

An unstable income is linked with worse health

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Workers who report more instability in their income are more likely to also report insomnia, headaches, and stomach issues, reveals new research by emlyon business school.

These findings clearly show that a lack of financial security for an employee can actually have a negative impact on their physical health.

The study, conducted by Gordon Sayre, Professor of Organisational Behavior at emlyon business school, investigated the impact that pay volatility has on the health of gig workers' and those who rely on tips.

To do so, Professor Sayre conducted three separate studies, surveying 375 gig workers across three weeks, 85 tipped workers each day for two weeks, and 252 higher-paid workers in sales, finance, and marketing across two months.

The findings revealed that workers who had more volatile pay reported experiencing more health symptoms such as headaches, backaches, and stomach problems.

This is because workers with an unstable income were more concerned about making ends meet and were preoccupied with thoughts about their personal finances.

"Dealing with an unstable income means never knowing how much money you'll make in a given week or month and that insecurity makes it difficult to cope with ordinary expenses," says Professor Sayre.

The research also revealed that workers who rely on tips, such as restaurant servers, hairdressers, and bar staff, didn't feel physically better on days where they earned more money.

One thing that gig and tipped workers have in common is that they often have a lower-than-average income, raising the question of whether the harmful effects were simply due to low pay, instead of unstable income per se.

However, the results of a third study on workers in sales, finance, and marketing, where commissions and bonuses are common, revealed that while the effects are not as strong, they still experienced health issues.

Professor Sayre recommends that companies carefully consider whether the perceived benefits of performance-based pay policies that generate instability outweigh the costs to workers health. Instead, Professor Sayre says companies should look to strike a balance by reducing workers reliance on volatile forms of pay, offering more substantial base pay instead.

The paper was published in the Journal of Applied Psychology.

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If you would like to receive the full research paper, or to speak with Professor Sayre, please contact Peter Remon at BlueSky Education - peter@bluesky-pr.com +44 (0) 77 235 228 30.