

Financial Hardship and Mental Health:

Is there an Association Between Financial Hardships and Mental Health?

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Abstract

The study's objective is to investigate why the lack of finances affects one's mental health. Also, pinpoint which factors have been foreshadowed most frequently and efficiently and how these facets contribute to the connection between hardship and mental health. The study seeks to answer the question, is there an association between mental health and financial hardships, and the research question is how do financial hardships affect mental distresses? The aim is to examine social exclusion and the links between financial difficulties and mental health developments. It is predicted that a frequent experience of financial hardship will affect someone's mental health. Through a systematic analysis of peer-reviewed research, a conclusion will be made on whether financial hardship affects mental health distress.

Financial Hardship and Mental Health:

Is there an Association Between Mental Health and Financial Hardship?

Poverty is an epidemic that has swept nations from the beginning of time. Today in the USA, many are facing privation because of the lack of jobs due to the current recession. Economic hardship has developed nationwide, affecting people in various ways. While there are numerous reasons and effects of deprivation, it is critical to view the problem of impoverishment and its causes from all aspects when one seeks to embark on the subject. Studies show that "Poverty and low socioeconomic status (SES) have long been associated with poor health outcomes. People experiencing deprivation are at increased risk of illness and disability, demonstrating greater prevalence and mortality from cardiovascular disease. (Lee & Carrington, 2008) and cancer" (Frankham, 2017, p. 253).

Those living below the poverty line face more obstacles every day than those not in financial distress. Things such as underfunded education, poor living conditions, stress, anxiety, unclean water, unsanitary living conditions, and poor health care are things these individuals endure. Ultimately this has a significant impact on their mental health and well-being. Many individuals do not get the help they need due to the lack of resources and opportunities. The result is that families and communities are stuck in hard-to-break cycles of poverty. This cycle can last from generation to generation and impact behavior and mental health. The circumstances people live in may cause them to change their behavior due to the stress they have in their environment. Due to the current pandemic, there has been increased job loss, leaving many vulnerable. U.S. unemployment has reached a historical high since the great depression. If one does not have any life savings, they suffer the most because they have nothing to fall back on, mainly lower-income families. Those families are predominantly Blacks and Hispanics.

According to The New York City Government Poverty Measure for 2019 (Shin et al., 2021), the Bronx maintained a poverty rate of 26.0%, Brooklyn maintained a poverty rate of 19.0%, and NYC maintained a poverty rating of 17.9%. According to the U.S. Census Bureau, all of which is above the mean nationwide poverty rate of 10.5%. (Shrider et al., 2021). The study reported that anxiety and depression symptoms increased across all income brackets from May to October 2020. Many have lost their homes. They cannot afford to pay their rent because their unemployment has run out, leaving them homeless and hopeless.

When one cannot afford the necessities of life, it can become overwhelming, causing one to become depressed. Many unfortunate dilemmas accompany job loss. One such dilemma is the loss of medical insurance. Without medical insurance getting the help that one needs becomes limited. Depression is one of the leading factors of mental illness, and when combined with financial distress, the outcome can become dire, causing anxiety that affects one's psychological well-being. "Work and health are closely interconnected. There is substantial evidence globally of the health benefits of good work. The harmful health impacts of losing work are also well described, including in people whose work is impacted by a viral epidemic. Work loss disrupts social connections and reduces material financial resources, which are important determinants of health. Financial resources affect multiple determinants of health, such as housing, energy, food security, and the ability to access healthcare. Social support can confer resilience to stress while social isolation has been associated with a higher risk of depression symptoms" (Griffiths, 2017, p. 457).

Literature Review

Subheading – Mental Illness

Mental health includes an individual's emotional, psychological, and social well-being. It affects how a person thinks, feels, and acts (What is mental health? 2022). Overall mental health is as important as physical health. Many people take care of their physical health but forget to take care of their mental health. Many people try to keep their bodies fit and healthy; it is also necessary to keep their minds fit and robust. According to the Mayo Clinic, mental illness can affect mood, thinking, and behavior (2019). Those battling mental illness are now fighting disorders such as depression and anxiety. An emotionally fit and stable person always feels vibrant and truly alive and can easily manage emotionally complex situations and better cope.

Poverty and Mental Illness

According to a comprehensive study by The American Mental Health Association in 2018, nearly one-in-five or 17% of Americans noted they have had to choose between receiving treatment for physical health and a mental health condition due to their insurance policy. In addition, 64% of Americans who have sought treatment believe the U.S. government needs to do more to improve mental health services. Access to face-to-face services is a higher priority for Americans seeking mental health treatment than access to medication. Ninety-six million, or 38% of Americans, have had to wait longer than one week for mental health treatments. Moreover, 46% of Americans have known someone who has had to drive more than an hour round trip to seek treatment. People in poverty will ultimately become discouraged or put off getting help until years later (P.R. Newswire. 2018, October 10).

We will explain the association between mental health and financial hardship. Mental illness is one of the leading causes of disease burden globally, suggesting a need for population-based strategies designed to prevent mental disorders that focus on modifiable risk factors and exposures. The well-established social gradient in mental health provides prima facie support for prevention strategies that address aspects of socioeconomic disadvantage. Measures of financial hardship assess whether people are excluded from minimally accepted standards of living due to insufficient resources and therefore provide a direct measure of relative poverty. These measures are preferred by many over poverty lines defined by income below a specific level. Hardship is one of the most significant stressors encountered during adulthood. It is amongst the strongest and the most consistent correlates of poor mental health and may mediate the association between other measures of socioeconomic position and mental health (Kiely et al., 2015, p. 909). Poverty is a substantial contributing factor to mental illness. Financial distress and mental health issues are intrinsically linked. It is vital to point out that even if one has a job but has a massive debt, it makes them anxious. Now imagine not having that job, and one has lost everything, including their home, and having a family to feed and support, makes their mental issue worse. The effect of poverty comes with copious adverse circumstances such as homelessness, food security, providing the necessities of life, lack of medication, and poor health. Poor health is associated with adverse health outcomes such as depression. Depression may lead to low self-esteem, low heart rate or heart disease, lack of focus, hypertension, physical illness, panic attacks, and other adverse ailments.

Economic Insecurity and Mental Health

"Economic insecurity may emerge in several ways. Among these are loss of jobs (unemployment), low salaries due to unequal compensation for skills/education and working

part-time when in need of full-time work (underemployment). Much of the research on economic security related to work and mental health has focused on unemployment and has neglected part-time workers. Therefore, this research attempts to fill the gap by addressing mental health among unemployed individuals and those who work part-time" (Momjian, & Munroe, 2011, p. 197).

Economic insecurity is a prominent socioeconomic factor in mental health, even though the impact differs across insecurity measures.

Regarding the prospective risks, which are more harmful to mental health than acknowledged volatility, insecurity is more detrimental for men because they are considered the primary beneficiary of the home. On the other hand, when there is a disturbance in one's finances, it negatively affects insecurity, which affects one's mental health. The recession and its consequences are of great concern to the general public. Individuals feel job insecurity and thus experience increased stress, reports of depression, and other mental health issues. According to the Medical Outcomes Trust (2006), "mental health" throughout this paper refers to depression, although it may also include anxiety-related issues. New York City's current unemployment rate is slightly lower than the rest at 8.3%"(Momjian, & Munroe, K. 2011).

Theories

This theory argues that the relationship between economic exclusion and poor mental health is an indisputable and well-documented fact in social epidemiology. Financial strain, loss of employment, and unemployment are associated with low satisfaction with life. Poverty renders individual's incapable of meeting culturally defined needs as most important to living a happy life, leading to poor quality of life and well-being. An individual's inability to meet essential needs, debt, lack of cash reserves, and unemployment are associated with psychological

distress, such as depression and anxiety. The shame of living in poverty is constant across many socio-cultural contexts. It has been linked to low self-esteem, significant reductions in personal efficacy, self-loathing, depression, and suicidal thoughts (Jiménez-Solomon et al., 2016, p.223).

Another theory that relates the most to our research topic is behavioral theory. This theory argues that behavior is learned from the environment. For example, many financially struggling individuals are not in suitable habitats, which plays a massive role in their mental health. Poverty places people at an environmental, physical, and psychological disadvantage, ultimately affecting their behavior. Financial disparities divide our society. Another theoretical framework that we would apply to our paper is the conflict theory. The conflict theory investigates unequal societies and how the power disparity directly impacts people's lives. Conflict theory highlights the difference in power, such as class conflict. Karl Marx is the founder of conflict theories. He argues that socioeconomic, racial, and class differentials contribute to significant opportunities, quality of life, and even longevity. Marx believed there existed two categories of people: capitalists and the working class. People engage in conflict every day to gain more power than others in society. Karl Marx realized that the working class deserved more than they received, and he tried to help the situation. Marx wanted the wealthy people and the poor to become more economically equal in status. The conflict theory explains that power differentials impact the daily lives of individuals, and that is precisely what classism does. Many conflicts happen because there is competition for limited resources. Assumes that people act as they do to further their interests and that doing so is sometimes at the expense of the interests of others. Financial disparity divides our society because the rich continue to get richer, and the poor continue to get poorer.

The relationship between mental health and poverty is complex because many variables may interact. Poverty exposes individuals to chronic long-term stressors, such as crime and violence (Belle et al., 1981), poor housing (Evans et al., 2000), and inadequate financial resources (Salomon et al., 1996). These stressors may promote fear, worry, and hopelessness (Gallo & Matthews, 2003) and a sense of powerlessness to control their situation (Goodman et al., 2010). It is ironic how there is more to life than money, but it affects one's well-being when one does not have the funds to make ends meet. Joblessness is linked to mental distress since it can keep one tossing and turning at night and has created numerous intricacies for many people throughout the world. Unemployment can cause one to encounter financial, emotional, and personal problems. It is challenging to live every day, wholesome life without a job and money. One of the considerable life-changing outcomes of unemployment is the loss of earnings. When one goes from providing for their love to not providing for them, it can become overwhelming causing the feeling of failure.

Not knowing how one will pay their next month's rent or mortgage can cause one to become anxious. When one is anxious, one can feel worried or scared, have racing thoughts, and become desperate. These emotions may usher in poor decision-making skills and concentration, leaving one incapable of performing everyday tasks. If financial distress continues over time, one will feel as if they are losing control of everything. Research on unemployment shows that losing one's job is detrimental to mental health—and often physical health—even without severe financial strain. "Work provides us time structure, it provides us identity, it provides us purpose, and it also provides us social interactions with others," says Connie Wanberg, Ph.D., an industrial and organizational psychologist at the University of Minnesota. "When you lose all that, it creates a lot of difficulties for people" (Pappas, 2020).

Purpose of study

Many studies have addressed the effects of mental distress and mental illness in recent years, and separate studies address financial hardships and poverty. Still, it is essential to determine if the two are correlated. Therefore, we hypothesize that financial hardship negatively affects mental health distress. The issue being addressed in this study is the role of psychological factors in the relationship between financial hardship and mental health. The study aims to identify which factors have been reported most consistently and reliably and what mechanisms are proposed to contribute these factors to the association between financial hardship and mental health. Therefore, this study's research question is, is there an association between mental health and financial hardships? We would like to see the intersection between financial hardship and mental health. This goal is addressed by first outlining a rationale for linking financial hardship with mental health. Poor mental health has been consistently linked with the experience of financial hardship and poverty. Relevant hypotheses are then tested using data derived from the cross-sectional 2018 National Health Interview Survey (NHIS) of the adult population. The hierarchical regression analysis revealed that higher financial worries were significantly associated with higher psychological distress (Adams, et al., 2016. P.3).

Method

Research Design

Secondary analysis will be utilized

This study uses explanatory research because it attempts to explore and investigate a problem, and in this case, the problem here is mental illness among adults. This research allows a better understanding of the existing problem. Quantitative methodology is used in this study. A

Cross-Sectional Survey Design allows an examination of how variable A is prevalent to variable B. Cross-sectional research involves looking at data from a population at one specific time. It provides information about what is happening in a current population. The researcher evaluates people of different ages, ethnicities, geographical locations, marital statuses, and social backgrounds. Since this study aims to research the effects of financial hardship on mental health, a Cross-Sectional Survey Design was used, which will allow for the collection of point in time data that will be population specific. It also allows for collecting additional samples, thereby allowing a clearer view of changes that may affect the population being studied.

Samplings

The target group is young adults to older adults between 18 and 85. A sample size of 22,682 represents a cross-sectional sample created using the adult data file. The average age of the participants in the analysis sample was 49.69 years. Overall, 53.48% were female, 78.73% were white, and 50.80% were married or living together. The mean number of children under 18 years old was 0.53 (range from 0 to 10). Of the respondents, 34.52% had a college degree or higher, 25.00 had a family income of \$100,000 or more, 61.46% were employed, and 63.05% owned their own home. 25.62% self-reported their health as excellent, and the average number of chronic conditions was 0.84 (range from 0 to 8). Among all participants, 90.34% had health insurance. (Ryu, and Fan, .2022.) The sampling design we use is a probability sample. The technique used was Multiple Linear Regression. The strengths of Multiple Linear Regression are that it can distinguish between one or more variables. The second advantage is identifying outliers or irregularities in the findings. The disadvantage of multiple linear regression is using insufficient data and falsely concluding that just because more than one variable is related, one causes the other.

Conceptualization and Measurements

We will be using both the independent variable and the dependent variable and socio-demographic variables. The independent variable is – financial hardship; this variable shows how the lack of money affects one livelihood; some factors include food, homelessness, lack of medication, unemployment, poverty, low wages, anxiety, and stress. The dependent variable is – mental distress. Some alignment associated with mental anguish is depression, low self-esteem, low heart rate or heart disease, lack of focus, hypertension, physical illness, and panic attacks. The socio-demographic variables that were used include age, race, married status, the number of children, gender, household income, and employment status. The K6 scale was used in this operationalization because it will detect the severity of the applicant's mental state. This scale showed the level of distress from feeling sad to hopeless. This shows how often in the last 30 days the sample size has had six different feelings or experiences using a 5-point scale. Ordinal level measures will be used to conduct the measurements because they will help deter the economic status or, in this case, the lack thereof. We can measure our variables in a few ways using a verbal report, available records, or existing scales and indexes via self-report. The available records that we have chosen thus far show the quantitative results and the variable's outcome. The data are concise and were conducted by peer reviews. We believe available records will be the most appropriate variable for this paper because of the mass information. By utilizing the existing scales and indexes via self-report, the ranking will determine the scale's validity. For example, we would be able to recognize potential measurements of existing scales. We will also be able to evaluate those suffering from mental distress due to their current circumstances since the assessment is often built upon the patient's self-report. Some strengths of

the conceptualization measurements are that we could collect information from different sources. Because our research population is immense, we had an increased response with our participation rate. As a result, we could utilize multiple methods to achieve more. Furthermore, quantitative data were studied using statistical approaches. One limitation, however, is self-reported responses, which may be biased because individuals may say what they believe will be viewed favorably, thinking it may help their case.

<p><u>Conceptualization</u></p> <p>Mental health distress (Dependent Variable) is a state where you experience problems in the way you think, feel and behave.</p>	<p><u>Operationalization</u></p> <p>One's subjective feeling of mental distress. Kessler 6 Scale (K6). The K6 scale is composed of six indicators of psychological and emotional state. (Kessler et al., 2002) Responses to the six items were scored from 0 (none of the time) to 4 (all of the time) and were summed to construct a scale with total scores ranging from 0 to 24.</p>
<p><u>Financial hardship</u></p> <p>12.00 (5.16)</p>	<p><u>Annual income</u></p> <p>\$0–34,999 \$35,000–\$74,999 \$75,000–\$99,999 \$100,000 and over</p>

The 2018 National Health Interview Survey (NHIS) is what we used to support this study and provide the sample. This survey sampled individuals in the U.S. adults ages 18 to 85 in a Life stressors Impact on Mental Health and Well-being survey. The report's finding in this article is that depression among persons with low assets and financial stressor exposure was more than six times greater than those with high support and no financial stressors.

Data Analysis

Descriptive analysis will be conducted in the U.S. Individuals between the ages

18-85

Demographics and Characteristics of the study participants

	Total mean (SD) or %
Age (range 18-85)	49.69 (18.42)
Gender	
<i>Male</i>	46.52
<i>Female</i>	53.48
Race	
<i>White</i>	78.73
<i>Black</i>	12.40
<i>Asian/American Indian/Alaskan native</i>	6.40
<i>Other races</i>	2.46
Marital status	
<i>married or cohabitating</i>	50.80
<i>separated or divorced, widowed or never married</i>	49.20
Number of Children under age 18	0.53
Household income	
\$0-34,999	32.52
\$35,000-\$74,999	29.33
\$75,000-\$99,999	13.15
\$100,000 and over	25.00
Employed	61.46
Unemployed	17.64

Retired	20.90
Health insurance coverage status	
Had coverage	90.34
Did not have coverage	9.66
Psychological distressed	2.96 (4.13)
Financial worries	12.00 (5.16)

Table 1**Results**

As reported in the analysis, the adult population rated gender, marital status, education, employment status, household income, and homeownership to confirm the link between financial anxieties and psychological despair. The connection between economic circumstances and psychological distress was more subordinate among married people than those who were separated, divorced, widowed, or unmarried. The data gathered also reveals that the association between financial worries and psychological distress decreased for employed and retired individuals compared to unemployed individuals. This was not astonishing because an income is evident once one is employed versus unemployed. We believe the information is accurate because multiple married couples can have double income, which allows the family to have more money together, resulting in less financial worries.

The results for household income were that those who earned less than \$35,000 and those who earned between \$35,000 and \$74,999 faced more significant associations between financial worries and psychological distress. The Participants in the survey who were making \$100,000 and higher had minor Financial concerns and psychological distress (Ryu & Fan, 2022). The outcomes for homeowners have a descending connection with financial anxieties. These effects show us that marriage, employment, income, and homeownership were protective

characteristics against the adverse consequence of financial worries and mental health. Protective factors are essential because this is what reduces the effects of stressful life events. These facets can assist individuals in getting through challenging periods more manageable. It is an outstanding way to promote healthy families because they will see optimistic results and less unfavorable ones. Preventive factors can be analogized as a type of safeguard. This can shield families and individuals from destructive or negative psychological impacts.

Contribution to social work

This research study will contribute to the work being done by social workers who are working to support families and individuals in these circumstances. This research will also help create additional resources to fight depression, anxiety, and stress. In terms of social work research, it opens more ways for intervention programs for individuals with mental disorders. Mental health social workers play a critical role in improving the overall well-being and mental health in society. They spend their time assessing, diagnosing, treating, and preventing mental, behavioral, and emotional issues. Another significance of the study is that the results may provide different resources and programs to help individuals who are going through financial hardship.

Discussions and Conclusion

This study found a significantly positive association between financial hardship and mental distress among U.S. adults. Our hypothesis proved true that lower-income individuals tend to have mental health issues. Economic insecurity is a leading socioeconomic determinant in mental health, even though the impact varies depending on the level of insecurity. Insecurity is more detrimental for men since they are considered the primary beneficiary of the household. When one's finances are negatively affected, so is their mental health. Socioeconomic factors

such as marital status, employment status, household income, and homeownership play a significant role in the outcome of a person's mental health. These results may shed light on what our society can do to solve this problem and how we can develop programs and tools to help this ongoing problem. Mental health has proven just as important as physical health. These findings could be provided to physicians, mental health providers, and the United States Department of Health and Human Services (HSS) to help them create new ways to combat the adverse effects of financial distress. These results will provide mental health and medical providers with essential demographic information better to ascertain the association between mental health and financial hardship and provide those most at risk with critically needed financial education programs.

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