Financial Stress and Job Productivity: Evidence from Credit Counseling Clients

This study examined the relationship between credit-counseling clients' financial stress and their job productivity. The data came from two data collections from Wave I and II that track longitudinal information about credit counseling agency clients. Financial stress, health, income, and gender were found to be significantly related to self reported job productivity. Implications for consumer education and efficient financial information delivery are discussed.

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The Purpose of the Study and Data

The purpose of this study is to examine how credit-counseling clients' financial stress impacts their job productivity. The population for this study is a group of consumers who telephone the credit counseling organization seeking assistance with managing their debts.

The data came from two data collections from Wave II and I that track longitudinal information about credit counseling agency clients. The Wave I was collected in 2003. A total of 7,200 were mail a survey and 443 were undeliverable. The adjusted response rate was 46% (3,121/6,757). About 20 months after the Wave I, the Wave II data were collected in February, March, and April 2005. The Wave II sample includes 7,200 individuals from Wave I in addition of 300 people who joined the debt management program. A total of 6,329 individuals were sent a survey after deleting incomplete or inaccurate mailing addresses. A total of 1,210 surveys were returned. After deleting unemployed respondents and unusable responses, 415 respondents were selected

Findings

Dependent variable is self reported job performance (1(very bad) to 5(very good)). Independent variables are age, gender, marital status, education, family relationship, health status, annual household income, debt load percentage, and financial distress/well-being. To examine the potential non-linearity of age and income, age and annual household income were included as categorical variables. Age was divided into five groups: 30 and younger, 31-40, 41-50, 51-60, and 61 and older. Annual household income was categorized into six levels: less than $20,000, $20,000 to $30,000, $30,001 to 40,000, $40,001 to $50,000, $50,001 to $70,000, and more than $70,001. The OLS result showed that financial stress, health, income, and gender were significantly related to self reported job productivity. Financial distress decreased the self-reported job productivity. Health was positively related to job productivity. Financially distressed consumers with $40,001-$50,000 annual income reported lower job productivity. Male workers reported higher level of job productivity compared to female workers.

The findings will provide insights into work behavior of financially distressed individuals, and will be useful for employers, consumer educators, and credit counseling professionals. Financial education in the workplace can help employees reduce financial stress and increase the job productivity

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Endnotes

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