

## CHAPTER I. INTRODUCTION

Today's workplace is greatly affected by employees who are experiencing personal problems (Employee Assistance Professionals Association, 1999). Research on the interface between work and family problems suggests that problems at home may affect job performance and vice versa (Forthofer, Markman, Cox, Stanley, & Kessler, 1996). Employee assistance professionals estimate that 20% of any workforce is affected by personal problems that impact job performance (Masi, 1992). It may be that some of these personal problems are financial problems. Researchers have estimated that 10 to 15% of the workforce is affected by financial problems to the extent that they negatively affect job productivity (Brown, 1993; Garman, Leech, & Grable, 1996; Human Affairs International, 1996; Luther, Garman, Leech, Griffit, & Gilroy (1997).

Even though problems may be primarily financial in nature, they may have implications for functioning in other areas and vice versa (Sporakowski, 1979). Research suggests that employee personal financial concerns and related stress costs American employers billions of dollars in lost worker productivity every year. The cost for overall stress and stress-related problems has been estimated to be in excess of \$150 billion dollars annually (Jacobson, et al. 1996). Although some bottom-line cost estimates exist in the related literature, most employers are not completely aware of the negative costs of their employees who are experiencing stress due to personal financial concerns and financial problems. Employers may be aware of how the cost of processing garnishments affects their bottom line, but most are unaware of the true impact of employees' problems (Leech, 1997).

Employers' interest in employee personal financial concerns has increased due to their need to improve productivity and lower other costs (Williams, Haldeman, & Cramer, 1996). It is in the best interest of employers to focus on their workers' personal financial problems as they have a direct bearing on the workplace. If mishandled, human resources can be a source of distress to corporations (Cascio, 1995). However, the same human resources can provide a competitive advantage if managed properly. Companies are now turning to the human side of their enterprises to solve business problems (Beer, Spector, Lawrence, Mills, & Walton, 1985). Studies have shown that companies want

their human resource management function to focus on people-related business issues involving productivity and cost containment (Cascio, 1995).

One such issue is employee personal finances. Some recent research suggests that personal financial wellness and worker productivity are related (Joo, 1998; Kratzer, Brunson, Garman, Kim, & Joo, 1998; Williams et al., 1996). If employees were not stressed due to financial concerns, perhaps they would be able to focus more on their jobs. Cash (1997) noted, “there is a greater awareness of the need to address personal finance as an important life dimension” (p. 142).

A six-year study based on collaborative research at Corning, Xerox, and Tandem Computers concluded that paying attention to employees’ personal lives could increase corporate productivity (Rapoport & Bailyn, 1996). According to Peter Senge, director of the MIT Center for Organizational Learning, “the Ford Foundation study confirms, for the first time, that disregarding people’s lives outside of work causes people to live fragmented lives, and organizations to get half-people” (Ford Foundation, 1996, p. 2). Results of the study illustrated that it is possible to pursue a dual agenda in the workplace, one that considers both the employee’s and the employer’s needs resulting in a work environment that increases productivity.

Few studies on personal financial wellness have assessed people who are financially unwell. In addition, many of the studies on individuals and families with financial problems have involved bankrupts and there have been only a few recent studies conducted with financially troubled individuals who received credit counseling. Proprietary research may have been conducted by credit counseling agencies with their clients for their internal use, but this information has rarely been published.

Rapid growth of both the credit counseling industry (Consumer Federation of America, 1999) and the collection industry (American Collectors Association, 2000) has been occurring in recent years. These trends, coupled with high rates of personal bankruptcy, are indicators of the financial difficulties of individuals and families. The credit counseling industry provides an opportunity to study individuals believed to be at a greater risk for experiencing financial concerns and related stress and financial problems. Studying currently employed individuals who have participated in credit counseling for

assistance in financial issues will allow assessment of the spillover from their personal issues, such as financial concerns, to the workplace, if any.

### Statement of the Problem

The human factors that contribute to productivity have rarely been evaluated (Friedman, 1991). Furthermore, employee financial stress has been known to result in negative productivity behaviors such as absences, tardiness, mistakes, accidents, loss of concentration, and lower output (Garman et al., 1996; Williams, Haldeman, & Cramer, 1996). Research has shown that the negative effects of employee stress on employers can also take on many forms: employer time used to handle employee's personal financial concerns, higher health care costs, and increased likelihood of worker compensation claims (Garman et al., 1996). Some recent research suggests that personal financial wellness and worker productivity are related (Joo, 1998; Kratzer, Brunson, Garman, Kim, & Joo, 1998; Williams et al., 1996). However, most of the previous studies in the area of financial wellness and productivity have been conducted with employees who were not experiencing financial difficulties. Therefore, additional research is needed "to disentangle the relationship of financial problems to other personal problems and the resulting impact on worker productivity" (Williams et al., 1996, p. 154).

Because the relationship between personal financial difficulties and worker productivity has been documented (Brown, 1993; Garman et al., 1996; Joo, 1998), researchers and educators recommend financial education in the workplace as a means to improve levels of personal financial wellness of employees, while simultaneously reducing employer operational costs. However, in order to effectively advocate the importance of and necessity of financial education and counseling programs in the workplace, convincing documentation of employee financial concerns, related stress, lack of financial wellness, and, any the relationship to work outcomes is needed.

### Purpose of the Study

The purpose of this study was to examine a sample of employed individuals who have participated in credit counseling. Using data collected at two points in time, this sample was examined to measure changes in personal financial variables, health status

and work outcomes. The sample was also examined to determine the extent to which they instituted positive financial behaviors following participation in credit counseling. In addition, this research assessed differences in the demographics among the clients. Also assessed was the extent to which individual and family characteristics, health status, financial concerns and related stress, and financial wellness accounted for the variance in work outcomes of productivity, presenteeism, and work time used for personal financial matters.

### Research Questions

Four research questions were proposed for this study:

- (1) To what extent do financial concerns, financial stress, financial wellness, health status, productivity, presenteeism, and work time used for personal financial matters change one year after commencing credit counseling administered by a non-profit consumer credit counseling agency?
- (2) To what extent have respondents instituted positive financial behaviors one year after commencing credit counseling administered by a non-profit consumer credit counseling agency?
- (3) Are there any differences in individual and family characteristics among (a) clients on a debt management plan, (b) those who received counseling only, and (c) individuals who dropped out of debt management plans?
- (4) To what extent do the individual and family characteristics and personal financial variables in the empirical model explain the variance in work outcomes (i.e., productivity, presenteeism, work time used for personal financial matters)?

### Delimitations of the Study

The following were boundaries within which this study was conducted. First, the use of a pre-existing data set delimited the study in terms of the scope of the research. Therefore, the variables examined were delimited to the information provided in the data set. Second, this study was delimited to the conceptualization of financial concerns and related stress, and financial wellness and health status, as they related to indicators of work outcomes.

Third, this study was delimited to a mail survey of a sample of current and former clients of a non-profit consumer credit counseling agency. Of the 332 respondents in the initial study, 296 were surveyed in the follow-up study. This delimitation existed because only 296 of the respondents were identifiable by means of previous correspondence in the initial study. This study was also delimited to the agency's clients who were currently employed, over 18 years of age, and who received counseling services or enrolled in a debt management plan. Respondents sought credit counseling and, therefore, may have been more likely to be experiencing financial difficulties. Finally, this study was delimited by the fact that the researcher did not control sample selection, questions asked, or questioning practices.

#### Limitations of the Study

A limitation of this study was that the data for the follow-up study were collected using a pre-existing data set sponsored by the National Institute for Personal Finance Employee Education (NIPFEE). The study was originally designed for purposes other than the current study. Use of this particular data set limited the researcher in conceptualization of variables and the scope of the research.

A second limitation was that individual responses provided by the sample in the follow-up study could not be matched to their responses to the initial study due to a missing data log. A third limitation of this study was that it was based on information provided by a sample of respondents from 25 states, primarily Virginia and Tennessee, who voluntarily sought assistance from a non-profit consumer credit counseling agency. Studying this sample limited the extent to which the findings could be generalized to a larger population.

This research included individuals who had experienced financial concerns and difficulties, which drove them to seek the assistance of a credit counseling agency. If high levels of financial stress and financial concerns are related to help seeking behavior (e.g., seeking credit counseling), individuals with these characteristics are more likely to be included in a sample. Since this study focused only on credit counseling clients, researchers and practitioners are cautioned not to apply generalizations from this study to populations that differ from the sample.

Additionally, this study was limited because the data were collected by means of self-report and much of the data were subjective. This research dealt with personal financial matters, which can be a sensitive issue for thought or discussion. Respondents may hesitate to be completely truthful about how they handle their finances, and especially while at work. Subjects may respond in a socially desirable way or may deny or inflate their reported behavior which may bias the results. Also, respondents may misinterpret questions when data are collected through self-reports.

Because this study did not have a control group, a final limitation was the control of other variables that may have influenced changes in respondents' work and personal financial outcomes over time. This study did not directly measure any intervention that may have been received following credit counseling. Changes in personal financial outcomes cannot necessarily be attributed to participation in financial counseling or financial education.

#### Uses of the Study

Immediate and short-term changes in respondents' levels of financial stress, financial concerns, and financial wellness following commencement of credit counseling were evaluated. Health status was assessed in this research and has not often appeared in research involving personal financial matters (Drentea & Lavrakas, 2000). In addition, the research allowed the examination of changes in respondents' levels of productivity, work-loss days, and time used during work hours to handle personal financial matters over a period of a year. No such studies have been reported in the literature. Although originally not designed as a longitudinal study, administering a second survey to this sample as a dissertation study allowed for comparisons to assess changes.

This study's measures allowed documentation of personal financial outcomes, health status, and work outcomes. The collected data provide a profile of personal financial issues that are helpful in understanding employed clients' financial situations. The question of how and to what extent financial concerns and a lack of financial wellness are negatively related to work outcomes such as productivity is important because of the economic implications of reduced productivity on employers. Thus, an

understanding of the financial concerns and related problems faced by employees and their effects on specific employee populations could be helpful to employers.

Findings from this study will provide a base for future research. A model was developed for use in this study and using the variables in the model, the relationships between personal finances and work outcomes were evaluated. Results may be compared to results from future studies of similar populations. Research may compare when changes in work and personal financial outcomes, if any, occur during or following intervention, such as credit counseling or implementation of a debt management plan.

Not only would employers and employees receive benefits from this research, but there also are implications for credit counselors, financial educators, and employee assistance program managers. Counseling financially stressed individuals involves more than analyzing balance sheets, and, therefore, financial professionals need to understand as much as possible about their clients (O'Neill, 1995). Financial planning educators and advisors need to understand the factors underlying their clients' behaviors (Hira & Mugenda, 2000). Examining credit counseling clients' perceptions and behaviors could increase counselors', educators', and employers' awareness of the issues facing clients. Findings may provide information that would be helpful in designing intervention programs to assist credit counseling clients and financially troubled employees. Assessing the associations between financial concerns and productivity may provide information to explore the cost-effectiveness of financial counseling provided as an employee benefit or a community service (Williams, Lown, Haldeman, Garman, & Cramer, 1995). The results of this study may then be used by counselors and educators to make the case for providing financial counseling and financial education programs available to all employees, and not just those experiencing difficulties.

### Conceptual Framework

This section discusses the conceptual framework for this study. Respondents in this study voluntarily sought credit counseling for assistance with their personal finances. It was assumed that the individuals and families in this study were at a great risk for stress or crisis which resulted in their seeking credit counseling. One of the early family stress theorists, Hill (1949), proposed elements that must be considered when studying

families in stress or crisis. His model to study family stress was the ABC-X model. Components of the model are: A (the stressor event or situation) – interacting with B (the family's resources or strengths at the time of the event) – interacting with C (the meaning attached to the event by the family [individually and collectively]) – produce X (the crisis).

McCubbin and Patterson (1983a) noted that the ABC-X Model focused primarily on pre-crisis variables that account for differences in a family's capability to cope with a stressor event and transitioning to determine whether or to what degree the outcome is a crisis. They expanded upon Hill's original ABC-X Model adding post-crisis variables to describe (a) additional life stressors and changes which may influence the family's ability to achieve adaptation, (b) the social and psychological factors families use and call upon in managing crisis situations, (c) the processes families use to achieve satisfactory resolution, and (d) the outcome of these family efforts (McCubbin & Patterson, 1983a). One reason for their expansion of the model was due to longitudinal studies of families in crisis situations that indicated more factors occurring in the recovery process following a crisis than were previously shown in the ABC-X Model.

Their expanded model, the Double ABCX Model, includes a pile-up of stressors and strains, changes in family definitions of the situation, coping strategies, family efforts to acquire new resources, and outcomes from the coping attempts. The added factors to the ABC-X Model are: aA (stressor event) to reflect the initial stressor as well as the pile-up of stressors and strains, bB (coping resources and other family resources), cC (the individual or families' perception of the situation), and xX (the outcome or adaptation of the family). This model is shown in Figure 1.

The Double ABCX Model shows the systematic interaction of crises, resources, pile-up, and adaptation (Goldsmith, 1996). Of particular interest is the incorporation of the concept of stress pile-up, or the clustering of stressor events or additional demands that are related to the initial stressor. The model suggests that families are seldom dealing with a single stressor, but rather a pile-up of hardships, prior strains, and co-occurring stressors in the aftermath of a major stressor. In this model, a stressor event is not synonymous with stress but is a function of the family's response to the stressor event.

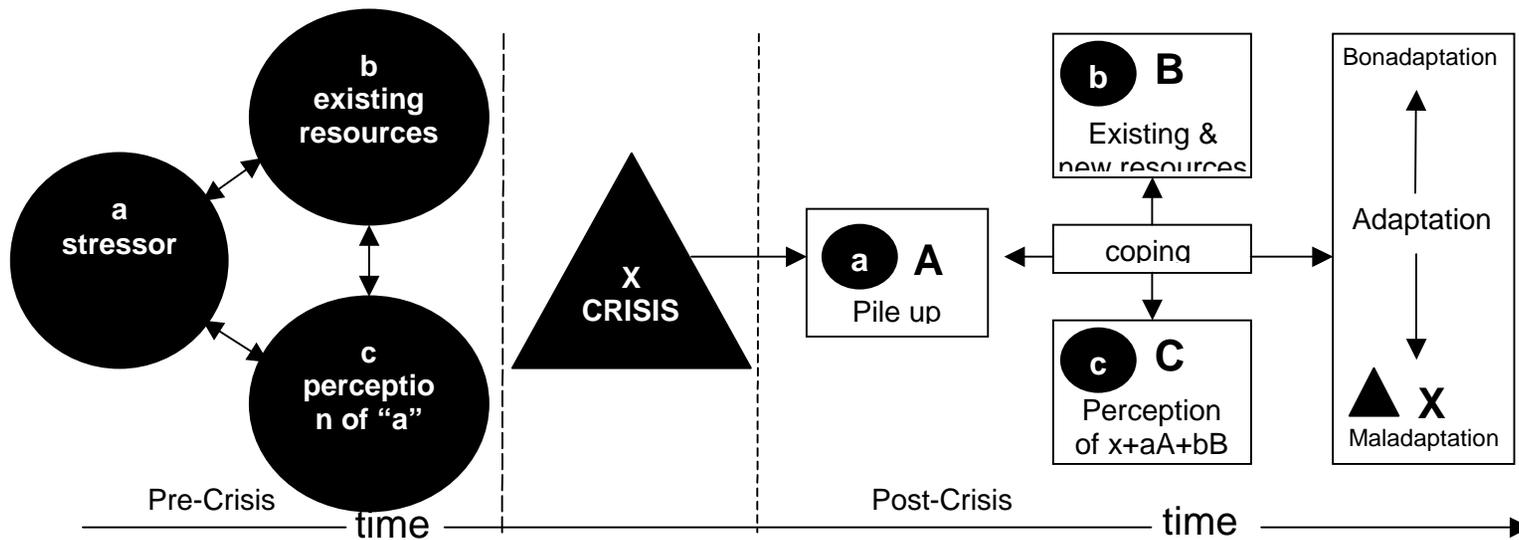


Figure 1. Double ABCX Model  
McCubbin & Patterson, 1983

(McKenry & Price, 1994). How families perceive and give meaning to a stressor event is believed to directly affect how they will cope with the event. Family adaptation is the central concept in the model and is used to describe the outcome of the family's efforts to achieve a new level of balance after a crisis.

The conceptual framework for this study is partially based on the Double ABCX Model by McCubbin and Patterson (1983a). It was selected because it better identifies stages believed to be experienced by individuals in this study than do other models. The model illustrates stages of stress in both pre-crisis and post-crisis settings. It also was chosen because adaptation (or the lack thereof) to stress and crisis is an integral part of the model and will be assessed in this research.

A conceptual model based on the Double ABCX Model was developed by Joo (1998) to study a sample of white-collar clerical workers. Her model included variables associated with work and personal financial outcomes. The variables were personal financial wellness, financial stressors, financial stress, demographic characteristics, personal and workplace outcomes, and a buffering system of workplace financial education. The relationship between financial wellness and worker job productivity was tested using variables in the model. Joo noted that although this model advanced an understanding of the variables associated with productivity and financial wellness, there was room for development of this framework and measurement of these areas. The conceptual framework developed for this research used aspects of the Joo conceptual model in addition to the Double ABCX Model to represent the constructs being studied.

#### Explanation of Components of the Conceptual Framework

This section includes a discussion of the components in the conceptual framework developed for this study which is presented in Figure 2. It was assumed that the individuals in this study had financial concerns or experienced some level of financial difficulty. This difficulty led them to seek credit counseling and in some cases enroll in a debt management plan for assistance in liquidating their debts. The individuals in this study utilized their resources and sought an alternative (credit counseling) to cope with their personal financial situation.

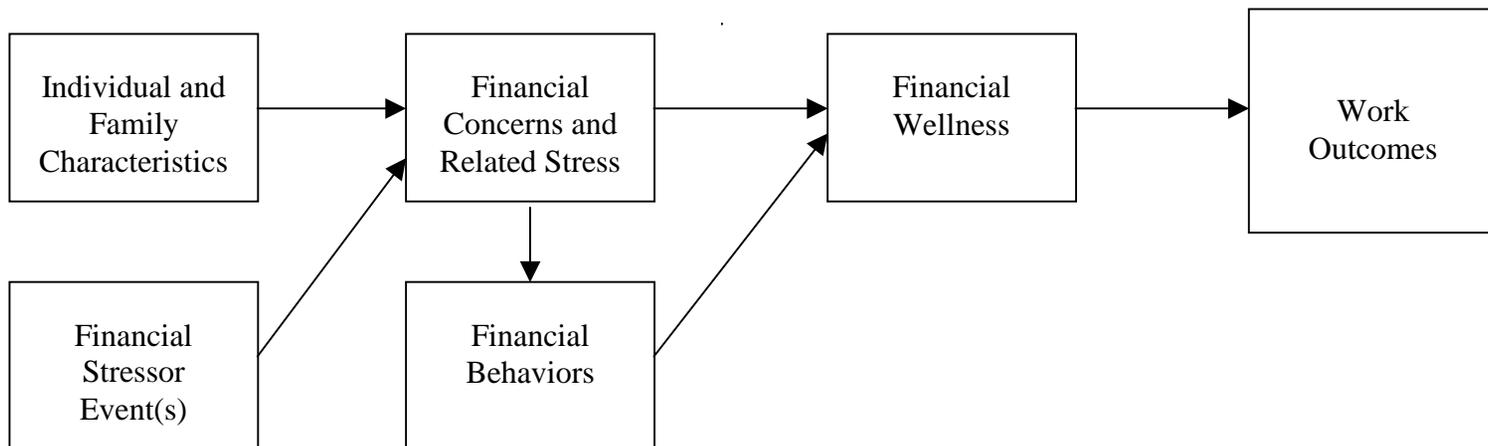


Figure 2. Conceptual Framework

### Individual and Family Characteristics

Individual and family characteristics were demographic variables of age, gender, marital status, level of education, income, number of financial dependents, housing situation, heritage, and occupation. Health status also was used as an individual and family characteristic in this study.

### Financial Stressor Events

Financial stressor events were conceptualized as events that have the potential to cause change and raise an individual's level of financial stress. A financial stressor event is not the same as the degree of financial stress. The accumulation or pile-up of financial stressor events is related to an individual's level of financial stress.

### Financial Concerns and Related Stress

Financial concerns conceptualized for this study included the frequency of personal financial concerns interfering with work and the frequency of stress about money problems interfering with work. These concerns may result from a felt discrepancy between income and expenses or may be the result of an unexpected event.

Financial stress is the pressure or tension on an individual that is caused by personal, family, and other financial situations. Influencing factors include financial concerns and worries, perceived current financial adequacy or the projected financial situation, and adjustments to changes in the financial situation. These factors are adapted from Voydanoff's (1984) contributing factors to economic strain.

Financial stress, like family stress, becomes problematic when the degree of stress reaches a level at which a person shows signs of disturbance. This disturbance may be an indicator of crisis. Two specific indicators of family crisis are (a) the inability to perform usual tasks or roles and (b) the inability to make decisions and solve problems (Boss, 1988).

Some of the outcomes measured in this study asked respondents to identify their ability to perform usual tasks or roles in the workplace. Elevated levels of financial concerns and financial stress may be negatively related to financial wellness. The presence of multiple financial stressors, or stressor pile-up may also affect financial

stress. Stressor pile-up is the clustering of stressor events or additional demands on a family that are related to the initial stressor (McKenry & Price, 1994).

### Financial Behaviors

Financial behaviors are actions, reactions, or performances in a particular way with regard to money (National Institute for Personal Finance Employee Education, 2000). These may be positive or negative behaviors. Positive personal financial behaviors are related to financial wellness, as are negative financial behaviors, which are influenced by financial concerns and related stress. Financial behaviors may be categorized into three broad areas: retirement planning, credit and money management, and employee benefits.

### Financial Wellness

Financial wellness was conceptualized as a sense of one's financial situation. It is a psychological characteristic that is based on subjective measures of financial satisfaction and perceptions about one's state of being. Satisfaction has been shown to be an essential counter-balance against stress (Bailey et al., 1998). An individual may be "well-off" in terms of quantifiable, objective financial measures such as net income or the amount of savings accumulated, but he or she may be personally very dissatisfied and experience a sense of poor financial wellness. Conversely, a person with few financial assets may be personally very satisfied and experience a sense of financial wellness.

### Work Outcomes

Negative work outcomes due to increased employee financial stress include, but are not limited to, losses from lower productivity, lessened work quality, quantity, and/or efficiency, accidents, absenteeism, employer health care costs, and work-loss due to stress and the handling of personal financial matters. Employee work time loss due to financial concerns and related stress is an indicator of a loss of productivity.

Positive work outcomes include direct savings from employees with reduced absenteeism, improved attendance, improved quality, quantity and efficiency or

productivity, and fewer incidents of employee work time used for personal financial matters and turnover.

Financial concerns and related stress can produce negative outcomes in family and work life. Some personal concerns of employees may also spillover into the work place. Outcomes in this research are limited to the conceptualization of work outcomes in three areas: productivity, presenteeism, and work time used for personal financial matters. This framework assumes that financial wellness is related to the conceptualized work outcomes.

### Operational Definitions

The following operational definitions are defined as they were used in this study.

#### Consumer Credit Counseling Agency

A consumer credit counseling agency is a non-profit organization that typically offers three services: (a) assessment of an individual or family's current financial situation, (b) debt restructuring and repayment, and (c) credit education (Credit Page, 1999).

#### Credit Counseling

Individuals who receive credit counseling have their financial situation examined by a counselor who (a) examines ways to solve current financial problems, (b) assists them in developing a realistic spending plan to manage money and credit, and (c) helps them set goals to prevent future financial difficulties (NFCC, 2000).

#### Debt Management Plan

A debt management plan is a service offered by a non-profit consumer credit counseling agency to consumers who are experiencing major financial problems (NFCC, 1998). This plan allows a consumer to pay off liabilities by consolidating unsecured debts into a lower monthly payment. The agency negotiates with creditors on behalf of consumers to accept smaller monthly payments and to freeze or lower the interest accruing on the outstanding balance. The agency then distributes the consumer's monies to creditors according to a schedule that has been mutually agreed upon by the consumer client, the agency, and the creditor (Credit Page, 1999).

### Financial Behaviors

Financial behaviors are actions, reactions, or performances in a particular way with regard to money (National Institute for Personal Finance Employee Education, 2000).

### Financial Concerns

Financial concerns were defined for this study as the frequency of occurrence of concerns about personal finances interfering with work and the frequency of stress about money problems interfering with work.

### Financial Stress

Financial stress is the pressure or tension that is caused by personal, family and other financial situations.

### Financial Stressor Event

A financial stressor event is an event that has the potential to cause change and raise an individual's level of financial stress (see "stressor" below).

### Financial Well-Being

See "financial wellness"

### Financial Wellness

Financial wellness is a sense of one's financial situation. In this study, it is a psychological and emotional characteristic that is based on subjective measures of financial satisfaction and perceptions about one's state of being, including economic adequacy and security.

### Health Status

Health status is the overall condition of a human being at a given time, such as freedom from disease or abnormality, and it includes the person's state of physical and mental well-being.

### Individual and Family Characteristics

Individual and family characteristics are demographic variables: age, gender, marital status, level of education, income, number of financial dependents, housing situation, heritage, occupation, and health status.

### Personal Financial Outcomes

Personal financial outcomes were defined as: financial concerns, financial stress, financial wellness, and financial behaviors.

### Presenteeism

Presenteeism is a measure of work-loss days. It is the loss of productivity that occurs when employees are on the job but are not fully functioning (Burton & Conti, 1999).

### Productivity

Productivity is the overall effectiveness and performance of individuals. It includes the ratings of quality and quantity of one's job performance and may be measured by a superior or through self-evaluation.

### Stress

Stress is the “mental and physical condition that results from a perceived threat or demand that cannot be dealt with readily” (Furnham, 1997, p. 337). Stress varies depending on the nature of a situation, an individual's physical and psychological well-being, and the characteristics of a family (McCubbin & Patterson, 1983a).

### Stressor

A stressor is “a life event or transition impacting upon the family unit which produces, or has the potential of producing, change in the family social system” (McCubbin & Patterson, 1983a, p.8).

### Work Outcomes

Work outcomes were defined for this study as employer cost factors in three areas: productivity, presenteeism, and work time used for personal financial matters.

### Work Time Used for Personal Financial Matters

Work time used for personal financial matters is the number of hours used at the workplace where the employee is spending time contemplating and/or dealing with personal financial matters instead of performing work responsibilities.

## Organization of the Remainder of the Dissertation

This chapter provided an overview of the problems associated with financial concerns and their relationship to financial wellness and work outcomes such as productivity. The problem statement, research questions, and uses of this study were outlined. Finally, the chapter concluded with delimitations, limitations, an explanation of the conceptual framework, and operational definitions.

The remainder of this dissertation is organized in the following manner: Chapter II – Review of Related Literature, Chapter III – Methodology, Chapter IV – Results, Chapter V – Discussion, and Chapter VI – Summary, Conclusions, Recommendations, and Implications.

## CHAPTER II. REVIEW OF RELATED LITERATURE

### Introduction

This chapter provides a review of the literature related to personal financial outcomes of financial well-being and financial wellness, financial concerns, and financial stress. Additionally, it describes health status and work outcomes of productivity, presenteeism, and work time used for personal financial matters. Next, a review of credit and debt, credit counseling, bankruptcy, and sources for prevention and intervention to help employees are presented. This review of literature provided a basis for the research.

### Quality of Life and Well-Being

The roots of the well-being construct are found in the quality of life literature (Porter, 1990; Quick, 1992). Quality of life is defined as an individual's perception of and satisfaction with one's conditions, surroundings, and relationships relative to the available alternatives (Goldsmith, 1996). Atchley (1994) defined quality of life as an individual's "assessment of various areas of life such as family and friends, activities, work, income, neighborhood, and housing" (p. 374). It is conceptualized as a composite measure of mental, physical, and social well-being (Quick, 1992) and it is relative and differs among individuals (McGregor and Goldsmith, 1998).

Well-being is "free of depression, anxiety, or pessimism; rates life more happy than unhappy over the long run; experiences positive affects or feelings about life at the moment; and sees congruence between desired and attained goals" (Atchley, 1994, p. 376). Levi (1992) argued that an individual's subjective assessment is "the only valid measurement of well-being available, even though it may not coincide with the objective views of others" (p. 201). He noted that when assessing the factors affecting an individual's well-being, the same factor might be good for some people but bad for others, or good in some situations and bad in others.

McGregor and Goldsmith (1998) define well-being as the state of being well, healthy, happy, or prosperous. In their definition, well-being comprises indicators of an individual's reality and is traditionally viewed with four elements: physical, social, psychological, and economic. Physical well-being is concerned with the body and its

needs for maintaining the integrity of the body by protecting it and providing sustenance. Social well-being is concerned with the social needs of the family in daily interactions of interpersonal relationships within the larger community, including the workplace. Emotional well-being is focused on the mental status of individuals and it relates to a family member's impressions, feelings, sensibilities, meanings attached to life, and how these emotions affect the individual's daily life and those of others (McGregor & Goldsmith, 1998). Physical and economic well-being focus on the family as an economic unit that includes economic management, household work, physical growth and maintenance, and balance of family and work.

### Financial Well-Being

As noted earlier, one of the components of well-being is economic or financial well-being. Economic well-being is the degree to which families and individuals have economic adequacy or security. It is "the desire for or extent of protection against the economic risks people face in their daily lives (loss of employment, illness, bankruptcy, bank failures, poverty, destitution in old age)" (McGregor & Goldsmith, 1998, p. 3). Porter (1990) defined financial well-being as "a sense of one's financial situation that is based on objective attributes and perceived attributes that are judged against standards of comparison to form evaluated attributes of that financial situation" (p. 22). McGregor and Goldsmith (1998) asserted that economic well-being is the function of money income, financial assets, human assets, transfers and in-kind income, community resources, durable goods and services, time, deferred compensation, ability to manage, attitude toward money, control over one's financial affairs and resources, risk management, values, job security and pension benefits, ability to adjust to life transitions, and lifestyle decisions.

Joo (1998) suggested that the meaning of economic well-being has evolved from "simple happiness or general satisfaction with one's material or financial situation to a complicated perception of both the material and non-material aspects of an individual's financial situation" (p. 11).

The terms financial wellness and financial well-being are often used interchangeably (Joo, 1998). According to Joo (1998), economic well-being and financial

well-being can be proxies of financial wellness. The term wellness comes from the health promotion industry and is defined as a proactive approach to maintaining and improving one's health (Cash, 1996). Joo described financial wellness as a level of financial health.

It includes satisfaction with material and non-material aspects of one's financial situation, perception (or subjective assessment) of financial stability including adequacy of financial resources, and the objective amount of material and non-material financial resources that each individual possesses (1998, p. 12).

### Objective Measures of Financial Well-Being

Scholarly research has been conducted using several methods to measure financial well-being. A discussion of the literature on different measures of financial well-being follows. One approach to measuring financial well-being has been to use objective or situational measures. These measures can be classified as quantitative, observable indicators of a financial situation. Consumption of durable goods, net worth, savings, and socioeconomic status are objective measures (Porter, 1990). Demographic characteristics such as income, number of children, marital status, home ownership, stage of the financial life cycle, and the practice of certain financial management behaviors are also objective attributes according to Porter. Joo (1998) used the following objective measures in her research on financial wellness and worker job productivity: solvency measure, amount of emergency funds, amount of credit payments each month, amount of loan payments per month, amount of savings each month, and preparedness for retirement.

Another objective measure is the government's measure of well-being, which is personal or household income. The U. S. Census Bureau regards this measure as the single best measure of the degree to which people are considered "well-off" (U.S. Census Bureau, 1999). This quantitative measurement is the most commonly used indicator of economic status.

The use of financial ratios has been suggested as a possible objective determinant of financial well-being (DeVaney, 1994; Greninger, Hampton, Kitt, & Achacoso, 1996; Lytton, Garman, & Porter, 1991; O'Neill, 1995). Ratios allow measurement of an individual's current financial situation and also change in financial progress over time. Using results from a Delphi study of financial planners and educators, Greninger et al.

(1996) proposed a financial well-being profile consisting of financial ratios in liquidity, asset allocation, savings, housing expenses, tax burden, inflation protection, and insolvency/credit. The findings of their study revealed benchmarks generally appropriate for individuals and families but the researchers noted that they did not consider factors such as differences in life-cycle stages, risk tolerances, economic conditions, and income (with the exception of a tax burden measure).

The accumulation of credit card debt is viewed as another way of looking at an individual's financial well-being according to Schor (1998) because there are times when individuals use credit cards to purchase goods and services that they could not otherwise afford. This debt may be "a more sensitive barometer of financial well-being than income because it may tap into more long term deprivation" (p. 518), and having much credit card debt may be indicative of a financial crisis or extended financial hardship (Drentea & Lavrakas, 2000).

#### Subjective Measures of Financial Well-Being

Researchers also have recommended studying subjective variables to measure financial well-being (Joo, 1998; O'Neill, 1995; Porter & Garman, 1993). While the uses of objective indicators such as ratios are helpful, "measures that also evaluate individuals' subjective perceptions may provide a more complete understanding of consumer financial behavior" (O'Neill, 1995, p. 13). Simply evaluating an individual's financial situation based on objective attributes does not provide information on the individual's perception of their situation (Porter & Garman 1993).

Through the use of self-perceived variables obtained by self-report, researchers can measure an individual's attitudes, feelings, and perceptions about his or her financial situation. Perceived attributes are value-laden subjective indicators of an individual's own financial situation (Porter, 1990). A perceived financial well-being measure used by Porter (1990) included cash management, credit management, risk management, retirement and estate planning, and general management. Another example of a perceived variable is quality of life. Atchley (1994) noted that measures of self-perception are used in most research because psychological well-being (a global subjective assessment of life experience) is difficult to objectively measure.

Outcomes that may be socially or clinically meaningful, such as a reduced satisfaction with life often may only be captured by quality of life measures. Research in counseling has shown that measuring symptoms of patients alone is not sufficient to demonstrate the positive outcomes of treatment or to give a complete picture of a patient's mental or physical health (Frisch, 1998). The patients' symptoms may no longer be present, and yet they may not have improvement in their overall life functioning, which includes their quality of life.

Subjective measures of financial well-being include perceptions of and satisfaction with personal finances. Joo (1998) used attitudes toward cash management, credit management, income adequacy, personal financial management, and consumer shopping skills. O'Neill (1995) used affective attributes of self-esteem, locus of control, and satisfaction with standard of living in her research.

### Stress

Furnham (1997) defined stress as "the mental and physical condition that results from a perceived threat or demand that cannot be dealt with readily" (p. 337). Stress is perceived as an inevitable characteristic of life (Boss, 1988). Stressor events are considered normative or part of expected life events and transitions. Some stress producers such as creative activities or physical exercise are considered healthy and a normal part of life (McGuigan, 1999; McKenry & Price, 1994). Such events are providers of essential conditions for psychological growth and development. No single situation can be pinpointed as the cause of a reaction to stress as a variety of dissimilar situations are capable of producing the reaction (Selye, 1983). With change, pressure or stress can occur.

Sources agree that the word "stress" is often overused and that many definitions of the term exist (Furnham, 1997; McGuigan, 1999; Selye, 1983). The ambiguity in the term stress is its use to name both an external force applied to an object and the effect of that force on the body (Kahn, 1986). Stress researchers have added to the difficulty by disagreeing among themselves with respect to the meaning of the word. Some researchers believe that stress should be subjectively defined, while others believe it needs an objective definition.

Several definitions of stress exist in the literature. One of the classic definitions of stress is by Hans Selye, who defined it as the non specific response of the body to any demand made upon it. Viewed in this manner, every demand made on the body is unique or specific. The stress-producing factor, called the stressor, can be either pleasant (eustress) or unpleasant (distress) (Selye, 1983). The adaptive response of the body to an agent or situation is the same, according to Selye. What varies is the degree of response.

The classification of stress (eustress or distress) varies depending on the nature of a situation, an individual's physical and psychological well-being, and on the characteristics of a family unit (McCubbin & Patterson, 1983b). Individuals and families subjectively define stress which is reflected by their values and previous experience in meeting crises and dealing with change. When subjectively defined as unpleasant or undesirable by the individual or family, stress becomes distress (McCubbin & Patterson, 1983b).

McGuigan (1999) identified three different classes of stress definitions: (1) stimulus-based, (2) response-based, and (3) interactive. Stimulus-based models conceive stress as an environmental event that affects the body. In this interpretation, stress is referred to as a "stressor" that evokes reactions of the various systems of the body. Response-based models conceive stress as a bodily response or reaction to a stressor. This class fits Selye's (1983) definition. The interactive class incorporates response and stimulus elements and is an interactive state in which stressors and bodily reactions affect each other. Interactive models suggest that certain characteristics associated with an individual lead them to perceive some events or environmental factors as more threatening than others (Furnham, 1997).

Furnham (1997) summarized the features that are common to a majority of the conceptual models of stress. The first of these features is a mismatch between demands and resources. Theorists see the main ingredients in stress as (a) a subjective appraisal of a demanding environment, (b) a realization that demands may outstrip resources, and (c) the important consequences of not coping. Without a universally accepted definition of stress, an accepted protocol has been to describe environmental factors as "stressors," responses of individuals as "strains," and mediating activity in the form of personality dispositions and cognitive processing as "intervening variables."

Sources of stress can be real or perceived psychosocial pressures. The causes of stress can be internal to an individual or external in the environment (Furnham, 1997). Potential stress areas are the individual, the social environment, and the arenas of home, and work. Several of these stressors may also be interrelated.

Reactions to stress vary greatly among individuals (McGuigan, 1999). According to Boss (1988), perception is an important variable because it determines how a family or an individual views an event which affects the level of stress felt. How a person reacts to a particular stressor depends on several factors such as (a) the characteristics of the stressor, (b) how the individual perceives the situation in light of previous experiences, and (c) his or her capacity to tolerate anxiety, which may involve a personality disposition. A stressor may not always increase stress to a crisis point. Conversely, when a stressor event happens, family members could refuse to acknowledge it or refuse to change their behavior.

According to McCubbin and Patterson (1983b), stress is not stereotypic, but varies depending upon the nature of the situation, the characteristics of the family, and the psychological and physical well-being of the family members. An unexpected event that is not disastrous may be stressful, such as winning the lottery or receiving a promotion (McKenry & Price, 1994). Families with similar circumstances could perceive the same event either as a crisis or as a normative event, depending on their coping resources (e.g., economic, emotional, family support).

One classification of events used by family stress researchers is normal or predictable events versus unpredictable, situational, or nonnormative events. Normal events are viewed as a part of life and represent transitions in the family life cycle. By definition, these are of a short duration. Non-normative events are the product of a unique situation that could not be predicted and is often not likely to reoccur (Boss, 1988).

Stress has behavioral, cognitive, and physiological symptoms or consequences. When faced with a stressor, the physiological symptoms link to the body's fight-or-flight response. Psychological symptoms that can occur are anxiety, fear, emotional disorder, and defensive attitudes and behavior (Furnham, 1997). There also are various factors that seem to make individuals prone to stress, such as worry, external locus of control (a

belief that life is controlled by external forces), Type A behavior, pessimism, and poor coping strategies (Furnham, 1997).

Stress overload results from an imbalance between psychological coping skills, inner psychological states, environmental stressors, and support deficits. This imbalance can be represented in a range of psychological, behavioral, and physical problems (MacLennan, 1992). Using the concept of stress pile-up as defined by McCubbin and Patterson (1993a), if a family's resources to cope with stressors are already exhausted in dealing with other life changes, the family may be unable to make adjustments if confronted with additional stressors. At this point, some negative consequences would be anticipated in the family system or by its member(s).

### Stress and Personal Finances

Stress from personal finances is perceived to be one of the most influential sources of psychosocial stress because many basic life activities are associated with personal financial resources and their management (Peirce, Frone, Russell, & Cooper, 1996). Little empirical research has assessed financial stress as a contributor to the overall levels of personal and work stress (Bailey et al., 1998). Stress inducing variables may eventually impact a family's financial well-being, which in turn, can influence an individual's response to a stressful situation (Garman et al., 1996). Even though problems may be financial in nature they may have implications for individual and family functioning in other areas. However, the reverse may also be true (Sporakowski, 1979). Examples of events that may be perceived as financial stressors include, but are not limited to, medical and legal expenses, unemployment, weddings, college planning, retirement, a bonus from an employer, and winning the lottery. These stressor events may be seen as positive or negative stressors depending on the individual.

In a review of research and theory on financial stress and conflict, seven financial stress themes repeated themselves throughout the research and are summarized here: (1) financial stress is a subjective phenomenon, (2) financial stressors play a significant role in marital stress, (3) financial stressors impact couple cooperation and communication, (4) financial stress adds to any existing marital difficulties, (5) financial stress diverts energy from the marriage to outside concerns (e.g., work spillover), (6) financial stress

impacts self-esteem, and (7) financial stress is associated with hostility in middle income marriages (Freeman, Carlson, & Sperry, 1993).

Researchers have identified influences on financial stress as job-related events, unanticipated changes, life cycle factors, and financial situations (Sporakowski, 1979; Varcoe, 1990). In a guidebook for financial counselors, Williams (1982) outlined situations that lead to financial problems for individuals and families. Many of these situations also are stress-related variables such as changes in family income, the need to support a parent or another person, unscrupulous or fraudulent schemes, birth of a child, death of a spouse, illness and disability, accidents, major unexpected bills, divorce, and lawsuits. Specific situations that may contribute to individual or family financial stress include overestimating income, underestimating expenses because of poor records or inexperience, lack of family communications, being overwhelmed with bills to the point of being afraid, the inability to say no, buying goods and services on credit, poor money management skills, credit overextension, lack of planning, using money for emotional reasons, not having an emergency fund, and not controlling expenses such as alcohol, tobacco, drugs, and gambling.

Pearlin and Schooler (1978) theorized that undesired life events lead to “strains” or stressors, which diminish mastery and self-esteem while altering emotional, psychological, or physical responses. They perceived economic strain as a secondary stressor that results from a primary stressor like loss of employment or divorce. Voydanoff (1984) furthered this definition conceptualizing economic strain as a subjective perception of one’s current financial situation or “an evaluation of one’s current financial status such as perceived financial adequacy, financial concerns and worries, adjustments to changes in one’s financial situation, and one’s projected financial situation” (p. 275). Boss (1988) observed that a family may have adequate money (a resource), but the resources needed to meet the pressures the family is facing at the time are more psychological than monetary, causing strain. She notes that more often the opposite is seen: psychologically strong families who are economically poor. This mismatch can cause strain.

The effects of economic distress can spread from an individual to affect other family members. Family members mediate the effects of economic distress on

individuals. These two kinds of individual-family relationships demonstrate the intertwining of the effects of economic distress on families and individuals (Voydanoff, 1984). Not all families respond to financial stress in the same way.

### Social Readjustment Scale

Financial problems and their relationship to stress-related illnesses have been documented for years in the literature (Sporakowski, 1979). One of the first studies to demonstrate the intertwining of finances and stress was conducted by Holmes and Rahe (1967). Their Social Readjustment Rating Scale consists of 43 life events that would be considered stressful and asks participants to indicate which have occurred to them within a given time period. Of the items, at least six have some relevance to money matters, e.g., foreclosure on a mortgage or loan, change in financial state, and many of the other items have implications for financial stress. This scale has been one of the most widely cited and used assessments seen in the literature on stress and stress management.

According to Hobson et al. (1998), critics of the Social Readjustment Rating Scale have identified the following major problems: (a) concerns about the subjectivity and variability in individual perceptions of stress, (b) the presence and confounding of both symptoms of stress and discrete life events on the original instrument, (c) questions about bias, currency, and ambiguity of some of the life events, and (d) concerns about the size and composition of the sample used to derive weights for the 43 life events. Hobson et al. (1998) revised and updated Holmes and Rahe's instrument to identify major life events that commonly confront Americans. After 30 people on a professional review panel reviewed the list and indicated which items/events they thought should be deleted, modified or added, a seven member team of measurement and behavioral science professionals made decisions regarding inclusion of items on the final list, which consisted of 51 events.

This Social Readjustment Rating Scale-Revised was administered to a national sample of 5,000. With a return rate of 62.4% ( $N = 3,122$ ), the researchers found five overlapping themes in the top 20 rated stressful life events: (1) death and dying, (2) healthcare, (3) crime and the criminal justice system, (4) financial/economic issues, and (5) family-related issues. Three of these events were specifically related to economic

issues; Foreclosure on a mortgage or loan was ranked number six; being fired, laid off or unemployed was ranked number 13; and experiencing financial problems or difficulties was number 14.

Fisher, Fagot, and Leve (1998) observed that Holmes and Rahe's life events approach can be useful in certain situations, but its limitations are the tendency to include events that are extreme in nature (e.g., death of a spouse, sale of a home) but low in the rate of occurrence. An alternative to this is "The Family Events Checklist" a self-report instrument developed by the Oregon Social Learning Center. The checklist consists of "daily hassles" or 46 event-related items likely to occur on an every-day basis. Respondents who complete the checklist are asked to indicate if an event occurred and how negative its effect was on them.

A study was conducted by Fisher et al. (1998) to refine the instrument by determining whether a global score was the most useful way to represent the information provided by respondents on the Family Events Checklist or if there were content areas within which stressful events occurred. Risk level for stress was defined a priori based on four samples considered to be at varying degrees of risk from previously conducted longitudinal studies. The first sample consisted of families considered to be normative. The second sample was comprised of families considered to be normative but at a somewhat higher risk for family stress due to lower socioeconomic status. The third and fourth samples were drawn from populations hypothesized to be at a higher risk for family stress: one was receiving family therapy due to a child's antisocial behavior, and the other consisted of divorced mothers.

Using the criteria of deleting items where 90% of respondents answered that the "event did not occur," the researchers eliminated items that occurred only occasionally. As a result, 27 of the original 46 items were deleted. A three-factor model was developed using financial difficulties, interpersonal tension, and child-related problems. A confirmatory factor analysis was performed to determine fit for the model revealing only an adequate fit of the model to the data. A one-way ANOVA was then conducted to assess the variability of family stress across the four risk groups.

Financial strain was found to be significantly lower among the two normative samples than among the two higher risk samples. Stress across the three factors grew

significantly from low- to high-risk samples, offering support to the connection between stress and risk. Findings suggest that in future research, differentiating among types of family stress versus measuring it in a global manner, would allow an understanding of specific family needs (Fisher et al., 1998).

Bailey et al. (1998) studied the relationship of financial stress to overall stress and satisfaction with a sample of mental health professionals in 18 hospitals. Despite a low response rate (14.5%) attributed to a long instrument, in a sample of 187 they found spillover of financial stress into work and life domains and interrelationships between financial stress and personal and work stress. Life satisfaction in both work and personal areas was significantly related to financial concerns. Satisfaction is a fundamental counter-balance against stress (Bailey et al., 1998).

A study of employees in 250 U.S. companies revealed that their second greatest perceived source of high stress was finances (Jacobson et al., 1996). The first perceived source of high stress was the workplace.

Poor personal financial behaviors can be the consequences of stress. Financial behaviors are actions, reactions, or performances in a particular way with regard to money (NIPFEE, 2000). Garman et al. (1996) defined poor personal financial behaviors as personal and family money management practices that have consequential, detrimental, and negative impacts on individuals' lives at home or at work. Such behaviors range from regularly overspending to obtaining cash advances on credit cards. Table 1 provides examples of poor personal financial behaviors that are negatively related to family and work life.

Stress related to personal finances also may be an indicator of a lack of resources to meet basic needs. This stress may be caused by the perceived inability to support one's desired lifestyle patterns (level of living) or the inability to meet financial obligations. Where income is seen as limited or expenses as unpredictable, a perceived lack of control over finances may be a primary source of financial stress (Jacobson et al., 1996).

Table 1

Poor Personal Financial Behaviors

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Behavior
Regularly overspending money
Regularly overusing available credit
Writing bad checks
Having a low or non-existent emergency fund
Having liabilities in excess of assets
Obtaining cash advances on credit cards
Regularly obtaining consolidation loans
Not contributing to a retirement plan
Filing bankruptcy

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Note. Examples from Garman et al., 1996

Table 2 lists consequences of financial behaviors that may signal personal financial problems. These consequences may result from poor personal financial behaviors. Although these are personal financial matters, they may spillover into the workplace.

Many Americans have trouble making ends meet and paying bills. One in five persons (about 49 million) in 1995 lived in a household that had at least one difficulty meeting basic needs (U.S. Census Bureau, 1999). These were the households which suffered from one or more of the following events: did not pay mortgage or rent, failed to pay utility bills or had services shut off, did not get enough to eat, needed to see a doctor or dentist but did not, or otherwise could not meet essential expenses. The difficulties meeting basic needs were not isolated incidents. More than half (54%) experienced more than one problem at a time. One of the factors that greatly raised a person's chance of having difficulty meeting basic needs was having a low household income. Other

Table 2

Consequences of Poor Personal Financial Behaviors

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Consequences
Past due notices from creditors
Collection calls at home or work
Fighting with family members about finances
Utility disconnection
Bounced checks
Repossession of property by creditors
Liens
Garnishment of wages or tax refunds
Substance abuse
Gambling
Foreclosure
Eviction

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Note. Examples from Garman et al., 1996

characteristics associated with a difficulty in meeting basic needs were race and ethnicity. Blacks and Hispanics were more likely than Whites to experience difficulty meeting basic needs. These differences may be explained in part due to differences in education, income, and other characteristics between these groups (U.S. Census Bureau, 1999). Greater difficulty meeting basic needs also was observed among those who rented rather than owned their homes, those who had a work disability, those who were unemployed, those who were unmarried, those who lacked health insurance, and those who had low levels of education.

Stress and Health

Health can be defined as “a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity” (World Health Organization, 2000). Health may be thought of as more than just the absence of disease or illness

(Frisch, 1998). It may be viewed in the context of healthfulness or wellness. Wellness, or a higher-level health, according to Everly and Feldman (1985), represents a state where individuals enjoy increased health and higher levels of functioning beyond the state of merely being illness free. This higher level health may be operationalized as increased coping ability, increased levels of fitness, increased emotional stability, increased energy, reduced risk of disease, and reduced chronic stress levels.

Research has shown that as one repeatedly reacts to events that are stressful, the disastrous effects on the body accumulate so that the individual becomes increasingly susceptible to emotional problems, accidental injuries, physical illnesses, and behavioral disorders (McGuigan, 1999). Prolonged and unwanted stress (distress) can have negative effects on physical and mental health (Cash, 1997).

The relationship between stress and the immune system has been well documented in the literature with a large body of research examining the link between scores on Holmes and Rahe's (1967) Social Readjustment Rating Scale (Hobson et al., 1998). In 1990, Rahe conducted follow-up studies on this life-events scale and found that 49% of subjects who showed elevated life changes also experienced 24 illnesses (McGuigan, 1999). Conversely, subjects who had low life changes had significantly less illness.

Some of the symptoms associated with stress may be related to financial problems. Cash (1997), a financial wellness educator, posed the following issues and questions: (a) because stress suppresses the immune system, does financial stress cause an increase in the utilization of health care? (b) Do financial problems become distractions that lead to increased accidents or negligence? (c) Back injuries are contributed to by muscle tension, and stress tightens muscles. Therefore, is there a relationship between back injuries (known to be a major worksite health issue contributing to losses in productivity) and financial problems?

Research has established relationships among worker stress, health-related problems and absenteeism (Jacobson et al., 1996). The *1997 National Study of the Changing Workforce* found that 38% of employees said they are bothered by minor health problems that are often associated with stress, as insomnia, headaches, and stomach pains (Bond, Galinsky, & Swanberg, 1998).

According to McGuigan (1999), the early signs of workplace stress can be viewed by the intensity and frequency that the worker experiences colds or minor infections. When the stress builds, the worker may begin to experience back pain, headaches, insomnia, arthritis, and skin disorders. Hypertension, respiratory problems, gastrointestinal disorders, cardiovascular disease, and cancer are severe physical examples that have been implicated as a result of stress. Psychological effects are tension, anxiety, depression and chemical dependency, as well as feelings of inadequacy, loss of concentration, worry, and difficulty in making decisions. Over time, these effects may result in higher health care costs to employers.

The direct costs and lost output costs to employers from mismanaged stress as well as occupational mental health are substantial. Stress, along with other psychosocial/behavioral risk factors, is increasingly found in chronic health disorders (Quick, 1992). In a 20-year period, Kaiser-Permanente Health Plan found that 60% of all doctor visits were by patients who had nothing physically wrong with them. Another 20 to 30% of visits were by patients who had stress-related components of physical illnesses (Cummings & VandenBos, 1981, as cited in Quick, 1992).

### Stress and Work

Some demands of personal and family life may have a negative impact on employees. Personal problems spill over into the workplace and may directly impact job performance (The Conference Board, 1995). Therefore, factors contributing to workplace stress may not necessarily originate within the workplace and, instead, may come from an external influence. Examples of these factors are financial difficulties, marital problems, illness or death of family member or friend, or difficulty with personal relationships (McGuigan, 1999).

The symptoms and causes of workplace stress are varied. All jobs are potentially stressful although the type of stress varies (Furnham, 1997). A contributing factor to stress and work is that today employees are less sure of their positions within organizations than in the past (Goetzel & Ozminkowski, 1999). Sources of stress may include unrealistic expectations or demands of superiors, career development concerns, financial pressures, and changes in the organization.

Job stresses and personal stresses can manifest themselves as psychological, medical, behavioral, and organizational symptoms that reflect an increase in health and productivity issues (Goetzel & Ozminkowski, 1999). The cost of stress and stress-related problems to industry has been estimated to be more than \$150 billion annually (Friedman, 1991; Jacobson et al., 1996). Of the employees surveyed in the *1997 National Study of the Changing Workforce*, more than half said they felt nervous or stressed during the three months prior to their survey interview due to spillover from work (Bond et al., 1998).

How well are today's workers? The *1997 National Study of the Changing Workforce* found that only 31% of employees rated their general life satisfaction at the highest level, while 31% rated their family satisfaction at the highest level, and 51% rated marital satisfaction at the highest levels (Bond et al., 1998). The same study found that in the three months prior to the survey interview, 35% of employees reported that they sometimes or often experienced periods when they could not cope with all of the things they needed to accomplish.

Furnham (1997) classified the common symptoms of work stress into three areas: (1) physiological symptoms, (2) emotional symptoms, and (3) behavioral symptoms. Physiological symptoms of work stress can include fatigue, a decline in physical appearance, health complaints, and signs of depression, such as a change in eating habits or weight. Emotional symptoms may include resentfulness and cynicism, appearance of apathy and boredom, a sad or depressed appearance, and expressions of frustration, hopelessness, and anxiety. Behavioral symptoms may entail absenteeism and tardiness, abuse of substances such as caffeine or alcohol, increased smoking, irritable or hostile behavior, and reduced productivity. McGuigan (1999) noted that the worker who is stressed may become overly sensitive, have confrontations with fellow employees, and, in extreme cases, lash out violently against his or her employer, fellow employees, or himself or herself. This behavior also may spillover into the workers family life.

#### Work Outcomes and Personal Finances

Employees with financial problems are not likely to perform at their full potential (Williams et al., 1996). Most employees have never been taught money and credit

management skills. As a result, they may develop personal financial problems. Employees who face these kinds of problems are costly to their employers (National Foundation for Consumer Credit, 1998).

Research conducted with one employer, the U.S. Navy, by Luther et al. (1997) showed that servicemembers' financial difficulties significantly impacted the Navy both fiscally and functionally. They calculated that the Navy spent at least \$36 million each year processing paperwork and counseling financially troubled employees. Of all the security clearances that were revoked, an average of 60% of these involved financial reasons. Some 43% of active duty personnel reported facing problems paying their monthly bills, and financial difficulties had more impact on operational readiness than childcare, housing, or health care. Further, of the approximately 370,000 sailors, an estimated 35,000 Navy service members had their wages garnished in 1995, and approximately 4,300 service members filed for bankruptcy in 1996 where the Navy was the creditor.

It is in the interest of employers to recognize their employees' negative behaviors related to their personal finances. Because costs to employers can range from absenteeism to loss of revenue from sales not made to theft and even suicide (Garman et al., 1996), the costs are often difficult to identify and quantify. Table 3 lists the personal and organizational effects that may result from employees with financial stress. Some of these items may or may not individually signal a major financial problem. However, a combination of these items or repeated occurrences certainly can be indicators of a problem. If an employer becomes aware of such a problem, it is probably affecting the company's bottom line (Leech, 1997).

### Productivity

One work outcome is productivity which is "the major correlate of a nation's standard of living and the best measure of economic performance" (Bernardin & Russell, 1998, p. 9). Productivity is a concept that depends on the context in which it is employed.

Table 3

The Personal and Organizational Effects of Financial Stress

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Effects

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1. Absenteeism
2. Tardiness
3. Taking long breaks
4. Failing to focus on the job
5. Receiving/making frequent telephone calls to creditors
6. Garnishments and other court ordered payroll deductions
7. Frequent requests for payroll advances
8. Inability to contribute to retirement fund
9. Extended discussions with coworkers about financial stress
10. Fighting with coworkers about financial stress
11. Reduced productivity
12. Thefts from employer
13. Loss of customers
14. Accidents and increased risk taking
15. Disability and worker compensation claims
16. Substance abuse
17. Increased use of health care resources by employees and relatives
18. Greater use of employee assistance program services, including those for spouse and child abuse
19. Suicide and murder

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Note. Examples from Garman et al., 1996

It does not have a singular definite criterion measure or operational definition (Williams et al, 1996). It has come to mean more than the classic definition of output over input (Friedman, 1991). From a business perspective, it means something different depending on the type of operation the business is involved in and what the business is producing

(CCH, 2000). Measures of productivity facilitate better management of work and employees (Ross, 1981).

The Bureau of Labor Statistics (BLS) (1999a) defines labor productivity as the relationship between output and labor time used in generating an output or outputs which is also the standard measurement of productivity (CCH, 2000). The BLS measures productivity as output per worker-hour. Ross (1981) defined productivity as the efficiency with which resources are used to produce goods and services, generally expressed as a ratio of outputs to inputs. Total productivity equals total output divided by total input (labor, materials, energy, capital).

Studies on productivity are hindered by a difficulty in quantifying output because of the differences in industries (Burton & Conti, 1999). CCH, an industry consulting firm, offers alternative ways to measure productivity. A business that is in education or the service or sales industry may have a harder time measuring productivity in the standard manner because some of the products involved are intangible. Therefore, businesses can measure productivity by the quantity of work, such as the number of tasks performed or the number of customers helped during a specific period of time. Other methods of measuring productivity could be whether deadlines were met or whether service delivered measured up to the company, customer, or industry standards. Other methods of measuring productivity could result from determining the length of time an average worker needs to generate a given level of production or observing the amount of time that a group of employees spends on certain activities (CCH, 2000).

#### Presenteeism

It has been acknowledged that there are several ways of measuring productivity as a work outcome. Productivity also may be lost when employees are physically absent from work due to illness, are overcome by stress, become injured on the job, are subject to a disability, or have work-life balance issues. An organization may lose worker productivity even if employees are at work but not fully functional or “mentally present” (Goetzel & Ozminkowski, 1999). This latter concept is called “presenteeism,” or the loss of productivity that happens when employees are on the job but are not fully functioning (Burton & Conti, 1999). Employees who are not fully functioning may be suffering from

conditions such as depression, allergies, low back pain, emotional stress, or other conditions which play a role in their performing at less than peak levels (Goetzel & Ozminkowski, 1999).

There is a growing recognition that productivity and health are interrelated and that more emphasis should be put on health promotion and prevention. This discovery has led to an emerging business strategy called health and productivity management (HPM) (Goetzel & Ozminkowski, 1999). Focusing on this area allows companies to look at management of their employment costs while still concentrating on their business strategies.

Health and productivity management focuses on total employment cost as a function of several factors, including employee compensation, employee benefits, and other labor costs, such as program expenses for morale and productivity (e.g., fitness, health promotions). Health and productivity management looks at health related costs across multiple programs and goes beyond the direct costs of items like health and disability costs to include indirect expenses (Goetzel & Osminkowski, 1999). Indirect expenses are the intangible costs associated with lost productivity for workers with interpersonal problems or morale issues and unscheduled absences.

A study that examined health benefits information and productivity data provided by 43 large public and private employers (the third annual Health and Productivity Management Benchmarking Study) calculated the median cost for health and productivity management at \$9,992 per employee (The MEDSTAT Group, 2000). This figure represented the direct costs of five programs: group health (\$4,666), turnover (\$3,693), unscheduled absence (\$810), non occupational disability (\$513) and workers' compensation (\$310). When adding indirect costs to the direct health and productivity management costs, the total cost per employee was estimated at \$13,277 per year.

### Absenteeism

Absenteeism is defined as missed work time by an employee. Absence rates can be calculated by dividing total paid sick hours by total paid productive hours (CCH, 1999). Absence rates are typically calculated as the number of days taken off work with the exception of legal holidays, vacation, jury duty, personal time off, and bereavement.

Factors that have been found to influence absenteeism are job satisfaction, stress, job performance, the employment environment, demographic characteristics of employees, job characteristics, commitment to employer, absence norm, and the managerial strategies of employers (Joo & Garman, 1998). Each year, American companies lose five million workdays due to illness. Over half of these illnesses are said to be stress related. In a study of a large sample of employees, Jacobsen et al. (1996) found that stress associated with health was a strong predictor of absenteeism related to illness. In their study, respondents with high stress levels were 2.2 times more likely to report five or more days of absenteeism than those employees with low stress levels.

In 1998, unscheduled absenteeism by employees reached a seven-year high according to the *1998 CCH Unscheduled Absence Survey*. This survey revealed that, compared to 1997 figures, the absenteeism rate increased by 25% and the dollars lost due to absenteeism rose 32%. For the first time in this annual survey, personal illness was not the top reason employees said they missed work. The number one reason was family issues (26%) followed by personal illnesses (22%), personal needs (20%), and stress (16%) (CCH, 1999). In 1999, companies averaged a 7% decline in unscheduled absenteeism. The *1999 Unscheduled Absence Survey* further revealed that absenteeism caused by worker stress tripled since 1995 (CCH, 1999). "It has been suggested in the literature that over 70% of all job absenteeism has been tied to stress-related illness" (Tang & Hammontree, 1992, p. 493).

According to the American Institute on Stress, absenteeism accounts for one million employees daily due to stress-related complaints (Jacobson et al., 1996; Landauer, 1996). Unscheduled absences can cost as much as \$602 per employee on an annual basis (CCH, 1999). This cost includes pay for work not done and indirect costs such as hiring a temporary employee to cover for the absent worker, overtime pay for other employees, and supervisory time for rearranging work schedules. Regarding specific industry sectors, businesses that experienced large increases in unplanned absences in 1999 were health care, government, and universities (CCH, 2000).

Joo (1998) found that a higher level of financial wellness was associated with less absenteeism. Therefore, if stress is one of the most significant factors that affects absenteeism, the potential effects of financial wellness on absenteeism could be very

large (Joo & Garman, 1998). The implication here is that personal financial wellness could be a significant factor that has been missing in understanding worker absenteeism.

#### Work Time Used for Personal Financial Matters

A substantive cost to employers occurs when financially troubled employees use work hours to deal with personal money matters. The use of time on the job to handle personal issues results in productivity losses. Joo (1998) noted that previous research has not used work time to handle personal financial matters as a factor in measuring productivity. According to research conducted by a national consumer credit counseling agency, almost 60% of the people who telephone their counselors are calling from the workplace (Amsel, 1998). This counseling agency operates services 24 hours a day, six days a week and therefore is not limited to providing assistance during traditional work hours.

Employees may spend time at work dealing with personal money matters even if they are not experiencing financial difficulties. In a study of white collar workers in an insurance company, 92% of respondents reported that they spent some work time to handle personal financial matters (Kim, 2000). When considering personal financial activities conducted during work time, Kim (2000) categorized the activities into negative and positive financial behaviors. She suggested that positive work time use of activities such as searching for financial information and talking about retirement planning or employee benefits is taking a proactive approach to one's financial future. Negative work time use such as receiving calls from creditors and talking about consolidating debts, was suggested as an indicator of the existence of financial difficulties. Although work time used was categorized as positive and negative by Kim (2000), any amount of work time used to handle personal financial matters, whether positive or negative, may be an indicator of lost productivity.

#### Coping

Coping is defined as behavioral and cognitive efforts to master, reduce, or tolerate the internal and external demands that are created by stressful transactions (Folkman & Lazarus, 1986). The concept of coping, like that of stress, is not a unified construct with a

meaning that is readily agreed upon by experts (Eckenrode, 1991). A prerequisite for coping is the presence of a condition or event that is appraised as harmful or threatening to an individual (Lazarus & Folkman, 1986).

There are two functions of coping: (a) regulation of emotions or distress, and (b) management of the problem that is causing the distress (Folkman & Lazarus, 1984). Coping processes for handling stress vary from encounter to encounter according to what is at stake for the individual (e.g., self-esteem, physical health) and the options for coping (e.g., whether something can be done to change the situation) (Folkman & Lazarus, 1986). Whether people suffer from stress or not is often dependent on their coping strategies (Furnham, 1997).

Coping strategies are responses to the perceived stressor threat. Like stress, coping can have both positive and negative consequences (Boss, 1998). Coping strategies are not always positive. Coping strategies outlined by Carver, Scherer, and Weintraub (1989) (as cited in Furnham, 1997) are positive reinterpretation, planning, seeking support for problems, religion, acceptance, denial, alcohol use, humor, and mental disengagement. Commonly used approaches are life-style changes such as diet and exercise, meditation, and relaxation. (Furnham, 1997). In addition, the meaning a family attaches to a stressful situation is a form of coping behavior (McCubbin, Thompson, & McCubbin, 1996).

A family's coping resources are its individual and collective strengths during the time a stressor event occurs (Boss, 1988). Job skills, health, economic security, social supports, relationship skills, and proximity of support are examples of coping resources. Resources are defined as the means capable of meeting the demands placed upon a family (Deacon & Firebaugh, 1988). They are whatever is available to use (Goldsmith, 1996) or the economic, psychological, or physical assets individuals can draw upon in response to stressor events (Boss, 1988).

When individuals or family members have sufficient resources, they are less likely to view a stressful event as a problem (McKenry & Price, 1994). Resources mediate the impact of a stressful event (McCubbin & Patterson, 1983b). Family stress has been found to be lower among families with financial resources, social support, and

adaptive family system characteristics (Voydanoff, 1984) and satisfaction with life (Bailey, Woodiel, Turner, & Young, 1998).

Coping strategies related to personal finance were identified by Joo (1998), Olson (1994), and Varcoe (1990). These strategies include using savings to cope with unexpected expenses, putting off paying bills, borrowing money, cutting expenses, and expanding sources of income. Families can adapt by using one or more of these managerial strategies. Other strategies include learning new skills for self-sufficiency, and substituting, sharing, or exchanging goods and services among families and friends instead of purchasing new items. However, these options are not feasible for all family types or for all individuals (Guadagno, 1983).

The specific coping strategy used may be a stressor in itself as the process of making adaptations may create family tension. Dysfunctional coping methods related to family financial management outlined by Guadagno (1983) were (a) mismanaging finances, (e.g., making unwise investments or overspending), (b) increasing income at the expense of straining the family relationship, (c) decreasing expenses to a point of neglecting provisions for adequate protection against loss or risk, (e.g., illness, property losses), (d) relying on social, governmental, or support programs rather than developing personal resources or skills to earn an adequate income, and (e) failure to adjust one's economic aspirations for a realistic level of living or family income.

Using work time to deal with personal financial matters is a coping mechanism for some proportion of employees who are stressed about financial issues. Previous research (Garman et al., 1996; Joo, 1998; Kim, 2000) suggests that from one-third to one-half of workers take work time to deal with financial issues. From a human resources standpoint, whether or not this behavior is considered productive time is a matter of interpretation.

### Credit and Debt

One of the ways in which individuals meet both essential and non essential needs is through the use of credit. Credit provides a means for acquiring goods and services without the use of income, and it is an alternative to cash for financing consumer goods and services. Hayes (1989) concluded that many individuals "now seem to use credit to

smooth out the effects of temporary economic fluctuations and to maintain living standards” (p. 19).

The overall role of credit in individuals’ personal finances has greatly increased over the last two decades (Detweiler, 1993). Credit has become an easy way for Americans to spend money they do not have and to maintain lifestyles they could not otherwise afford (Ritzer, 1995). A major economic trend has emerged with more than a billion credit cards being used in the United States. The credit card has been described as “an almost inescapable physical presence” in today’s consumer society (Ritzer, 1995, p. 159).

Bank credit cards are the most widely held by families and in 1998 67.6% of families had such a card (Kennickell, Starr-McCluer, & Surette, 2000). Of the 105 million U.S. households, 78 million have at least one credit card; the average credit card balance is now \$7,564 and the average interest rate is 18% (CardWeb, 2000). Contrast this with 1990 where the typical American household with at least one credit card had a balance of \$2,985.

Many individuals now use credit cards for convenience; about 45% are nonrevolvers, meaning that they do not maintain an account balance each month (Kennickell et al., 2000). Those who do maintain a balance are called revolvers. The share of families carrying a balance edged down somewhat from 56.0% in 1995 to 54.8% in 1998.

Individuals had \$462 billion in bank credit card debt and \$88 billion in retail (e.g., store, gas) credit card debt as of the end of 1999 (CardWeb, 2000). The median total outstanding balances on credit cards changed little from 1995 to 1998, staying at \$1,700 (Kennickell et al., 2000). Other borrowing was more prevalent in 1998 than in 1995 due to loans on pension accounts and insurance policies. The median amount of this debt rose from \$2,100 to \$3,000.

Two recent developments have occurred in the use of credit cards. The first is financing small business operations by means of credit cards. Credit cards are currently the number one means used by small business entrepreneurs. The second trend is using credit cards to pay federal income taxes (Knight & Knight, 2000). Individuals have only been able to do this since January 1999 (Internal Revenue Service, 1998).

Family indebtedness has risen over the past decade, raising a concern that debt might become an excessive burden to families (Kennickell et al., 2000). Results from the 1998 Survey of Consumer Finances (SCF) indicate that, compared with 1995, debt repayments accounted for a larger share of typical family debt. This figure is typically calculated through a measure of debt burden or the ratio of total debt payments to total income. Estimates of the SCF indicate that this ratio rose from 13.6% in 1995 to 14.5% in 1998. The SCF is widely regarded as a reliable data source on family finances (Kennickell et al., 2000).

In addition, the proportion of people who were late in their payments (60 days or more late) was also higher (Kennickell et al., 2000). The SCF data show that the percentage of those families with debt who had been late rose from 7.1% in 1995 to 8.1% in 1998, the highest since 1989. This proportion rose notably in the under \$10,000 income group and in the age group of 55-64.

In a 1999 study by Consumer Federation of America and Primerica, the one fifth of households with the lowest financial net assets held the highest consumer debts, and most of them were unsecured credit card debt. They were not low-income households. The households with the lowest financial net assets had middle incomes. The main reason for this anomaly was said to be consumer debt due to the fact that the typical member of this group held more gross unsecured debt than gross financial assets.

Knight and Knight (2000) summarized indicators of excessive debt: (1) purchasing many items on extended installment payment plans, (2) having a vague idea of what one owes, (3) being able to make only the minimum payment on credit cards or other revolving debt, (4) reaching the maximum limit on credit card balances, (5) borrowing from one source to pay another debt (e.g., obtaining cash advances on one credit card to pay off another credit card, (6) borrowing to pay for things that one would otherwise pay for with cash (e.g., groceries), (7) skipping debt payments to make other payments, (8) making bill payments by using unused lines of credit or taking out a new line of credit, and (9) making late payments on monthly obligations such as utilities and rent.

For some individuals and families who get into financial trouble because of excessive credit use, there may be negative psychological consequences, such as stress or

depression, and negative financial consequences, such as home foreclosures. The current level of consumer debt is evidence of the financial difficulties experienced by some consumers, many of whom are employees. Net losses to creditors have grown twice as fast as consumer installment credit since 1980. Furthermore, credit card debt is associated with bankruptcy (Domowitz & Sartain, 1999; Schor, 1998).

Sullivan, Warren, and Westbrook (2000) studied bankrupt debtors to discover what the debtors could tell them about the financial risks faced by the rest of society, namely the middle class. Based on findings from previous studies, they contend that bankrupts represent a fair cross-section of middle-class Americans noting that many non-bankrupts are economically fragile with some having only the appearance of being financially afloat. They also suggest that increased consumer debt is an additional explanation for the increase in economic distress that has led to bankruptcies. Because many families have large debt burdens in addition to other problems that can occur (e.g., job loss, divorce), the potential for financial problems grows because there is little margin for error with their finances.

#### Prevention and Intervention

Preventive intervention consists of three levels of action: (1) primary, (2) secondary and (3) tertiary prevention or treatment. Primary prevention has the goal of reducing risk factors to change the nature of a stressor and is the preferred point of action. Secondary prevention seeks to alter the ways people respond to risks and stressors. Tertiary prevention or treatment is for those who are in distress. In practice, tertiary prevention programs are far more common in the workplace than are primary or secondary (Quick, Murphy, Hurrell, & Orman, 1992). A study from Duke University entitled "Five-Hundred Life-Saving Interventions and their Cost-Effectiveness" concluded that primary prevention is more cost effective than secondary or tertiary prevention (Pelletier, 1996).

An example of a tertiary prevention program is an employee assistance program (EAP), which traditionally offered counseling for employees with personal and alcohol-related problems. However, in the 1980s these types of programs became broader due to an expansion of their programs to include stress management (Quick, 1992).

If employees are stressed due to personal finances to the point that it impacts their job productivity, what can employers do to assist them? What follows is a discussion of three types of interventions that employers may use: credit counseling, employee assistance programs, and workplace financial education.

### Credit Counseling

One of the ways in which individuals and families cope with financial problems is by receiving counseling through non-profit consumer credit counseling agencies. Rapid growth of both the credit counseling industry (Consumer Federation of America, 1999) has been occurring in recent years. Not only are there more providers of credit counseling, but also there are new channels for service delivery other than the traditional face-to-face counseling. Now individuals can obtain counseling via a telephone and over the Internet; some agencies operate 24 hours a day, seven days a week (Credit Page, 2000).

Financial counseling is concerned with the creative use of all resources (Williams, 1998). It is a “change management system” where the counselor first identifies the crisis or dilemma and the underlying reasons for occurrence and then recommends appropriate education or intervention. The overall goal is to improve economic well-being, security, and quality of life for individuals and families (Williams, 1998).

There are three basic forms of financial or credit counseling: remedial, productive, and preventive (Pulvino & Lee, 1991). Remedial counseling is used when clients have reached a state of financial, emotional, or personal discomfort or difficulty. A counselor attempts to help clients understand and resolve their current financial situation. Productive financial counseling is appropriate for use when a client is financially stable but desires to use his or her resources more beneficially. Preventive counseling has aspects of both productive and remedial techniques. This type of counseling is used when a client perceives the need for the productive use of resources to prevent remediation. Preventive counseling seeks to enable a person to avoid financial problems. The type of counseling that is discussed in this section is remedial credit counseling offered through non-profit consumer credit counseling agencies.

A consumer credit counseling agency is a non-profit organization that typically offers three services: (a) assessment of an individual or family's current financial situation, (b) debt restructuring and repayment, and (c) credit education (Credit Page, 1999). Individuals who receive credit counseling have their financial situation examined by a counselor who (a) examines ways to solve current financial problems, (b) assists them in developing a realistic spending plan to manage money and credit, and (c) helps them set goals to prevent future financial difficulties (NFCC, 2000).

### Debt Management Plans

Critical issues dealt with by a credit counseling agency may be pending mortgage foreclosures or rental evictions, tax liens, and delinquent credit accounts. A debt management plan is one of the services offered by consumer credit counseling agencies to individuals who are experiencing major financial problems (NFCC, 1998). This plan is an alternative to bankruptcy.

If appropriate, the agency will contact an individual's creditors to negotiate a repayment plan called a debt management plan. This plan gives individuals a plan for paying off their liabilities by consolidating their unsecured debts (e.g., bank cards, retail accounts, medical bills, finance company loans) into one monthly payment. Secured debts, like vehicle loans, are not typically included in the repayment plan. Credit counseling agencies establish more affordable payments for their consumer clients by negotiating terms with most creditors. As a result, greater portions of each payment may be applied toward the consumer's outstanding principal balance (rather than toward interest) on their debts. Some creditors may agree to accept a smaller payment per month and make adjustments on their finance charges or other fees for clients on a debt management plan while others will not. This policy is an individual creditor's decision, which may change over time. Non-profit consumer credit counseling agencies help both their consumer clients and creditors because the debt management plan serves the dual purpose of (a) helping individuals pay off their debts and (b) assisting creditors in receiving outstanding amounts owed on accounts. On average, individuals enrolled in a debt management plan are able to fully pay off their debts within 48 to 60 months. During a debt management program, all monies are sent to creditors by the agency

(Credit Page, 1999). The credit counseling agency asks that creditors not try to contact the consumer for debt collection while they are enrolled in the debt management plan. Instead they ask the creditors to work directly with the credit counseling agency (Credit Page, 1999).

Non-profit credit counseling agencies receive financial support from voluntary contributions from creditors. These contributions requested by the agencies are calculated as a percentage of the debt owed by the consumer – up to fifteen percent (15%) of each payment received by the agency. For example, on a monthly payment of \$100 to a creditor, the credit counseling agency asks for up to 15% of that payment (e.g., \$15.00) as a fair-share contribution. The agency asks that the creditor give full credit of the \$100 payment to the clients' account so that the client does not pay for the fair share contribution (NFCC, 1998). Many credit card issuers have over the years however, become unwilling to pay the full requested amount of 15% and at least a third of major banks have cut funding for the nation's credit counseling services (Consumer Federation of America, 1999). And, the largest credit card issuers are becoming increasingly unwilling to reduce (or discontinue) interest rates for individuals who enroll in debt management plans. As a result, some agencies charge a small monthly fee for clients enrolled in a debt management plan.

Policies governing credit counseling agencies vary and are directed by two national membership organizations: The National Foundation for Credit Counseling (NFCC) and the Association of Independent Consumer Credit Counseling Agencies (AICCCA). In 1998, over two million Americans received assistance from credit counseling agencies. The number of Americans seeking credit counseling and debt management plans has risen sharply over the past ten years (Consumer Federation of America, 1999). The National Foundation for Credit Counseling (formerly the National Foundation for Consumer Credit) assisted 1.4 million people in 1998. Of these, about 504,000 carrying debt of \$2.3 billion entered debt management plans in 1998.

Currently, credit counseling agencies have about 900,000 individuals in debt management plans, representing debt of about \$15 billion (Day, 1999). The average debtor owes around \$22,000, including auto payments, and has an annual income of \$30,000 (Day, 1999).

## Summary of Literature Review

This chapter provided a review of literature related to personal financial outcomes of financial well-being, financial wellness, and financial stress. Research has shown that employees with financial problems are not likely to perform at their full potential. Much of the research on financial wellness and productivity has been conducted with either individuals who are financially well or with bankrupt debtors. Little research has been conducted recently with individuals who have received credit counseling.

Topics also covered were stress and the negative relationship to personal finances, health, and work for both employees and employers. Specific work outcomes of productivity, presenteeism, work time used for personal financial matters, and absenteeism were discussed because of the implications for both employees and employers due to reduction in these as a result of personal financial concerns.

The chapter concluded with a discussion of credit and debt as an indicator of financial difficulties. The level of consumer debt has risen over the past decade, raising a concern that debt might become an excessive burden to individuals and families. The current level of debt and the growth of the credit counseling industry are evidence of the financial difficulties experienced by consumers, many of whom are employees. The credit counseling industry provides an opportunity to study a sample of employees believed to be at greater risk for financial concerns and financial problems.

This review of literature suggests that research needs to be conducted to assess the relationship between personal finances and work outcomes such as productivity, presenteeism (work-loss days), and work time used to handle personal financial matters with employees believed to be experiencing financial difficulties. Results of the research could determine if employees are experiencing negative spillover from personal financial issues into work and experiencing reduced work outcomes. Such results could then be used to support the argument for employers to help their employees who are experiencing negative spillover.