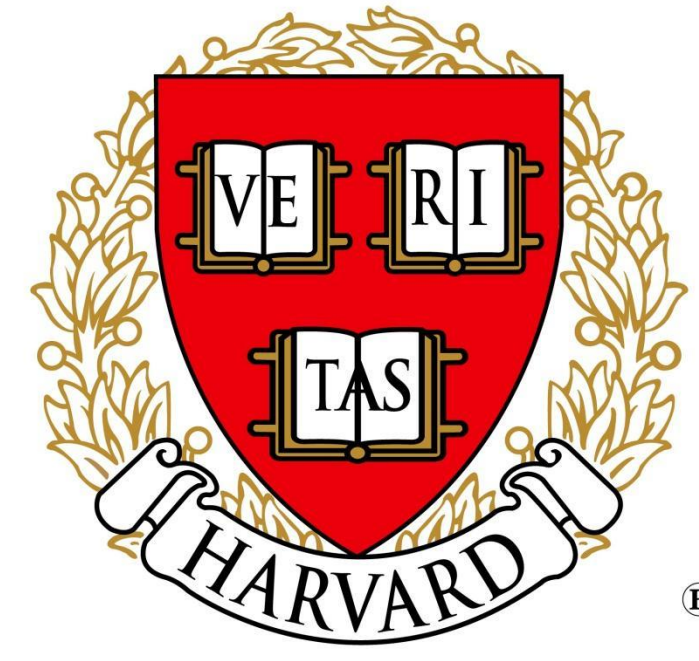


The Effects of Performance-Contingent Financial Incentives in Online Labor Markets



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Introduction

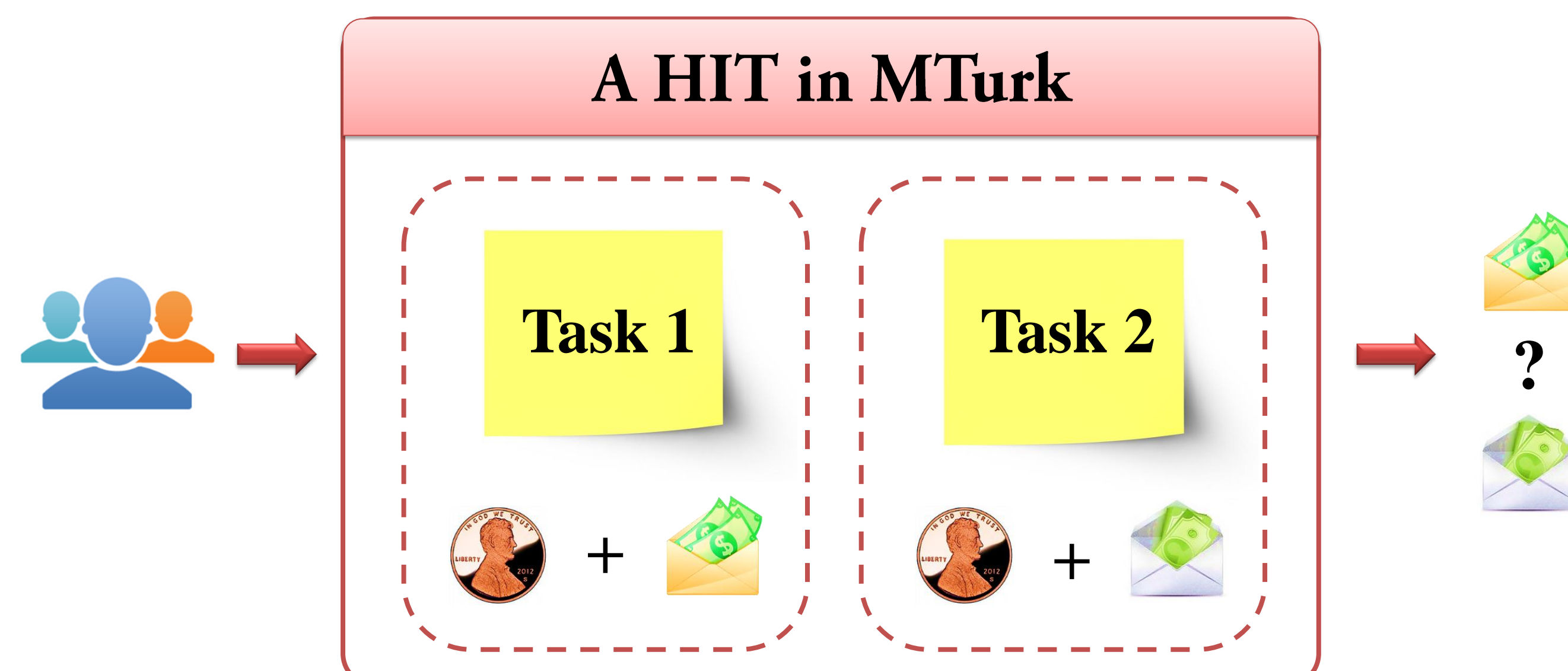


- Financial incentives are commonly used in online labor markets such as Amazon Mechanical Turk (MTurk).
- But how effective are financial incentives in influencing worker effort and work quality?
- Increasing the magnitude of *performance-independent* financial rewards increases the quantity but not the quality of work [Mason & Watts 2009, Rogstadius et al. 2011].

Questions & Method

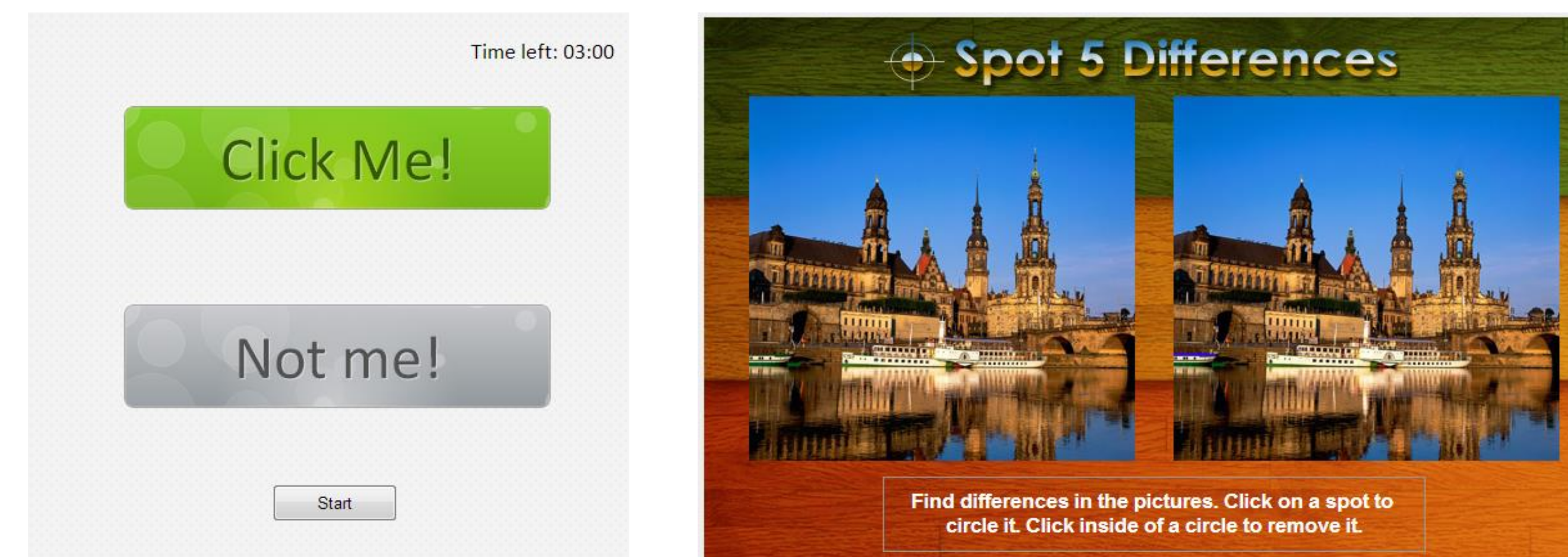
For *performance-contingent* financial rewards:

- Does a higher reward lead to better performance or higher effort of workers?
- Do changes in the magnitude of the reward affect workers' performance or effort?



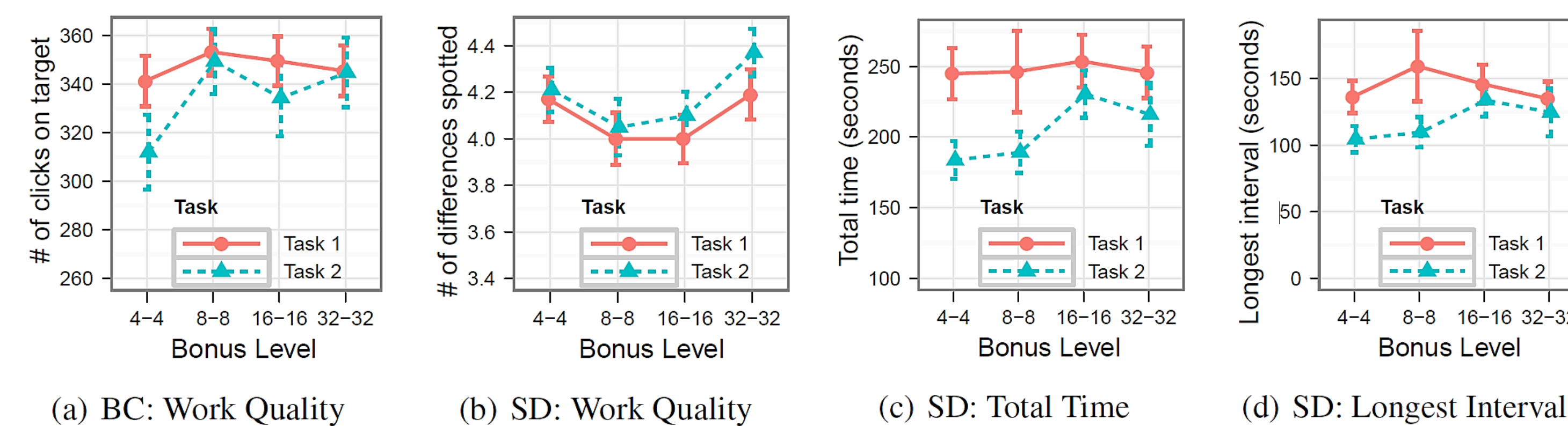
Experiment Settings

- Ten treatments with varying bonus levels (cents):
Base treatments: 4-4, 8-8, 16-16, 32-32
Treatments with increasing bonus: 4-8, 4-16, 4-32
Treatments with decreasing bonus: 8-4, 16-4, 32-4



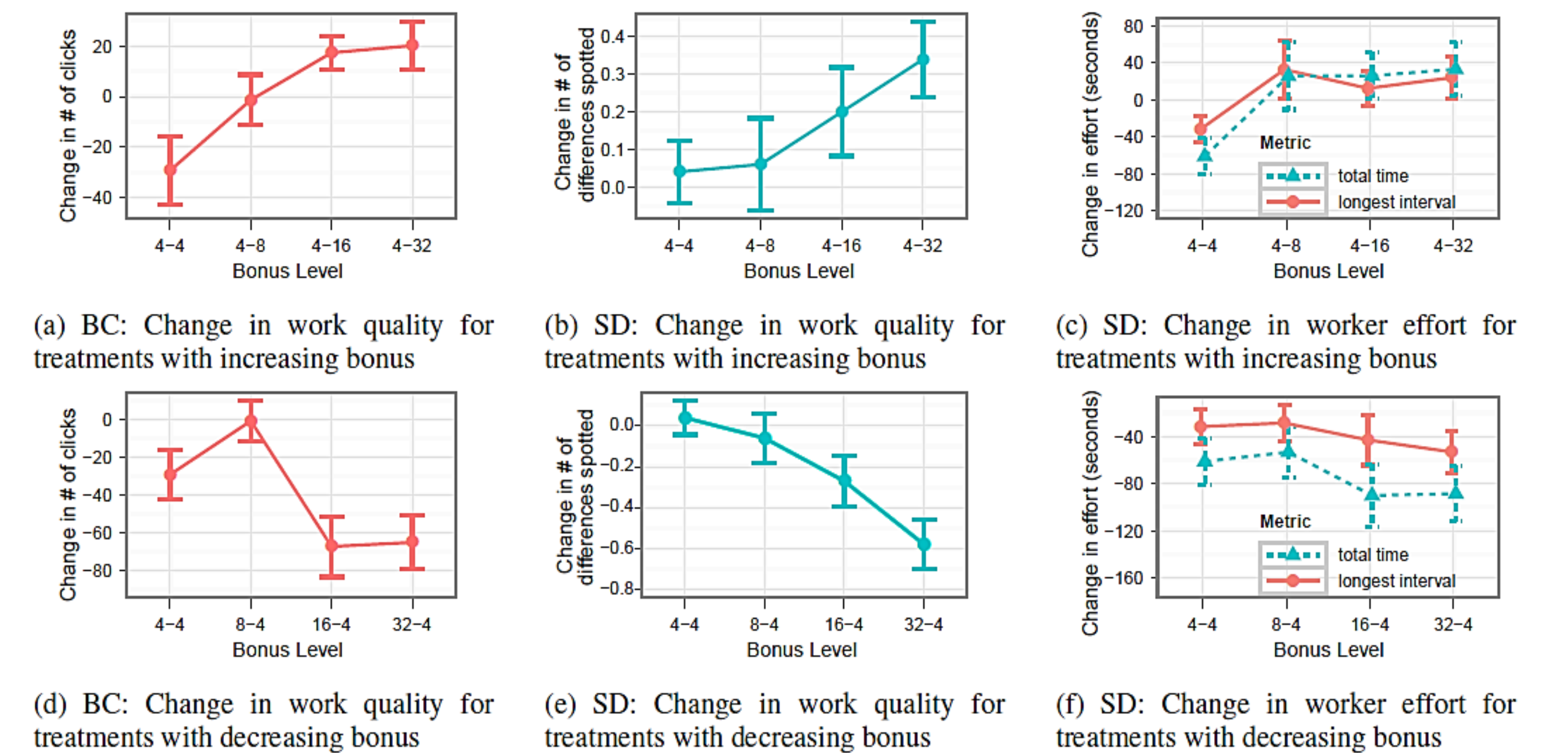
- Motor skill task - Button Clicking (BC)
Work Quality: # of clicks on the green button
- Cognitive skill task - Spotting Differences (SD)
Work Quality: # of differences correctly spotted
Worker Effort: Total time and longest interval

Higher Reward Better Performance / Higher Effort



- Both work quality and worker effort have similar mean values across 4 base treatments for both types of tasks.

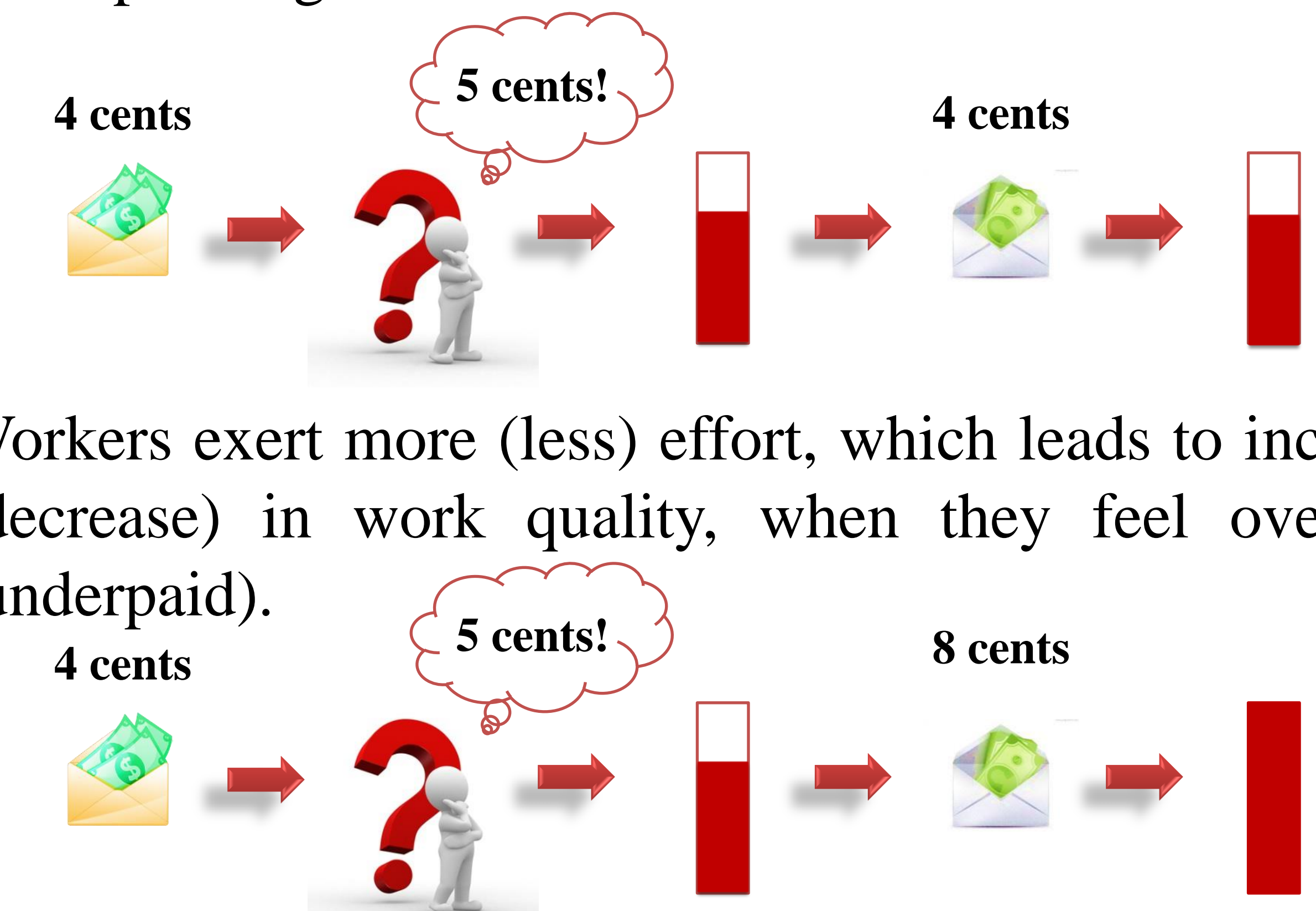
Increasing Reward Better Performance / Higher Effort



- Work quality and worker effort increase (decrease) as the reward increases (decreases) in a sequence.

Interpretation

- Workers *anchor* their perception of “fair” payment on the initial bonus level that they receive and supply a corresponding fraction of their normal effort level.



- Workers exert more (less) effort, which leads to increase (decrease) in work quality, when they feel overpaid (underpaid).