In this paper, we examine the influence of a person’s financial precarity on his or her ability to perform at work. Across two studies, we show that people who are worried about their financial situation have less cognitive capacity available to them, which subsequently spills over into their work performance. In Study 1, we demonstrate this relationship in a field study with short-haul truck drivers where we combine survey responses with lagged archival data on preventable accidents. We hypothesize and find that because of its detrimental effects on working memory, a one standard deviation increase in financial worry is associated with a 4.4% increase in the odds of a preventable accident. In Study 2, we establish the causal ordering among the variables by manipulating financial worry in a laboratory environment using a driving simulation task, confirming the results of Study 1. Our research is the first to explicitly develop and test theory regarding the effect of employee financial precarity on their work performance. We discuss the implications of the research findings for organizational theory and workplace practice, arguing that it may be in employers’ self-interest to undertake practices that can reduce employee financial precarity.

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All interested are welcome.