

Less job stress for workers at financially transparent firms

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Employees feel significantly less job distress if they work at companies that are open and transparent about the firm's finances, including budgets and profits, a new study found.

Researchers examining data from the U.K. found that at companies with more financial [transparency](#), workers felt more secure in their [jobs](#), more committed to their employers and—most significantly—said they had better relationships with their managers.

The link between [greater transparency](#) and lower job distress was strong and stood up even after accounting for a variety of other factors, including hours worked, income rank within the firm, gender, race and academic qualifications, said Hui Zheng, lead author of the study and associate professor of sociology at The Ohio State University.

"Transparency in disclosing [financial information](#) may substantially reduce job distress, particularly by smoothing relationships between workers and managers," Zheng said.

The study was published online recently in the journal *Social Science Research* and will appear in a future print edition.

The importance of financial transparency was particularly important for workers who weren't covered by collective bargaining agreements, said study co-author Vincent Roscigno, professor of sociology at Ohio State.

"Workers covered by collective bargaining agreements may expect that their union representatives are looking out for their best interests, so they don't have to pay as much attention to what the [company](#) reveals," Roscigno said.

"But if your workplace is not unionized, workers feel more stress if their companies don't disclose financial information. They may be worried about getting laid off if the company is not doing well financially or wonder if they're being treated fairly as far as their wages are concerned."

The researchers used a unique data set with measures generally not available for workplaces in the United States or elsewhere that allowed them to uncover the link between how companies communicate about their finances and [worker](#) stress.

The data came from the Worker and Employment Relation Study and included 15,747 workers from about 2,500 workplaces throughout Britain.

Job-related distress was measured by asking workers how often in the past few weeks that their job had made them feel tense, depressed, worried, gloomy, uneasy and miserable. They rated this on a five-point scale from "all of the time" to "never."

Workers rated how well managers at their workplace did at keeping employees informed about [financial matters](#), including budget or profits. Workers rated this on a five-point scale from "very good" to "very poor."

Zheng said it was remarkable how powerful financial transparency was at lessening job distress, even after taking into account other factors known to impact stress.

"Workers at companies with the highest levels of financial transparency had stress level scores about 15 percent lower than workers at companies with the lowest levels of transparency," Zheng said. "That was a bigger effect on stress than gender or income."

Workers reported feeling more commitment to their company and feeling more secure in their jobs when they worked at firms that revealed more about their finances.

But those effects were relatively small compared to how transparency was linked to improved relationships with managers, Roscigno said.

"Even though financial transparency is about disclosing budgets, profits or other financial matters, the way it reduces job distress is not mainly about the money. It is about the relationships, especially with managers," he said.

The results have important implications for the workplace, Zheng said.

"The [workplace](#) is a major source of stress in modern society. Our findings show an important way that companies can reduce some of this [distress](#) and improve manager-employee relations," he said.

"It comes down to being more transparent about financial information."

More information: Hui Zheng et al, Workplace financial transparency and Job distress, *Social Science Research* (2021). [DOI: 10.1016/j.ssresearch.2021.102525](#)

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