

# financial wellbeing

## Employee Health and Wellness in the Post-Pandemic Workplace

As Australia's workers prepare to transition from isolation and remote working to a vastly altered post-COVID workplace, studies find that they want their employers to prioritise their safety and well-being. Employers are responding with safety measures designed to protect people and promote productivity, yet now there is a bigger challenge to employee wellbeing: financial stress.

Many employees have experienced increased financial difficulties since COVID-19 emerged, triggered by the mass shutdowns, job losses and reduced working hours. Given Australia is heading into a recession for the first time in decades, employers already concerned about the mental wellbeing of their workforce will now face additional challenges caused by money-related worries, which consistently rank amongst the top causes of stress in Australia. This article explores practical steps that employers can take to improve financial health and wellness in their workplace, by helping employees to become financially resilient in a world that increasingly demands it.

## **Financial Stress and Workplace Productivity are Linked**

Employees who are financially stressed have lower financial wellness – they are less satisfied with life, less engaged at work and more likely to under-perform and take additional time off. In 2018, this cost Australian businesses \$31.1 billion in lost revenue. The financial crisis triggered by COVID-19 will significantly increase the number of financially stressed employees in Australia, a double whammy for employers already facing a weak economy and lower revenues.

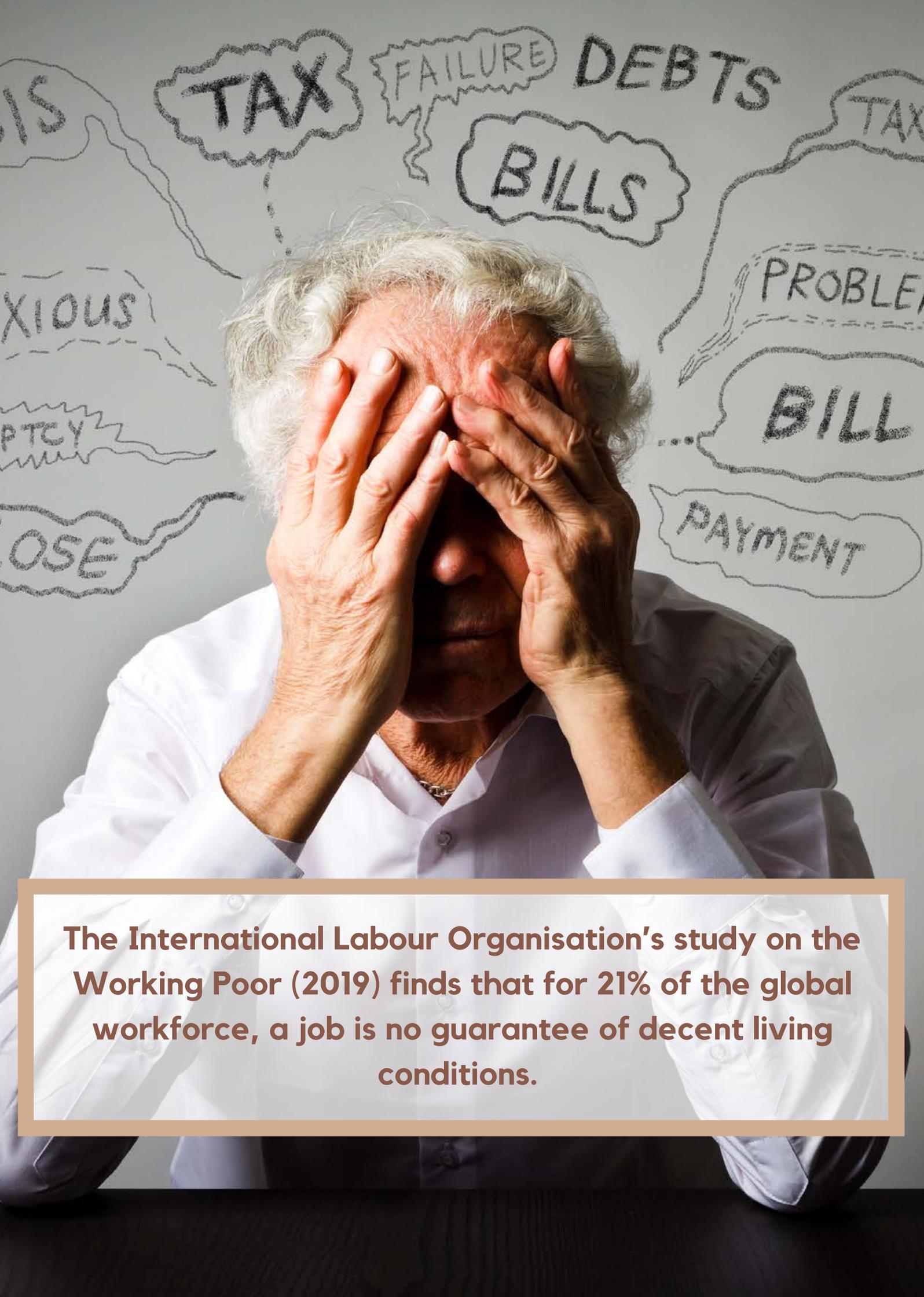


One in five Australian employees (2.44 million people) were financially stressed in 2018. Low income earners were more likely to be impacted, particularly those on short-term contracts. In the same year, 2.5 million Australians were employed in casual roles with no access to paid leave, and their irregular, insufficient hours of work often led to large fluctuations in earnings. 7% of all households where the main source of income was wages, were also found to be living below the poverty line. This means almost 2 of every 5 Australian households in poverty had a main income-earner who was working, yet not earning enough to make ends meet, often referred to as the 'working poor'.

Financial resilience is influenced by a number of factors including personal access to finance, individual financial capability and personality traits, as well as certain workplace conditions which increase financial stress, such as job-sharing, hot-desking, working outside contracted hours and short-term contracts. Educating employees to manage their "pay-packet" may seem unnecessary but the figures prove it's not.



Debits



**The International Labour Organisation's study on the Working Poor (2019) finds that for 21% of the global workforce, a job is no guarantee of decent living conditions.**

## Measuring Financial Wellness in Australian Workplaces

Financial wellness refers to the way in which a person evaluates their finances, and how their financial situation makes them feel. Mapping financial wellness along a continuum measuring a person's satisfaction with their current and future financial situation, and the level of anxiety and guilt they associate with their finances, showed that less than half (46%) of Australian employees felt financially secure in 2018 (see Diagram 1).

Stressed employees spent 46 hours dealing with personal financial issues at work per annum as compared to 21 hours spent by financially secure employees, and took 2.4 more sick days, costing their business in lost productivity. Financial stress was felt across all industries, income levels and roles in Australia, yet the highest levels were reported by those working in accommodation and food services, health care and social assistance, and administrative and support services.

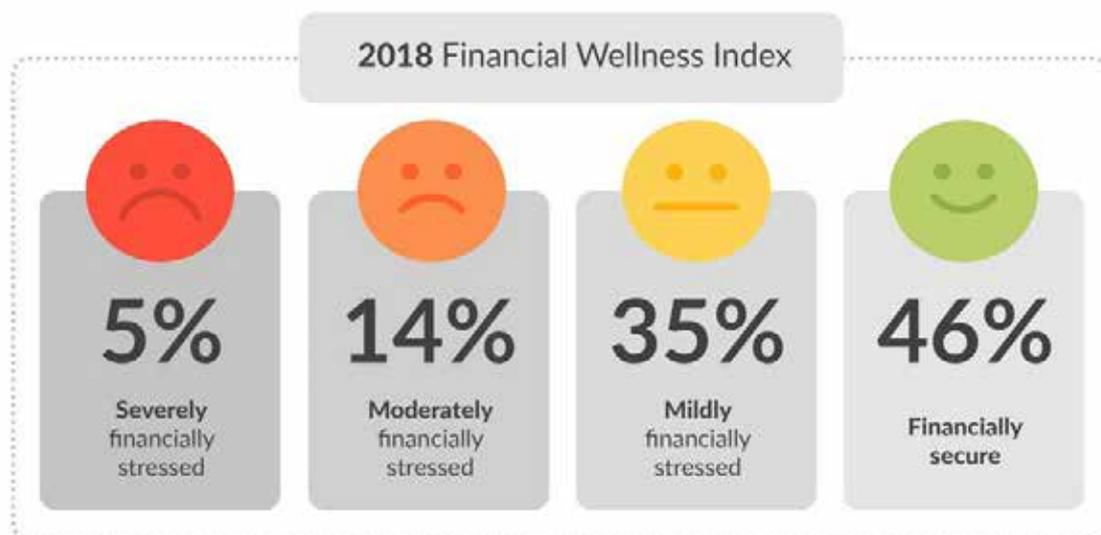


Diagram 1: Adapted from Financial Wellness in the Australian Workplace 2019, The Behavioural Architects for AMP

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## Building Financial Resilience in the Post-COVID Workplace

Many workplaces already encourage a range of wellness-building activities, yet global studies recommend co-designing a holistic Financial Wellness program with employees, by taking the following steps:

- assess the employees' financial challenges, needs and preferences
- assess the business' goals, current activities, workforce demographics and work environment
- identify internal challenges (such as executive buy-in, available resources) to promote employee wellness
- use evidence (research/case-studies) to gauge what will work best for the business

Preparing the workplace to cope with the aftermath of COVID-19 is the ideal time to activate a workplace Financial Wellness plan, and restart employees' financial lives – not just to endure the COVID shock, but to 'build back better' so that they are prepared for future shocks.

Australian employees have highlighted the following four key areas where they would like more support from their employers to reduce financial stress:

1. Encouraging flexible working hours and working from home to improve employee performance, engagement and financial wellness.
2. Prompting employees to regularly check on their finances, particularly superannuation.
3. Financial support initiatives targeting those who are job-sharing or on short-term contracts.
4. Encouraging employees to set up direct debits for recurring day-to-day bills, which will reduce the overall time they spend thinking about their personal finances at work.

# BUDGET



## Useful Resources

[www.treasury.gov.au](http://www.treasury.gov.au)

The Treasury website contains information on the Federal Government's economic support for businesses during the COVID-19 crisis.

WEBSITE

[www.business.gov.au](http://www.business.gov.au)

Employers can also access information tailored to the type of business they operate.

WEBSITE

[www.financialcapability.gov.au](http://www.financialcapability.gov.au)

The Australian Securities and Investments Commission is exploring how workplaces in Australia can support employee financial wellbeing.

WEBSITE

## International Resources

Governments and NGO's in other countries have released guidance for workplaces.

USA

CANADA

UK

PROSPERITY NOW

COMMONWEALTH

FINANCIAL HEALTH NETWORK

