

Title: Payoff: The Hidden Logic That Shapes our Motivations Author: Dan Ariely Date: 2017-05-11 21:12:41 Dp: 13815 Status: published Image: /img/header-15.jpg

Following are my quotes from the book.

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In the “acknowledged” condition, participants stopped when the pay rate fell to around 15 cents—indicating that doing more was not worth their time. In contrast, participants in the “shredded” condition stopped working far earlier, at about 29 cents. These results show that when we are acknowledged for our work, we are willing to work harder for less pay, and when we are not acknowledged, we lose much of our motivation. (p. 19)

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From the perspective of the factory owner in the Industrial Revolution, this approach of breaking tasks into components and letting people specialize in their specific tasks, bit by bit and hour after hour, yielded a lot of efficiency gains. But from the workers’ point of view, this approach meant that they were nothing more than cogs in a wheel. They were working only to earn a wage, with no real sense of how their tasks fit into the big picture. (p. 21)

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“This is important,” I told the engineers, “because if your CEO is working according to his intuition and not data, and if his intuition is the same as that of the participants in our consultant experiment, this means that he may be systematically underestimating the importance of meaning at work. (p. 24)

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It turned out that the builders were willing to pay five times more for their handmade creations than the buyers were. (p. 32)

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To think about this question, consider the greatest customization project of all—raising our own kids. Sumi and I are the parents of two incredibly adorable, intelligent, beautiful, and talented children (if we do say so ourselves) whom we love more than we ever imagined possible. Like all doting parents, we have spent endless sleepless nights and seen many a sunrise from the wrong side of the morning. We have changed our kids’ diapers; succored them through sickness; dealt with their temper tantrums; splashed with them in rivers and oceans; put them to bed; fed them; driven them to school; helped them with homework; attended their soccer games, school performances, and countless birthday parties; placed Band-Aids on their skinned knees; and put money into their college funds. These labors of parenting are often challenging and sometimes unpleasant, but we are motivated to do them because of our enormous personal investment in our kids. When we look into their eyes and hear their

laughter, we see purer and more adorable versions of ourselves. In short, we're heavily invested in our children in all kinds of ways—emotionally, financially, and with a deep sense of legacy that inherently extends beyond our life spans. (p. 38)

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similar degree. But here was the surprise: the pizza voucher boosted productivity by 6.7 percent, almost identical to the 6.6 percent boost from the verbal reward. Of the three incentives, cash performed the worst, coming in slightly behind at 4.9 percent. (p. 47)

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resulted in a higher pay (the bonus) and a 6.5 percent drop in performance compared with no incentive at all. (p. 47)

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“Look,” we said, “you thought that the monetary bonus would boost performance. But the data show that performance actually declined. You ended up paying a bonus and getting worse performance. Clearly, your intuitions about bonuses are not exactly on target. Why not let us test the effect of monetary bonuses throughout the company, including the bonuses for top management?” As you might have guessed, the executives had no interest in this research path. (p. 48)

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In short, these findings suggest that when we are in the midst of a task, we focus on the inherent joy of the task, but when we think about the same task in advance, we overfocus on the extrinsic motivators, such as payment and bonuses. This is why we are not good predictors of what will motivate us and what will crush our motivation. (p. 50)

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This inability to intuit what will make us happy at work is sad. If you are a new college graduate considering your options, you might go for the high-paying job at a bank instead of pursuing your dream career as a jazz musician. Certainly, you will be able to afford more stuff and a nicer apartment if you take the bank job, but as you mull over these two options, are you overestimating the extrinsic motivators and underestimating the intrinsic joy of work? (p. 50)

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This example illustrates that when we are motivated by social considerations, adding money to the mix can decrease the overall motivation and goodwill. Take dating, for example: A guy takes a girl out for dinner, a movie, and drinks, and he pays the bills. As they walk to her apartment, he thinks about his chances of getting a passionate good-night kiss, and just before leaning to kiss her, he casually mentions how much this evening has cost him. (p. 51)

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But in an era in which knowledge work is prized and creativity arguably matters far more than efficiency, Marx’s view on alienation, connection, and control should be baked more directly into the DNA of modern organizations. To me, the lesson from our research on motivation seems very clear. As we become meaningfully engaged with our work, we become both happier and more productive—a win-win situation if there ever was one. (p. 57)

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In setting up the point system this way, the designers of this incentive system (no doubt having nothing but good intentions) chase away the most important ingredients of the uncountable dimension: basic trust and goodwill. From the earliest stages of development, we learn that we can earn trust and goodwill by extending the same thing to our parents and others. If we smile, they smile; if we offer them some of our soggy animal cookie, they give us a crisper animal cookie. As adults, when we buy something on credit, the creditor is extending goodwill to us, and, in return, we pay the bill on time. (p. 58)

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As the compliment condition at Intel and our other experiments on social norms show, my thanks, hug, and our family dinner would make all the difference in your feelings of current and future engagement. The bonus, however, would put a numerical value on something that wasn’t countable to begin with: your commitment. And while you might appreciate the cash, the next time I ask you to help me with a deadline, you will most likely ask “How much?” (p. 59)

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At Intel, for example, we saw how paying people bonuses, in a shortsighted way, killed their motivation. Instead of understanding the crucial importance of human connection, companies create rules and lists of punishments. But these approaches only work in the short-term and only when we are able to specify all of the exact potential outcomes. (p. 63)

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In 1899, a man named Reuben John Smith had himself entombed sitting on a brand-new leather chair with a checkerboard in his lap (and the key to the tomb in his pocket). In 2005, a Manhattan lawyer named John Jacobs was

buried with his active cell phone so that his wife could call him.<sup>22</sup> And when a California socialite named Sandra Ilene West died in 1977, she was interred dressed in a lace nightgown, in her 1964 Ferrari. (p. 65)