

The Psychology of Points Reward Programs



In 2021, the IRF, in partnership with researchers from the University of Waterloo and the University of Central Florida, surveyed more than 1,000 employees and conducted interviews with leading experts in reward program design. The researchers found that respondents who work for organizations that use a points reward program (versus no points program) report:

- Higher intrinsic motivation
- Higher organizational identification
- Higher employee engagement
- Greater satisfaction with their rewards and recognition
- Greater preference for working for an organization with a points reward program

Based on interviews, survey results and reviews of past, peer-reviewed research, the authors found that some of the reason points reward programs are effective is psychological. They draw employees in for several reasons, including the following:

REWARD ANTICIPATION



In his book, *Behave*, renowned behavioral scientist Robert Sapolsky explains that people get as much pleasure (dopamine spikes) from anticipating a reward as they do in obtaining the reward. Points programs allow participants to think about, plan for, and savor their eventual reward.

ENDOWED PROGRESS



FREE

In their work on motivation, Joseph Nunes and Xavier Drèze have found that people given two ‘stamps’ toward a prize, and then subsequent stamps based on their efforts, work harder and longer to get the ten stamps needed to obtain the reward, than those who start from scratch. They call this the “Endowed Progress Effect.” In points programs, employees similarly work toward goals and rewards, gaining points (aka stamps) along the way.



REWARD ANTICIPATION

In his 2018 paper: *How Behavior Spreads: The Science of Complex Contagions*, Professor Damon Centola describes the incredibly powerful influence that people have on each other, and how that influence can spread like a contagion. Points programs that use peer-to-peer recognition spread appreciation widely, building trust, camaraderie, and shared purpose.