



ECONOMICS AND PSYCHOLOGY WITH THE PERFORMANCE- RELATED PAY AND HEALTH TEAM

TALKING POINTS

KNOWLEDGE

1. What is performance-related pay (PRP)?
2. List five examples of jobs that use PRP.

APPLICATION

3. How do you think you would react if you participated in the team's experiment?
4. How do you think your reaction would change if you lost money for getting questions wrong? Why?

ANALYSIS

5. Why do you think PRP contracts are so common?
6. If a worker is paid per apple that they pick, what problems may this cause for both employer and employee?
7. How have Keith, Nicole and the team shown that PRP jobs increase stress in workers?
8. Why is it important that this study is being conducted by both economists and psychologists?
9. How have the economists and psychologists involved in this project benefitted from the interdisciplinary collaboration?

SYNTHESIS

10. How would you expand the team's research (where participants conduct maths problems) to study the stress levels of workers with PRP jobs?

EVALUATION

11. Do you believe that PRP contracts should be used? Why, or why not?
12. Now that a link between PRP and stress has been shown, how do you think employers using PRP should change their practices to ensure their workers remain healthy?

ACTIVITIES YOU CAN DO AT HOME OR IN THE CLASSROOM

Conduct the team's experiment yourself!

- Write out a set of 20 relatively (but not too) challenging maths questions which will be given to all participants in your experiment.
- Find a group of participants (e.g. your classmates) and ask everyone to write down how stressed they currently feel on a scale of 1 (no stress) to 10 (very stressed).
- Randomly assign your participants into two groups (e.g. draw slips of paper out of a hat), one of which will receive PRP and one of which will receive a standard salary. Be sure to tell them what their payment group means.
- Set a time limit of 5 minutes and ask everyone to answer the maths questions – without using calculators!
- Give everyone in the standard salary group 10 sweets when they finish the task, regardless of how well they perform.
- Give everyone in the PRP group 1 sweet for every question they solve correctly.
- After the task, ask all participants to write down how stressed they now feel using the same scale as above.

Do your results on the changes in stress for each group match those that Keith, Nicole and the team found in their experiment? How could you expand your experiment to investigate the effects of other types of PRP policies?