Interpersonal Prosocial Incentives

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We examine workers’ decisions of working to benefit themselves or their coworkers. Two real-effort experiments found that workers exerted as much (or more) effort for others as for themselves but only if, 1) their pay was thanks to someone else’s effort, and 2) their beneficiary was aware of their effort.

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EXTENDED ABSTRACT

Classical economic theories model people as perfectly selfish and lazy. *Homo economicus* (Thaler 2000) should never anonymously give money to strangers or do any unpleasant work when they are not being paid to do it. This assumed self-interest is why organizations generally offer their workers explicit incentives to motivate them. However, many behaviors seem to be motivated by more than self-interest, both in laboratory experiments and in everyday life. These prosocial behaviors reflect people’s willingness to utilize their own resources—including many of significant value—for the benefit of others. This apparent selflessness raises questions about the potential motivating influence of others and the possibility that organizations are missing out on a potentially powerful source of motivation. This research directly examines the possibility that prosocial motivation can be used to motivate workers, using real-effort experiments that isolate and compare prosocial sources of motivation with other more tradition forms of motivation such as fixed salary and pay-for-performance.

Most of the existing research on work motivation has focused primarily on self-interested motivators, including extrinsic ones, such as monetary rewards and punishments, and intrinsic ones, such as job satisfaction and worker autonomy. We go beyond these traditional motivators and posit that prosocial motivations are important in the workplace for two reasons: First, as organizations turn away from hierarchical structures and towards flatter, more group-based structures, workers have increased interpersonal interaction and must rely more on their coworkers (Kanter 1989). Prosocial motivations may therefore be a significant source of motivation and play a big role in group productivity. Second, prosocial motivators may cost less than self-interested motivators such as additional salary and provide additional organizational benefits. By examining *if* and *why* workers are willing to exert effort to explicitly benefit their co-workers, we hope to better understand the psychology behind prosocial behavior and introduce prosocial motivation as an additional source of work motivation.

In addition, although the prediction that prosocial motivation can elicit some effort is hardly controversial, we are also interested in how much effort can be elicited. Although work motivation researchers have recently started to explore others as a source of motivation (e.g., Batson 1987; Grant 2007), none have directly compared the potential strengths of such “prosocial” motivations with self-interested motivations. This research fills that gap by directly comparing prosocial motivations to more standard types of work motivation such as fixed salary and pay-for-performance incentives. To do so, we implemented a simple operationalization of using others as a source of work motivation: In what we call the “pay-for-others” (P4O) incentive scheme, each worker’s output directly affects another worker’s payment rather than affecting their own payment. This novel incentive scheme allows for direct comparison to more standard pay-for-performance (P4P) incentives.

We hypothesized that, 1) workers in the P4O conditions will exert effort even when that effort only benefits others, and 2) under certain conditions, prosocial motivation (P4O) can be more motivating than traditional financial motivation (P4P) because direct financial incentives can “crowd out” intrinsic motivations (Deci, Koestner, and Ryan 1999). We test these hypotheses in two real-effort experiments that asked P4O participants to work for the benefit of another participant without receiving payment based on their own performance.

In Experiment 1, participants completed an anagram task similar to TextTwist in which they were given 4 minutes to generate as many three to seven letter anagrams as possible from a set of letters, “a d e r s t w.” Their performance determined their own pay (P4P), determined the next participant’s pay (P4O), or was irrelevant (fixed pay). We found evidence that P4O incentives were indeed motivating, and that they can be even more motivating than traditional P4P incentives. However, we found that fixed pay participants also generated more anagrams than P4P participants, suggesting that at least part of the performance difference between P4O and P4P was due to relatively small levels of P4P incentives “crowding out” intrinsic motivation for the relatively enjoyable anagram task.

We designed Experiment 2 to replicate these results while eliminating the “crowding out” effect by switching to a mindless number-counting task. Participants counted the numbers of 1’s in randomly-generated 15x10 grids of 0’s and 1’s. Participants were shown one grid at a time, and after each grid, the participant was given the option to either continue onto the next grid or end the task. This task has previously been used by economists as a “tedious and repetitive task” that has no dependency on prior skill, little possibility for learning, and a clearly positive cost of effort (Abeler et al. 2011). To further disentangle the many possible motivators of prosocial behavior, we created seven conditions in a fractional factorial design that varied the source of the participant’s payment, the target of the participant’s effort, and the audience for the participant’s effort.

The results of Experiment 2 showed that when the task is sufficiently boring, P4O incentives were at best equally motivating as P4P incentives, and only when there was a possibility for “conditional indirect reciprocity.” That is, P4O incentives were only effective when the previous participant’s effort determined the current participant’s payment and the current participant’s performance would determine the next participant’s payment, and so on. In other words, participants were motivated to “pay it forward” only if they thought past others had acted prosocially and future others could continue to act prosocially. Experiment 2 also allowed us to rule out many other potential sources of prosocial motivation as main drivers behind P4O incentives, including self-signaling, self-presentation, guilt and shame aversion, altruism, observation effects, and competition effects.

REFERENCES


