

# Can Financial Stress Coexist with Good Job Performance? Manifestations, Mechanisms, and Conditions of Financial Stress Spillover in the Workplace

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**Date:** 2024-05-19T00:00:00+00:00

## Abstract

In recent years, financial stress has become the primary source of stress for individuals, which not only negatively impacts personal life but also affects employees' workplace performance. However, to date, academic research still lacks a comprehensive and systematic understanding of how financial stress influences employees' workplace performance, why it produces such effects, and under what circumstances these impacts occur. To address these questions and inform academic research while guiding management practice, this study systematically reviews relevant research findings, synthesizes a workplace spillover effect framework of financial stress, and comprehensively presents the specific manifestations, underlying mechanisms, and boundary conditions of financial stress's workplace spillover effects. Overall, (1) personal or family financial stress not only significantly affects individual work performance (such as attitudes, behaviors, and performance), career outcomes, and work-family relationships, but also influences colleagues, teams, and organizational outcomes; it primarily generates negative effects but can also elicit some positive behaviors. (2) Financial stress primarily affects individuals themselves through resource, cognitive, and motivational mechanisms, and affects others through uncertainty management, compensatory control, and emotional contagion mechanisms. (3) The strength of financial stress spillover effects is subject to boundary conditions, such as employee characteristics, job features, and macro-contextual factors. Future research needs to further clarify differences in spillover effects among different types of financial stress, enrich research subjects and methods, explore boundary conditions for transforming "stress" into "motivation," and conduct studies targeting Chinese socio-cultural contexts, thereby promoting in-depth exploration of this field and guiding management practice.

## Full Text

# The Spillover Effects of Financial Stress in the Workplace: Manifestations, Mechanisms, and Conditions

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**Abstract:** In recent years, financial stress has emerged as the primary source of stress for individuals, negatively impacting not only personal lives but also workplace performance. However, academic understanding remains incomplete regarding how, why, and under what conditions financial stress affects employees' work outcomes. To address these questions and inform both research and practice, this study systematically reviews relevant literature to develop a comprehensive framework of financial stress spillover effects in the workplace. Overall, findings indicate that: (1) Personal or family financial stress significantly influences individual work outcomes (e.g., attitudes, behaviors, performance), career trajectories, and work-family relationships, while also affecting colleagues, teams, and organizational outputs. Although primarily negative, financial stress can also stimulate some positive behaviors. (2) For individuals, spillover operates primarily through resource, cognitive, and motivational mechanisms, while interpersonal effects occur via uncertainty management, compensatory control, and emotional contagion. (3) The strength of spillover effects is contingent upon employee characteristics, job features, and macro-level contextual factors. Future research should further differentiate among types of financial stress, diversify research subjects and methods, explore conditions that transform "stress" into "motivation," and investigate these dynamics within Chinese sociocultural contexts to advance theoretical development and guide management practice.

**Keywords:** financial stress, spillover effect, workplace performance, underlying mechanism, boundary conditions

## 1 Introduction

Financial stress has become the leading source of stress globally [?]. Survey data indicate that personal and family financial pressures are rising significantly across all social strata, no longer confined to specific occupations or income levels [?]. Influenced by global economic conditions and public health crises, many individuals have experienced income declines, unemployment, and even financial crises [?]. However, the impact of financial stress extends far beyond account balances, profoundly penetrating psychological well-being and quality of life with a range of negative consequences [?]. Scholars in health psychology, family studies, and sociology have devoted sustained attention to how financial stress affects physical and mental health, family conditions, and social stability.

Yet financial stress does not merely disrupt personal life—it also shapes workplace performance. Despite growing financial pressures on individuals and fam-

ilies and increasing scholarly attention, both academia and practice lack systematic understanding of what effects financial stress has on employee workplace performance, why these effects occur, and when they manifest. This gap stems primarily from insufficient dialogue among studies, resulting in fragmented knowledge. Specifically, existing research employs divergent conceptualizations and operationalizations of financial stress, often examining only isolated aspects (e.g., attitudes vs. behaviors) or forms (e.g., positive vs. negative) of impact. This fragmentation impedes comprehensive understanding of the full scope and nature of financial stress effects on the workplace [?]. Moreover, the lack of dialogue leaves inconsistent or conflicting findings unexplained, obscuring the specific mechanisms through which financial stress influences workplace outcomes [?]. It also limits understanding of the contexts and populations for whom financial stress is more or less harmful [?]. Systematically clarifying these workplace impacts is therefore essential—not only for revealing complex workplace psychological processes but also for helping researchers grasp the current state of knowledge and inspiring future inquiry. Practically, such understanding can inform the development of support systems that enhance employee experiences and quality of life while promoting workplace stability and social development. As organizational psychology emphasizes, personal life domains are intimately connected to workplace performance; ignoring potential links between employees’ personal and family financial issues and their work outcomes hinders comprehensive understanding of workplace psychology and behavioral drivers.

Accordingly, this study systematically reviews research on the relationship between personal and family financial stress and workplace performance to address these questions, inspire future research, and inform management practice. Literature synthesis maximizes the aggregation of existing perspectives, consolidates research consensus, explains outcome variations, and guides future directions. Specifically, we propose the concept of “workplace spillover effects of financial stress” to characterize how financial stress impacts workplace outcomes. Building on this, we develop a framework that systematically addresses what effects financial stress has, why it influences workplace performance, and when these effects occur by examining its manifestations, mechanisms, and boundary conditions. Finally, we propose five future research directions: clarifying differences among types of financial stress spillover effects; diversifying research subjects, perspectives, and methods; identifying conditions that transform stress into motivation; and conducting research in Chinese sociocultural contexts. To ensure comprehensive coverage, we followed PRISMA guidelines [?] to systematically search and screen Chinese and English literature, ultimately obtaining 41 relevant studies.

## 2 Analytical Framework of Financial Stress Spillover Effects in the Workplace

To systematically characterize how financial stress affects workplace outcomes, this study introduces the concept of “workplace spillover effects of financial stress,” defined as “the process by which non-work domain personal or family financial stress transmits to the work domain, subsequently affecting one’s own and others’ workplace performance.” Two key points merit attention in understanding this concept.

### 2.1 Manifestations of Financial Stress

Previous research has employed over a dozen terms to describe financial-related pressures, including financial stress, financial inadequacy, financial vulnerability, financial precarity, and financial worry. While these terms overlap in meaning, each has distinct emphases and characteristics. Through coding of definitions, measurement scales, and author perspectives, this paper categorizes financial stress into two dimensions and four types.

Based on the fundamental stress framework (stressor→strain→outcome; [?]; [?]; [?]), financial stress can be divided into financial stressors and financial strain. Financial stressors are financial events or conditions that trigger stress responses, while financial strain represents the stressful psychological experience resulting from these financial events or conditions.

Regarding financial stressors, previous research on financial difficulties can be broadly classified into three categories: financial resource scarcity, economic resilience, and financial stability. Accordingly, financial stressors can be subdivided into financial inadequacy, financial vulnerability, and financial precarity. Regarding financial strain, research has focused primarily on financial psychological burden—i.e., financial worry. Therefore, this paper classifies financial stress discussed in existing literature into four types: financial inadequacy, financial vulnerability, financial precarity, and financial worry. The first three represent financial stressors, while the last represents financial strain. Table 1 summarizes the definitions, core characteristics, emphases, and representative variables of these four types of financial stress. This classification facilitates precise understanding of the financial stress concept and its complexity, providing a conceptual foundation for future research.

In contrast, financial stress as an overarching construct describes the comprehensive experience of individuals or families facing economic burdens, challenges, or uncertainty, encompassing both financial difficulties and the resulting psychological strain. This integrated definition is justified on both theoretical and empirical grounds. Theoretically, stress theory posits that “stress” represents a process wherein “stressors” trigger “strain” that leads to outcomes, and financial stress typically manifests as an intertwined experience of economic difficulty and psychological strain, possessing attributes of both stressors and strain. Empirically, studies examining financial stressors versus financial strain, or in-

investigating the four distinct types of financial stress, show no clear differences in theoretical application or findings, suggesting their effects on workplace outcomes and underlying mechanisms are largely consistent. Given this, we treat financial stress as a comprehensive experience to holistically explain its impact on workplace performance.

Since existing research has not identified differential effects between the two dimensions and four types of financial stress, we do not distinguish among them when elaborating on spillover effects below. However, their consistency or divergence in spillover effects warrants deeper investigation, which we address in the future research section.

## 2.2 Forms of Financial Stress Spillover

Based on the spillover-crossover model [?], this study defines spillover effects as “the process by which an individual’s experiences in one domain transmit to other domains, subsequently affecting oneself and others’ outcomes in those domains.” The spillover-crossover model provides a framework for understanding how work and life domains interact, particularly the transmission of financial stress from the life domain to the workplace. Literature analysis reveals that current research focuses on financial stress effects on both oneself and others. Accordingly, financial stress spillover forms can be categorized as intra-individual spillover and interpersonal spillover.

“Intra-individual spillover” refers to the process by which non-work domain personal or family financial stress transmits to the work domain, affecting one’s own workplace performance. This category comprises 90% of studies (37/41). “Interpersonal spillover” refers to the process by which non-work domain personal or family financial stress transmits to the work domain, affecting others’ outcomes, emphasizing the impact of individual financial stress on others. Only four studies (10%) fall into this category, but they provide important insights into how financial stress transmits within organizations.

In summary, this paper proposes the concept of “workplace spillover effects of financial stress” to understand how financial stress impacts workplace outcomes. Based on literature integration, we further summarize a model of financial stress spillover effects in the workplace (see Figure 1 [Figure 1: see original paper]), systematically presenting its manifestations, mechanisms, and boundary conditions to answer what effects financial stress has, why it influences workplace performance, and when these effects occur.

[Figure 1: see original paper]

## 3 What Effects Does Financial Stress Have on Workplace Outcomes?

As previously discussed, individual financial stress affects both oneself and others, which we term intra-individual and interpersonal spillover effects. The

former manifests in work attitudes, behaviors, performance, career outcomes, and work-family relationships, while the latter appears in colleague, team, and organizational outcomes.

### 3.1 Intra-Individual Spillover Effects

Financial stress triggers a range of negative work attitudes. It not only increases employee burnout and reduces work enthusiasm [?] but also decreases work engagement [?], diminishes job satisfaction [?], and heightens job insecurity [?]. Furthermore, financial stress may reduce individuals' affective commitment to the organization [?] and trigger strong turnover intentions [?]. This demonstrates that financial stress represents not merely an economic challenge but also a factor that shapes work attitudes and organizational relationships.

Financial stress also elicits various negative work behaviors. On one hand, financial distress leads to tardiness and absenteeism [?], reduces innovative attempts [?], and even prompts rule violations [?]. On the other hand, economically frustrated employees are more likely to endorse and engage in unethical behavior [?, ?] and may commit occupational fraud for financial gain [?], descending into occupational crime [?]. However, financial stress does not always yield negative outcomes; it can also stimulate positive behaviors. To alleviate financial pressure, employees may work harder [?] and enhance their professional skills [?]. This highlights the complex influence of financial stress on individual work behaviors.

The impact of financial stress on work performance remains controversial. Some studies show it reduces task and contextual performance [?] and increases counterproductive performance [?], while others indicate it can boost individual productivity [?], revealing the dual effects of financial stress on work performance.

Financial stress damages individual career development. It not only hinders access to decent work [?] but also limits promotion potential [?], forcing skilled workers to make career trade-offs during economic hardship and accept jobs with fewer protections [?]. This demonstrates that financial stress negatively affects career choices and professional growth.

Financial stress also undermines work-family relationships. Financial insecurity makes it difficult for individuals to balance family and work demands [?]. Additionally, increased debt levels and complexity can create role conflict [?]. This reveals how financial stress challenges individuals' ability to maintain work-family balance.

### 3.2 Interpersonal Spillover Effects

The interpersonal spillover effects of financial stress involve the entire workplace ecosystem. In colleague relationships, financial distress may lead employees to reduce cooperation and increase cutthroat competition, creating a negative interaction chain. Colleagues report increased experiences of workplace bullying

[?]. This shows that financial problems affect not only interpersonal interactions but also pose challenges for building positive, healthy work environments.

At the team level, leaders affected by financial insecurity tend to implement more rigid hierarchical authority structures, creating a tense team atmosphere that undermines internal cooperation and ultimately damages both team member performance and adaptive team performance [?]. This indicates that leaders' financial circumstances play a critical role in facilitating team collaboration and adaptation.

At the organizational level, financial stress not only triggers talent loss and high turnover rates [?] but is also closely associated with increased workplace accidents, damaging organizational safety and health climates [?]. These findings highlight the dual impact of financial challenges on organizational talent management and safety climates, emphasizing the need to establish healthy financial support systems to maintain organizational stability and sustainable development.

### 3.3 Summary

In summary, financial stress has complex and profound effects on both individual and others' workplace outcomes. For individuals, it has detrimental effects on work attitudes, career development, and work-family relationships, while exerting dual effects on work behaviors and performance. This complexity may be explained from an emotional management perspective [?]. When facing financial stress, individuals generally exhibit negative work attitudes, possibly because they must manage emotions to meet professional role demands while already feeling stressed. In this context, behavioral responses may differ significantly due to variations in emotional labor strategies. Some individuals adopt deep acting strategies, attempting to change internal feelings to match role requirements. This approach motivates them to work hard and improve performance to alleviate financial difficulties. Others employ surface acting strategies, outwardly displaying appropriate emotions while internal negative feelings remain unchanged. This strategy may cause greater emotional dissonance, leading employees to engage in negative work behaviors to cope with internal emotional conflict. Overall, the impact of financial stress on workplace outcomes is complex, and emotional management requirements and emotional labor strategies provide pathways for deeper understanding. Further exploration of these mechanisms can inform targeted support for employees facing financial stress.

Financial stress represents not only a personal challenge but also a significant barrier affecting interpersonal interactions, team functioning, and organizational climate. But is this always the case? According to stress appraisal theory, when individuals believe they have sufficient potential to overcome financial stress, they may adopt adaptive strategies that generate positive synergistic effects within teams. This suggests financial challenges may stimulate innovation, cooperation, and adaptability, helping teams better respond to challenges.

Positive organizational climates and strong team support are more likely to amplify these positive effects. Future research should deeply investigate this complex relationship to help organizations develop measures that alleviate employees' financial stress while harnessing its potential positive impacts.

## 4 Why Does Financial Stress Affect Workplace Outcomes?

How does financial stress permeate from non-work domains to the work domain and subsequently affect one's own and others' workplace performance? This question concerns underlying mechanisms. By distilling the logical arguments and explanatory mechanisms from previous research, this study finds that individual financial stress spillover effects manifest through diverse mechanisms (see Table 2). Intra-individual spillover operates primarily through resource, cognitive, and motivational mechanisms, while interpersonal spillover functions through compensatory control, uncertainty management, and emotional contagion. These mechanisms comprehensively explain how financial stress transmits within and between individuals and its effects on oneself and others.

### 4.1.1 Resource Mechanism

The resource mechanism focuses on how individuals manage, conserve, and invest personal resources to cope with stress and challenges, often explained through Conservation of Resources (COR) theory, the Job Demands-Resources model, and role theory. COR theory is the most frequently used framework for explaining financial stress transmission from non-work to work domains. This theory posits that initial resource loss triggers further resource depletion, with loss spirals accelerating and producing more profound negative effects [?]. On one hand, financial stress depletes employees' emotional resources, transmitting to the work domain through negative affect and emotional exhaustion [?], resulting in counterproductive work behavior [?] and work-family conflict [?]. On the other hand, financial stress damages individuals' work energy and will, limiting access to decent work opportunities [?] and hindering career goal achievement. Currently, most studies explicitly or implicitly apply COR theory, either alone or integrated with other theoretical frameworks.

### 4.1.2 Cognitive Mechanism

The cognitive mechanism emphasizes the central role of cognitive processes in understanding and responding to financial stress, focusing on individuals' appraisals of external events and their consequences. This mechanism primarily draws on cognitive appraisal theory and social cognitive theory. Cognitive appraisal theory is most commonly used, highlighting the critical influence of cognitive evaluation on coping behaviors [?], explaining how individuals assess and respond to financial distress. When facing financial insecurity, individuals first evaluate its impact on personal goals, then consider coping capabilities and resources. Financial insecurity-triggered negative cognitions increase work-family

balance difficulties and intensify stress perceptions [?]. Financial deprivation also triggers cognitive appraisals, eliciting perceptions of economic injustice and prompting unethical behavior as compensation or coping [?].

#### 4.1.3 Motivation Mechanism

The motivation mechanism concerns how motivational factors influence decision-making and action under financial stress. Self-Determination Theory and General Strain Theory of crime belong to this category, with the former being more commonly used to explain how financial stress shapes work motivation and affects performance. This theory emphasizes that financial stress influences individuals' intrinsic, extrinsic, and family motivations, subsequently affecting workplace outcomes, effectively explaining financial stress effects on civil servants' occupational behavior orientations. Financial stress undermines civil servants' intrinsic motivation while activating extrinsic motivation (e.g., obtaining material rewards), making them more accepting of unethical behavior in the public sector [?]. Financial stress also activates family motivation, leading individuals to view work as a means to improve family economics [?]. As a controlled form of motivation, family motivation drives individuals to work harder to increase productivity while simultaneously reducing creative efforts and diminishing innovative performance [?]. This occurs because individuals under financial stress focus more on external economic needs rather than pursuing intrinsic interests and creative goals; such motivational changes produce dual effects on work performance.

#### 4.2.1 Uncertainty Management Mechanism

Uncertainty management theory explains how individuals affected by financial stress adapt to uncertainty and influence others' outcomes. According to this theory, when individuals perceive insufficient resources to reduce uncertainty from financial stress, this uncertainty can evolve into a threatening experience, prompting protective behaviors [?]. During uncertain times, perceived financial stress significantly increases employee sensitivity to organizational care and treatment [?]. If employees feel the organization neglects their well-being, they may reduce cooperation and increase cutthroat competition to secure limited resources, resulting in higher frequencies of workplace bullying experienced by colleagues [?].

#### 4.2.2 Compensatory Control Mechanism

Compensatory control theory explains how individuals under financial stress seek control across different domains and consequently affect others' outcomes. This theory emphasizes that people enhance control in some areas to compensate for control deficiencies in others [?]. Financial insecurity undermines leaders' sense of life control, prompting them to establish strict decision-making authority structures within teams to enhance work-related control [?]. Such structures

require leaders to participate in all team decisions, limiting team flexibility and ultimately reducing adaptive team performance [?].

### 4.2.3 Emotional Contagion Mechanism

Emotional contagion theory offers an important perspective for explaining the chain effects of financial stress within organizations. This theory emphasizes that individuals' stress perceptions are contagious, creating negative work climates [?]. This shows that financial stress effects ripple from the individual level through multiple pathways to the entire organization. Financial stress triggers employees' negative emotions, which spread through emotional contagion [?]. This negative emotion transmission leads other employees to take more risks in pursuit of high returns and disrupts their work energy and psychological states, making them more susceptible to workplace accidents [?]. Such chain reactions result in frequent organizational safety incidents.

### 4.3 Summary

In summary, resource, cognitive, and motivational mechanisms are commonly used to explain intra-individual spillover effects of financial stress: they respectively focus on how resource depletion and conservation, cognitive appraisal changes, and work motivation adjustments affect workplace performance under financial stress. These three mechanisms are distinctive yet complementary, collectively deepening understanding of intra-individual spillover effects. Although research on interpersonal spillover effects is limited, the mechanisms employed are unique and focused, respectively addressing uncertainty processing, control compensation, and emotional social transmission, demonstrating that individual financial stress affects not only oneself but also colleagues' outcomes and organizational climate through different internal mechanisms. Overall, many theoretical models effectively explain financial stress spillover effects, but single theoretical perspectives have limitations: they cannot adequately explain coexisting multiple effects or capture interactions among various factors. Therefore, when explaining financial stress spillover effects, it is necessary to consider integrating multiple theoretical perspectives, introducing new theories, or synthesizing different viewpoints.

## 5 Under What Conditions Does Financial Stress Affect Workplace Outcomes?

Under what circumstances does financial stress more (or less) strongly affect employees' workplace performance? This concerns the boundary conditions of financial stress spillover effects. Through analysis, we categorize boundary conditions into three types: employee characteristics, job characteristics, and macro contextual features. Given the predominantly negative effects of financial stress, existing research primarily examines what kinds of people and situations can better mitigate its negative impacts.

### 5.1 Employee Characteristics

Employee characteristics play a key role in financial stress spillover effects. Beyond demographic factors, research confirms that employee traits (e.g., core self-evaluation), past experiences (e.g., childhood financial circumstances), and capability perceptions (e.g., perceived internal employability) can buffer negative spillover effects. Individuals with high core self-evaluation possess abundant resource reserves, enabling them to effectively cope with resource depletion triggered by financial stress and avoid negative affect [?]. When facing economic threats, individuals from affluent families are more likely to engage in organizational citizenship behavior as a future-oriented investment, whereas those from poorer families tend to reduce discretionary contributions to focus on other priorities [?]. Perceived internal employability can also mitigate negative spillover effects. Employees who believe they have promotion opportunities tend to view current financial stress as temporary, perceiving less financial threat and consuming fewer resources. Conversely, employees with low perceived internal employability may believe financial improvement is hopeless, with financial concerns occupying most of their cognitive energy and excessively depleting resources [?].

### 5.2 Job Characteristics

Job characteristics also significantly moderate financial stress spillover effects. Work environments with high autonomy, high routinization, high social support, and low interdependence can mitigate the adverse impact of financial stress on performance [?]. Autonomy allows individuals to determine work and micro-break schedules [?]. When financial stress limits cognitive resources for meeting work demands, autonomy enables employees to utilize resources effectively through micro-breaks, reducing performance decrements [?]. Second, high-routinization work requires fewer cognitive resources, helping reduce resource management conflicts caused by financial stress [?]. Social support from colleagues—instrumental, emotional, or informational—can also reduce resource conflicts and alleviate negative emotions associated with financial stress [?]. Compared to independent work, interdependent work requires more cognitive resources, creating resource conflicts that exacerbate negative spillover effects.

### 5.3 Macro Contextual Characteristics

Macro-level contexts also play important roles in financial stress spillover effects. For example, county-level population health determinants can buffer spillover effects. These determinants reflect individuals' access to critical resources (e.g., healthcare and social support) in their county; in counties with higher population health determinant scores, individuals enjoy better healthcare and social support resources, enabling them to better resist negative effects of financial stress [?]. Additionally, regional unemployment rates amplify negative spillover effects. As a macroeconomic indicator, higher regional unemployment reflects

limited job opportunities, reducing individuals' job search confidence and subsequently inhibiting job search efforts [?] and damaging career outcomes [?].

#### 5.4 Summary

The aforementioned research confirms the contingent nature of financial stress spillover effects from multiple perspectives, but research on boundary conditions remains in its early stages. First, although studies have examined boundary conditions affecting individual workplace outcomes, insufficient attention has been paid to key factors (e.g., leadership, organizational contexts) that mitigate negative effects or even transform stress into motivation. Second, existing research lacks investigation into boundary conditions affecting how financial stress influences others' workplace outcomes. These limitations restrict practical application and effective intervention. Future research should further examine interactions between individual and contextual factors to reveal when, under what circumstances, and for which employees financial stress produces specific effects. This will help promote effective organizational interventions to enhance employee and organizational effectiveness.

### 6 Future Research Directions

Academic attention to financial stress spillover effects has gradually increased in recent years. Despite progress, this emerging topic requires deeper exploration. Addressing limitations in current research regarding perspective, subjects, methods, boundary conditions, and contexts, this paper proposes five future research directions to address important scientific questions. For each direction, we elaborate on specific research content and its significance.

#### 6.1 From “Confusion” to “Clarity” : Differentiating Among Types of Financial Stress Spillover Effects

Although existing research examines “financial stress,” conceptualizations and operationalizations vary across studies, leading to fragmented knowledge accumulation and hindering management practice. This represents the primary issue for future research. Based on our literature review, we have distinguished and explained the conceptual meanings and manifestations of different financial stress types. However, current research has not identified heterogeneous effects on workplace outcomes, possibly due to limitations including: (1) failure to simultaneously examine multiple types of financial stress; (2) use of similar theoretical frameworks (e.g., COR theory, cognitive appraisal theory, self-determination theory) that predict similar mechanisms across types, resulting in largely comparable effects; and (3) measurement tools and analytical methods insufficiently sensitive to capture subtle differences. Nevertheless, we argue that theoretically and conceptually distinguishing financial stress types facilitates understanding and managing its workplace impacts. Future research should explore whether different financial stress types have heterogeneous effects on employee workplace

outcomes. Incorporating the complexity of financial stress will enable comprehensive understanding of its workplace impacts.

On one hand, future research could examine complex spillover effects of different financial stress types. For example, studies could compare how financial inadequacy versus financial precarity differentially influence employee creative performance. Based on prospect theory [?], we propose that employees may adopt different coping strategies when facing these two types of financial stress. Prospect theory focuses on decision-making under losses and gains. In the loss domain, people crave gains and exhibit risk-seeking behavior to change their current state; in the gain domain, people are more loss-averse and prefer risk avoidance. Financial inadequacy and financial precarity correspond to loss and gain domains, respectively. When facing financial inadequacy, employees may be willing to try innovative solutions even with risk to escape financial 困境 and obtain additional resources and opportunities. Under financial precarity, employees remain in a gain state and thus prefer defensive strategies—reducing risky innovative behaviors to avoid potential losses.

On the other hand, although we integrate financial stressors and strain as a comprehensive experience, distinguishing them finely in different research contexts may provide deeper insights into how financial stress affects workplace outcomes. Future research should differentiate financial stressors from strain, deeply exploring their relationship to reveal unique effects on workplace outcomes. This requires developing scientific measurement tools to capture differential impacts and innovative research designs to uncover complex mechanisms. For example, longitudinal studies tracking changes in financial stressors and strain at different time points and their effects on workplace outcomes could help understand causal relationships and dynamic changes between stressors and strain.

## 6.2 From “Employees” to “Leaders” : Expanding Research Subjects

Previous research has focused primarily on how employee financial stress affects themselves, with scarce in-depth investigation of “leaders” —a key group —potentially leading to incomplete understanding of organizational stress dynamics and neglect of factors affecting organizational effectiveness. As team cores, leaders’ financial stress effects may extend far beyond individual boundaries. When bearing organizational responsibilities while experiencing financial distress, leaders may undergo emotional fluctuations that affect decision-making processes and ripple throughout the entire team [?]. Future research should examine how leaders’ personal or family financial stress affects subordinates and teams to deepen understanding of how leaders’ personal circumstances influence their effectiveness and team performance.

Specifically, future research could investigate how leader financial insecurity affects subordinate development and promotion opportunities. According to stress appraisal theory, individuals subjectively evaluate stressors and adopt coping strategies to adapt [?]. On one hand, leaders may perceive financial

insecurity as a threat, driving them to adopt defensive strategies such as limiting employee development opportunities to reduce internal competition and secure their own position [?], thereby restricting employee career development. On the other hand, when leaders appraise financial insecurity as a challenge, they may adopt promotive strategies, investing more resources and effort to cultivate and enhance employees to improve team performance and better address financial challenges. Thus, leader financial insecurity may both constrain and promote employee development.

Future research could also explore how leader financial stress affects team task and innovative performance. Leader financial stress may influence team performance through its impact on decision-making behavior. According to mental accounting theory [?], leaders facing financial stress may uniquely categorize team task performance as a means to maintain their own financial situation. Behind this mental accounting, an economic mindset dominates, emphasizing efficiency, risk aversion, and self-interest [?]. This leads leaders to focus more on team task performance and avoid high-risk innovative paths to ensure personal financial stability. However, excessive focus on economic metrics may cause leaders to be less open to subordinates' creative ideas. This mental accounting approach makes leaders overemphasize connections between task performance and financial stability while neglecting innovation potential, thereby limiting team innovation. Understanding leaders' mental accounting mechanisms under financial stress can provide deeper insights into their decision-making orientations and identify effective strategies for balancing personal financial stability and team innovation.

### 6.3 From “Static” to “Dynamic” : Expanding Research Methods

Financial stress is not static but rather a dynamic process full of variability [?]. Previous research has focused primarily on the instantaneous impact of financial status at a single time point, ignoring its dynamic nature and long-term effects over time, hindering comprehensive understanding of its complex dynamics. Future research should deeply explore how financial stress changes over time and its impact on workplace outcomes. Specifically, longitudinal tracking studies using multi-timepoint analytical methods (e.g., latent growth modeling) could examine how financial stress changes affect key career decisions (e.g., promotions, career transitions). For example, investigating whether individuals facing increasing financial stress tend to choose stable career paths to reduce risk or seek more promising development opportunities could reveal how financial stress shapes critical junctures in careers and influences overall career development. Introducing temporal dimensions can capture how changes in financial stress over time affect career decisions.

Financial stress can affect workplace outcomes, and workplace outcomes may also influence individuals' financial status [?]. Currently, most studies only theoretically specify potential effects of financial stress on workplace outcomes, failing to empirically reveal causal relationships between them, limiting under-

standing of financial stress' s actual workplace impacts. Future research should employ longitudinal designs using cross-lagged panel models to explore causal pathways between financial stress and workplace outcomes. By collecting multi-timepoint data on both variables, researchers can more accurately track their changing trends and interactions over time, scientifically identifying causal pathways. Such designs can guide development of effective practical solutions for addressing financial stress.

#### **6.4 From “Stress” to “Motivation” : Uncovering Boundary Conditions**

Previous research typically focuses on negative effects of financial stress, though some studies note its positive effects on employee behavior and performance. In practice, two main management strategies address financial stress: reducing it at its source, or mitigating its negative effects or transforming it into positive influence. For employees, the second approach is crucial when the first is unachievable. Future research should deeply explore how to help employees facing financial stress transform pressure into motivation to facilitate individual adaptation and growth.

Specifically, future research could examine the important influence of stress mindset on employees' coping mechanisms under financial stress. Stress mindset refers to individuals' beliefs about the effects of stress on work performance, health and well-being, and learning and growth, which can be categorized as “stress-is-enhancing” or “stress-is-debilitating” mindsets [?]. Employees with a stress-is-debilitating mindset may avoid financial stress due to frustration, helplessness, and anxiety, resulting in poor performance and a vicious cycle. Conversely, those with a stress-is-enhancing mindset may view financial challenges as opportunities and adopt proactive coping behaviors such as developing new work skills and resources. Deep investigation of employees' stress mindsets under financial stress can better understand diverse coping mechanisms when facing economic challenges and guide development of more effective intervention strategies.

Future research could also explore what work contexts can motivate financially stressed employees to seek new professional skills or expand career domains. For example, research could examine how developmental leadership promotes self-transcendence and career growth among financially stressed employees. Developmental leadership stimulates employees' desire for growth and development [?], enabling employees facing financial challenges to focus not only on immediate problems but also on long-term career development. Employees under such leadership are more likely to develop professional skills and pursue growth opportunities, laying a solid foundation for long-term career success and coping with financial stress. Investigation of work contexts can provide strategic guidance for organizations to promote employee long-term development.

### 6.5 From “Western” to “Local” : Expanding Research Contexts

Among the 41 studies included in this review, none were Chinese-language publications, indicating that existing research focuses primarily on Western cultural contexts without adequately considering Chinese indigenous characteristics. Cultural sensitivity and localization are crucial for designing interventions; ignoring these may reduce intervention effectiveness. Chinese employees may respond differently to financial stress than their Western counterparts. Future research should explore how indigenous characteristics influence individuals’ workplace adaptation strategies under financial stress in Chinese cultural contexts. China possesses both deep cultural traditions and rapid economic transformation; studying how its indigenous characteristics affect financial stress coping mechanisms can provide unique cultural perspectives and theoretical insights while offering targeted guidance for organizational management.

Specifically, future research could examine how cultural factors such as uncertainty avoidance influence career decisions of individuals facing financial stress, focusing on whether individuals in different cultural contexts prefer relatively stable career paths to avoid risk or pursue high-return careers to alleviate financial stress. Differences in uncertainty avoidance between Chinese and Western cultures may critically affect financial stress spillover effects. In Western cultures with lower uncertainty avoidance, employees may be more willing to take risks [?], 倾向于选择高风险但潜在回报更大的行业或创业以缓解财务压力。 However, Chinese culture has relatively higher uncertainty avoidance, making employees more likely to pursue career stability to ensure steady income, preferring lower-risk occupations and conservative industries to avoid potential risks from uncertainty.

Future research could also investigate how traditional family values and social expectations in Chinese culture shape different workplace adaptation strategies for men and women facing financial stress. Traditional Chinese values emphasize women’ s greater family responsibilities [?], and Chinese society holds distinct career expectations for men and women [?]. Under financial stress, society may expect men to expand their careers to achieve high economic returns to support their families, potentially motivating men to take more risks and choose challenging, high-reward careers. Conversely, society emphasizes women’ s family roles, leading women to prioritize work-family balance and prefer stable careers that facilitate work-family integration. Deep investigation of these aspects can help organizations develop support systems more aligned with indigenous cultural contexts.

Overall, examining the relationship between financial stress and workplace outcomes provides new knowledge and perspectives for academia and practice to understand and manage workplace psychology and behavior. Future research should address current limitations by continuously expanding breadth and depth. This will not only provide employees with more effective coping strategies but also offer organizations more scientific decision-making foundations.

*Note: Figure translations are in progress. See original paper for figures.*

*Source: ChinaXiv – Machine translation. Verify with original.*