EMPLOYEES' BURDEN IS NOT THEIRS ALONE

Businesses should lead in creating financial awareness programmes within workplaces

By Tariq Chauhan | *Special to Gulf News*

Successful companies continue to explore novel ways to keep their employees happy and motivated.

"Happiness at workplace" is a universal truth that directly translates into improved performance, enhanced services and peak business results. Compensation, workplace environment, work pressure and peer relationships are some of the traditional parameters that HR teams concentrate on while looking to boost the morale of their workforce.

The biggest challenge is to keep employee morale high and retain their orientation towards achieving the founding objectives of an organisation while staying true to central, inviolable principles. This is no easy task and requires an open mind as companies and management continue to evolve ways to monitor employee morale, with a finger on the pulse of employees to register their concerns before they are verbalised.

Employee engagement, career progression, peer support, succession planning, and training and development are acknowledged as macro parameters for gauging employee satisfaction. However, there are other factors such as health concerns, domestic issues and financial problems that also impact productivity.

One significant factor that is truly global in magnitude is financial stress. Most organisations often ignore this aspect and for various reasons are loathe to adequately address this significant elephant in the room.

According to a 2016 PWC survey nearly 40 per cent of US employees find it difficult to make ends meet on a monthly basis; 51 per cent consistently carry balances on their credit cards. And 52 per cent felt they were financially stressed.

Closer home, in another poll, nearly 69 per cent of employees across MENA reported work pressures due to salary related stress. This is one of the key reasons for low employee productivity, increased absenteeism, interpersonal issues, and many other factors, resulting in productivity losses.

Uncertainties about job security and retirement can sap the confidence of the workforce. In fact, the top 5 concerns on employees' minds are:

- Running out of money;
- Rising health care costs;
- Inability to maintain current standards of living;
- Inability to meet current monthly family expenses; and
- Uncertainty about investment strategy to save for long term commitments such as family marriages, children's education, housing and retirement planning.

Business leaders need to prioritise and look at introducing financial counselling in their HR framework and integrating it as a major component of their employee motivation programmes, considering the significant impact it has on the emotional and sometimes physical well-being.

Financial counselling has become imperative in today's day and age as a response to the meteoric upheaval in consumer spending and attitude. Perceptions about one's "public image" largely dictate consumption patterns, with people increasingly opting to live beyond their means and buying things they don't need with money they don't have.

Fiscal self-discipline is the need, the ways and means to create awareness about the wisdom of financial planning.

Easy access to credit, coupled with incessant bombardment of inducements to spend that money have skyrocketed personal credit levels, with financial indebtedness a major reality for individuals struggling to maintain a healthy debt-income ratio.

An increasing number of professionals are resorting to borrowing, as opposed to spending from their savings, to maintain a certain lifestyle. This trend is contagious and cuts across all levels.

This may be a symptom of social evolution, treated as a macro issue to be managed by the society and dealt with at a government level. On a personal level, it is becoming imperative for CEOs to recognise this as a threat to performance management, and negate it within their organisations.

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Companies must devise ways and means to confront this issue through multiple approaches. The best way would be to aggressively embed financial literacy as a cornerstone for employee welfare, engagement and comfort.

Proactively addressing employees' financial concerns can improve their sense of well-being and transform work environments over time.

Reestablish the trust

The first step towards recovery would be to reestablish the trust between employer and employee so that employees can easily share their concerns and problems with the assurance that they aren't being judged.

Secondly, each organisation should create an advisory board to address employees' financial issues with the ability to advise, guide and provide solutions for financial constraints being faced by colleagues.

Thirdly, companies should create and implement corrective mechanisms within the organisation to create and raise awareness of financial planning and implement financial awareness drives regularly.

Lastly, every organisation should adopt a monitoring mechanism for early detection to raise alerts about financial stress being faced by certain employees. These financial education programmes can deliver a measurable RoI (return on investment), decrease potential liabilities and expenses, increase job satisfaction and productivity, and make a lasting difference to the lives of employees.

A successful financial literacy programme must engage participants in the financial education process by using fun, motivating instructional techniques that keep people interested and inspire them to take positive action.

Employees must be provided with real-world financial knowledge that motivates them to take positive action toward improving their finances. It is equally important to present complex topics clearly and with empathy — a style designed to put participants at ease and give them an immediate sense of financial well-being.

Financial education and wellness practices can go a long way in helping deal with the stress of organisational shifts, market conditions, and personal life challenges, to empower employees to make educated choices. Peace of mind directly equates to improved productivity, which in turn makes organisations efficient and profitable.

Therefore, imparting financial literacy to employees must not be treated as an expense (marked in red on balance sheets), but as an investment in an organisation's future growth and success.

- *The writer is Group CEO of EFS Facilities Services.*