Extended Abstract: Repeated Praise – Evidence From A Field Experiment

Praising employees is a well-established norm in management and, although widely used by employers to motivate workers, the exact effects on effort and performance remain unclear. A growing body of experimental research provides evidence for an effect of recognition on performance (Stajkovic and Luthans, 2003; Gino and Grant, 2010; Kosfeld and Neckermann, 2011; Anderson et al., 2013; Ashraf et al., 2014; Lourenco, 2015; Bradler et al., 2016; Gallus, 2016; Gubler et al., 2016;).

However, existing evidence is mostly focused on short-run outcomes, confined to workers performing simple and repetitive tasks, speculative about competing mechanisms and virtually non-existent when it comes to the effects of repeated recognition in the field. I contribute to this body of literature by designing a large scale field experiment in which I (1) study the long-run effects of recognition in the field, (2) investigate the interplay between announced, un-announced and repeated recognition, (3) for employees who perform cognitively complex tasks and I (4) exploit a dynamic treatment design that sheds light on some of the competing theoretical mechanisms.

A number of mechanisms have been put forward to explain changes in the performance of employees due to recognition. Praise can send a signal which is informative about the social norm on performance expected in the work place, such that information about relative performance induces higher (lower) effort levels from bottom (top) performers in order to move closer to the newly learned performance norm (Bernheim, 1994; Silwka, 2007; Fischer and Huddart, 2008; Chen et. Al., 2010; Bradler et. al., 2016). On the other hand, status awards such as praise or job titles motivate workers to increase effort (Besley and Ghatak, 2008). Providing recognition activates reputation concerns on the side of the worker, or engages them in a status contest in anticipation of future praise (Moldovanu et al., 2007).

A third competing mechanism works through the motivation of employees. Benabou and Tirole (2003) show how an agent uninformed of his own ability can get (de)motivated if the principal's actions signal her true ability. Crutzen, Swank and Visser (2013) show that by sending a message about relative performance, the principal faces a trade-off between boosting the self-image of some employees, while hurting that of others. This is in line with ample evidence from the psychology literature on how workers use appraisals as a source of information to gain more accurate self-knowledge (Felson, 1993; Baumeister, 1998). Ashraf (2018) shows that the motivation effect depends on both the worker's prior estimation of their relative performance, and the shape of their marginal utility function. An in depth-understanding of how praise impacts performance is necessary in order to re-conciliate the numerous theoretical positions and provide policy relevant implications for employers and firms.

I set-up a randomized intervention in which top-performing employees are repeatedly praised based on their performance. In a sample of 900 teachers in 39 Romanian schools, I rank teachers based on teacher value added (TVA). Chetty et al. (2014b) show that TVA is an unbiased estimator of teacher impact on student achievement, with large and long-lasting effects on student life-long achievement. Pope (2015) finds that better student performance due to an increase in TVA is not a result of teaching to the test, making it a good measure for real learning gains.

Teachers are ranked on TVA, within their own subject, across all schools. The 25% best teachers within each subject qualify for being praised. In a random half of these schools, using the school messaging platform, the platform managers publicly praise these teachers. The platform is regularly used by all staff, students and parents. The intervention is repeated at regular intervals through the remainder of

the academic year. I study the (repeated) effect of the intervention on student grades, student attendance, and student performance on standardized exams which are graded anonymously.

I find that when recognition is unannounced and unanticipated, non-recipients in the treatment group decrease performance, while recipients increase it. The TVA of a non-praised teacher in the treatment group is 0.31 of a standard deviation less than that of a bottom-performing teacher in the control group. On the other hand, the TVA of a praised teacher is 0.23 of a standard deviation higher than that of a top-performer in the control group. The effects are large and economically significant. Teachers in the treatment group do not change the frequency with which they record grades. Attrition level is nearly zero, and there is no evidence that teachers in the treated schools change jobs, nor that the class composition changes as a response to the treatment.

In the treated group, performance changes do not vary with the distance from the recognition threshold, confirming that teachers do not know their rank. The results show that teachers have status concerns and learn about their relative performance through praise. As such, a teacher becomes more motivated if she finds that she is doing better than initially thought, and vice-versa. This is in line with a convex marginal status utility function: the marginal utility from an additional unit of effort is higher (lower) than the marginal cost, if the teacher learns that she is doing better (worse) than she initially thought.

Critics of providing rewards such as praise argue that employees might try to ingratiate themselves to managers, without necessarily increasing effort on the task. This in turn relates to a large body of literature arguing that once incentives or monitoring are conditioned on a performance measure, the said measure ceases to be effective. This concern arises if the performance measure can be manipulated by employees. Since teachers grade their own students, being praised on TVA can incentivize gaming on the side of the teachers.

I use results on standardized exams anonymously graded for a subset of final year students to test whether teachers respond to praise by increasing effort, or if they simply "cheat" by grading more leniently and artificially increase TVA in class. The results indicate that TVA does not become a poorer predictor of exam performance in the treatment group. Additionally, students whose teachers were repeatedly praised significantly increase performance on the final exams, equivalent to 0.36 of a standard deviation. This is consistent with real learning gains as a result of the intervention. I use these findings to assess the overall long-term effetcs of praising employees, and to provide policy implications.