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Antecedents and Consequences of Financial Wellbeing: A Systematic Review

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Purpose – The purpose of this paper is to determine the antecedents and consequences of financial wellbeing by using systematic review techniques.

Design/methodology/approach – The authors conducted a systematic review of valid studies. Data was collected from several databases including: Elsevier Science Direct, Wiley online library, Google scholar, World Bank and Scopus. In the second stage, namely, the data collection process, we used the term financial well being in the title. Searching for these articles was important, since these studies generate the variables of financial well being that will originate it and also its outcome. Total number of 19 studies had been used in order to find out the antecedents and consequents of financial behaviour. The papers had been included from the year 1984 to 2019.

Findings – The findings shown that the factors influencing financial well being are as follows: Financial threat, social and financial security, financial strain, housing wealth, financial wealth, financial planning for retirement, saving rate, financial behaviour, spending and saving habits,

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self control, financial situation, sound consumption decision, financial literacy/education , financial, ability, motivation, financial socialization, financial practices, wealth management a, sufficient income and investment decisions

The consequences of financial wellbeing are as follows: success, happiness, general well-being, mental health and relationship quality, physical health, personal financial situations, anxiety, violent behaviour, violent behaviour, standard of living, personal wellbeing and financial freedom

Research limitations/implications/Future scope – This systematic review reviewed the relationships found worldwide in the literature on financial wellbeing. The authors also identified new avenues for future research. Some specific limitations, such as only … studies had been used in a systematic review. Further the number of studies will be involved accessing more number of databases including the same that had been used in this study. The researcher will extend the present work in future.

Originality/value – This research tested the impact of the antecedents, consequences and moderators of financial wellbeing via a systematic review. This systematic review contributes to the marketing and financial literature by offering a set of generalisations about the direct and moderation effects examined.

Keywords Antecedents, systematic review, financial wellbeing, Consequents and moderators

Paper type- Research paper

Introduction

Financial wellness is a multidimensional concept (Joo, S. 2008; Gerrans et al., 2013). Persons well-being also determined by their spending decision, it will not only affects their budget but also their social and emotional status (Barbic et al., 2018). In a common term well-being is related with happiness and satisfaction. Usually the term well-being is used in physical health, the main six interrelated sphere that make well-being are job, finance, house, health, leisure, and environmental satisfaction (Fletcher & Lorenz, 1985; Praag et al. 2000). Generally the term well-being is subjective in nature. Basically it defines how an individual think about his/her life (Diener et al. 1998). Belief of an individual that he/she have sufficient financial resources to live their life comfortably now and in future is to be considered as subjective financial well being (Xiao et al. 2014). Subjective well-being determined by the quality of life, delight, feeling

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comfortable with life positions as a part of personal assessment specially including social, personal and professional life (Ardelt, 1997; Brod et al. 1999)

In a situation when an individual is capable of meeting his/her desired standard of living, represents their financial wellbeing (Bruggen, 2017). Financial wellbeing is a condition when a person does not feel stressed at the time of taking financial decision in context to their basic necessities (Cazzin, 2011; Choudhury, 2009). Financial well-being ensures financial freedom that enables individuals to make life resolutions without distressing about monetary constriction and attaining it. People feel themselves financial healthy in a situation when they feel that they can afford their wants either minor or major (Bruggen, 2017).

At the end of this study, we intend to provide answers to three main questions:

(1) What are the antecedents and consequent effects of the financial wellbeing construct?

Literature Review

(Patel & Wolfe, 2019) collected the data from 332 self-employed individuals in the Consumer Financial Protection Bureau's (CFPB's) National Financial Well-Being Survey, researchers had been found that there is a positive relationship between subjective well-being and financial well-being. Further it had been also found that this relationship is strengthened among those who are equipped with high financial skills. In addition to this researchers highlighted the requirement for evaluate the relationship between different types of well-being from self-employment

(Stephan, 2018) examine the relationship between work and well-being within organizational settings and assessed that there is a positive correlation between self-employment and entrepreneurial careers and individual well-being.

(Marjanovic et al. 2018),collected the online data twice from undergraduate students with the objective to examine the outcome of traumatic psychological occurrence of monetary menace and it had been found that monetary threat positively correlates with sensitive financial suffering than chronic monetary conditions. Further it had been also found that monetary threat significantly associated with productive financial behaviour. In addition to this it had been also assessed that economic suffering moderates significant connection between monetary threat and productive financial behavior and concluded that individuals with high and low levels of financial threat

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because of high economic hardship are willing to engage in productive financial behaviors. In a situation of low hardship, even the individuals with high financial threat are the most willing to engage unconstructive monetary behaviour.

(Barbic et al. 2018) in order to examine the relationship among responsible financial consumption behaviour, responsible financial attitudes, financial literacy and behavioral control researchers combines two established theoretical frameworks i.e. the family management system and the theory of planned behaviour and tested on a random sample of 494 respondents and analysed it by using PLS-SEM. The researchers assessed that responsible consumption behaviour verifies individuals' well-being and does not affects only their funds but also their public position and emotional condition. Further the researcher examined that in a situation when an individual is not capable to manage the finance he/she may face long term financial problems. at the end researchers concluded the six formative elements that are accountable for responsible consumption behaviour i.e. self-control in spending, planning for the future, seeking information, education, rational decision-making and solvency.

(French & Vigne, 2018) thoroughly analysed 81 finance and economics papers related to household financial strain and in a result found that economists can build an important involvement in context to the designed objective. It had been found that household respond in a heterogeneous way and the strategies they are using to cope up their stress also vary from one another. Worse mental and physical health is an outcome of financial strain. Further it had been mentioned that financial strain is a form of stress and stress is the situation of discomfort, pain, unhappy and so on. In addition to this it had been mentioned that highly financially strained is injurious to health

(Piotrowska, 2017), make use of 2005-2009 Households Budget Surveys conducted in Poland with the purpose to investigate whether consumer behaviour matters for a house-hold's financial security or not. The findings offer experiential confirmation for the significance of buyer actions for monetary safety of households in Poland. The researcher built the index of financial security in order to determine the level of monetary safety experienced by working-age families, after this simple simulation based on the regression estimation is applied and in a result it had been found that consumer behaviour have a great influence on financial insecurity.

(Bruggen et al.2017) propose a definition based on a perceptual viewpoint of financial well-being and connect it to an individual's existing and predictable preferred living standard and monetary

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freedom. In addition to this researcher make a distinction between the important elements of financial well-being i.e. interventions and financial behaviors, consequences, contextual factors, and personal factors.

(Barrell et al. 2015) The researchers consider the recent financial crisis while studying wealth effects and examined that housing prosperity plays no role in Italy, whereas it is noteworthy in the UK. In addition to this it had been found that financial wealth has a constructive and considerable impact on cumulative expenditure.

(Holzmann, 2014) mentioned the key findings and suggestions regarding financial protection of old age with context to social security framework and in a result the research focused on job creation rather than social security in order to provide financial security, that will assist the economy to move towards high middle income group in a sustainable manners in the form of providing financial security and support to the old age.

(Gerrans et al. 2013) assesses the relationship between personal wellbeing and financial wellness. The researcher make use of structure equation modeling to measure personal wellbeing, monetary contentment, monetary condition, monetary behavior, monetary attitude, and financial knowledge and make a comparison on the basis of gender. In a result it had been found that the research indicates that males ranked higher in financial satisfaction and

financial knowledge than females; on the other hand, females ranked higher in personal wellbeing than males.

(Joo, 2008) found that financial satisfaction is one of the key elements to ensure the personal financial wellness. Further it had been also found that financial behaviour and financial health to a great extent plays a pivotal role in ensuring personal financial wellness. In addition to this it had been concluded by the researcher that subjective perception is the driving force for savvy financial behaviors and becomes part of the fourth construct of personal financial wellness. Individuals' attitudes toward personal financial wellness on the various personal finance topics canleadtoproperbehaviors.Financialknowledgeisalsoasignificantcomponentof subjective perception. The researcher also proposed some proxies for the term financial wellness i.e. Money Income, In-Kind (Non-money)Income, Consumption, wealth, Proxies that can be used to measure financial wellness include money income, inkind (non-money)income, wealth, consumption, financial behavior, financial satisfaction, financial attitudes, and financial ratios

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(Wright and Cropanzano, 2000) examined that happiness and well-being are positively related to performance at both the individual

(Praag et al. 2000) assesed that the term well-being is used in physical health. In addition to this ity had been also found that the main six interrelated sphere that make well-being are job, finance, house, health, leisure, and environmental satisfaction

(Zimmerman, 1995) examined that well-being is mentioned as a state of being healthy, happy, and free from worry

(Williams, 1993) conceived that economic well-being is an outcome of material and non-material aspects of individual's Personal financial wellness situation. The researcher included money income, real or full income, agreement about distribution, and psychic income or perceived adequacy of income in order to identify economic well-being,

(Breen, 1991) found that possessing sufficient income and assets, quality health and personal care, the right mix of products and services, as well as legal readiness and professional guidance ensures the financial well-being

Porter (1990) examined that the value-related qualitative indicators of financial situation and person's subjective perception of personal finances determines the individuals financial well-being.

(Hayhoe, 1990) mentioned that economic and financial well-beings are often used interchangeably. In addition to this it had been concluded that financial well-being include broader aspects of financial life whereas economic well-being is most often used with income level.

(Fletcher & Lorenz, 1984) found that indicators of economic well-being within different age, race, and sex groups may vary. The researchers found that the relationship would be fragile among the oldest age group compared to other age groups.

Definitions

Financial well-being is defined as an objective and subjective concept that contributes to a person's assessment of his/her current financial situation (Vosloo et al. 2014).

Financial well-being as the perception of being able to sustain current and anticipated desired living standards and financial freedom (Bruggen, 2018)

Financial well-being as absence of financial distress (O'Neill et al., 2005)

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Personal financial wellness is defined as an active and desirable status of financial health, and "a comprehensive, multidimensional concept incorporating financial satisfaction, objective status of financial situation, financial attitudes, and behavior that cannot be assessed through one measure" (Joo 2008).

Antecedents and Consequences of financial behaviour

In our framework, based on a systematic literature review, we defined nineteen antecedent constructs of financial behaviour shown in Fig. 1 Financial threat, social and financial security, financial strain, housing wealth, financial wealth, financial planning for retirement, saving rate, financial behaviour, spending and saving habits, self control, financial situation, sound consumption decision, financial literacy/education , financial, ability, motivation, financial socialization, financial practices, wealth management a, sufficient income and investment decisions (French & Vigne, 2018; Stromback, 2017; Bruggen et al. 2017; OECD, 2016; Barrell et al. 2015; Henager, & Mauldin, 2015; Holzmann, R. 2014; Lusardi, 2012; Lusardi &Mitchell, 2011,2008,2007a, 2007b; Hilgert et al. 2003)

In addition to this following are the consequents that had been identified as a result of these studies including: success, happiness, general well-being, mental health and relationship quality, physical health, Personal Financial Situations, Anxiety, Violent Behaviour, Violent Behaviour, Standard of Living, Personal Wellbeing and financial freedom (French & Vigne, 2018; Bruggen et al. 2017; Gerrans et al. 2013; Dunn & MirzaieI, 2012; Hubler, Burr, Gardner, Larzelere, & Busby, 2016).

Moderators of financial behaviour

Financial wellbeing refers to the state of being healthy, happy, and free from financial anxiety and determined by the quality of life, delight, feeling comfortable with life positions as a part of personal assessment specially including social, personal and professional life (Ardelt, 1997; Brod et al. 1999) that get affected by various stimulus that can be modified and make for effective through learning. We analyse the moderator that results in increasing or decreasing the outcome in terms of financial wellbeing including financial satisfaction (Joo, 2008)

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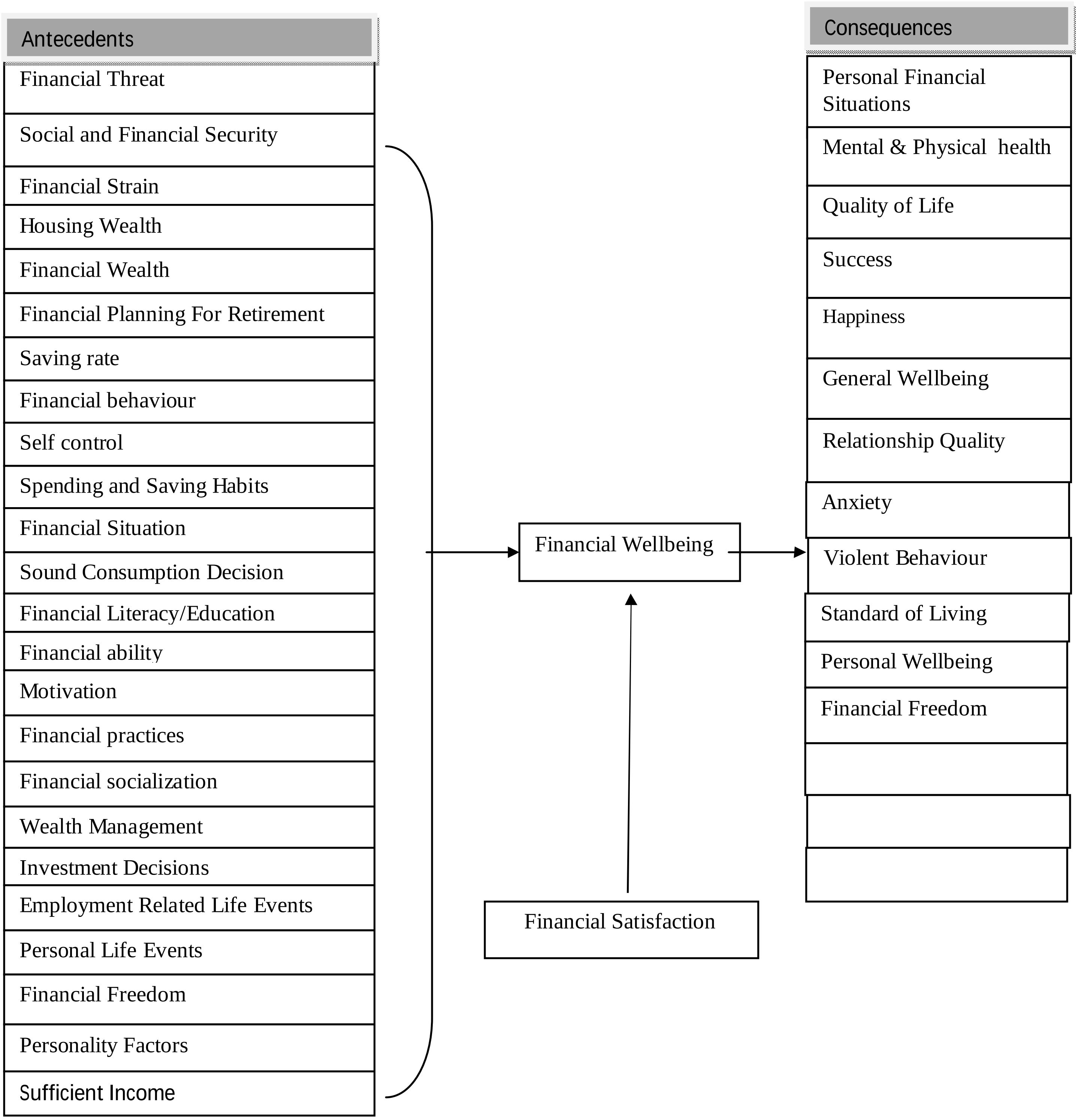

Fig. 1

Methodological design

As we applied the systematic review approach in order to examine the antecedents and consequents of financial behaviour. In this case, data were collected from several databases including: Elsevier Science Direct, Wiley online library, Google scholar, World Bank and Scopus. In the second stage, namely, the data collection process, we used the search criterion of financial behaviour in the title and summary areas of the database. Searching for these articles was important, since these studies generate scales to measure the construct of financial behaviour. Total number of 19 studies had been used in order to find out the antecedents and consequents of financial behaviour. The papers had been included from the year 1984 to 2019.

Conclusions

From the above literature review the various antecedents had been found that results in influencing the financial wellbeing and it had been also found that what would be the consequences of financial wellbeing. The accessibility of a great amount of studies related to financial wellbeing enables us to strongly set up the association connecting this construct and its antecedents and consequences. The antecedents of financial behaviour examined in this study includes Financial threat, social and financial security, financial strain, housing wealth, financial wealth, financial planning for retirement, saving rate, financial behaviour, spending and saving habits, self control, financial situation, sound consumption decision, financial literacy/education , financial, ability, motivation, financial socialization, financial practices, wealth management a, sufficient income and investment decisions and on the other hand there are valuable consequents of financial wellbeing.

Managerial implications

From a managerial perspective, this study also offers contributions to practitioners and institutions interested in promoting financial well-being and reducing financial stress by promoting responsible and sound financial decision making by means of financial education programmes in order to bring awareness regarding various financial concept and build the habits of making use of financial knowledge with the intention of developing responsible asnd effective financial behaviour. Financial wellbeing is commonly expected to promote increased success, happiness, general well-being, mental health and relationship quality, physical health, Personal Financial Situations, Anxiety, Violent Behaviour, Violent Behaviour, Standard of Living, Personal

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Wellbeing and financial freedom (French & Vigne, 2018; Bruggen et al. 2017; Gerrans et al. 2013; Dunn & MirzaieI, 2012; Hubler, Burr, Gardner, Larzelere, & Busby, 2016). It also indicates the role of financial education, financial behaviour and financial literacy in promoting the financial wellbeing that will assist in bringing high level of success, happiness, mental health Standard of Living, Personal Wellbeing and financial freedom among individuals. It also shed light on the relevance of financial literacy and financial behaviour in developing and encourages regular saving and ways to make and continue with a saving-oriented way of life in order to bring the financial wellbeing.

Limitations and future research

This systematic review reviewed the relationships found worldwide in the literature on financial wellbeing. The authors also identified new avenues for future research. Some specific limitations, such as only 19 studies had been used in a systematic review. Further the number of studies will be involved accessing more number of databases including the same that had been used in this study. The researcher will extend the present work in future.

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