

Faculti Summary

<https://faculti.net/performance-related-pay-mental-and-physiological-health/>

This video video discusses Performance Related Pay (PRP), a compensation system where employees are paid based on their performance rather than a fixed hourly or salary rate. The advantages of PRP include incentivizing employees to perform better and potentially increasing productivity and profitability for employers. However, there are significant concerns about the negative impacts of PRP on workers' health.

Historical references, including a quote from Adam Smith, indicate that performance-oriented pay can lead to overwork and health issues. Recent studies have shown a correlation between PRP and workplace accidents, particularly among blue-collar workers, as the pressure to perform might lead to risky behavior. For white-collar workers, the stress of PRP can result in unhealthy lifestyles due to the need to constantly produce.

This video video outlines three pathways through which PRP may affect health: an increase in accidents, unhealthy behavior due to work demands, and chronic stress that can lead to various health conditions. Experimental research found that PRP raises cortisol levels, a stress hormone, suggesting an increase in stress among those working under PRP systems.

While recognizing the potential health drawbacks of PRP, such as increased blood pressure and mental health issues, the text argues against eliminating PRP altogether due to its benefits for both employees and employers. Instead, it advocates for strategies to mitigate the adverse effects, such as enhancing workplace safety protocols and promoting wellness initiatives to help reduce stress among employees.