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COMMENTARY

The ubiquitous effects of financial stress during pandemics and beyond: Opportunities for industrial and organizational psychology

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To advance pandemic-related research and the practical implications offered by Rudolph et al.'s (2021) focal article, industrial and organizational (I-O) psychologists should also consider financial stress—cognitive and affective appraisals that one's finances are threatened and/or insufficient for one's needs (Sinclair & Cheung, 2016)—an integral component of understanding and addressing many COVID-19 pandemic effects in the workforce. Pandemics directly affect society's physical health and increase stress about such for many. It is here highlighted that this process is further complicated by the pressing need to maintain financial well-being in this time of physical, psychological, and occupational uncertainty. For instance, employees in jobs deemed "essential" may not have the opportunity to physically quarantine and may simultaneously experience heightened worries about adjusting to schedule (e.g., increased child care costs due to increased working hours), payment (e.g., organizational pay cuts), and budgetary changes (e.g., purchasing protective gear and stocking up on home essentials). Thus, in addition to the many important opportunity areas highlighted in the focal article, it is crucial for researchers and practitioners to directly examine financial stress during a pandemic and incorporate financial stress into considerations of occupational health and safety, job insecurity, precarious work, job search, telecommuting, work–family interface, the aging workforce, career decisions, and work recovery topics.

We agree with Rudolph et al. (2021) that the economic effects of the pandemic have only exposed existing inequalities within the workforce such that people with more access to money and resources are able to fare better. It is important to note that current financial stress research in I-O psychology is mostly conducted by using unemployed and college samples. Although these populations likely experience financial stress, with sample restriction we lose nuance in understanding why financial stress is detrimental for psychological processes across working populations. Thus, this work proposes opportunities to apply financial stress to I-O psychology domains both during the pandemic and outside those experiences. The ideas presented draw on topics reviewed in Rudolph et al.'s discussion and extend to other relevant areas of study (e.g., job search and work recovery). The suggestions provided are intended to incite greater interest in and attention toward how financial stress intersects with most workforce experiences.

Pandemics and financial stress

Work is undeniably tied to one's livelihood, as it is a way for people to earn money, gain resources, and subsequently reach their financial and lifestyle goals. As Rudolph et al. (2021) indicated, many Americans do not earn adequate wages and lack basic security at work. During and following a pandemic and a likely resulting recession, people's preoccupations of and access to money may change and this change will directly affect their experiences at home and work. For instance, over 25 million people have depended on emergency unemployment benefits that end after July, without any sign of the economy recovering soon (Luhby, 2020). The American Psychological Association's (APA) Stress in America survey in May 2020 revealed that work and the economy are Americans' current greatest stressors. Specifically, 70% reported the current economy as a significant stressor in their lives, which is alarming considering that last year, only 46% reported this (APA, 2020). Further, this year's statistic is nearly equal to reports from the Great Recession in 2008, which indicated that 69% perceived the economy as a significant stressor (APA, 2020).

Economic stress is associated with individual financial stress. We focus on financial stress because it accounts for people's perceived resources and ability to financially support their needs—unlike objective measures, such as salary and debt. For instance, people who earn the same income may have different needs, such as family responsibilities and goals. Indeed, financial stress has been shown to better predict psychological well-being, mortality, and self-rated health than income (Angel et al., 2003; Szanton et al., 2008; Ullah, 1990). Financial stress is also associated with poorer mental health (Richardson et al., 2017) as well as lower organizational commitment, higher absenteeism, and greater job search difficulties (Froidevaux et al., 2020; Kim & Garman, 2003).

Due to the current COVID-19 pandemic, we continue to see the United States' increasing unemployment rates, dwindling retirement funds, looming risks of furloughs, permanent business closures, and salary cuts—all economic stressors that can shape people's work experiences and decisions. These stressful events likely emphasize the uncertainty people feel in their lives. Indeed, workers may experience the financial consequences or anxieties of the pandemic at work due to decreased hours, reduced pay, and/or dependence on temporary work share programs. If people are not facing objective financial burdens, fears of the unknown, such as stock market concerns and the future economy, are enough to induce stress. Financial stress may affect work behavior, such as influencing employees to overexert themselves to be in good standing with supervisors and subsequently reduce the risk of being laid off. Conversely, financial stress may make it more difficult for employees to engage or produce at work. Thus, it is of crucial importance for I-O psychologists to directly consider how financial stress shapes employees' opportunities, experiences, and decisions during pandemics and beyond.

Opportunities to directly consider financial stress in I-O psychology

Topics of health, work, and money are interrelated, so it is valuable to incorporate financial stress into *occupational health and safety* discussions during a pandemic. Organizations can only be effective if they are able to support their employees' physical and psychological health. Stress about the economy was already prevalent in the United States, and the pandemic has exacerbated this financial stress. Many people face tough decisions concerning working to maintain income, even if it means risking their health. In illustration of the need for work, Amazon quickly hired nearly 200,000 workers at the onset of the pandemic (Field, 2020). I-O psychologists could evaluate polices that ensure safe and conducive workspaces during the pandemic, especially for frontline employees who physically work together. Researchers may also study stress and decision-making processes of vulnerable workers who cannot afford to miss work if they suspect having COVID-19. Employees may not have sick leave days available or the luxury of taking paid time off, which demonstrates the inequities of *who can* choose their health and safety over income and *who is* required to make such a choice at all.

With unemployment rates increasing and organizations performing layoffs, furloughs, and hiring freezes, workers keeping their jobs is a matter of survival and uncertainty. With the stress of retaining a job during a pandemic and economic downturn, financial stress is closely related to likely experiences of *job insecurity*. Growing perceptions of job insecurity may influence some workers to remain in or take on *precarious work* because of greater financial stress associated with unemployment during a pandemic. People experiencing high financial stress may perceive no alternatives to engaging in precarious work. Further, if people look for jobs at this time, the *job search* process may be impeded if job seekers experience high financial strain (Dahling et al., 2013) while organizations are enacting hiring freezes due to their own financial concerns. These topics offer various opportunities for I-O psychology contributions.

At the onset of the pandemic, many companies transitioned their employees to *telecommuting*. Although this was the best option to maintain social distancing, we should challenge the assumption that employees have the resources to successfully telework. I-O psychologists can investigate how organizations ensure that employees have the necessary equipment to create home office spaces. For instance, employees may lack access to space, computers, and Internet needed to effectively complete their work. For those with financial stress, telecommuting may add to this stress due to the inability to invest money into curating home workspaces. Further, asking one's employer for help in this transition may be stigmatizing for those who do not want to disclose their personal financial situation or who worry about stressing their organization during financially uncertain times.

Given that finances can be a shared stressor within households, the pandemic may shift family dynamics to affect *work–family* relationships. For instance, when childcare facilities close to maintain social distancing, families must find alternatives for their children. This can be challenging for those adjusting to telework and/or policies that require employees to physically be at work. Affording childcare (e.g., babysitters) may be difficult for essential workers with reduced hours or pay. Additionally, financial stress can affect couples' relationships, such as influencing interpersonal interactions and social support (Vinokur et al., 1996). As families adapt to the pandemic, financial stressors and organizational changes may affect people's relationships at home, and home dynamics may spillover into work.

With stock markets and the economy worsening, older workers may experience anxiety because their retirement funds and investments are severely reduced. This is extremely distressing for the *aging workforce* and an example of how financial stress can directly affect one's work experiences. Unfortunately, economic downturns may cause people to work longer to compensate for lost investments. To add to this distress, COVID-19 poses a greater risk to older people and those with preexisting health conditions, which exacerbates the challenges of managing financial difficulties and health expenses while working. I-O psychologists can consider the compounding effects of job stressors and financial stress in high-risk individuals who must work to maintain access to healthcare.

The pandemic may also force people to make tough *career decisions*. There are multiple ways that the pandemic encourages people to reflect on their financial situations and make decisions to manage effectively. For instance, to ensure job security, people may decide to invest in careers that would not be significantly affected by future pandemics. The pandemic and its associated financial difficulties may also encourage people to avoid taking career risks such as seeking new occupations or careers opportunities, leaving current careers, enrolling in school, or starting a business, in order to avoid unemployment during economy downturns.

Finally, financial stress may affect *work recovery* processes and potential. The "self-care" industry focuses on ways to cope with stress (e.g., therapy, yoga) while not directly recognizing that many recommendations may be out of reach for those who need these resources most, such as single working mothers who are essential employees. I-O psychologists can explore potential healthy work recovery methods that people can engage in when their lives are plagued by financial stress as well as investigating which methods are most beneficial for physical health and psychological well-being when managing financial stress.

Conclusion

This commentary illustrates the need and value of directly examining the effects of employee financial stress during the COVID-19 pandemic and beyond. As we simultaneously face uncertainty about the pandemic and economy, I-O psychologists have several opportunities to investigate how peoples' relationships with their finances affect their work and home experiences. In addition to studying financial stress right now, we should pursue these topics after the pandemic, too. Financial stress potentially intersects with every aspect of one's life, such as work, home, and health options and decisions. Thus, financial stress is a fundamental stressor that may impede one's psychological well-being and work experiences during and after the pandemic. This area is ripe with opportunity for investigation and, if directly addressed, offers broad potential for I-O psychology to facilitate positive changes in our society.

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