No Money, Poor Mental Health, and High Counterproductive Behavior: The Mediating Effect of Perceived Stress on Financial Threats and Job Performance

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Abstract: Financial threat refers to fear, unease, and uncertainty regarding an individual’s present or forthcoming financial state. Despite consistent findings indicating that financial threats are harmful to individuals’ behaviors and mental health, their impacts remain largely unexplored in the context of organizational behaviors. This study examined whether and how financial threats are detrimental to various aspects of employees’ performance, including task, contextual, and counterproductive performance. A sample of 165 working adults in Malaysia responded to an online survey consisting of the Financial Threat Scale, Perceived Stress Scale, and Individual Work Performance Questionnaire. Confirmatory factor analysis supported the structure of the measurements, although some items were eliminated. Pearson correlation analysis showed that financial threats had a positive relationship with perceived stress and counterproductive performance. Meanwhile, perceived stress was negatively related to task performance and positively associated with counterproductive performance. Finally, structural equation modeling revealed that perceived stress mediates the relationship between financial threats and counterproductive performance. These findings illuminate the underlying mechanisms by which financial threats impact employees’ job performance. They also highlight the importance of addressing resource depletion’s effects on the mental health of working adults. The implications of these findings for organizational management and employee well-being are discussed.

Keywords: financial threats; Malaysia; mental health; performance; resource depletion; stress; working adults

1. Introduction

Global crises such as the COVID-19 pandemic have negatively impacted global economies [1,2] and individual income [3]. A survey involving 116 countries at the beginning of 2021 revealed that seven out of ten employees were going through difficult times or suffering [4]. Individuals who experience multiple economic challenges daily are likely to experience financial threats [5].

Financial threats are a combination of worry, anxiety, and obsession about one’s financial condition [6]. Put differently, financial threat is a feeling of fear, apprehension, and doubt when considering one’s current or future financial condition. These feelings primarily concern one’s prosperity, stability, and security [5]. Financial threat causes a persistent stress condition in household affairs, including anxious concerns about everyday bills and expenses and thoughts of concern, nervousness, and uncertainty regarding one’s ability to preserve one’s current way and standard of living [5,6].

Within an organization, employees serve as pivotal assets instrumental in realizing organizational objectives. Those demonstrating commendable work performance significantly enhance the organization’s overall effectiveness in attaining its goals. Work

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performance, in this context, denotes the proactive actions and contributions of individuals aligning with the organization’s overarching objectives [7].

The literature has shown that financial threats are harmful to performance [8] as well as mental health and psychological well-being [9–11]. Notably, mental health and well-being are related to employee performance [12,13]. As a result, it is reasonable to assume that financial threats have a negative impact on job performance via mental challenges. The present study aimed to examine this hypothetical relationship and the mediating role of perceived stress in the association. The relationships among the three variables are reviewed in the following sections.

1.1. The Relationship between Financial Threats and Job Performance

The high stakes of the job market, characterized by competitiveness and economic volatility, have led organizations worldwide to push their employees to accomplish more with fewer resources [14]. The unprecedented era of COVID-19 has resulted in negative economic and societal repercussions [15,16]. Health, social, and economic crises inevitably lead to organizational changes that may cause concern among wage earners [17].

The perception of financial threat is linked to the subjective judgment of assets as unpredictable and inadequate to maintain the equilibrium between income and expenses [18]. This, in turn, fuels the worry about being unable to meet fundamental demands [19]. In other words, people who experience financial threats are uncertain and feel insecure about their future financial condition.

The uncertainty and insecurities caused by financial threats have significant psychological distress consequences [20] and increase the risk of mortality in working-age men and women [21]. Moreover, feeling insecurity or uncertainty has been found to have a detrimental impact on performance [8]. For instance, hotel employees who reported high job insecurity also reported low job performance [22]. Similarly, employees who reported high financial insecurity tend to have high work disengagement [23].

This phenomenon can be explained by the Conservation of Resources (COR) theory [24]. The COR theory posits that individuals are inherently motivated to acquire, maintain, and safeguard items of significance to them, which are referred to as resources. The COR theory categorizes resources into four primary types: objects (e.g., tools), conditions (e.g., supportive environment), personal characteristics (e.g., skills and competencies), and energies (e.g., money) [24]. When employees’ resources are depleted or threatened, they tend to perform less effectively on the job. Aligned with the COR theory, which posits that resource depletion increases stress and impairs performance, while resource acquisition reduces stress and enhances performance, receiving instrumental social support has been found to have a curvilinear effect on employees’ performance in a study using a three-wave time-lagged design [25] (Study 1). Employees in a manufacturing company who received less instrumental social support from coworkers (measured at Time 1) reported low levels of work engagement (measured seven days after Time 1) and task performance (measured seven days after Time 2). Notably, the same detrimental effect was also observed in those who received more instrumental social support. The researchers explained that receiving excessive help from coworkers will lead the recipients to feel that they are incompetent and threaten their performance.

Based on the COR theory and empirical evidence, it is rational to hypothesize that the financial insecurity or the loss of energy resources caused by the aftermath of the COVID-19 crisis could have depleted the required resources to complete the task, causing a decrease in job performance.

H1: Financial threat is negatively associated with job performance.
1.2. The Relationship between Financial Threats and Perceived Stress

According to the COR theory, individuals proactively seek to acquire, maintain, and safeguard their personal resources and social support networks [24]. Psychological stress manifests when individuals face (1) the potential loss of resources, (2) actual resource depletion, or (3) an inability to accrue resources after investing in them. In other words, psychological stress invariably arises in individuals when faced with the prospect or occurrence of resource depletion. Aligned with this notion, studies have found that financial challenges relate to mental health [26,27]. For example, an analysis of the responses from 2329 renter mothers with young children in the United States revealed a correlation between heightened housing difficulties and an elevated likelihood of experiencing depression. Furthermore, the incapacity to afford rent was identified as a factor contributing to an increased susceptibility to anxiety [28]. More precisely, mothers characterized by a low likelihood of encountering housing-related challenges exhibited the lowest risks of mental health disorders, whereas those facing housing insecurity demonstrated the highest risks. Interestingly, mothers receiving government assistance for rent payments did not display significant differences in anxiety risk when compared to those who independently covered their rent expenses. Similarly, examining the data from the cross-sectional 2018 National Health Interview Survey (NHIS) focusing on the adult population found a correlation between heightened financial worries and increased psychological distress [29]. Notably, this connection was more accentuated among individuals who were unmarried, unemployed, in lower-income households, and renters, as compared to their counterparts.

Considering that financial resources represent a crucial element for employed individuals to address their personal and familial obligations, it is probable that working individuals will experience psychological stress when their financial means become exhausted. Perceived stress refers to the extent to which a person believes that the demands exceed their capacity to cope [30]. In other words, the perceived stress level depends on the degree to which situations and life events are perceived as unanticipated, uncontrollable, and overwhelming [31]. When encountering financial threats, people experience stress because they believe they lack the necessary capabilities or resources to cope with uncertain financial conditions. Some empirical studies have supported the hypothetical relationship between financial threat and perceived stress. For example, an analysis of the self-report of 988 job seekers aged 22 to 29 in Bangladesh showed that financial threat was positively associated with stress regardless of gender [11]. Similar results were reported in a study with a sample of 729 participants with a mean age of 36.99 (SD = 12.81) in Portugal. The analysis results using structural equation modeling showed that financial threat has a positive relationship with stress, anxiety, and depression [32]. Notably, the positive relationship between financial threat and mental challenges has also been documented in Malaysia. An analysis of the self-report provided by 336 working adults dominated by women and those below 30 years old showed that those who scored higher on the Financial Threat Scale [6] also reported a higher score in stress, anxiety, and depression [33]. Based on the COR theory and past findings, the following is hypothesized:

H2: Financial threat is positively associated with perceived stress.

1.3. The Relationship between Perceived Stress and Job Performance

Studies have demonstrated that high levels of stress tend to affect employees’ job performance negatively [34,35]. In other words, employees’ job performance, any beneficial employee behaviors contributing to achieving organizational goals [36], will likely be disrupted if they are stressed. According to the findings of Gallup [4], approximately one million Americans miss work each day due to stress. Consequently, this low performance will hinder the organization from achieving its goals and result in financial losses.

The findings align with the Job Demand-Resource (JD-R) model [37]. According to the JD-R model, the performance of employees results from the interplay between job demands and job resources. Job demands encompass the physical, psychological, social, or
organizational facets of a job that necessitate prolonged physical or psychological exertion, such as time constraints, interpersonal conflicts, and a heavy workload. On the other hand, job resources encompass the elements of a job that assist employees in attaining work objectives, mitigating job demands, and fostering personal advancement and growth, such as support, feedback, and skills. In situations where job demands are elevated and/or beneficial resources are in short supply, employees are likely to exhibit unsatisfactory performance. Specifically, the imbalance between demands and resources leads employees to perceive a sense of helplessness and insufficient support in coping with challenges. As a result, employees are likely to experience negative consequences (e.g., burnout), which hinder them from focusing on their work. Supporting the JD-R model, empirical studies have consistently shown that employees who perceived high levels of stress also reported lower job performance [12,38]. For instance, work stress due to COVID-19 is negatively related to the work performance of 213 bank employees in Pakistan [13]. Likewise, a negative relationship between job stress and job performance has been found in a sample of employees in the education sector in Malaysia [39].

The adverse effects of stress on performance have been recorded in various professional fields. An analysis of 122 active-duty police officers’ responses found that a rise in cardiovascular stress reactivity, indicated by a one-unit increase in the sympathetic nervous system index, correspondingly elevated the likelihood of committing lethal force error when dealing with a subject armed with a knife and displaying a threat of self-harm by 25% [40]. Similarly, a four-wave prospective survey revealed that self-reported perceived stress emerged as a reliable predictor of sports injuries in the subsequent month among a cohort of 112 athletes from a public university [41].

Based on the literature and JD-R model, the following is assumed:

**H3:** Perceived stress is negatively associated with job performance.

### 1.4. An Overview of This Study

As reviewed above, the literature indicates that financial threats negatively correlate with job performance and positively correlate with perceived stress. Furthermore, the latter is negatively associated with job performance. Drawing on the theoretical framework and empirical evidence, we hypothesize the following:

**H4:** Perceived stress mediates the relationship between financial threats and job performance.

To our knowledge, this hypothetical mediation model has not been empirically tested. The present study aimed to address this gap by exploring the relationships between financial threats, perceived stress, and job performance in the Malaysian context. As in other developing countries, employees in Malaysia are also suffering from stress: Kuala Lumpur, the capital of Malaysia, was ranked as the third most overworked city in 2022 [42]. Furthermore, the RinggitPlus(Kuala Lumpur, Malaysia) Malaysian Financial Literacy Survey 2023 [43] found that among the 3211 individuals surveyed, 32% believed that their financial status has deteriorated compared to the previous year. Additionally, 55% of respondents acknowledged experiencing feelings of anxiety, frustration, or embarrassment with their financial circumstances. While anticipating governmental, economic, and professional interventions to enhance the nation’s economy, social scientists must comprehend the ramifications of financial threats and assist employed individuals in mitigating adverse outcomes.

Our study holds significance within academic discourse because it focuses on the relatively underexplored mechanisms underpinning the association between financial threats and job performance. Unraveling the impact of financial threats on job performance not only enriches our comprehension of this relationship but also enables the identification of pivotal contributing factors. This understanding is crucial for policymakers and management seeking to tailor effective strategies within resource constraints to alleviate the
adverse effects of financial threats on job performance. Beyond contributing to the literature on financial threats, our study’s results offer empirical support for evaluating wage structures in the Malaysian context. For example, the Malaysian government has actively pursued increases in the national minimum wage. The insights derived from our study can serve as valuable reference points to bolster these initiatives. Furthermore, our findings provide practical guidance for employers, highlighting the interplay between wage levels and job performance. This knowledge not only aids in comprehending challenges related to recruiting and hiring suitable employees but also offers a rationale for these difficulties.

2. Method

2.1. Participants

This is a quantitative cross-sectional study. Using an online Monte Carlo power analysis calculator [44], a sample size of 153 is required to achieve a power of 0.80 in detecting the indirect effect when the variables are assumed to correlate at a 0.30 level. A total of 197 working adults were recruited using convenience and snowball sampling via Qualtrics, an online survey tool. Upon checking the data, we removed 1 case for being non-Malaysian, 12 cases for not living in Malaysia, and 19 cases for not working or working less than one year. The final sample consisted of 165 participants (71 men and 94 women) with a mean age of 26.34 (SD = 4.07), ranging from 21 to 57 years (with one missing value). Most of the participants were Chinese (93.94%), followed by 4.85% of Indians and 1.21% of Malays.

2.2. Procedures

The data were collected using the Qualtrics online survey platform. A recruitment poster containing information regarding the inclusion criteria, survey link, and QR code was created. The recruitment poster was posted on social media and shared with various research groups. Interested individuals were directed to the survey’s introductory page and required to indicate their consent to participate. Participation in the survey was entirely voluntary. Participants were free to withdraw at any time without facing any consequences and could skip any questions they did not wish to answer. Furthermore, we requested participants to recommend the study to their colleagues and friends kindly. The Universiti Tunku Abdul Rahman Scientific and Ethical Review Committee reviewed and approved the research procedure (Ref: U/SERC/24/2023).

2.3. Measurements

2.3.1. Financial Threat

The Financial Threat Scale (FTS) [6] was used to measure perceived financial threats. It is a 6-item questionnaire measuring how people feel about the stability and security of their finances. Participants indicated how threatened they feel by their financial situation on a five-point scale (1 = not at all, 5 = a lot). A higher score indicated that participants perceived the situation as more threatening.

2.3.2. Perceived Stress

The Perceived Stress Scale (PSS) [45] was used to appraise the degree of stress in one’s life on a 10-item scale. Participants were invited to respond on the frequency they experience stress on 0 (never) to 4 (very often) points. A mean score was computed after reversing the negative items. A higher score indicated a higher stress level.

2.3.3. Work Performance

The Individual Work Performance Questionnaire (IWPQ) [46] was used to assess work performance. The IWPQ consists of three subscales: task performance (5 items), contextual performance (8 items), and counterproductive performance (5 items). Each item was rated from 0 (seldom) to 4 (always). A mean score was created with a higher score corresponding to a higher job performance within the domain.
2.4. Data Analysis

The analyses were conducted using JASP Version 0.18.1. We first examined the factorial structure of the three measurements using confirmatory factory analysis (CFA) with a diagonally weighted least squares (DWLS) estimator to cope with the ordinal data. We utilized the comparative fit index (CFI), Tucker–Lewis index (TLI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR) as key indices for assessing the model fit. Notably, research indicates that the DWLS approach yields lower RMSEA values and higher CFI and TLI values compared to the ML method. Consequently, adhering to traditional cutoffs for DWLS may lead to an inclination to overlook model–data misfit [47]. Thus, the determination of a well-fitting model predominantly relies on the SRMR due to its robustness across various methods employed for estimating model parameters [48]. After confirming the structure of the best fit model, the McDonald omega coefficient (ω) was used to examine the reliability of each measurement. Next, we tested the first three hypotheses using Pearson correlation analysis. For example, the first hypothesis was divided into three parts: H1a, stating that financial threat is negatively associated with task performance; H1b, asserting that financial threat is negatively associated with contextual performance; and H1c, suggesting that financial threat is positively associated with counterproductive performance. Finally, the mediation model was examined using structural equation modeling with the DWLS estimator. A 95% percentile confidence interval (CI) with 5000 bootstrapping samples was generated. Significant indirect effects were reported with both CIs, not across zero.

3. Results

The confirmatory factor analysis results for the three measurements are presented in Table 1. The original unidimensional structure of the 5-item FTS is supported. However, the unidimensional structure of the 10-item PSS showed a poor fit to the data. An inspection of the results revealed that the factor loadings of the four reverse-scored items were not statistically significant. We sequentially removed the items with the lowest factor loading each time and reran the analysis. After eliminating the four items, the single-factor model with six positively worded items demonstrated a good model fit. Likewise, the three-correlated-factor model of the 18-item IWPQ showed mixed results. Although the CFI and TLI values were acceptable, the RMSEA and SRMR values exceeded the suggested cutoff. Modification indices suggested loading items 6 and 14 on the other two dimensions, indicating ambiguity in respondents’ interpretations of the items. As a result, the two items were removed. The CFA results of the remaining 16 items supported the 3-factor model. The average variance extracted value was 0.681 for the FTS, 0.546 for the PSS, 0.532 for the task performance subscale, 0.523 for the contextual performance subscale, and 0.593 for the counterproductive performance subscale of the IWPQ.

<table>
<thead>
<tr>
<th></th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA [90% CI]</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Threat</strong></td>
<td>0.997</td>
<td>0.995</td>
<td>0.104 [0.040, 0.171]</td>
<td>0.039</td>
</tr>
<tr>
<td><strong>Perceived Stress Scale</strong></td>
<td>0.989</td>
<td>0.981</td>
<td>0.111 [0.064, 0.160]</td>
<td>0.063</td>
</tr>
<tr>
<td>Individual Work Performance **</td>
<td>0.991</td>
<td>0.989</td>
<td>0.051 [0.030, 0.069]</td>
<td>0.065</td>
</tr>
</tbody>
</table>

Note. N = 165. The reported indices were based on the DWLS estimator. CFI = comparative fit index, TLI = Tucker–Lewis index, RMSEA = root mean square error of approximation, CI = confidence interval, SRMR = standardized root mean square. * Removed all negatively worded items; ** removed cross-loading items 6 and 14.

Table 2 shows the descriptive statistics, reliability, and correlation for the variables. The Pearson correlation analyses found that financial threat positively correlated with perceived stress and counterproductive performance. Perceived stress was negatively associated with
task and contextual performance but positively linked to counterproductive performance. In addition, all measurements showed good internal consistency. The McDonald omega coefficients ranged from 0.819 (task performance and counterproductive performance subscales) to 0.904 (Financial Threat Scale).

Table 2. Descriptive statistics and correlation analyses.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Threat</td>
<td>2.56</td>
<td>0.89</td>
<td>(0.904)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived stress</td>
<td>13.12</td>
<td>4.28</td>
<td>0.47 ***</td>
<td>(0.841)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task performance</td>
<td>2.46</td>
<td>0.76</td>
<td>−0.06</td>
<td>−0.16 *</td>
<td>(0.819)</td>
<td></td>
</tr>
<tr>
<td>Contextual performance</td>
<td>2.35</td>
<td>0.80</td>
<td>0.05</td>
<td>−0.06</td>
<td>0.555 ***</td>
<td>(0.848)</td>
</tr>
<tr>
<td>Counterproductive performance</td>
<td>1.12</td>
<td>0.90</td>
<td>0.17 *</td>
<td>0.335 ***</td>
<td>−0.02</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Note. N = 165. SD = standard deviation. McDonald’s ω coefficient is shown in the diagonal line. *p < 0.05, ***p < 0.001.

Table 3 summarizes the results of the mediation analysis. The results indicated that financial threat was positively associated with perceived stress. Mixed results were observed in the relationship between perceived stress and work performance. Specifically, perceived stress was positively associated with counterproductive performance and did not have a relationship with task performance and contextual performance. On the other hand, the direct effect results showed that financial threat was not significantly associated with all types of work performance after controlling for the effect of perceived stress. The same results were observed in the total effect of financial threat. Finally, the indirect effect of financial threat on work performance via perceived stress was significant only for counterproductive performance but not for task performance and contextual performance.

Table 3. Results of mediation analysis on job performance (N = 165).

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>SE</th>
<th>z-Value</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial threat → Stress</td>
<td>0.47</td>
<td>0.10</td>
<td>4.67</td>
<td>&lt;0.001</td>
<td>[0.33, 0.61]</td>
</tr>
<tr>
<td>Stress → Task performance</td>
<td>−0.17</td>
<td>0.14</td>
<td>−1.19</td>
<td>0.234</td>
<td>[−0.36, 0.05]</td>
</tr>
<tr>
<td>Stress → Contextual performance</td>
<td>−0.10</td>
<td>0.13</td>
<td>−0.80</td>
<td>0.423</td>
<td>[−0.30, 0.10]</td>
</tr>
<tr>
<td>Stress → Counterproductive performance</td>
<td>0.33</td>
<td>0.13</td>
<td>2.61</td>
<td>0.009</td>
<td>[0.16, 0.50]</td>
</tr>
</tbody>
</table>

Direct effect

| Financial threat → Task performance | 0.02 | 0.13 | 0.15 | 0.882 | [−0.17, 0.21]   |
| Financial threat → Contextual performance | 0.09 | 0.12 | 0.78 | 0.438 | [−0.10, 0.28]   |
| Financial threat → Counterproductive performance | 0.01 | 0.13 | 0.11 | 0.913 | [−0.18, 0.19]   |

Total effect

| Financial threat → Task performance | −0.60 | 0.09 | −0.67 | 0.508 | [−0.23, 0.12]   |
| Financial threat → Contextual performance | 0.05 | 0.08 | 0.55 | 0.581 | [−0.12, 0.20]   |
| Financial threat → Counterproductive performance | 0.17 | 0.09 | 1.92 | 0.055 | [−0.003, 0.33]  |

Indirect effect

| Financial threat → Stress → Task performance | −0.08 | 0.07 | −1.13 | 0.258 | [−0.19, 0.02]   |
| Financial threat → Stress → Contextual performance | −0.05 | 0.06 | −0.77 | 0.440 | [−0.16, 0.04]   |
| Financial threat → Stress → Counterproductive performance | 0.16 | 0.07 | 2.17 | 0.03  | [0.07, 0.25]    |

4. Discussion

This cross-sectional study examined the relationships between financial threat, perceived stress, and job performance among working adults in Malaysia. The four hypotheses are supported. In particular, the results showed that financial threats have an indirect effect on job performance through perceived stress.

The first hypothesis is partially supported as mixed results were found for the relationship between financial threats and the three domains of job performance. Specifically, participants who reported higher levels of financial threats also reported higher levels of
counterproductive performance. There were no relationships between financial threats and task performance or contextual performance. The results suggest that although financial threats do not negatively impact working adults’ performance in assigned tasks or their contributions to organizational development—such as taking initiative and sharing knowledge with coworkers—they do lead to an increase in behaviors that undermine organizational goals and productivity such as absenteeism and dishonesty.

Supporting the second hypothesis, our results revealed a positive relationship between financial threat and perceived stress. These findings are consistent with previous studies [11,32], which have shown that working adults reporting higher levels of financial threat often experience increased stress levels. Notably, our results not only provide further empirical support for the Conservation of Resources (COR) theory [24] but also underscore the importance of providing adequate resources to working adults. Specifically, our findings suggest that while financial insecurity may not immediately impact task performance or collaboration with coworkers, it can indirectly hinder organizational development by slowing work progress. Furthermore, financial threats could potentially lead to mental health issues, as chronic stress is associated with conditions such as anxiety, depression, and burnout [49,50].

Perceived stress, on the other hand, was found to have a negative relationship with task and contextual performance and a positive relationship with counterproductive performance. This result lends support to the third hypothesis and is congruent with the Job Demand-Resource (JD-R) model [37] and past studies [34,35]. When working adults perceive that they do not have sufficient resources to cope with challenges, their performance will be negatively affected.

The most valuable finding of the present study is the demonstration of the mediational relationship between the three variables. In line with our hypothesis, perceived stress mediates the relationship of financial threat with counterproductive performance. In other words, employees who encounter financial threats tend to report a higher level of stress. Moreover, stressed employees also reported a greater degree of counterproductive performance.

Our findings not only provide additional empirical evidence to the past findings but also extend the literature on financial threat by illustrating the underlying mechanism of the detrimental effect of financial threat on job performance. The latter also offers practical insights into improving employee job performance. Specifically, while it is more challenging to mitigate the financial threats encountered by employees, our research indicates that organizations can prioritize reducing personal stress levels to prevent a decline in work performance. For instance, organizations may contemplate promoting lunch break autonomy, as it has been shown to increase employees’ positive emotions [51], which can help mitigate the detrimental impacts of stress. Likewise, organizations may help employees to enhance their creativity, which has been found to reduce stress [32] and subjective well-being [53]. Our findings contribute to the literature on working adults’ mental health by highlighting the importance of providing adequate resources to prevent mental illness. By addressing mental health challenges early on, we can mitigate their impact on working adults.

Several limitations in the present study deserve attention. First, certain items were eliminated from the Perceived Stress Scale and the IWPQ. Despite maintaining the original factorial structure of the measurements, the removal of items could change the meaning of the scores and influence the interpretation of the scores, leading the comparability of our findings with previous studies to become questionable. Furthermore, it is critical to note that using a cross-sectional design prevented us from providing insights into the causal relationship among the variables. Although the hypothesized mediation model is supported, the impacts of the variables remain open with the correlational results. Nevertheless, the hypothesized directions are supported by theories and make sense. For example, it is more reasonable to assume that financial threats influence one’s stress level than to assume that stress levels increase financial threats. The connection between financial threats and job performance is intricate and not easily discernible. Although our results
indicate that financial threats may adversely affect job performance, we recognize the potential scenario where individuals might not receive adequate income due to subpar job performance. For example, a salesperson failing to meet the required sales target may experience financial threats, particularly if reliant on a minimum basic salary. This implies a bidirectional relationship between financial threats and job performance. Future research should explore and elucidate this possibility, providing a more comprehensive understanding of the interplay between financial threats and job performance.

Second, it is important to take caution about the limited generalizability of the results. The present study’s findings are solely derived from working adults in Malaysia. It is premature to assume that the findings can be replicated in other cultural and organizational contexts unless there is empirical evidence. In particular, it is intriguing to know whether the detrimental effect of financial threats will occur (or become weaker) in countries that provide unemployment benefits. This is because the benefits may serve as a safety net to buffer the negative financial and psychological impacts of losing a job. Therefore, working adults entitled to unemployment benefits may experience a higher level of financial and psychological safety and a lower level of stress than those who do not have the benefits. Such improvement will help mitigate the harmful effects of financial threats on work performance.

Finally, the mediation model tested in the present study is somewhat limited and falls short of optimal. It is essential to recognize that factors beyond stress might mediate the connection between financial threat and job performance. For example, coping strategies emerge as a plausible mediator, given existing research indicating a positive association between financial threat and coping strategies [19]. Moreover, coping strategies have been found to be linked to job performance [54]. Similarly, our current investigation did not consider potential strategies for alleviating the adverse effects of financial threats on job performance. We suggest that future research could build upon our study by investigating variables or approaches that may mitigate the harmful impact of financial threats. An avenue worth exploring is the concept of a secure organizational culture. Previous research has indicated that a safe culture has the potential to mitigate the negative association between stress arising from the COVID-19 pandemic and job performance [13]. Organizations are also advised to consider person–job fit, which is essential for job performance [55]. Specifically, they should ensure that salaries not only match the job position but are also sufficient to cover living costs in the local region.

5. Conclusions

This study reveals a detrimental effect of financial threats on employees’ work performance and its underlying mechanism. Individuals facing financial threats tend to undergo heightened stress levels. This elevated stress is subsequently related to negative behaviors that can reduce organizational productivity. To safeguard organizational productivity, we recommend that management conduct more frequent reviews of salary schemes. This will serve to support employees who exhibit satisfactory performance in appraisals in mitigating the adverse effects of financial threats.

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