

Employee mental health suffers when company is going through a crisis, research finds

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The number of workers taking antidepressants rises significantly when a company is going through financial turmoil, Ph.D. research by Daniel

Kárpáti shows. Job loss is an important reason for soaring prescription rates, but employees who don't lose their jobs are also more likely to suffer from depression. To curb the psychological and economic costs of recessions, Kárpáti argues for more proactive mental health strategies in times of crisis.

When the [global financial crisis](#) hit in 2008, many companies suddenly found themselves struggling to stay afloat. But it was not just companies that were facing difficult and uncertain times—the recession also took a heavy toll on employees. Kárpáti found that employee mental health worsened during the peak years of the recession, with employees of struggling firms taking the hardest hit.

Examining data of more than 300,000 employees in the Netherlands, Kárpáti found that employees at companies facing greater financial difficulties became more likely to use antidepressants. The most obvious explanation for soaring depression rates is [job loss](#), which rose dramatically for people working at struggling companies during the [financial crisis](#). But importantly, antidepressant use was also higher among employees who did not lose their job. "A potential explanation is that these [employees](#) suffered from the fear of job loss," Kárpáti explains.

Limiting the human and economic costs of crises

The research gives new insight into the psychological and economic burden of financial crises, showing that health-related productivity losses may be higher than previously thought. "An important finding is that negative mental health effects are not necessarily restricted to people who lose their jobs," Kárpáti says. "Employees of struggling firms who manage to keep their jobs can also be negatively affected."

To keep the human and economic costs of financial crises as low as

possible, Kárpáti argues for more preventive [mental health](#) strategies. "Hopefully, our findings can encourage companies, unions and the government to address problems caused by firm-level financing difficulties in a more proactive way. By offering psychological support, for instance, or by adjusting the workload when companies are going through financial difficulties."

Daniel Kárpáti will defend his PhD thesis "Essays in Finance and Health" on 19 September 2023 at Tilburg University. An article based on the research is scheduled for publication in the *Journal of Financial and Quantitative Analysis*.

More information: Corporate financial frictions and employee mental health. *Journal of Financial and Quantitative Analysis*. [research.tilburguniversity.edu ... 98-8399-9894f9a12a1f](https://research.tilburguniversity.edu/.../98-8399-9894f9a12a1f)

Provided by Tilburg University

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