

LIFE DESIGN - CARROTS AND STICKS: THE SEVEN DEADLY FLAWS

1. They can extinguish intrinsic motivation.

2. They can diminish performance.

3. They can crush creativity.

School of the Art Institute of Chicago

(Teresa Amabile, Harvard Business School)

4. They can crowd out good behavior.

Richard Titmuss (British sociologist)

Blood center in Gothenburg, found 153 women interested in giving blood, and divided them into three groups:

1. The first group was told that blood donation was voluntary.
2. The second group was told they'd each receive 50 Swedish Kronor (about \$7).
3. The third group received a variation on the second offer: a 50 – donor payment with an immediate option to donate the amount to a children's cancer charity.

5. They can encourage cheating, shortcuts, and unethical behavior.

Goals that people set for themselves and that they are devoted to attaining mastery are usually healthy. But goals imposed by others – sales targets, quarterly returns, standardized test scores, and so on – can sometimes have dangerous side effects.

The examples are legion: Sears, Enron, Ford

6. They can become addictive.

Anton Suvorov (Russian economist)

“Principal-agent theory”

Brian Knutson, (Stanford University)

7. They can foster short-term thinking.

In environments where extrinsic rewards are most salient, many people work only to the point that triggers the reward – and no further.