

Financial Stress and Work Outcomes Of Credit Counseling Clients*

Jinhee Kim, University of Maryland¹
Benoit Sorhaindo, InCharge® Education Foundation²
E. Thomas Garman, Virginia Tech University³

This study examined how credit counseling clients' financial stress and financial satisfaction are associated with their work outcome variables, including personal finance-work conflict, work time used for personal finances, and absenteeism. Data were collected by a national non-profit organization, InCharge® Debt Solutions, from consumers who telephoned seeking assistance in debt management. Regression results showed that those with high levels of financial stress or lower levels of financial satisfaction were more likely than others to experience conflict from personal finances at work, to spend work time handling personal finances, and to cut down normal work activities.

Method

Data

The present study used the databases available from a large non-profit credit counseling agency, InCharge Debt Solutions. The population for this study was a group of consumers who telephoned this national organization seeking assistance with managing their debts. During the months of February, March and April 2003, 7,818 people called the credit counseling organization and enrolled in a debt management program. In June 2003, a questionnaire was mailed to the random sample of 7,200 of the 7,818 who joined the program between the previous February and April. A total of 443 surveys were returned as undeliverable, typically because an address was incomplete, a person moved without providing a forwarding address, or the person was deceased. Thus, the resulting sample was 6,757 and of those 3,131 respondents returned useable questionnaires. This amounts to a return rate of 46 percent (3,131/6,757). Only those who were employed at the time of the data collection (n=2,372) from the available data (n=2,997) were included in the data analysis in the present study.

Hypotheses

H1: Financial stress will affect the work outcome variables including personal finance-work conflict, work time used for personal finances and absenteeism.

H2: Financial satisfaction will affect the work outcome variables including personal finance-work conflict, work time used for personal finances and absenteeism.

Variables

Financial stress was measured with a single question "what do you feel is the level of your financial stress today" with five options: overwhelming (5), severe (4), moderate (3), low (2), and none (1). The responses were reverse coded. Higher values mean higher levels of financial stress. This question was used in Bagwell (2001).

Financial satisfaction was measured by one question with a 10-point stair-step scale. Those who were dissatisfied with their financial situation were asked to mark the lower steps (lowest=1) and those who were satisfied were asked to mark higher steps (highest=10).

Personal finance-work conflict was assessed with one direct question inquiring about how often one's personal finance interfered with their job such as getting to work on time, accomplishing daily tasks, or working overtime. Responses were coded: very often (4), sometimes (3), not often (2), and never (1).

Work time used for personal finances included nine questions to assess how much time was used at work thinking about and handling personal financial matters. Respondents were asked to indicate the number of hours they spent in the previous month dealing with personal financial activities unrelated to their jobs while at work. Examples are "talked to co-worker about personal financial problem" and "talked to creditor about past due payment."

Absenteeism was measured with three items, frequency of absences (excluding holidays and vacations), days totally unable to carry out normal activities, and days when there was a cut down on normal activities. Responses were recoded into none (0), 1-2 days (1), 3-4 days (2), 5-6 days (3), 7-8 days (4), 9-10 days (5), and 11 and more days (6). Two items about work loss while they were present at work were: how many days during the

previous month were respondents totally unable to carry out their normal work activities, and how many days they had to cut down on their activities or did not get as much as usual done. Possible responses were recoded into none (0), 1 day (1), 2 days (2), 3 days (3), 4 days (4), 5 days (5), and 6 or more days (6).

Individual characteristics included gender, age, marital status, annual household income, health status, and debt load percentage. Respondents also were asked general questions about *family relationships* and *perception of work life*.

Findings

Financial Satisfaction and Work Outcome Variables

Regression analysis was conducted to examine the effects of financial satisfaction on work outcome variables. Five regression models were used to examine factors related to five dependent variables including, personal finances-work conflict, work time used for personal finances, frequency of absences, days totally unable to work, and days cut down normal activities. Independent variables include financial satisfaction, gender, age, marital status, household income, debt load percentage, health status, satisfaction with family relationship, and perception of work life.

Hypothesis 1 was partially supported. Results indicated that financial satisfaction was negatively related to personal finance-work conflict, work time used for personal finances, and days cut down normal activities at or beyond the .05 significance level. Those who were less satisfied with their financial situation were more likely than others to experience conflict between their personal finances and work, to spend more work time dealing with financial matters, and to cut down their normal work activities. However, one's financial satisfaction was not significant in explaining the frequency of absences or the number of days they were totally unable to carry out their normal work activities.

Financial Stress and Work Outcome Variables

Regression analysis was conducted to examine the effects of financial stress on work outcome variables. Five regression models were used to examine factors related to five dependent variables including, personal finance-work conflict, work time used for personal finances, frequency of absences, days totally unable to work, and days cut down normal activities. Independent variables include financial stress, gender, age, marital status, household income, debt load percentage, health status, satisfaction with family relationship, and perception of work life.

Hypothesis 2 was partially supported. Results indicated that financial stress was positively related to three work outcome variables including, personal finance-work conflict, work time used for personal finances, and days cut down normal activities at or beyond the .05 significance level. Those who were more stressed about their personal finances were more likely than others to experience conflict between their personal finances and work, to spend more work time dealing with financial matters, and to cut down their normal work activities. However, one's financial stress was not significant in explaining the frequency of absences or the number of days they were totally unable to carry out their normal work activities.

The findings of this study suggest that financial stress and/or satisfaction measures might be better indicators of work outcomes than some objective variables, including household income or debt load percentage. An individual's subjective perception about personal finances is very important in understanding one's stress and stress-related work outcomes.

Full paper is available upon request.

Endnotes

¹ Jinhee Kim, Assistant Professor, University of Maryland, 1204 Marie Mount Hall, College Park, MD 20742; Phone (301) 405-3500; email: jinkim@umd.edu

² Benoit Sorhaindo, Director of Research, InCharge Education Foundation, 2101 Park Center Drive, Suite 310, Orlando, FL 32835; email: bsorhain@incharge.org; Phone: 407-532-5704; web: www.InChargeFoundation.com

³ E. Thomas Garman, Advisor and Author; Fellow and Professor Emeritus, Virginia Tech University; 8044 Rural Retreat Court, Orlando, FL 32819; Phone (407) 363-9048; email: tgarman@bellsouth.net; web: EthomasGarman.net.

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