Episode 94: How small behavioral nudges can transform culture and performance at work

MichaelAaron Flicker: [00:00:00] Welcome back to Behavioral Science for Brands, a podcast where we bridge the gap between academics and practical marketing. Every week we sit down and go deep behind the science that powers great marketing today. I'm MichaelAaron Flicker.

Richard Shotton: And I'm Richard Shotton.

MichaelAaron Flicker: And today we're diving into the fascinating topic of achieving behavior change inside our companies and inside our brands.

Let's get into it. So Richard, so many of our conversations have focused on marketing and data and how we understand humans and, and how we can mix these things together to make our marketing more effective. But in some of the, before our show, after our show conversations, you and I have talked about. How smart marketing doesn't much matter if we don't have team members rowing the boat in the same direction, [00:01:00] adopting, pivoting, executing processes in the ways that we need to actually make the program successful.

So we are groups of humans working on marketing projects. Understanding how to motivate those humans and help make sure they do the behaviors we want is pretty critical. In successful marketing campaigns.

Richard Shotton: Absolutely. And it's a myth that only consumers are affected by behavioral science principles. Just because you've walked through the office door doesn't mean that you have shed your humanity.

These, these principles that we discuss are as relevant on professionals and colleagues as much as consumers in the supermarket

MichaelAaron Flicker: and I, and as we were thinking about this episode. Now almost more than ever there are hesitations to really making the pivots and the adjustments. Just thinking about adopting AI technology [00:02:00] more than ever before, it's been a challenge to say, well, we're going to try this, then we're gonna try that, and we're gonna adapt a learning mindset and it's okay to try things that don't work out.

This requires a lot of flexibility. It requires believing in whatever the company's direction is and really trying. There's a lot, there's a lot there to make to get people to buy into the direction that we want them to go in.

Richard Shotton: Yeah. Whether it's a really breaking new technology like AI or something mundane, like trying to change employees, dining habits and whatever.

You as a. Leader, CEO, or employee, whatever you've set as a task, there are principles out there that can help you persuade your colleagues and employees to adopt those behaviors far more, far more efficiently.

MichaelAaron Flicker: And in today's episode, we're going to argue [00:03:00] as we like to do against classical economics alone, against classical psychological approaches alone.

And we're gonna make the argument. That we might, in classical business jump too fast to incentives and rewards, whether that's paying people more giving PTO you know, the, the financial incentives while they can work, we might be going to them too quickly. And so thinking about what we must do to motivate people more holistically.

One, we'll have a chance of being more successful, and two, may save you and your company money before you jump to those as your first way to get people to change.

Richard Shotton: Yeah, that's a great point. The interventions don't need to be costly, and we're gonna cover, I think four different experiments each could be implemented.

A reasonable or cost or no cost at all.

MichaelAaron Flicker: Yeah. So just for a little fun, [00:04:00] before we get into the science and the, and the background and the, and the biases here. You worked at some pretty fancy agencies in your past. You've had great leaders that gave you great guidance and direction. Was there ever something in.

Court, the corporate world, that you just couldn't believe that they couldn't get the behavior change done. They just couldn't get where they wanted.

Richard Shotton: Well, this should resonate with anyone that ever worked in an agency, but every kind of month or so, there would be emails from the finance director, whatever agency I worked at, and the email would always be the same.

It would. Angry. There'd be lots of bold and underlining lots of estimation marks. And the essential point in there was, you know, none of you idiots are filling in your time sheets. Please start doing it 'cause it's critical for business. And then you know, nothing would change in the next month. We'd get another email.

And it always made me chuckle because telling people that lots of their colleagues aren't [00:05:00] behaving in the way they're meant to transgresses a very important table science principles.

MichaelAaron Flicker: We are gonna talk much more about that in today's episode, but yes. Focusing on on how many people just aren't following the rules may fight against your interest more than you realize.

And for me I always watch wherever I am, whether it's at our offices here in New York or when I'm in client's offices across the country, those that, eat their lunch plates, eat their food, and then pile their dirty dishes. Either leave their dirty dishes at their, wherever they were eating or pile them in the sink.

And I always thought like. You surely don't do this at home. Like you, you surely don't do this at a guest house, but somehow the rules seem different at the office. And no matter how many times the office manager has [00:06:00] asked people, please don't leave dirty dishes in the sink, there's a sign next to the sink that says, please put your, your dishes and glassware in the, in the you know, in the dishwasher.

Somehow that behavior is very hard to change.

Richard Shotton: Yeah, it's, it, it's, there's a, there's a number of things I think in every office that sh that prove again and again, that if it was easy to change behavior by just asking people or giving 'em a set of logical reasons, most of those problems would've disappeared by now.

I think the constant the, the constant run of all these problems suggests that there's a different way that we need to ask people.

MichaelAaron Flicker: So let's get into it. Let's go to our first insight about human behavior and how it can help impact change within an office, change within your brand. How do we motivate our white [00:07:00] collar colleagues to make a bigger difference?

What, where, where, where should we start today?

Richard Shotton: So I think we should start with what is one of the most important principles of behavioral science, which is social proof. Social proof is the argument that if you want to change behavior, whatever it is you're trying to encourage, you need to make that behavior look commonplace because if you make the behavior look commonplace, more people are likely to adopt it.

Now, often on our episodes we've talked about brands applying this principle, but when it comes to internal behavior change, I think there is an even more basic problem. Now, remember my example from time sheets. The FD was sending out an email saying lots of people aren't filling their time sheets out properly.

That piece of communication is misusing social proof. It's what I would call negative social proof. It's emphasizing the scale of the unwanted behavior rather than the desirable behavior, and all the [00:08:00] evidence suggests that will make the situation worse. The classic study in this. Particular area is from 2003.

It's by Robert Sini, and he did an experiment at the Petrified Wood National Park in Arizona where lots of tourists are going and stealing bits of petrified wood. They take them home as a souvenir, a momentum. So he rigs up CCTV in a deserted area of the path. He points the CCTV cameras at a path, and then he sprinkles bits of petrified wood along the path.

To begin with, he just monitors what proportion of visitors steal, and it's 2.9%. And then he tests a couple of interventions. First intervention, he puts up signs saying, please don't steal. It's wrong. And CEF rates drop to 1.7%, so 1.7% of visitors are still stealing a bit of wood. [00:09:00] That intervention's interesting because it shows you can change this negative behavior.

But the main crux of the experiment was children's final intervention, where he puts up a sign and he purposely misuses social proof. Now the sign says 12 tons of wood have been stolen each year from the park, and it's ruined the look of the park. Please don't steal. It's wrong. And there you see theft rates go to 7.9%.

Now remember, in the control it was 2.9%, so this is

MichaelAaron Flicker: the wrong way. We've gone the wrong way here.

Richard Shotton: We've gone the wrong way. Yes, that's, that's, that's, that's the finding. Now, according to Cini, this is a crime promotion strategy, not crime prevention strategy. He says, if you emphasize the scale of the antisocial behavior.

You remove a sense of transgression. You're using social proof in the wrong direction. You are encouraging the very behavior you don't want. So the first thing for any employee to think about if they wanna change the behavior to their [00:10:00] colleagues is make sure they emphasize the scale of the desirable behavior, not the undesirable behavior.

MichaelAaron Flicker: And you know. At at its face. That can seem a little tricky to do if you've got a big problem or you've got a lot of people not doing their time sheets, or you, let's, in this example, pretend there was already a lot of people stealing petrified wood. So one of the opportunities here is you could choose the promotion strategy.

Or the prevention strategy that best meets your needs. So maybe instead of talking about the amount of people that are stealing or not doing their time sheets, you could talk even about the small amount of change, the growing compliance that you've been able to establish. If you can show some momentum so you know that you can always in your messaging.

Focus on the thing that does show the positive behavior that you want, rather than making the mistake of [00:11:00] focusing on the negative, which is why you're doing the intervention in the first place.

Richard Shotton: Absolutely. So your approach is to emphasize the glimmers of hope. And there are studies from Stanford, the 2017 study by Sparkman of Water, which suggests that is a, you know, very powerful tactic.

Now they call this idea dynamic social proof, and they show that if you emphasize. That there is a positive change in behavior, even if it is still very rarely done, if it's growing, that harnesses social proof very powerfully. So absolutely agree with that. The other thing you could always do is whatever the scale of uptake, there's always gonna be a variance in terms of individual employees.

So if you look to all your employees. You could identify the bottom 50%, the people who've done the least time sheets or the latest time sheets, and you could target that 50% discreetly and say, now you are [00:12:00] underperforming compared to your colleagues. So even if everyone in the company is failing to fill 'em in as quickly as possible, there is still gonna be a subgroup who are doing it worse than average.

You know, they're even slower. They're the real lag arts. Target them discreetly and compare them to their peers. You are doing worse than your peers. That is a very effective way of harnessing this, this principle.

MichaelAaron Flicker: So just taking this example one more step further, you have the idea, you target a subsection, you tell them they're doing worse than their peers, which would be a factually true in the way you've broken it apart, and B, it helps them feel that, that pressure, that social proof pressure.

If you had added something like, and those who have have done their time sheets just two weeks in a row are get back on, on, on track with their peers or exceed, you know, or, or much better. Does that add anything or does that, or does that work against the conversation We're having

Richard Shotton: only [00:13:00] think, we're starting to move into another bias here, which is along with social proof probably.

The most powerful out of the whole behavioral science, kinda encyclopedia insights. And it's the idea that small bits of friction tend to have a, a disproportionate effect. So what you are emphasizing there is. Let's create the impression that lots of people are behaving in the in the right way, and then emphasize to the misbehaviors that it only takes a very, very small bit of action to get back on track.

So I think we combine a key social proof and make it easy. And if you do that, you're absolutely right. You've got two very strong drivers of behavior being aligned. Now, people listening. Might think, okay, well that feels such a, a trivial change. Surely it won't have an impact. But the interesting thing about friction is that it has a disproportionately large effect.

[00:14:00] People are constantly surprised by how even the most trivial barriers have an outsized effect on behavior. So there's a brilliant study on professionals by Shan. So it's a 2018 study. He's at the Penn Medicine Unit, and Shan and his colleagues were interested in how can you change the behavior of doctors.

So the hospital wanted to get doctors prescribing generics, not branded drugs. And for people who aren't familiar with this kind of terminology, the branded drug is the expensive version that comes directly from a. Big pharma company.

The generic is a cheaper one, which is pharmacologically the same, which has been made after that drug has come off pattern.

So there's a big financial incentive to get the doctors prescribing generics from the hospital's point of view. Now, Shan looked at prescribing behavior and the [00:15:00] particular hospital he looked at what doctors did once they had worked out what disease the patient had. They would go to their dashboard on the computer.

There would be a dropdown menu of all the drugs they could think about prescribing, and the dashboard was ordered this dropdown menu, branded drugs at the top, generics at the bottom. So if you wanted to order a generic, you had to scroll through for about two or three seconds all the way through the branded drugs.

Now, when that setup was in place, 75% of the drugs drugs prescribed were generics, 25% branded. Shan then instigates a change. The dropdown menu is reversed. So now he looks at what happens when generic drugs at the top branded drugs are at the bottom, and he finds that the proportion of drugs that are prescribed that are generics goes from 75% to 98%.

So Wow. Branded? Yeah, exactly. This is a massive, it's not [00:16:00] much more effective. It, it could be, but, but think about not just that it's a large impact. How trivial a piece of friction has been removed. This is saving doctors a couple of seconds of effort that even that tiny bit of effort had this outsized effect.

MichaelAaron Flicker: It strikes me. That I think of doctors as the most rational, as the most scientifically driven, logical of almost any population of people that Olshan could have decided to do this study with. So he chooses doctors. Maybe because we all have this perception that they're so rational and so logical, and even this little bit of make it easy, even this little bit of change of the order of the drugs in a digital dropdown list has that much change.

You know, that's striking to me.

Richard Shotton: Yes. If doctors highly educated, highly logical, define themselves as being [00:17:00] sexual decision makers, even they, when they're making life or death decisions, if even they are influenced by two or three seconds of effort, well we can be sure the marketers are gonna be far more influenced.

So absolutely, I think this is quite a powerful study and it should change how people approach some of these issues.

MichaelAaron Flicker: So the, so the business takeaway right away is the easiest route. Making it easy should be at the very top of the list. Maybe social proof is number one, and one A is making it easy. And the message we're, we're, we're, we're, we're trying to focus on here is even the order of the options you give someone, you know, no matter how logical or rational the decision is.

The ones that you put first, the ones that you make easiest to choose are going to be the ones that get more focused.

Richard Shotton: Yeah. What tends to happen, whether we want to change the behavior of other people, is most people default to thinking, how do I motivate my [00:18:00] audience to want to change? So it might be around saying, you know, the financial importance of of, of filling in time sheets promptly.

What OSHA would suggest though, is before you think of those things. Begin by trying to identify what is stopping people filling in their time sheets. What are the little barriers that administrative barriers people have to go through to fill in the time sheets? So maybe with, you know, our hypothetical time sheet system, people have to fill in a password, which is a mix of characters, numbers capital letters, non capital letters.

Maybe you think well rather do that, we could get fingerprint identification or you know, we, we could have. Pre-populated forms, or they could be one quick click one quick click through to filling the time sheet. Rather than, you know, 10 steps, it'd be focused on this removal of friction and effort rather than thinking straight away about appeal and motivation.[00:19:00]

MichaelAaron Flicker: It brings up examples where other companies have famously done this, and maybe one that our listeners have heard of is Google in their offices offers unlimited snacks and unlimited food. But a big change they did was they would move the healthiest food to be the easiest places to reach and more of the indulgent snacks.

The sodas go lower in the refrigerator, go higher up where you have to open up a bin. You know, there the candies get put in. Earthen colored, opaque colored jars where the healthy food is in transparent glasses and open containers. So even that little bit of friction of the less healthy food being a little bit harder to get to.

And the healthier options are the easier ones to get to. Yeah. We've seen lots of companies adopt that, and that leads to very good [00:20:00] results. Yeah. And, and if,

Richard Shotton: if any, listeners skeptical about whether that had an effect or not, there's a very similar study by Paul Rosen at the University of Pennsylvania where he looked at trying to encourage vegetable consumption.

So he works for the cafeteria. They randomize the setup. So one day you go in and you have to use tongs to get the broccoli or the green beans. Other times it'll be a big serving spoon. Sometimes the broccoli is right by you as you walk down the corridor. Other times he pushes it just six inches further away from you.

And what he finds is when people have the easy serving spoon and the vegetables are nearby. There's about eight to 15% increase in vegetable consumption so that, you know the example from Google. It is proven in very similar circumstances to be, to be very effective. Yet people [00:21:00] consistently are skeptical about the imports of friction, and because people are skeptical and because they don't.

Have the right calibration in their mind about the impact of friction. They tend not to think about it enough. They tend not to put enough effort into removing these little barriers.

MichaelAaron Flicker: You know, it's funny this may be a, a adjacent idea or a close cousin of what we're talking about. The very first time you and I sat in a room together, I remember a study that we went to and, I think it's Vermont, or it may be New Hampshire, and they're trying to increase organ donations. And the question is whether you have to check the box in order to become an organ donor. Or whether you have to uncheck or, or whether you have to check that you would not like to be an organ donor. Right.

They changed the default of what the check is for. Do you remember this study? This? Yeah. [00:22:00]

Richard Shotton: Oh, no, no. They sort So now this, this is, this is an interesting one because there's a bit of a nuance here. So yeah, there's a famous grant that's often. You'll see kind of retweeted or posted about. And the one I've seen, there might be a version with American states, but there's a European one, which looks at all the countries in Europe and whether they are opt in or opt out to the organ donor list.

And what you see is if countries are opt in, you get about five or 10% of the population enrolling if they are opt out. You are assumed to what give your organs away upon death unless you actively tell the state you don't want to. In that setting, you get about 95% of people on the organ donor list. So, so at first glance, it looks like this amazing piece of evidence for the power of make it easy, but there is a bit of a twist, which is yes, it boosts a number of people on the organ donor list, [00:23:00] but.

It doesn't increase the actual number of organs that the state collects. So, so what tends to happen certainly in Europe is if you are in a horrible situation, a relative has died in a car crash, and you are asked, is it okay to, for us doctors to take the organ, families are much more likely to say no. If it was opt out, rather opt in because they might say, well, look, my wife or my husband know, yes, they were on the organo list, but they never actively chose to build it.

You know, I don't know what their opinions were. I'm, I'm not happy for you to take the organs and no Western democracy is going to override the, the wishes of the, the nearest family. So in that setting, what you really need is active. Sign up. To kind of assuage the, the concern to the nearby family.

So I think that's a case where it gets one metric jumping [00:24:00] number of people in the organ don list, but it doesn't actually change the underlying metric which is needed, which is willingness to, to let your, let the organs for love on go.

MichaelAaron Flicker: I think it's, it's a lot. I had, I did not know the nuances there.

And that's super helpful to hear because even if we. Get the numbers right. Even if we can show more data, if it doesn't actually lead to more organs being donated, have we really achieved our end goal? Yeah. So we can guide and lead people. We can set up, you know, opt-outs versus opt-ins, but if doesn't actually get to the ultimate behavior change we want.

How successful was all the interventions on the web?

Richard Shotton: And if we go back to our time sheets example, if you make it easier for people to log into their time sheets. My hypothesis would be that will lead to far more people following it. However, let's say in a. A hypothetical company, you've actually got this large group of people who hate the company.

They're trying to bring it down from [00:25:00] the inside, encourage them to log in, won't change the problem because they are actively resentful of the need to, to fit in touch sheets. They'll probably push back it in other ways. So, so I think absolutely you've got to work out where the real friction point is.

MichaelAaron Flicker: So we've talked, that's super helpful to talk through. So we've talked about two big ones already. We have the idea of social proof and make it easy. These folks might have even guessed our long time listeners. Yeah, they might have even guessed. We might start there. The next one might be a little bit more of a surprise.

Richard Shotton: Yes. So I think. There are some situations where companies might think, well, let's encourage people to adopt a very specific behavior by offering them money. Now that can be effective, but there are some surprising [00:26:00] ways of maximizing the impact of cash incentives. And one of our, our previous guests origi, who's a behavioral economist at UCSD, has done some research into what he calls a regret lottery.

And this provides some counterintuitive ideas to make cash incentives as effective as possible. So he does this experiment with an unnamed training company. And the setup for this training company is the attendees. Will, some of them will drive to the office and if they do, so there is a $9 cost to the training company.

You know, they have to use someone else's car park. So the training company are trying to then encourage the attendees to get public transport. So what GaN suggests is randomizing the attendees into [00:27:00] four different groups. The first group, the control, get no message about why they shouldn't use public transport.

So they act as a benchmark. The second group are told, if you don't drive we will give you $5 per day. So that's kind of fixed reward. The third group are told, if you don't drive, we'll enter you into a $500 lottery. So these. These are all quite successful so far. If you offer people a $5 award, you get a 10% reduction in driving.

If you enter people into the lottery, you get an 18% reduction in car driving. Now, it's worth stressing here, is that because of the volume of people coming to the training course, that lottery also worked out as cheaper, so $500 was cheaper than giving every person $5. So [00:28:00] first insight from Ganzi is rather than jumping to giving people a fixed reward for adopting behavior, why not enter them into a lottery?

Give them an uncertain reward because people tend to be overconfident about their probability of winning. It tends to change behavior more effectively. But then the fourth and final group, and this is where it gets interesting, this is the counterintuitive bit. Ganzi says, well actually, before you jump to the straightforward lottery, why not try what he calls a regret lottery?

So standard lottery, if you partake in the desired behavior, you don't drive, you are then entered into the lottery and they'll pick one of the people who's behaved well, and they will then be told they're the winner. In a regret lottery, it's slightly different. Everyone, whether they have done the behavior that's desired or not done it, they are all entered into the lottery.[00:29:00]

A name is then pulled out. The person is told you have been pulled out. And then they check whether they have done the unwanted or wanted behavior. And if they haven't done the desire behavior, they haven't, in this case, used public transport. They're told, I'm sorry, you can't collect your prize. We're chucking your name away and we're gonna pull another name out, and that is the most effective of all the interventions there.

You've got this 26% reduction in car driving, and I think that is a costless tweak to the lottery approach that harnesses loss aversion to make people far more likely to behave in the way that they should.

MichaelAaron Flicker: The regular lottery was an 18% reduction. The regret lottery, a 26% reduction. That's eight points more.

Just by changing the way the lottery is one.

Richard Shotton: Yes, you're not giving away more cash. [00:30:00] What you are doing instead is letting people know that. If they don't behave in the proper way, there is a chance that they are with tantalizing distance of getting the price they're told they would've won, and then it's snatched away.

Whereas, of course, in the regular lottery, if I just drive in and can't be bothered, I'll never know whether I would've been the winner. My name's never put in the pot, so who would, who knows whether I would've won? It's this twist into making that loss much more salient, much more concrete. That's what drives that extra eight points of behavior change.

MichaelAaron Flicker: I, I think what you just highlighted is really the key for me. It's by creating an anticipation of regret, it motivates more people to comply. And this really takes advantage of another major insight in behavioral science called loss aversion, which is that humans. Prefer avoiding [00:31:00] losses over acquiring an equivalent gain.

We talked about this in previous episodes, popularized by Daniel Kahneman and Amos Dki. They found that. The pain of a loss is felt more intensely than the pleasure of an equal gain. In fact, they've showed that you would need almost double the gain to offset a loss. Meaning if you were going to lose $10, you would have to gain almost $20 to offset the pain of the potential loss of 10.

So there's really this innate human. Fear of losing out that this, this aversion to loss that's very strong in all of us.

Richard Shotton: Absolutely. And by harnessing that you don't have to spend any more money as a company. You give people the same financial prize, but by changing the kind of [00:32:00] psychological impact that goes around that prize, you get a very different result.

So there's one element which is use a lottery over a. Fixed reward. But then I think more interestingly, more surprising to everyone listening is consider using the regret lottery over the standard lottery.

MichaelAaron Flicker: So for those that would like to hear more about this, Ori spoke about this in episode 78. We'll put it in the show notes.

People can go and click on it. But what strikes me, Richard, is that for this to really work for Regret lottery to be effective. The creative that you use for people to know about this really has to be clear. And so I don't know exactly how he did it in the study, but just talking about it now, you would almost have to say, congratulation here is your entry into the lottery.

You know, like your intro, your entered into the lottery. But only those that don't park have a chance to [00:33:00] win at three o'clock, we're pulling the ticket. Make sure that you can claim your $500 prize by not parking in the parking lot and using public transportation today. Am I on the right? Am I in the right road?

Yeah, absolutely. If you don't advertise it, it's not gonna work. You have to advertise it correctly,

Richard Shotton: and I think this is one of the reasons why we've got it in this episode about internal behavior change. Rather than a discussion about consumers, it does require a little bit of explanation, but if you've got attendees coming to a training session, or you've got employees, you have the ability to talk to them in more depth.

Than a consumer and a consumer, you've gotta win their attention. And it's very hard, and you'll just get a second or two With an employee, there's a bit more of an expectation that they will read the messaging of the CEO or they will listen to what HR say. Now they're not, don't push that too far. They might ignore you sometimes.

There's certainly gonna be more engagement. So I, I think the [00:34:00] necessity for explanation of the regret lottery means it's probably generally better used. On internal employees than external customers.

MichaelAaron Flicker: So, and so this is a way that you can run a, a lottery and, and supercharge the output by making a regret lottery.

One thing you said when you were going through that was importantly, a $500 lottery was less expensive than giving every person $5. So not only was it more. Impactful. It actually costs the company less overall. 'cause it's only one $500 prize rather than every person getting a $5 voucher.

Richard Shotton: Yeah, exactly.

Exactly. And I think that's quite important because if you don't emphasize that, people might think, well, wait a minute, $500 is bigger than $5. Therefore, of course the company spends more money, they'll change behavior, behavior more effectively. But actually, [00:35:00] because not everyone. Got the lottery prize, it was actually cheaper in terms of expenses for the company than giving a fixed $5 award in this setting.

MichaelAaron Flicker: So it's a win-win on both sides. So as we go to our final insight here, we have we have one more that can help make sure we don't jump to cash incentives too quickly.

Richard Shotton: Yes, exactly. There. I think it's a tendency in companies to think that the best way to motivate employees is to use cash incentives. There's a wonderful study from 1995 by Kaplan Education Center and they get lots of lawyers who are about to join the profession, and they ask them two questions.

Why do you wanna join the profession? And why do you think your peers on the university course want to join the profession? [00:36:00] And when people ask answer about themselves, the most popular answer is the intellectual challenge. The you know, the the, the kind of how, how interesting this, this topic, this topic and career is gonna be when they answer for other people.

They say something very differently. They say, oh, I think though most of my peers who are joining, they're motivated. Their key motivation is the cash, the good salary, intellectual stimulation is far, far lower. So the, the study here, and there's similar ones by the University of Chicago, suggests people think they are joining for intellectual challenge.

They think other people are joining for cash. Now, if you are a manager at a company and you think. The main reason people are motivated with cash, you'll jump to that solution far too quickly. But actually creating a sense [00:37:00] of purpose and value to people's work is something you should start with first.

So there's a wonderful study from Dan Ley who we've interviewed previously and lic, and it's a 2008 study and what they do. They ask people to build Lego toys, and the first toy that the participant builds, they get $2. The second toy they build, they get $1 89, the third, $1 78, and so on and so forth.

Every next toy gets 11 cents less. They have a fixed amount of time to try and build as many as possible. The twist in the experiment is some people build the toys. They put them on a shelf and then they build another and they can see their work accumulating in front of them. Those people are told when you finish, we will disassemble the toys and we'll give the pieces to the the next participant, but they get to see their work growing in front of them.[00:38:00]

The second group get the same financial incentive. They have to build the same amount of, or they have to build as many toys as they can. But this time, once they've finished the toy, they're given the parts for the next toy. And in front of them, the researcher dismantles the toy. They've just built key thing, evil.

He's evil. This, I mean, you've got, you've gotta, we should have asked Dan about where this one came up from. In his, in his mind, there is an evilness to this one. So the work is shown to be completely. Pointless and people are seeing their work being dismantled in front of them. And what AIAN pre find is that the amount of toys Bill varies massively between the two groups.

So first group who see their work growing in scale, they build 10.6 toys on average. The second group who have the toys dismantled in front of them, they bill just 7.2. To put that another [00:39:00] way, people who see the purpose and value of their work, they will build 47% more toys than the people in this slightly phe, pointless setup.

MichaelAaron Flicker: It's a shocking. A shocking difference in the output, but innately, if you don't, if you see your work being taken apart as you are trying to do the next one, you just can feel how that would be defeating. You could feel how it would get in the way of your motivation to keep going.

Richard Shotton: Yeah, it's always like a.

A shorthand for, for demotivating, you know, getting prisoners to dig holes and then fill them in again. I mean, I think that's probably where the, the inspiration came from. But why I love this study is when we talk about perks at work. We often think about really extreme types of purpose. You know, the a and e doctor who is saving [00:40:00] a, a car crash, a victim's life by their amazing surgery, or the teacher, an inner city school who inspires someone into a love of English, you know, they are, they are very extreme versions of purpose.

What this study shows. Is that even a modicum of purpose, even this tiny sliver of meaning, you know, actually seeing your work build up in front of you, that can increase motivation. So I think the outtake for employers is one, to think that people are more motivated by the purpose of their work than cash.

And then second, or than we think, and then secondly, the purpose that you imbue. The task that you are trying to encourage, it doesn't have to be grandiose. Just giving people a simple explanation to some of the value can boost that, that uptake of work.

MichaelAaron Flicker: It's what comes to mind for me is Daniel Pink wrote a book called Drive, and he [00:41:00] has these three interconnected circles autonomy, mastery, and purpose.

And when those things are all being filled those are more important to white collar workers than pay alone. And, and so you are using the term purpose in Dan Pink's model. It may be mastery that they're seeing that, that their input, that their effort. Is building visually on the shelf. And so I think, you know, different models call things slightly different things, but to me, that idea that they had purpose and then they saw the building effect of the mastery of what they were doing, growing to me feels like that's what.

You're taking away through the researcher, taking it apart. And what we maybe do unintentionally so often in companies is we don't let people see their wins build up. We don't let people feel the achievement grow. And that could be very defeating, especially for white collar workers.

Richard Shotton: Yeah, I I, I was thinking for the time sheet, [00:42:00] we're just using the time sheet as.

You know, a a, a simple demonstration of some of these principles. It's not the only way you can use them. I was kind of thinking often in companies you get dictatorial, authoritarian middle managers telling their team, you've got to do it. It's a mandate from on high. What would be better is just a sentence or two of explaining the why this task is so important, and that I think would be enough to tap into some of this principle.

There are more creative ways, of course, that you can do this. There's some lovely work by Adam Grant who showed that if you wanted to motivate call center staff to generate more alumni donations, one of the best ways to do it. Was to bring in a previous recipient of a grant into the call center to explain what a difference it made to their life.

Now they're not. Surgeons, they're not pilots in the army. They're not inspirational in the city of teachers. But even in that [00:43:00] kind of call center setting, seeing that your work has meaning and can really affect someone's life and hearing it directly from the beneficiary, that had a huge impact on the amount of donations.

People managed to, to generate. Yeah.

MichaelAaron Flicker: That to me speaks directly to purpose. I love that connection because you just see why as a call center employee, what you are doing really can, can make a big difference. Yeah. These are lovely examples. I think the watch out for us is to make is for if you seeking behavior change internally in your company, how are you thinking about.

What else is surrounding the request that might be demotivating or might be hindering? People's want to continue to to participate in that behavior that you're seeking. Excellent, excellent.

And so, yeah. That brings us to the end of this [00:44:00] very interesting conversation, Richard. We went through four studies. Do you wanna just quickly sum up for us the four major topics that we hit? Yeah,

Richard Shotton: so the first thing we talked about was social proof, but in particular avoiding negative social proof. And what we mean by that is do not fall for the, the tactic of.

Emphasizing the scale of the problem. If you tell your employees that lots of them are misbehaving, the evidence from Hilde and others is that you'll make the situation worse. So what you wanna be doing is honestly emphasizing the, either the, the volume of positive behavior, the growing number. People behaving positively or discreetly telling the worst performers how they are performing worse than their peers.

So lots of different solutions there. We then talked about the key principle of make it Easy. We talked about the oshan experiment with doctors in which the tiny removal of [00:45:00] three or four seconds of effort radically increased the prescription rates for generics over branded. The argument there was if a rational group, like doctors who define themselves as being evidence based decision makers, if they can be really influenced by the removal of tiny little barriers, it's certainly gonna occur amongst markers.

Third point we talked about was how do you maximize the impact of cash incentives? And we talked about the GANZI study, which firstly suggested that. Often uncertain rewards like a lottery can beat fixed rewards. And more counterintuitively, this lovely idea from ESI that a regret lottery can be even more effective than a standpoint.

So a costless intervention it's just as expensive to do a regret lottery as a normal lottery. This costless change can boost the impact of that, of that money. [00:46:00] And then finally, we talked about. The misconception many of us have, we recognize we are driven by concerns like interest and intellectual contribution, but we think other people are driven just by money.

It's not that I'm naive in saying money is is unimportant, but we overestimate its role and other people. So before you think about giving people cash incentives, make sure that the first thing you've done is make them realize the value, the role, the purpose of the work they're doing. Do that first and then follow with with cash incentives.

Those are the big four things we discussed.

MichaelAaron Flicker: As always, we will take the studies and the show notes. It will be on our website, the consumer behavior lab.com, and. If you found today's episode interesting. If you had questions, if you wanted to discuss anything, please connect with [00:47:00] us over LinkedIn. If you saw, if you thought that something that we talked about today would be interesting to others, please share what you heard.

And we're always on the hunt for questions for us to cover on the podcast for recommendations on brands that you'd like to hear more about. So feel free to reach out to Richard and I. And until next time, I'm MichaelAaron Flicker.

Richard Shotton: And I'm Richard Shotton.

MichaelAaron Flicker: Thanks so much for listening.

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