

Pay Cuts Lead To Worker Insomnia

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When workers take a pay cut, money is not the only thing that is lost – they may also lose sleep, according to new research.

A study at four hospitals found that nurses who took an unexpected pay cut reported higher levels of insomnia than their colleagues whose pay did not change.

But insomnia symptoms dropped sharply for nurses whose supervisors were trained to offer emotional support and full information to those suffering the salary cut.

“There's both bad news and good news in these results,” said Jerald Greenberg, author of the study and professor of management and human resources at Ohio State University 's Fisher College of Business.

The bad news is that sources of stress in the workplace – such as a pay cut – really can have a negative physiological effect on workers. Insomnia has been linked to workplace accidents and lowered productivity.

But the good news is that management can help minimize these problems both easily and inexpensively, Greenberg said.

“There's nothing magical about the supervisor training I did at the hospitals during the study,” he said. “But unfortunately, it is seldom done at many organizations.”

The study was published this week in the January 2006 issue of the Journal of Applied Psychology.

The study was conducted at four private hospitals in different cities in the Northeast. All the hospitals were owned by the same large health care organization.

Greenberg was already working with the hospitals on a different project when he learned about plans to implement a new pay system at the hospitals. Instead of being paid hourly and receiving overtime pay, nurses were being converted to salaried employees, working the same number of hours. The result was that the nurses' pay would be reduced by about 10 percent.

The company decided to implement the pay cut in phases, with nurses at two of the hospitals receiving the pay cuts first.

Greenberg received permission to study how the stress caused by the pay cut affected the workers. In the end, 467 nurses at the four hospitals participated in the research.

Before pay cuts were announced, nurses at all four hospitals filled out questionnaires over four weeks measuring their levels of insomnia. In week five, nurses at two of the hospitals were informed about the new salary system that would reduce their pay.

Nurses continued using the insomnia questionnaires the following four weeks. Results showed that nurses who experienced the pay cut showed “dramatic increases” in symptoms of insomnia, to an average score of 6 on a 7-point scale, Greenberg said. The average score before the pay cut was half that, he said.

Greenberg conducted supervisor training at one of the two hospitals where the nurses received salary reductions as well as one which did not have pay cuts. The training consisted of two four-hour sessions conducted on consecutive days.

The training involved what is known as “interactional justice” – the perceived fairness of the treatment people receive from authority figures such as supervisors, Greenberg said. Greenberg trained the supervisors on such skills as how to treat others with politeness, dignity and respect, how to show emotional support, and how to avoid intimidation, manipulation and degradation. He also explained the importance of providing thorough, accurate and complete explanations of key decisions, and the importance of being accessible to discuss issues with employees.

“Everyone I know in management agrees these types of behaviors are important and necessary,” Greenberg said. “But just because people say it is important doesn't mean they are putting it into practice. The

message I gave was not unique, but sometimes it takes something like a training session to really help supervisors do what they know is best.”

And in fact, this study showed that nurses who worked for supervisors who received this training showed steep drops in their levels of insomnia in the four weeks following the training. Meanwhile, nurses whose supervisors did not receive the training saw small drops in insomnia levels after the four-week period, but nothing compared to the nurses with the trained supervisors.

After six months, Greenberg went back and tested all the nurses again. He found that nurses with trained supervisors saw their levels of insomnia continue to fall, to the point where their levels were just slightly higher than those nurses whose pay had not been cut at all. Those nurses with untrained supervisors saw small decreases in insomnia levels, but they were still significantly higher than all other nurses.

Greenberg said he believes the training was successful because it helped supervisors focus more attention than normal on how they treated their employees -- and at a particularly stress-provoking time when those employees needed help.

“Most supervisors believe they treat their employees with dignity and respect, and they may be right. But in a high-stress time like these nurses were experiencing, you really have to go over the top in convincing people that you care, and that you're there to support and help them,” Greenberg said.

“If you are too subtle, employees are likely to miss the message when they are under stress.”

Because the training sessions were so successful, Greenberg repeated them after the study was completed for the supervisors of the two

hospitals that had not yet instituted the new salary system. As a result, supervisors there were prepared when the pay cuts were announced.

Greenberg said he believes these results apply for other sources of job-related stress, not just pay cuts. That means other types of stress also may cause physical symptoms, such as insomnia, and that proper supervisor training may minimize those effects.

Greenberg said he plans to test his theory that supervisory training in interactional justice can be even more effective if it is conducted before stressful workplace events occur, such as the pay cut at these hospitals. He believes this would constitute a “preventative effect” instead of the “therapeutic effects” he found in this study, where training was administered after the stress-inducing event already occurred.

Source: Ohio State University

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