

# Financial Distress Impacts Health and Productivity:

Employees Turning to EAP for Help

Insights from the Shepell·fqi Research Group



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## Employees Turning to EAP for Help

Increasingly, organizations are proactively supporting employees to remain motivated, healthy and inspired at work. At the best of times, this requires an integrated, long-term approach to employee health and productivity that is based on sound theory and practice. During difficult times, such as the current economic downturn, maintaining employee engagement becomes even more difficult.

### What does increasing financial stress mean for employees?

Throughout their working years, employees experience a number of normal life events that cause stress, such as moving from one home to another, hospitalization for an injury or illness, marriage, the death of a family member, and occasional loss of income while between jobs. Most people adapt, use the supports available to them and find creative techniques to manage these demands. However, when one or more of these factors becomes severe, such as financial stress, it can lead to an overall imbalance in life, and potentially have serious negative impacts at work and at home.

As global economic troubles rise, stress related to diminishing savings, dwindling investments and insecure jobs increases. Less directly, but still significant, is the ripple effect on personal and workplace relationships. There are indications that these financial concerns are a profound stressor for many. One study found that among the five key stressors in life (relationships, work, health, crime/violence, and personal finance), personal finance is rated as the number one source of stress; concerns about personal finance are five times those regarding health (Cash, 1996).

### What does increasing financial stress mean for employers?

Mentally and physically healthy employees are far more likely to be engaged than those that are feeling stressed and overwhelmed. A further challenge for employers in dealing with increasing financial stress is that many employees will also take time off work to deal with their financial problems. For example, workers take time away from productive labour to telephone creditors, seek sources of additional credit, converse with co-workers about stresses, talk with supervisors about financial problems, and place gambling wagers. They also take occasional extended work breaks, supposedly to visit the washroom or to eat a meal, but instead spend the time dealing with financial stresses.

Research by Joo (1998) found that good financial wellness and worker productivity are positively related. Workers with good financial wellness are largely those people who come to work, receive high performance ratings from their bosses, use a minimum of time at work attending to personal

financial matters, and enjoy consistent or increasing job productivity.

The same research shows that workers with poor financial wellness are the people who are absent from work more frequently, receive poor performance ratings from their supervisors, spend excessive time at work dealing with personal financial problems, and experience a decline in job productivity from one year to the next.

Another concern for employers is the apparent relationship between societal economic downturns and an increase in disability rates. For example, a 2003 survey of over 1,300 HR practitioners conducted by the Chartered Institute of Personnel and Development (CIPD) in the U.K. found that while casual absence declined 10 percent, longer-term disability, especially as a result of stress, increased during periods of economic instability. The reasons behind this pattern have been attributed to both the work overload that typically occurs post-downsizing among those who remain in the workplace, as well as the possibility that some employees seek job security and income protection perhaps inappropriately through their organization's disability program.

### What are we seeing in EAP?

The increased focus on the economic downturn and its impact within organizations led the Shepell·fgi Research Group to examine the frequency and types of EAP accesses (i.e. requests for services) related to financial issues over the past two years (2007 and 2008). These issues include counselling for general financial stress as well as for more specific credit and collections problems. They also include specialized financial counselling and consultation related to issues such as bankruptcy, retirement, job loss, divorce, estate planning, financial planning and investment planning.

Our findings indicate that accesses for financial counselling and consultation are on the rise, at a rate that is twice that of all other EAP services. This trend appears to be increasing as well, with a 13% higher rate of access for financial issues during the second half of this year (August-December), as compared to that same time frame in 2007. This indicates that employees are increasingly using EAP for support and guidance through the economic downturn.

The leading financial issues for which employees contacted their EAP have remained relatively stable over the past two years, with just under 40% of accesses concerning debt/credit issues and approximately 15% for more proactive financial planning.

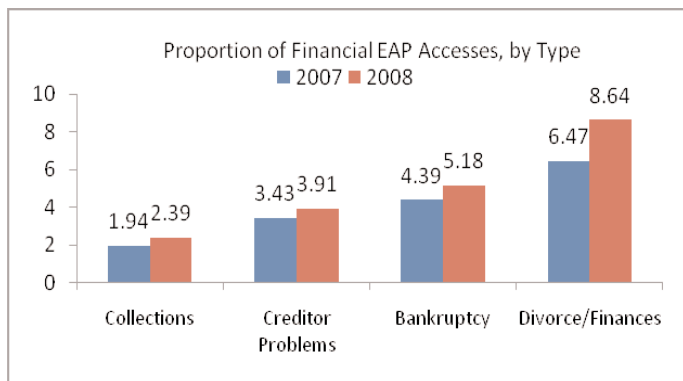
### Leading Financial Issues Addressed by EAP, 2008

Top 5 Financial Issues, 2008	% of Accesses
Debt/Credit	37.61
Financial Planning	15.21
Divorce/Finances	8.64
Financial Stress (situational)	5.47
Bankruptcy	5.18

However, in 2008, there was a substantial increase in EAP accesses related to more serious financial issues such as creditor problems, collections, bankruptcy and financial issues related to divorce. In fact, Shepell-fgi data indicates that in 2008 there was a:

- 30.33% increase in cases related to collections issues,
- 20.33% increase in creditor problems,
- 24.37% increase for bankruptcy issues, and
- 41.01% increase for financial counselling related to divorce.

Proportionally, these key areas have grown since 2007, as the following graph illustrates.



This data indicates that, not surprisingly, employees are dealing with significant financial stressors in their lives and are accessing their EAP for support and consultation in greater numbers. We are also seeing an increase in the proportion of cases involving serious financial issues or difficulties, perhaps indicating that the current economic downturn is having an additive effect on pre-existing financial stressors.

### Who is using EAP for Financial Issues?

Shepell-fgi data indicate that more women than men are accessing EAP for financial issues (approximately 65% vs. 35% respectively), and that employees living in Nova Scotia, PEI, Ontario and Quebec are accessing EAP for financial issues at a higher rate than the rest of Canada. These trends are relatively constant across 2007 and 2008.

### What can Employers do?

From our vantage point as an EAP provider, and based on this brief data review, there is some evidence that organizations have cause for concern about the impact of the economic downturn on their employees and their organization. The growing increase in accesses and changing nature of these issues; the increasing stress caused by them and the potential impact on the workplace provide a compelling rationale to take action. What can organizations do?

#### Focus on Preventing Serious Financial Stress

Helping employees to better understand and cope with the economic downturn may help to mitigate its impact. Workplace-based financial education programs have proven to be quite effective in helping employees make better financial decisions and reduce their financial related stress.

Promoting the EAP's proactive financial counselling and consultation services to employees during these times may be particularly helpful in reducing the incidence of more serious financial stressors, which will take a significant toll on both employees and their employers.

EAP programs, in particular, are effective for addressing financial stressors (e.g., debt, creditors, bankruptcy, etc.). It is difficult, and in some cases inappropriate, for employers to address financial stressors among their employees. EAPs enable employees to take an active role in addressing problems that originate outside of the workplace.

#### Enhance Employee Engagement

To maximize employee engagement during the upcoming turbulent times, organizations must increasingly focus on creating and sustaining a high-quality work environment. High-quality environments are characterized by a high level of communication, effective employee participation in decision-making and supervisory or management styles that are supportive and based on trust, respect and fairness.

#### Help Employees Stay Healthy and Resilient

Building the workforce's level of resilience during stressful times is another good strategy. Helping employees to proactively manage and address their stressors can help to mitigate their impact. It is common during highly stressful times for individual health and well-being to suffer, which significantly and negatively impacts one's ability to cope. Encouraging the adoption of healthy coping behaviours and offering high quality health and wellness programs and services can help to ensure that employees are better able to withstand a stressful time.

### THE SHEPELL·FGI RESEARCH GROUP

The Shepell·fgi Research Group, a subsidiary of Shepell·fgi, has a mandate to educate employers and business leaders on the physical, mental and social health issues that impact clients, their employees and families, and workplaces. The Research Group analyzes and provides commentary on key health trends, partnering with some of the industry's highest profile research institutes and scholars, and drawing from 25 years of expertise. The findings contained in this report are based on Shepell·fgi proprietary data and are supported by information from a variety of academic, government, and private research sources. References have been omitted for space considerations and are available upon request. Marla Jackson, MHSc., Director of The Shepell·fgi Research Group and Health Solutions Department, prepared this research report. Paula Allen, VP Health Solutions and Shepell·fgi Research Group oversees the Shepell·fgi Research Group. Questions or comments may be directed to Paula Allen at 1-800-461-9722. © 2009 Shepell·fgi.