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MOTIVATION

Hold That Award

Organizations commonly use awards to incentivize desired behaviors, sometimes announcing prizes *prospectively* for anyone who meets certain criteria going forward, other times bestowing them *retrospectively,* as a surprise. Researchers set out to compare the effectiveness of the two approaches—with sobering results.

The research team conducted a field experiment across 14 school districts in California. It identified 15,329 middle- and high-school students who had achieved perfect attendance in at least one month in the fall and divided them into three groups. The following January, students in the first group received a letter saying they would earn an award if they missed no days in February. Students in the second group got a letter saying they had earned an award for perfect attendance during a fall month. The third group served as a control. Attendance records for February showed that students in the prospective group had the same absentee rate as students in the control group—and students in the retrospective group missed 8% *more* days of school than everyone else.

A follow-up experiment provided an explanation for these findings, which took the researchers by surprise. The use of awards may have inadvertently indicated that the desired behavior—perfect attendance—was neither the norm nor really expected, and the retrospective awards signaled that recipients had already exceeded expectations, thus giving them license to miss more school. "[Our results] provide an important cautionary note for the myriad organizations and leaders using awards," the researchers write. "Awards are relatively cheap, easy to implement in institutions, and appear harmless. We find that [they] can have more complicated consequences than might be intuitively expected."

ABOUT THE RESEARCH *"The Demotivating Effect (and Unintended Message) of Awards," by Carly D. Robinson et al.* (Organizational Behavior and Human Decision Processes, *forthcoming)*

RETAIL

The Costs of Last-Minute Scheduling

Labor is a significant part of the cost structure of service businesses, and especially in retail and food services, having just enough (but not too many) employees on hand is key to balancing customer service and profitability. As companies try to strike that balance, however, employees often suffer: Many firms use "just in time" staffing models that make schedules unpredictable, disrupting child care needs, commuting patterns, and personal lives. After critical media coverage of the practice, several cities and one state (Oregon) passed laws requiring firms to give workers advance notice of their schedules.

A new study finds another reason to avoid last-minute scheduling: It hurts the bottom line. Researchers studied 1.4 million transactions that took place at 25 locations of a casual restaurant chain during nine months in 2016. The data included information on which server handled each transaction and how much advance notice he or she had been given about the day's schedule. The chain generally set schedules a week in advance, but it also used "short notice" scheduling (asking people a couple of days ahead of time to work different hours) and "real time" scheduling (changing people's hours during the shift in question, typically by having them stay longer).

Short-notice changes had no effect on servers' transactions, but real-time changes hurt revenue: Checks for parties handled by servers who'd been asked to

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THE BLOCKCHAIN BUBBLE

Investors react positively right after public firms disclose potential forays into blockchain technology—but the gains are mostly reversed over the subsequent 30 days.

"Riding the Blockchain Mania: Public Firms' Speculative 8-K Disclosures," by Stephanie F. Cheng et al.

stay later dropped by 4.4%, on average. The researchers believe that occurred because servers reduced the effort spent on upselling and cross-selling additional menu items (the research team controlled for worker fatigue). The drop was more pronounced on weekends, and lesser-skilled servers had the sharpest declines. "A shift away from the heavy use of real-time schedules...not only creates more predictable work schedules... but also can improve the expected profit by up to 1%," the researchers estimate.

ABOUT THE RESEARCH *"Call to Duty: Just-in-Time Scheduling in a Restaurant Chain," by Masoud Kamalahmadi, Qiuping Yu, and Yong-Pin Zhou (working paper)*

COMMUNICATION

Nice Negotiators Finish Last

When entering into a bargaining situation, people must make a fundamental choice: whether to act friendly or tough, other things being equal. The existing body of research is of little help, offering conflicting advice and failing to isolate communication styles from economic bargaining behaviors—but now a series of experiments provides some guidance.

In a field experiment, the researchers sent emails from a fictitious gender-neutral buyer to 775 people looking to sell smartphones via Craigslist. In each, "Riley Johnson" offered to buy the phone for 80% of the asking price. Half the emails took a friendly tone (for example, "Please let me know by tomorrow if the price is OK for you—and thank you so much for your time and consideration"), and half took a forceful one ("Let me know by tomorrow if the price is OK for you or else I'll move on"). Sellers were more likely to accept the initial offer when the tone was firm and to counteroffer when the tone was friendly. The firm messages got more outright rejections, but the friendly ones were more likely to be ignored—the least-desirable outcome, because it leaves no room to try again. And among sellers willing to grant a discount, the amount was larger when "Riley's" tone was firm than when it was friendly.

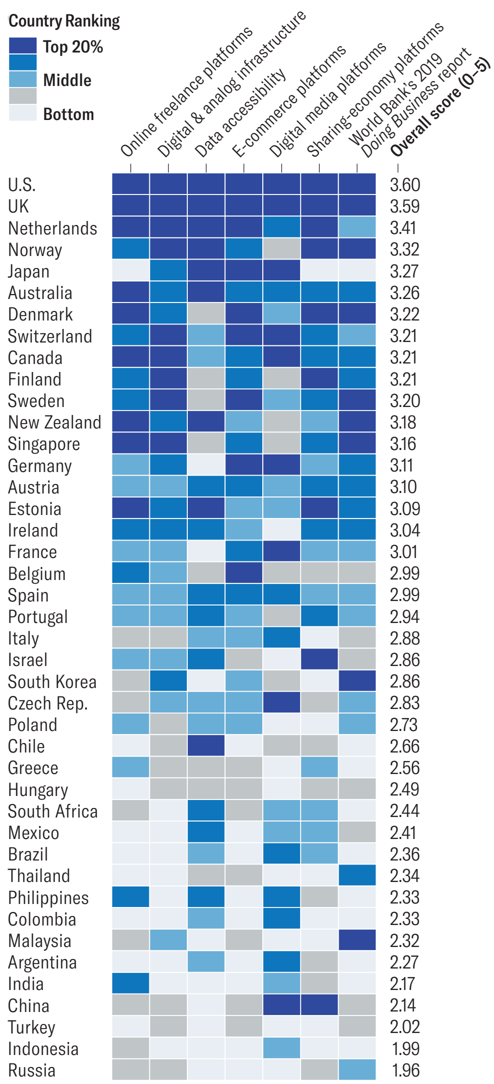
In a subsequent lab experiment involving 140 participants negotiating a purchase online, warm and friendly negotiators paid 15% more, on average, for the same item than tough and firm negotiators did. That happened because sellers made more-aggressive initial counteroffers to, and won more concessions from, friendly-sounding buyers, perhaps because they saw them as being low in dominance. And more time was needed to reach an agreement when the buyer's tone was friendly. "The conflict between coming across as warm and friendly versus tough and firm is a common struggle," the researchers write. "The evidence suggests that negotiators could save effort, achieve better economic outcomes, and experience greater satisfaction by toughening up."

ABOUT THE RESEARCH *"Communicating with Warmth in Distributive Negotiations Is Surprisingly Counterproductive," by Martha Jeong et al.* (Management Science, *forthcoming*)

GLOBAL BUSINESS

Where Does Digital Thrive?

The scorecard below shows how 42 countries stack up on various indicators of the ease—or difficulty—of doing business for companies with digital platforms at their core.



Source: Digital Planet research initiative, The Fletcher School at Tufts University