates that they are not financially healthy; instead some suppress their problems while they

are at work because they believe that their problems are personal. They are not aware that they will not be as productive as they want to be if they are not healthy. The research done by Cambridge Human Resource Group (1995:1), indicates that 32% of executives ranked the toll on productivity caused by personal financial problems, as the most pressing overlooked workplace issue.

**Table 12: Whether respondents need someone to help them deal with financial problems**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Yes	19	63
No	11	37
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table depicts that 63% of the respondents indicated that they need someone to help them deal with their financial problems, while 37% indicated that they could handle their problems on their own. The fact that the respondents need someone to assist them to deal with their financial problems shows that they are aware of their problem and they really want to address it. By presenting financial counselling through EAP, employees are given the service that assures confidentiality and the chance to maintain control over their finances as well as the tools to work out their financial problems (Cambridge Human Resource Group, 1995:5).



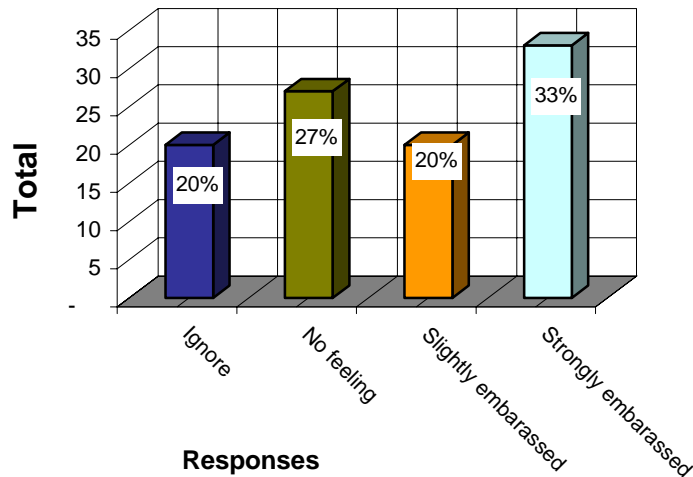
**Table 13: The method respondents use in dealing with financial problems**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Consult with supervisor	1	3
Deal with them on my own	20	67
Consult external resources	6	20
Consult with internal resources	0	0
Other	3	10
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table shows that 3% of the respondents indicated that they consult with their supervisor when experiencing financial problems. However, 20% of the respondents maintained that they consult with external resources to address their problems. The least (10%), stated that they do other things like preparing their budget carefully before they receive their salaries while others indicated that they are scared to embarrass themselves by seeking help from others. The majority of the respondents (60%) indicated that they deal with their financial problems on their own.

The fact that the majority of the respondents (60%) maintained that they deal with the problems on their own reveals that they feel they are alone with the problem as the employer is not aware of their financial problems. They might also fear to reveal their financial situation. Orman (1997:2) indicated that the fact that an employee knows that he/she is no longer in control of his/her money, could lead to depression that may impact on his/her productivity. Financial freedom is when you have power over your fears and anxieties instead of the other way round.

**Graph 4: Feelings of respondents if their colleagues and people around them are aware that they have problems that require them to consult for assistance**



The information in the above graph depicts that 20% of the respondents ignore the fact that colleagues or people around them are aware of their financial problems. Twenty seven percent (27%) of the respondents reported to have no feelings while 20% indicated that they get slightly embarrassed. However, the majority of the respondents (33%) maintained that they get strongly embarrassed.

The fact that respondents experience different feelings when their financial situation is revealed indicates that to some people financial matters are private while others regard them as ordinary problems. Orman (1997:12) argues that people don't tell the truth about money and it is difficult for them to confess their financial worries to their children, friends and relatives.

**Table 14: Whether the Department has an EAP**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Yes	0	0
No	30	100
<b>Total</b>	<b>30</b>	<b>100</b>

The information in the above table depicts that 100% of the respondents indicated that there is no EAP within the Department.

The fact that there is no EAP in the Department reveals that employees who are in trouble either with financial problems or other problems that affect their productivity, have no access to professional assistance. This is also an indication that employees do not get education about debt elimination and management of a personal cash flow. Joo (2001:47) states that personal financial wellness includes the subjective perception of personal finance, the behavioural assessment of personal finance, and the satisfaction with one's personal financial situation. Garman et al. (1996:1) also indicate that by not acknowledging or recognizing how personal financial problems affect workers, and not dealing with the financial situations of their stressed workers, employers leave a vital component out of their bottom-line calculations.

**Table 15: The need to introduce an EAP in the Department**

<b>Response</b>	<b>Number of respondents</b>	<b>Percentage</b>
Yes	30	100
No	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

The information on the above table indicates that all the respondents (100%) indicated that they need an EAP. The fact that all the respondents need an EAP, reveals that they understand and believe that it will play a major role in their lives. Cambridge Human Resource Group (1995:4) indicates that helping employees deal with financial issues falls under the umbrella of an Employee Assistance Programme (EAP).

#### **Responses on whether the Department provides information regarding credit, cash, income, personal financial management and consumer skills**

The responses on this question depicts that the Department does not provide any of the above information since there is no EAP in the Department. The workplace is supposed to be the second home for employees as they spend more hours at work than at home. The employees are supposed to be empowered with life skills since it will enable the employer to retain healthy employees. Joo (1999:53) states that the workplace is another key source of information.

### **3.4 SUMMARY**

The employer's duty is to empower its employees with personal financial management information, as it will enable the employer to retain healthy employees. A healthy employee is a guarantee for high

productivity because he/she will be in a position to perform at his/her optimum level without any hindrance.

The next chapter focuses on the conclusions and recommendations of the study.

## *CHAPTER FOUR*

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **4.1 INTRODUCTION**

Chapter three focused mainly on the goal and objectives of this study, which was “to investigate whether financial problems have an impact on the productivity of employees of the Department of Social Services, Population and Development Ermelo District”. The goal and objectives of the study were compared with empirical findings and conclusions drawn from that. Attention was paid to the research question for the study, namely “What is the impact of financial problems on the productivity of employees of the Department of Social Services, Population and Development Ermelo District?”.

A thorough investigation about factors leading to financial problems causes of financial problems and its impact on productivity was identified through a literature study.

The impact of financial problems on the productivity of employees of the Department of Social Services, Population and Development Ermelo District was explored through an empirical study. The researcher also focused on the current methods utilized by the Department in helping troubled employees.

A questionnaire was hand-delivered to the respondents in order to explore the impact. The empirical study was completed successfully because all 30 questionnaires were completed and returned to the researcher by the respondents.

The purpose of this chapter is to draw conclusions and make recommendations in respect of the findings.

## **4.2 CONCLUSIONS**

The conclusions drawn were based on the goal and objectives and the research question for the study.

The results of this study revealed that 60% of the respondents were under the age of 36 years and can the conclusion be drawn that financial problems affect mostly the early adult employees.

The research confirmed that 70% of the factors that lead to financial problems of the employees are, the need to be accepted, the need for status and the need for respect. Unforeseen circumstances and the need to have more money were 30% of the factors that lead to financial problems.

The employees of the Department of Social Services, Population and Development Ermelo District experienced financial problems caused by sharing income with the extended families, trying to live up to a specific standard, jealousy, competition and obsession of getting more possessions at once. This was revealed by the results of this study as indicated by 90% of the respondents.

Fourty percent (40%) of the respondents indicated that they spend more than what they have because they are trying to match and live according to the expectation of the society.

It is difficult for respondents (77%) to live within their means and they shifted blame to the government by emphasizing that their salaries do not match the market price. Due to this shift of blame, supplementing

of their salaries is always needed, as they are unable to budget with what they have.

Lack of financial planning (47%) is the major cause of employees' financial problems, as 60% of the respondents indicated that they worry about their debts and it can be concluded that if the employees have external worries, it would not be possible for them to concentrate on their jobs, which in turn will affect their productivity.

Financial problems have a negative impact on productivity of the employees. This has a great impact as those affected by these problems tend to spend more hours on the telephone (13%), stay away from work (13%), experience stress (67%), and experience marital problems (7%).

The Department does not lose only on productivity but it incurs costs as the telephone bill increases as well. The Department utilizes unhealthy employees as they are affected by stress, marital problems/relationship problems and absenteeism. The end result of all the problems is low productivity.

The employees do not perform to their optimum level, as there are problems that hinder their productivity. It is difficult for the Department to detect that its employees are experiencing financial problems that impact negatively on their job productivity as there is no one who is assigned or employed to look after the needs and problems of the employees. The EAP is perceived as the best method of addressing the problems of troubled employees. The implementation of an EAP in the Department will be of benefit to both the employees and the Department.

There is a need for someone to provide professional help to the employees in dealing with these problems as indicated by 63% of the respondents..



Even though the employees experience financial problems, it is still difficult for some employees (40%) to admit that they do have problems; this has to do with the stigma associated with financial problems and the embarrassment that 53% of the respondents experience when other people are aware of their financial problems.

Due to the absence of an EAP in the Department, there is no structured method that is used to address the problems of the employees.

There is a neglect of the problems experienced by employees; focused is based more on the Department's clients than on its workforce.

There is a need for employees to be aware of factors that lead to their financial problems. The awareness of these factors will reduce the problem.

The results of this study revealed that only 7% of the respondents with financial problems are referred by supervisors, thus implying that supervisors need training on the identification of troubled employees.

It can be concluded that the posed question, "What is the impact of financial problems on the job productivity of the employees", reveals the extent to which financial problems impact on the job productivity of the employees. The financial problems of employees do not impact on productivity only but cause other problems such as stress, marital problems, absenteeism and additional costs to the Department. These problems cause employees to be unhealthy and that hinders and affects their productivity negatively.

The help provided by this Department is directed mainly at the communities while social and personal problems of the employees are not taken care of. There is no programme designed to help employees

deal with their problems. The employer resorts to external resources but it is clear that employees (20%) do not make use of them, as it appears that they are not effective. Employees are not informed about personal financial management and resources that can be used to help troubled employees to deal with their problems.

### **4.3 RECOMMENDATIONS**

The following recommendations based on the investigation can be made:

The researcher recommends that the Department should be encouraged to involve a professional EAP service provider for the training of employees concerning the factors that could lead to financial problems. This could be done through workshops such as Money Wise, where employees will be taught how to exercise self-control and discipline when using their money. Employees need to be equipped with broader knowledge on financial dynamics.

Training must be provided on personal financial management and other issues like substance abuse, stress management and colleague sensitivity. These problems arise most of the time from lack of proper management of employees' cash.

It is recommended that an EAP be introduced and implemented in the Department. The EAP service provider will assist troubled employees to admit that they have problems and change their behaviour towards their money. With financial skills the employees will be able to take control of their personal and family lives.

Training needs to be provided on the causes and factors leading to financial problems. Employees should be encouraged to work according

to a monthly budget and its importance. Knowledge needs to be shared concerning the danger of credit and micro-lenders.

Employees need to be assisted to develop and improve life skills that will help them deal with their everyday situations. Through the upliftment of personal growth of employees, they would be able to manage their own finances.

#### **4.4 FUTURE RESEARCH**

If an EAP could be developed and implemented, future research should be based on the attitudes of employees towards their salaries. The intention will be to evaluate the effectiveness of the EAP and its influence on the employees' behaviour towards their salaries.

#### **4.5 SUMMARY**

It is the researcher's opinion that the findings of this study indicate clearly that

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## *APPENDICES*



**APPENDIX I**

P. O. Box 2543

Evander

2280

05/11/2002

The Regional Manager: Dept. of Social  
Services, Population and Development

Mrs. E Ngwenya

Private Bag x 9074

Ermelo, 2350

Dear Mrs. Ngwenya

**Request for permission to conduct a research study**

I hereby request a permission to conduct my research study at your Department. I am a second year EAP Masters student, at the University of Pretoria for this year 2002. I am currently busy with mini thesis and I wish to use respondents from your Department.

My topic for research is the impact of financial problems on the productivity of government employees (more specifically Welfare employees). I hope to accomplish the following: problems emanating from financial problems, current ways of addressing these problems and the extent of financial problems and its impact on employee's productivity.

Hoping that my request will receive urgent attention.

Yours truly,

---

M.J. Masemola (Miss)

## **APPENDIX III**

### **QUESTIONNAIRE**

#### **1. Introduction**

This questionnaire is intended to collect information from the Department of Social Services, Population and Development employees on the impact of financial problems on employees' productivity. The target group is employees' taking home less than 25% of their basic salary.

The respondents are therefore, requested to indicate their answers by putting an "x" in a space given next to the appropriate answer. In other questions the respondent is expected to motivate his/her answer.

An Employee Assistance Programme refers to a structured method of helping troubled employees to handle or deal with problems, which interfere with their job productivity. This is done through identification and referral of these employees to relevant resources, with the emphasis on confidentiality. The main aim is to enable them to regain a satisfactory level of job productivity and social functioning.

A troubled employee is an employee whose job productivity is affected by the prevalence of problems, for an example, financial problems, stress, work related problems or social problems.

Financial problems are money related problems that occurs as the result of things like: lack of credit management, financial planning and debt management. It is a real condition that is undesirable to almost everyone in the community and poses a threat to the different systems in which an employee forms part.

Employee financial education and credit counseling/debt management programmes are services that are offered to provide employees with free personalized counseling on money and credit management.

**N.B. Participation in this study is voluntarily and anonymous (the identity of the respondents is not required). The success of this study depends on your co-operation and honest answers.**

## **2. SECTION 1. Personal Details**

### 2.1. Age

16-25	"	36-45	"
26-35	"	46-55	"

### 2.2. Gender

Male	"	Female	"
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### 2.3. Marital Status

Single	"	Married	"
Widow	"	Remarried	"
Divorced	"	Separated	"

### 2.4. Nationality

African	"	Colored	"
White	"	Asian	"

### 2.5. Length of employment in this Department

Years	"	Months	"
Other (specify) _____			

## **3. SECTION 2: Factors leading to financial problems**

3.1. Do you think you do have financial problems?

Yes " No "

3.2. Did you find yourself in financial trouble because of the following reasons namely:

The need to be accepted " The need to be respected "

The need for status "

Other (specify) \_\_\_\_\_

3.3. Do you have problems in managing your finances?

Yes " No "

Please motivate your answer \_\_\_\_\_

3.4. Which one of the following causes your financial problems?

Sharing income with the extended families "

Trying to live up to standard "

Obsession of getting more goods at once "

Jealousy "

Competition "

Other (please specify) \_\_\_\_\_

3.5. Do you spend more money than you have?

Yes " No "

Please motivate your answer \_\_\_\_\_

3.6. Do you borrow money from micro-lenders to substitute your income?

Yes " No "

Please motivate your answer \_\_\_\_\_



Monthly budget " "  
Yearly budget " "  
Other (please specify)\_\_\_\_\_

4.8. Have you ever purchased something expensive that you did not really need?

Always " "  
Usually " "  
Sometimes " "  
Never " "

4.9. Which one of the following do you think is the cause of your financial problems?

More credit " "  
Gambling " "  
Substance dependency " "  
Lack of financial planning " "  
Health status " "  
Migrant labor " "

**5. SECTION 4. The impact of financial problems on employees productivity to the employer and employee**

5.1. Which one of the following do you do when experiencing financial problems?

Spent more hours on the telephone " "  
Stay away from work " "  
Experience stress " "  
Experience marital problems " "  
Other (Please specify)\_\_\_\_\_

5.2. Does the problem indicated above negatively affect your productivity?

Yes " No "

Please motivate your answer\_\_\_\_\_

5.3.If your supervisor is aware that your problems are impacting on your productivity, what is the procedure she/he follows in addressing your problem?

Referral to the relevant resources "

Handle the problem on his/her own "

Hold the meeting with you "

Verbal warning "

Other (Please specify)\_\_\_\_\_

5.4.Do you need someone to help you in dealing with financial problems?

Yes " No "

5.5. How do you deal with your financial problems?

Consult with your supervisor "

Deal with them on my own "

Consult external resources "

Consult with internal resources "

Other (please specify)\_\_\_\_\_

5.6. How do you feel if your colleagues and people around you are aware of the fact that you have a problem, which requires you to consult someone for assistance?

Ignore " No feelings "

Slightly embarrassed " Strongly embarrassed "

Other (specify) \_\_\_\_\_





