

## Awards, honours, and ribbons: Between fame and shame

Bruno S Frey, Jana Gallus 11 March 2015

*Official awards are common in both monarchies and republics. Awards are bestowed not just by the state and the military, but also by cultural associations, academic institutions, and corporations. This column surveys the academic literature on the use of awards and their effect on motivation and performance. The authors argue that awards are a welcome means of honouring dedication and commitment. They delight their winners, motivate high performance, create role models – and come at low or even no cost.*



**Bruno S Frey**  
Emeritus Professor, University of Zurich



**Jana Gallus**  
Postdoctoral Researcher in the Department of Economics, University of Zurich

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For Frenchmen, the *Légion d'honneur* remains a most coveted award, even if this order, with its roots in the Napoleonic era, seems somewhat misplaced in the modern, proud *République Française*. Its bestowal is a great media event, yet not always for the reasons intended by its Grand Master, the President of France. For instance, Thomas Piketty's rejection of the honour provided welcome fodder for national and international media to inaugurate the year 2015. His snub drew more attention than all the other honours conferred, making it a valuable move at times where attention is among the scarcest resources.

Yet even among those who ridicule awards, an astonishing number rejoices when being presented with one. As the famous composer and pianist Johannes Brahms (1833–1897) conceded, “Orden sind mir Wurscht, aber haben will ich sie” (“I don't care about orders, but I do want to possess them”, authors' translation). This desire for distinction is one potential explanation for why orders are still so widely used.

### The prevalence of awards around the world

Citizens of the US proudly consider themselves devout fighters against the monarchy, yet they celebrate an enormous amount of orders and decorations. The military, for instance, receives *Purple Hearts* and *Silver Stars*. The highest distinction is the *Medal of Honor*, normally presented by the President in the name of Congress. The US Congress itself bestows the *Congressional Gold Medal*, which is the highest civilian award besides the *Presidential Medal of Freedom*.

In the UK, the Queen bequeaths the *Order of the British Empire*, and a large number of citizens proudly bear the title Sir or even Lord. The *Order of the Garter* is well-known, but there exist a wealth of other orders and medals.

The President of the Federal Republic of Germany, too, regularly bestows orders and decorations, such as notably the *Order of Merit of the Federal Republic of Germany*. Only a few people, mostly the award holders themselves, know that there are no less than eight grades. Hence there is always the possibility of receiving a higher honour.

Switzerland constitutes the grand exception to the rule. Its federal law forbids public authorities to receive foreign orders. The so-called “Ordensverbot” (ban on orders) was even anchored in the Swiss federal Constitution of 1848 (article 12) until the year 2000. The ban was highly debated in the 19th century. One of the most well-known politicians, Gustave Ador, had to resign his office as Federal Councillor (i.e. as a member of the central government) because he had accepted the *Cordon de Grand Officier de la légion d'honneur*. The regulation also applies to the military. Swiss “Generals” (“Oberstkorpskommandanten”, “Oberstdivisionäre”, “Oberstbrigadiers”) have to meet their foreign colleagues with bare chests. Only recently was this principle amended. Military personnel receiving awards in peace missions may now carry them on their uniforms. This naturally creates peculiarities when lower-ranked officers with their decorated chests stand in front of quasi-naked but high-ranking military officers.

As the example illustrates, awards have asserted themselves in Switzerland, notwithstanding the ban on orders. And even before these recent changes, a staggering number of awards had been bestowed on the level of cantons and in a great range of organisations, from the cultural to the humanitarian sectors. Artists and sportspersons almost drown in the flood of awards they can contend for. Roger Federer, one of the most renowned Swiss exponents in the world of sports, has at multiple times been made *Sportsperson of the Year*. So often that he did not even show up at

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several of the ceremonies.

Academia is another field where awards are much used, several of them being highly coveted. Even more surprising is the high number of awards in the business sector. Leading global corporations such as McDonalds, Volkswagen, or IBM use awards to reward their employees. Such honours patently confer considerable prestige inside and outside the boundaries of the respective firm. Top management employs them as a central component of their motivation and retention strategies. This latter aspect, the bonding effect, reverts back to the roots of awards. Orders used to be employed by their givers mainly to secure the recipient's loyalty. As a matter of fact, the term itself originally referred to an order as a select group of men, rather than the wearable insignia most people associate the term with nowadays.

### Academic research on awards

There is a field of research devoted to the study of orders, decorations, and medals, called phaleristics (Hieronymussen 1966, Měřička 1976). It focuses mainly on the history and insignia of particular orders, exploring for instance the foundation and spread of the *Orde van het Gulden Vlies* (*Order of the Golden Fleece*). In the social sciences, awards have remained mostly a subject of light discussion rather than one of earnest research. Sociologists are an exception (e.g. Bourdieu 1979, 1985, Goode 1978). Only recently have the effects of this widely used reward system become part of empirical analysis. Questions to be analysed abound. Do awards merely crown those who are already successful, or do they further raise their recipients' motivation and performance? Can awards have any effect even if they are purely symbolic? What impact do they have on non-recipients? Do awards provide motivation to emulate the behaviour deemed exemplary, or do they demotivate and provoke envy? These are just some of the questions worth investigating. First results have been put forth by the emerging economic literature on awards. The findings at first sight offer a contradictory picture, however.

A study by Malmendier and Tate (2009), for instance, reaches the unexpected result that CEOs who are made "Best Managers" or receive other coveted titles by the business press thereafter exert less effort for their firm. They start spending their time on image-boosting activities such as writing books, while still demanding higher compensation. The awards apparently interfere with the principal-agent relationship and are shown to harm the respective firms' performance (see also Wade et al. 2006).

In our own research on awards in academia, however, we find positive effects on the desired performance dimensions. The American Economic Association regularly honours "that American economist under the age of forty who is judged to have made the most significant contribution to economic thought and knowledge" with the prestigious *John Bates Clark Medal*. The medal was awarded biannually from 1947 to 2009 and annually ever since. A considerable fraction of its winners have subsequently been awarded the Nobel Prize (12 out of 36). Using the synthetic control method to construct a control group, we find that five years after award receipt, medallists have published 13% more quality-weighted publications compared to the counterfactual scenario of no award receipt. By then, the number of citations to papers they had published before the award has increased by 50% compared to the counterfactual (Chan et al. 2014). Our analysis of the much-appreciated *Fellowship of the Econometric Society* yields similar results. We see considerably higher productivity (proxied by weighted publications) and attention (citations) for the award recipients' work.

Other studies of ours more directly consider the motivational effects of awards on performance, ruling out the possibility that award recipients' performance is simply increased by external factors (e.g. more and better co-authors, in line with Merton's 1968 'Matthew effect'). Neckermann et al. (2014) study an award given to employees in a call centre for their social activities, such as helping a colleague. This award, accompanied by a sum of \$150, is found to increase performance also on core duties, which it is not given for. In a large-scale natural field experiment on voluntary contributions to a public good, Gallus (2015) finds that even purely symbolic awards have a substantive and statistically highly significant effect on performance. The award is shown to increase the volunteer retention rate by no less than 25% in the following month. We discuss further results from the empirical awards literature in a new paper, which analyses awards from a strategic management perspective (Gallus and Frey 2015).

### The future of awards

The future development of both the awards literature and the award-giving practices in the field promises to yield interesting insights. Will there be ever more awards, or have we already reached a saturation point in most fields such that new awards are of close to no interest? Does this saturation prompt the establishment of negative awards, based on shaming, since these are relatively more likely to attract attention? This would be akin to the award rejections discussed, which seemingly generate more interest than the actual award receipt.

We conjecture that this form of recognition is to become still more important. Yet the degree of differentiation will further increase. Already today, the sky is not the limit. Nobel Laureates instantly notice that there is a super category of scientists – including one female scientist, Marie Curie – who have received two Nobel Prizes. Seen as an alternative to monetary bonus payments (Frey 2007), which have contributed to the explosion of managerial pay, awards are a most welcome means for honouring dedication and commitment. They delight their winners, motivate high performance,

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