

Financial Stress in the Workplace

As the global economy continues to gyrate on an uncertain path, many are feeling increased stress regarding their finances. As of March, for example, total U.S. household debt was up more than 8% year over year, according to a study by NerdWallet. And while debt and financial strain are often treated as personal problems, anxiety about not being able to pay bills or save money can have a ripple effect in the workplace. Consequently, workers struggling financially — and even their team members — may be affected. Here are some ways employee financial stress can negatively impact organizations.



Diminished Productivity

When employees are stressed, it can be more difficult to concentrate on the job. And because finances are such a widespread and significant stressor, money worries are a common reason worker productivity suffers. Studies show that well-compensated employees tend to be happier at their jobs, and also derive greater meaning from what they do — possibly due to a buffering effect of higher wages on financial anxiety. But compromised productivity due to financial stress can be exacerbated by rising inflation that makes it harder for earnings to keep pace with higher costs across the board.

Increased Health Care Costs

Stress doesn't just make people feel emotionally run down — it can also take a measurable toll on physical health. Chronic stress can lead to decreased immune function and longer recovery times. High, sustained levels of stress can raise the risk for a heart attack or other serious illness. Stressed employees may be more likely to need sick leave and are at greater risk of developing chronic conditions that may require long-term, costly medical interventions.

Contagion to Teams

People experiencing prolonged or excessive stress can withdraw, display anger or irritability, shut down, and become less effective at expressing their needs or ideas. This means that while one employee could be having a private struggle to stay afloat, the performance of entire teams can suffer — particularly if a team leader is experiencing financial anxiety. Projects can lag or stall out; critical deadlines could be missed and important objectives may be miscommunicated. Ultimately, the effects of financial stress can indirectly spread through entire departments, diminishing morale throughout an organization.



Manage Financial Stress Proactively

To help ensure financial stressors don't get out of hand, it's important for organizations to take prompt and concrete steps to address them. Encourage employees to seek out their advisor for one-on-one meetings or take part in group sessions. Holistic financial wellness programming can help workers more effectively manage stress and mitigate factors that cause or exacerbate it. Plan sponsors should facilitate communication between employees struggling with financial anxiety and people in a position to assist them such as a financial advisor, EAP counselor or their supervisor. With a multipronged approach and the proper support, organizations can enjoy a healthier workforce — and bottom line.

Sources:

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