

Rejecting Earned Rewards to Signal Pure Motives

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Key Finding: Emphasizing the intrinsic rewards of a past action can lead actors to forgo or donate their incentive earnings.

Abstract

Policy makers, employers, and insurers often provide us with financial incentives to take actions that are good for us or for society (e.g., energy conservation, healthy living, safe driving). Even though incentives may induce good behavior, these payments can cause individuals to view their actions less positively due to the perceived incompatibility between intrinsic motives and financial incentives (Newman & Cain, 2014; Benabou & Tirole, 2003). As a result, we hypothesize that individuals may prefer to eschew financial rewards for good behavior, even after rewards have been earned, when reminded of that behavior's intrinsic value. Two preregistered studies — an incentivized online experiment (N=454) and a large field experiment (N=17,968) — provide evidence in support of this hypothesis: emphasizing the intrinsic rewards of a past action can lead individuals to forgo or donate a financial incentive they were promised for taking the action. We highlight a novel potential benefit of offering incentives for good behavior: if actors are given the opportunity to forgo some or all of their incentives, they can strongly self-signal that they acted for the right reason and consequently improve their positive self-image. Indeed, we find that participants likely to receive a larger self-image boost from signaling intrinsic motives are more likely to give up their incentives when intrinsic rewards are emphasized.

Hypotheses

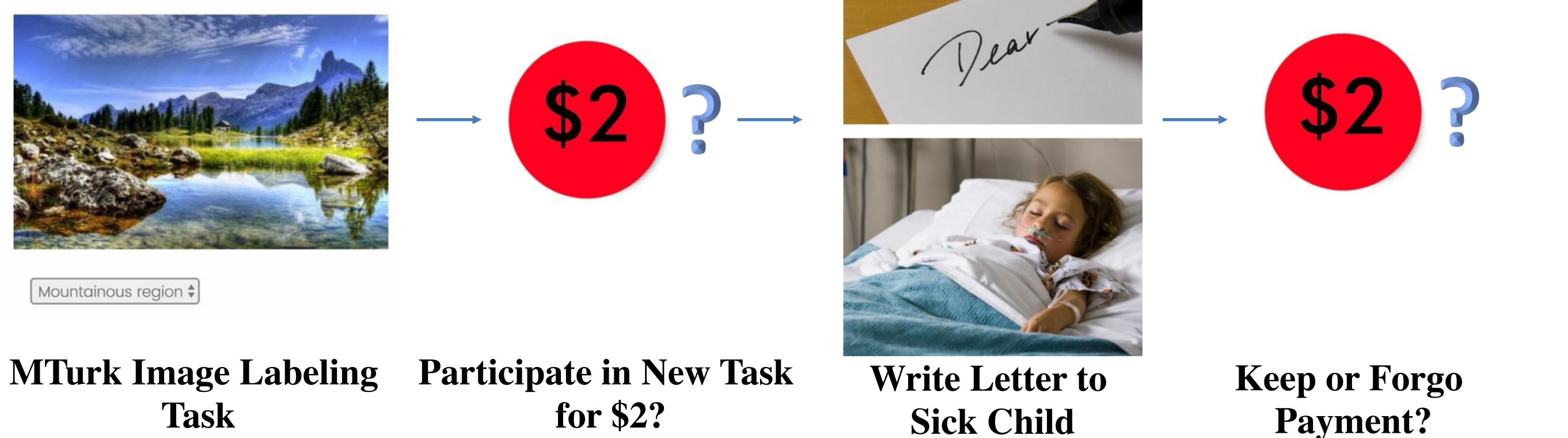
Hypothesis 1: *Emphasizing the non-monetary, intrinsic benefits of incentivized good deeds makes actors more willing to forgo incentives earned for those same acts.*

Hypothesis 2a: *The effect will be stronger when the intrinsic motives in question are more consistent with the values actors hold and the self-image they hope to project (Prelec & Bodner, 2003)*

Hypothesis 2b: *The effect will be stronger when actors have expended more effort on the incentivized behavior (Gneezy et al., 2012)*

Study 1: Online Experiment

Study Flow:



References

Barasch, A., Levine, E. E., Berman, J. Z., & Small, D. A. (2014). Selfish or selfless? On the signal value of emotion in altruistic behavior. *Journal of personality and social psychology*, 107(3), 393.

Benabou, R., & Tirole, J. (2003). Intrinsic and extrinsic motivation. *The review of economic studies*, 70(3), 489-520.

Bodner, R., & Prelec, D. (2003). Self-signaling and diagnostic utility in everyday decision making. *The psychology of economic decisions*, 1, 105-26.

Gneezy, A., Imas, A., Brown, A., Nelson, L. D., & Norton, M. I. (2012). Paying to be nice: Consistency and costly prosocial behavior. *Management Science*, 58(1), 179-187.

Imas, A., Loewenstein, G., & Morewedge, C. (2019). "Mental Money Laundering: A Motivated Violation of Fungibility." Working paper.

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Study 1: Online Experiment

Method:

- 454 MTurkers paid to write a letter to a sick child
- Measured self-reported Authentic Pro-sociality (adapted from Barasch et. al., 2014)
- Participants randomized into *treatment*, *active control*, or *control* conditions

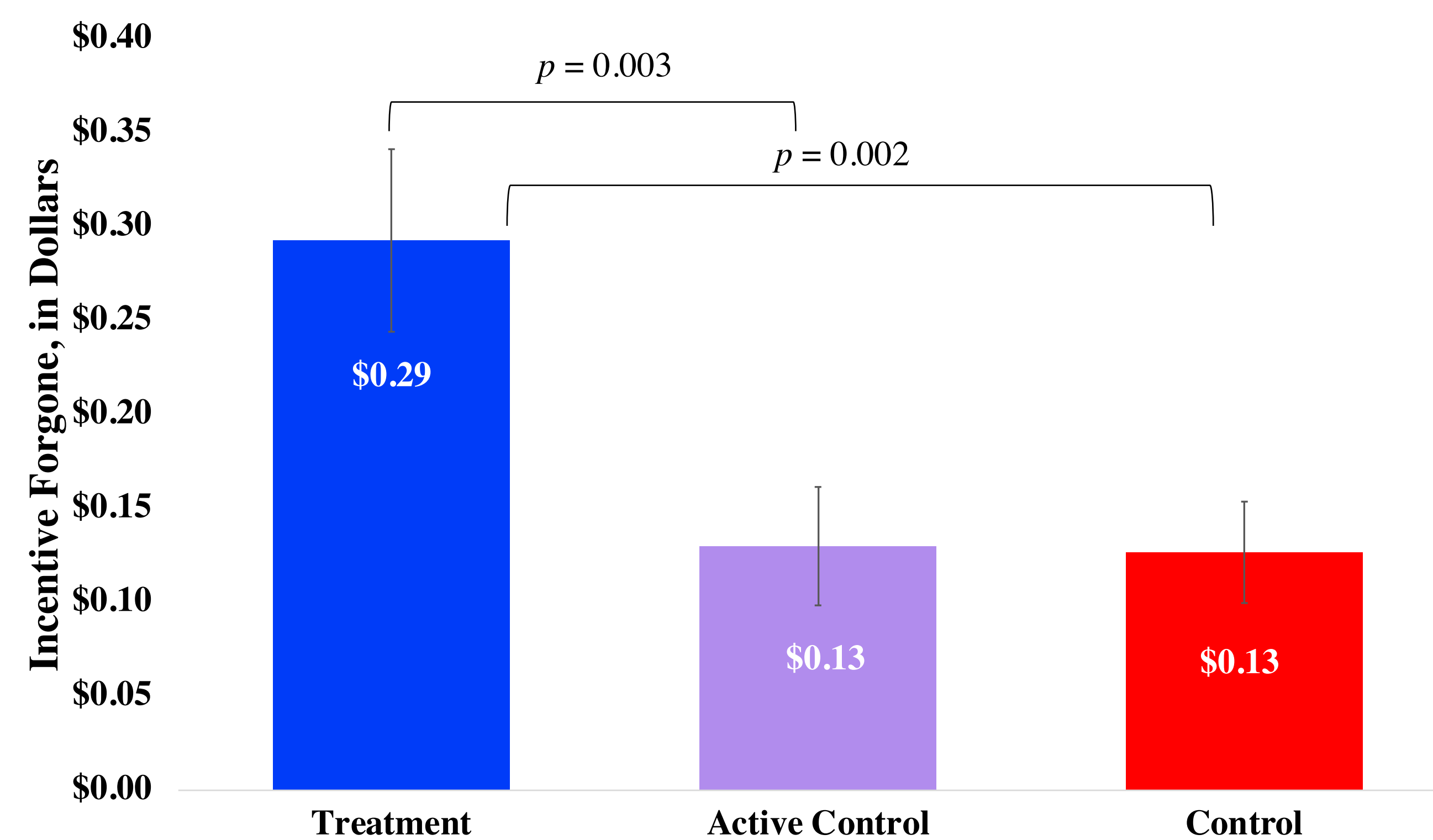
Example Letter Written by a Participant:

Dear sweet child,
I hope that this letter finds you in good spirits during the holiday season. I know that it's not fun to be stuck in the hospital, but you can find joy and cheer right where you are. The people taking care of you in the hospital care very much for you, and so do I. You are very special, and you deserve to be happy. So, let's see your beautiful smile, and hear how well you can laugh out loud.
Take care, and keep smiling, and know that you are truly loved!

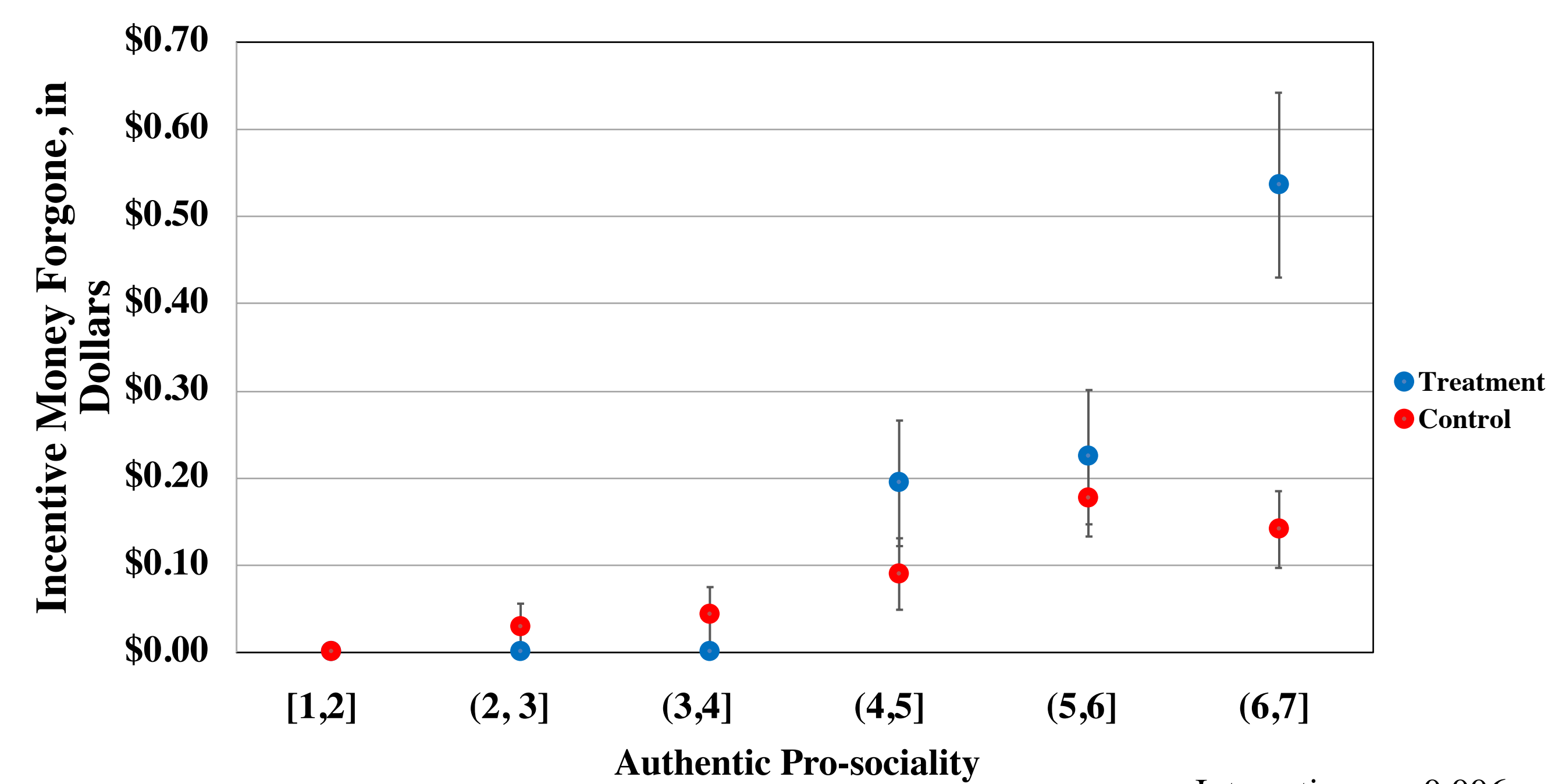
Instructions:

"You can keep this bonus *or* you can [treat the letter writing practice you've received as your reward and]/[treat the joy and hope you've spread as your reward and] choose to forgo some or all of your monetary compensation."

Results:



22.4% gave up some or all of their incentives in the treatment condition, 12.0% in the active control condition, and 12.5% in the control condition.



Study 2: Field Experiment

AS PREDICTED



Method:

- 17,968 24 Hour Fitness members recruited through StepUp, a 28-day digital rewards program
- Participants randomized into either the *treatment* or *control* condition

Control

Redeem or Donate Your StepUp Points

StepUp is a not-for-profit program and is funded by universities and foundations, including the University of Pennsylvania and the Robert Wood Johnson Foundation.

Congratulations on completing the StepUp Program! You've earned 100 StepUp Points. You can redeem these points for a \$1.00 Amazon Cash gift card or you can donate these points back to the StepUp program. (Remember that the conversion rate is 7000 points = \$5.00.)

If you choose to donate your \$1.00 back to the StepUp Program, you will be contributing to the continued work of StepUp on the science of healthy habits and helping thousands of others kickstart their healthy habits. Many StepUp participants make this choice to support science.

If you choose to redeem your points for a gift card, it will be emailed to you within one week, via Tangocard.

Please click here to tell us what you would like to do with your StepUp points.

Treatment

Redeem or Donate Your StepUp Points

Treat the Healthy Habits You've Kick-started As Your Reward and Donate Your Points

StepUp is a not-for-profit program and is funded by universities and foundations, including the University of Pennsylvania and the Robert Wood Johnson Foundation.

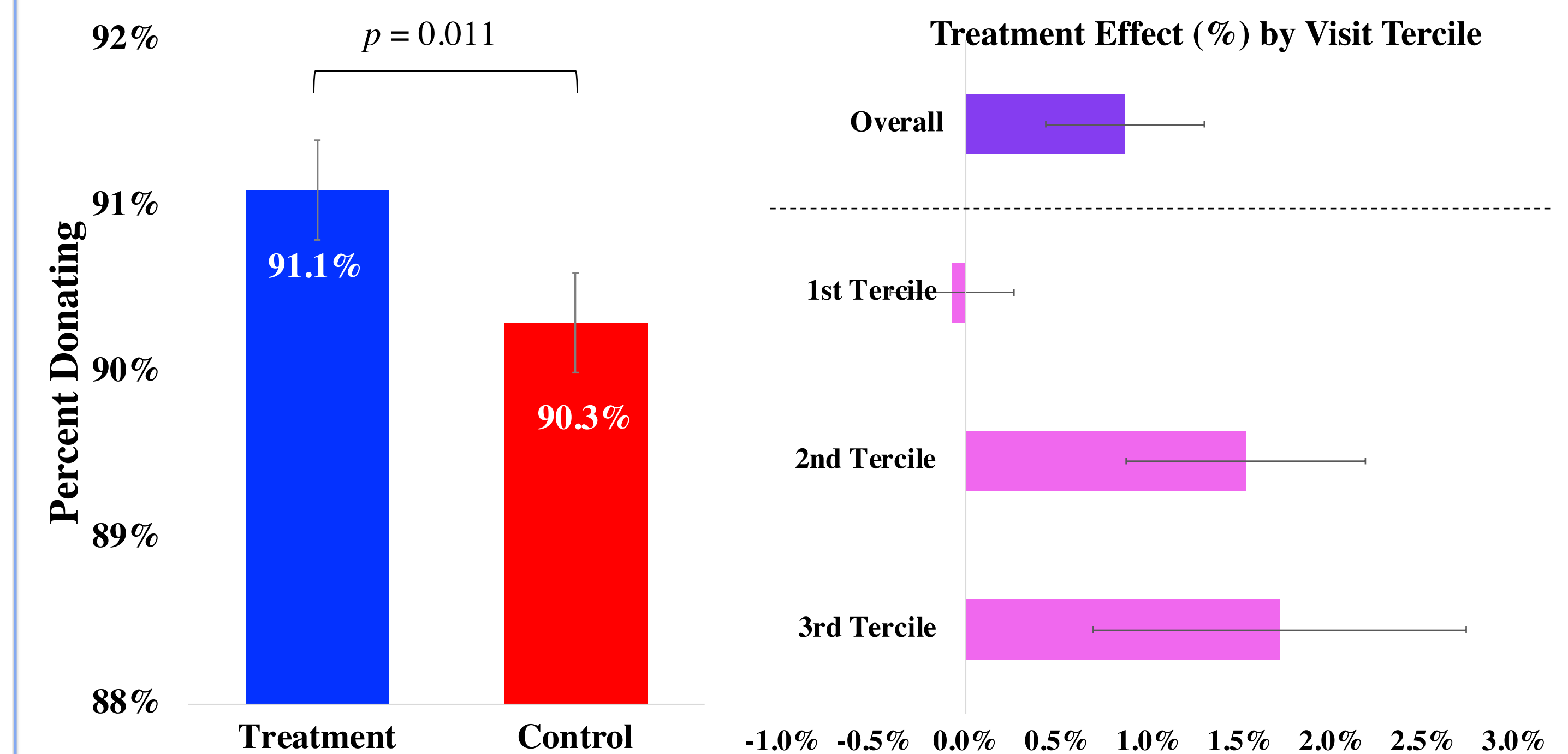
Congratulations on completing the StepUp Program! You've started building healthy habits, and that's the biggest reward StepUp has to offer! In the process, you've earned 200 StepUp Points. You can redeem these points for a \$2.00 Amazon Cash gift card or you can treat the healthy habits you've kick-started as your reward and donate these points back to the StepUp program. (Remember that the conversion rate is 7000 points = \$5.00.)

If you choose to donate your \$2.00 back to the StepUp Program, you will be contributing to the continued work of StepUp on the science of healthy habits and helping thousands of others kickstart their healthy habits. Many StepUp participants make this choice to support science.

If you choose to redeem your points for a gift card, it will be emailed to you within one week, via Tangocard.

Please click here to tell us what you would like to do with your StepUp points.

Results: Note: failure to respond to emails automatically led to donation



Conclusion

The tension between monetary and intrinsic rewards leads people to forgo earned financial rewards for good behavior when reminded of that behavior's intrinsic value. Consistent with our theorizing, this effect is stronger when the self-image gains of giving up incentives are larger.

We extend past research on mental money laundering by documenting a motivation laundering effect (Imas, Loewenstein, & Morewedge, 2019). Our findings suggest that organizations can encourage positive behavior change via incentive programs *and* leave actors feeling that their motivations were internal.

Questions and comments welcome. Email Erika Kirgios at ekirgios@wharton.upenn.edu
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