

# Employee Financial Distress, Emotional Health Risk, and Absenteeism<sup>1</sup>

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## Introduction

Over the past decade, researchers have studied the relationship between financial stress and health, and consistently have found that those who report greater financial distress also report poorer health (Bagwell & Kim, 2003; Drentea & Lavrakas, 2000; Garman et al., 2007). Kim & Garman (2003) also determined that workplace absenteeism could be predicted by the level of financial stress. Connections between financial distress and risks to employees' emotional health, however, have garnered less examination. In the current study, relationships among financial distress, workplace absenteeism, and emotional health risk were explored.

## Purpose

The purposes of this preliminary study were to determine: a) the relationship between financial distress/financial well-being and absenteeism, b) the relationship between financial distress/financial well-being and emotional health risk, and c) levels of readiness for managing emotional health.

## Theoretical Framework

The Transtheoretical Model of Behavior Change (TTM) (Prochaska, Norcross, & DiClemente, 1994) provided the theoretical framework for the study. This model has been used repeatedly in the health field to assist people in substituting healthy behaviors for unhealthy ones (Prochaska, Redding, & Evers, 1996). According to Prochaska et al. (1994), change is a spiral rather than linear process, and is composed of specific stages or levels of readiness for change. The stages are 1) Precontemplation (no plans for change), 2) Contemplation (considering changing within the next six months), 3) Preparation (making plans and committing to a change within the next 30 days), 4) Action (has begun the change within the past six months), and 5) Maintenance (completed the change more than six months ago) (Prochaska et al., 1994).

In this project, the behavior change refers to emotionally distressed respondents' level of readiness to begin managing their own emotional health. Within the theoretical model, specific strategies are targeted to assist people in different stages of readiness for change to alter their behaviors (Prochaska et al., 1994). For this project, levels of readiness for change were assessed, but implementation of strategies appropriate for helping people move to the next stage of change are not reported here.

## Instrumentation and Data Collection

TwoMedicine Health and Financial Fitness, a firm dedicated to the provision of preventive health strategies in the workplace collected the data in 2008. For this study, the Mayo Clinic Health Risk Assessment served as the primary data collection instrument. Items were added to measure both financial distress/financial well-being, and readiness for change in behaviors related to health and lifestyle risk factors. The Mayo Clinic Health Risk Assessment is a 197-item survey developed to obtain biomedical screening data as well as self-reported data about people's medical and lifestyle risk factors and their personal and family health history (O'Donnell, 2002). The online assessment tool employs branching logic, using earlier responses to help respondents progress through the questionnaire.

Financial distress/financial well-being was assessed using the Personal Financial Wellness scale (PFW), an 8-item instrument developed to measure perceptions about one's personal financial situation (Prawitz et al., 2006). Scores

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on the PFW can range from a high of 10 = *No financial distress/highest financial well-being* to a low of 1 = *Overwhelming financial distress/lowest financial well-being*, and national norms are available for the PFW. Factor analysis confirmed that the instrument measured only one construct, and explained 74% of the variance in financial distress/financial well-being. A Cronbach's alpha of 0.94 verified the internal consistency of items making up the instrument.

To measure absenteeism in this study, the following item was used: "In the past year, how many work days have you missed because you were ill, injured or needed to see a doctor?" The response choices were 0, 1-2, 3-5, 6-10, 11-15, and 16 or more, resulting in measurement of the variable at the ordinal level.

Emotional health risk, defined as experiencing negative feelings to the point that normal functioning was affected, was a dichotomous variable. It was assessed using the following item and response choices: "Are you feeling so sad or down that you're having trouble functioning in your job or personal life?" (yes/no).

Stage of change represented participants' readiness to manage their emotional health. The variable was measured at the nominal level using the following items: Precontemplation = "I don't plan to manage my emotional health within the next six months;" Contemplation = "I'm thinking about managing my emotional health within the next six months;" Preparation = "I'm making plans to manage my emotional health within the next 30 days;" and Action/Maintenance = "I am actively trying to manage my emotional health or have started managing my emotional health within the past six months."

Employees of two school systems, one hospital, and one technology firm in the West participated ( $N = 441$ ). The sample was made up of 361 females (82%) and 80 males (18%). Ages ranged from 22-85 years, with 40% of the respondents ( $n = 178$ ) aged 45-54 years.

### **Data Analysis and Results**

PFW scores representing the level of financial distress/financial well-being of the respondents ranged from 1 to 10, with a mean score of 6.1 and a median score of 6.0. Compared with the general population, whose mean score has been reported as 5.7 (Prawitz et al., 2006), the respondents reported, on average, about the same amount of financial distress overall.

Number of days absent from work ranged from 0-16 or more, with a median of 1-2 days absent. Approximately 64% of the sample indicated emotional health as a risk ( $n = 283$ ). Of these, 274 indicated their level of readiness to manage their emotional health. Approximately 26% ( $n = 71$ ) were in the Precontemplation stage, and were not planning to manage their emotional health. Contemplators, or those thinking about managing their emotional health, made up nearly 8% of the sample ( $n = 21$ ). A little over 4% ( $n = 12$ ) were preparing for and committed to managing their emotional health, and 62% ( $n = 170$ ) had already taken steps to manage their emotional health.

A Spearman's rho test indicated a negative relationship between financial distress/financial well-being and absenteeism,  $\rho = -.260$ ,  $p < 0.001$ . That is, those with lower PFW scores (indicating more financial distress/less financial well-being) missed more days of work due to illness.

There was a relationship between financial distress/financial well-being and emotional health risk,  $F(1, 439) = 56.51$ ,  $p < .001$ . Employees who reported that their feelings of sadness were such that they had trouble functioning also reported more financial distress/less financial well-being; however, more than one fourth of those reporting emotional risk were planning to take no steps to manage their emotional health.

### **Discussion and Conclusions**

Employees in this study with more financial distress and less financial well-being also reported more emotional health risk and increased absenteeism from the workplace. Part of the goal of this study was to determine employees' level of readiness to manage their emotional health. Of those reporting increased emotional health risk, over one fourth were in the precontemplation stage of readiness to manage this health risk. People in the precontemplation stage are characterized by a lack of readiness to change; they may deny that a problem exists, or may even be unaware that solutions for improvement are possible. (Prochaska et al., 1996). Assisting employees in moving to the next stage of change, contemplation, is challenging; identification of the barriers to change is an important and necessary step in the process (Xiao et al., 2008). One useful strategy to assist precontemplators is

consciousness raising, a technique that cultivates awareness about the risks associated with the condition and the benefits of changing (Xiao et al.). This strategy could serve as a starting point for educators to motivate employees who have increased emotional health risk to take steps to manage this risk.

Past research has supported the relationship between financial distress and workplace absenteeism (Bagwell & Kim, 2003; Jacobson et al., 1996; Kim & Garman, 2003). Those reporting less financial distress miss fewer days of work. Efforts to reduce financial distress, then, also may result in less employee absenteeism. Financial education has been found to be related to reduced financial distress (Kim & Garman, 2004; O'Neill, Prawitz, Sorhaindo, Kim, & Garman, 2006). Employers who provide workplace financial education, then, may see a decline in both the level of financial distress exhibited by employees and also a reduction in absenteeism.

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