

## The Relationship of Financial Stress and Religious Coping from Islamic Perspective

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### Abstract

*This study is conducted to analyze the relationship between financial stress and religious coping from Islamic perspective. 100 questionnaires were distributed to the respondents in three states in Malaysia which are Melaka, Negeri Sembilan and Selangor, where the subjects were randomly chosen from government servants and private sector employees in those mentioned areas whilst SPSS statistical method is used to analyze the data. The relationships between two variables were observed through Pearson correlation test. Descriptive analysis is used to explain the finding of this study. Significant finding on the positive relationship between financial stress and religious coping from Islamic perspective proven that religiosity and spiritual practices is considered as one of a significant tool in coping financial stress stipulation.*

**Key Words:** Debt-Ridden Life Style, Financial Stress, Coping Skills, Islamic Perspective.

### Introduction

The purpose of this study is to explore the existence of the relationship between financial stress and religious coping and a special focus is given to the Islamic perspective and approaches. Combinations of spending more than capable, bad personal financial planning and bad investments are able leading to an enormous amount of debt. Malaysia's Credit Counseling and Debt Management Agency (AKPK) corporate affairs and communication head, Devinder Singh (2010) stated that 15% of more than 39,600 people enrolled in its debt management program are below the age of 30. This statement is said in respond to a report from Malaysian Insolvency Department that 50% of credit card holders who had been declared bankrupt were those below age 30. This fallacy into bankruptcy impacted negatively to the individual career, future financial planning and family members. The most worrying part, individuals will trap themselves with the clause under the Bankruptcy Act 1967, that bankruptcy action could be initiated against those owing as low as RM30,000.00 to any lender (Devinder Singh, 2010). Thus, this financial burden indirectly imparts financial stress not only to individuals involved but to the family members as well. Hansen (2004) stated that debt takes more from individual than just money. It imposed all sort of difficulties whenever debt becomes an overburden and a pressing issue that could not be settled. Four major debt effects which led to miserable life and full of financial stress as such loss of freedom, loss of cash flow, loss of time and loss of opportunities. Hence there forth in this scenario, no doubt heavy life style activities that lead to consume more credit tend to contribute to high amount of stress to individuals life.

## Literature Review

### Financial Stress

Financial stress can be defined as a condition that occurs whenever income is less than desired spending. Cobb (1976) stated that heavy life style activities that lead to consumer credit tends to contribute to high amount of stress. Cohen & Janicki-Deverts (2012) are in agreement with Cobb, indicating that anxiety over money can negatively affect health in several ways which requires good coping skills and financial management. A study conducted by Fiske et al. (2003) showed that perceived health and financial stresses play vital roles in developing late-life depression among Taiwanese elderly persons. Their study indicated that deterioration of financial status is among the psychosocial factor that has been associated with stress and depression. Hence, debts play an influential role in lives. However, an excessive debt may lead to difficulties in repayments and to meet other requirements. Therefore, appropriate treatment is needed to lesser the burden of the debt-ridden individuals and to lesser their financial stress level. Common treatment uses are such as antidepressants, therapy and financial counseling.

### Religious Coping and Financial Stress

There is no doubt on the substantial relationship between financial stress and religious coping. Various reasons are posits on the importance of religious belief and spirituality in counseling theory and psychotherapy practices. It was noted that many people who facing financial problem would turn to religion in coping their financial stress and instability and unbalance life. Kelly (1995) stated that many mental health workers including counselors believed that seeking a spiritual understanding of one's place in the universe is important in overall health and well-being. Sabora Sipon (2000) mentioned that whenever looking on a broader sense in many other disaster interventions, the role of psychologists and counselors to look at religion and other spiritual dimensions as a tool to enhance the happiness of human lives is pertinent.

This idea is supported by Hasan Langgulung (1991) where he is in the opinion that a counseling process will be more effective when it takes into account cultural and religious values of a client. Few randomized trials have shown faster recovery of religious anxious or depressed Muslim patients using Islamic religious coping (as mentioned by Shamsuddin, 1992). In this regards, Western scholars also agreed on the influence of religion and spiritual belief in counseling process. Studies has been made by Quackenbos et al., (1985) which stated that 79% clients found religious value is the main topic of discussion during counseling process.

### The Relationship between Financial Stress and Religious Coping with the Focus on Islamic Perspectives

Muslims personality grounded in high moral character encompasses beliefs, external traits, attributes, manners and social graces, and *adab* (etiquette). The foundation of Islamic personality can be seen as one of full dedication to God and religion (Islam). Prior research has vastly examined the impact of religiosity on personal behavior (Lehrer, 2004; Iannaccone, 1998), personal financial decisions (Hess, 2012), firm behavior (Baxamusa & Abu Jalal, 2010) and financial reporting irregularities (Dyrenge et al., 2010). From an Islamic point of view, accruing debt is a serious matter and should not be undertaken except in cases of real necessity. Importantly, it is incumbent upon lenders in providing finance as a responsibility and not to overburden borrowers. It is worth emphasizing that incurring debt to fund luxury and extravagance is contrary to core Islamic values that condemn excess and waste. The Qur'an staunchly condemning and prohibiting extravagance and prodigality as stated: "... eat and drink but waste not by extravagance, certainly He (Allah) likes not Al-Musrifun (those who waste by extravagance)" [7:31]. "... But spend not wastefully (your wealth) in the manner of a spendthrift. Verily, spendthrifts are brothers of the Shayatin (devils), and the Shaitan is ever ungrateful to his Lord" [17:26-27].

## Objective of the Research

This study is conducted specifically to look on a relationship of financial stress and religious coping and its impact on individual's life. This research initially taken place from the problem of massive and uncontrollable usage of credit cards or other loans facilities by consumers which lead to the increasing financial debt and higher stress level. Modern life style require better taste and expensive living gadgets adding with many credit card and loan facilities by the financial institutions, willingly or not, younger generation and adult trapped themselves into this debt-ridden zone. Individuals should realized the fact that they had to be aware of their own credit worthiness before tie themselves in debt with any financial institutions. An overview of debt ridden life style and financial stress has been focus from an Islamic perspective and the opinion of Muslim Scholars. Thus, religious coping especially from Islamic perspective is enhanced in order for individuals to cope with this scenario.

## Methodology

This study purportedly conducted to analyze debt-ridden behavior and financial stress facing by individuals in relation to religious belief and spiritual practiced as coping strategy. A survey is used as main procedure to examine the relationship between financial stress and religious coping. Questionnaires distributions were divided into four (4) parts which are demographic information, Muslim Religiosity Personality Inventory (MRPI), Family Economic Strain Scale (FESS) and Financial Impact Scale (FIS).

The samplings were taken from 100 respondents representing 35 male respondents and 65 female respondents from three states in Malaysia which are Melaka, Negeri Sembilan and Selangor. The subjects were chosen randomly from different category of people which differs in gender, family background, education level, income level, and profession. The relationships between two variables being observed through Pearson correlation test and descriptive analysis is used to explain the relationship between financial stress and religious coping.

## Results and Discussion

As discussed by Baum (1990) stress occurred in any uncomfortable 'emotional experience accompanied by predictable biochemical, physiological and behavioral changes'. Some stress can be beneficial at times, producing a boost that provides the drive and energy to help people get through situations like exams or work deadlines. However, an extreme amount of stress impacted adversely on health consequences and similarly to the immune, cardiovascular, neuroendocrine and central nervous systems (Anderson, 1998).

In Islam, a person's religious belief has an important bearing on his personality and his outlook in life. By putting the trust in God, a believer minimizes the stress on him by reducing his responsibility and power to control his failures and the total submission is only towards God (Allah SWT). Proven ways to handle stress as being practiced now range from meditation, sleep, exercise, socialization, biofeedback, psychotherapy and tranquilizers.

However, Islam teaches its followers in dealing with stress in the light of Quranic verses and the Prophet's saying (Shahid Athar, 2007). In a state of depression a believer, on the other hand, is advised to increase Dhikr (remembrance God), *"He guides to Himself those who turn to Him in penitence-Those who have believed and whose heart have rest in the remembrance of God. Verify in the remembrance of God, do hearts find rest"* [13:27-28]; Be constant in their prayers, *"O you who believe, seek help with steadfastness and prayer. For God is with those who are steadfast"* [2:153]; Pray to God for forgiveness, *"And I have said: Seek forgiveness from your Lord. Lo He was ever forgiving"* [71:10]. In addition to the above believers are also expected to constantly struggle towards betterment in lives (Shahid Athar, 2007). *"Surely God does not change the condition in which people are until they change that which is in themselves"* [13:11].

Table 1: The correlations between debt ridden lifestyle and financial stress

Variables	Debt ridden lifestyle	Financial stress impact
Debt ridden lifestyle	1	0.620**
Financial stress impact	0.620**	1

Pearson correlations in table 1 shows that there is significant relationship between debt ridden lifestyle and financial stress ( $r=0.620^{**}$ ,  $p>0.05$ ). A number of studies found that economic strain increases stress, anger, frustration, depression and raise a sense of helplessness among men and women (Mirowsky & Ross, 1989). Hence, these economic strains promote more disengaged and hostile family relationships. Indeed, high economic strain is found to be strongly related to low level of family satisfaction and high level of family conflict (Vashchenko et al., 2007).

Table 2: The correlations between Muslim religiosity personality and debt ridden lifestyle

Variables	Muslim Religiosity personality	Debt ridden lifestyle
Muslim religiosity personality	1	-.018
Debt ridden lifestyle	-.018	1

Table 2 of Pearson correlation shows that there is no significant relationship between Muslim religiosity personalities and debt ridden lifestyle ( $r=-.018$ ,  $p>0.05$ ), which indicates that religiosity do play a big role in preventing any person from going overboard in their debt and expenses. Islam discourages heavy debt and encourages its followers to thrive on moderation, seeing the world as temporary place before moving to the eternal life. Khan and Mould (2008) stated in 'Islam and Debt' that Islam discourages heavy debt as much as possible and indeed it is something that is considered to have a serious and direct effect on a Muslim's belief or conviction because it can lead to harmful consequences such as bad effect to the family.

Prophet Muhammad (peace be upon him) used to regularly supplicate "Allah, I seek refuge with You from sin and heavy debt". When someone remarked, "how often you seek refuge from heavy debt", he replied, "when a man gets into debt, he speaks and tells lies, and he makes a promise and breaks it" (reported by Bukhari and Muslim). The Prophet Muhammad (Peace be upon him) also said, "Whoever dies free from three things; arrogance, cheating and debt: will enter Paradise" (reported by Tirmidhi), and "The soul of a believer is held hostage by his debt in his grave until it is paid off" (reported by Tirmidhi). According to Yussuf al Qardawi (1987), faith can vanquish selfish feelings. These feelings make people racing to seize profit and wealth. The strength of spiritual faith will prevent Muslims from being greedy. As we are aware that spiritual faith would be weakened because of greed and desire of worldly fortunes. Mokhlis (2009) mentioned that religion is an important cultural factor to study because it is one of the most universal and influential social institutions that has significant influence on people's attitudes, values and behaviors at both the individual and societal levels.

## Conclusion

Azrina & Siti Fatimah (2010) mentioned that In Islam the practice of debt is allowed and permissible. However, its strict and tight conditions are imposed for Muslims in order to protect and preserve relationship between Muslims because debt can indeed be a disease in a society. If not manage properly, it can lead to conflicts among Muslims such as lying, oppression, vengeful, hatred and bad mouthing and eventually destroy the ummah itself. Religion has its own place in shaping individual's and society's life. The relationship between religiosity and well-being in human life should not be neglected.



In this notion, struggling to cope with debts can be one of the most difficult and personal matters individuals may have encounter with. Therefore, this study implies that debt has many negative implications on society and therefore should not be encouraged. The negative implication of debt such as stress, attitude changes, bankrupt, broken family and others should be dealt with religious coping plus other coping strategies such as good financial management, financial counseling and practicing a moderate lifestyle.

Acknowledgement: This research is conducted with the grant awarded by the Ministry of Higher Education Malaysia (USIM/FRGS-FKP-5-50611) entitled "Developing a Debt Ridden Avoidance 1 (Mdral) Model On Religiosity Personality And Coping Skills As Mediators Towards Debt-Ridden Life Style and Financial Stress".

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