Abstract
We conduct a natural field experiment to investigate the causal effect of formal recognition for a job well done on employee performance. We hired more than 400 students for a three-hour job. Participants worked individually on a data entry task in groups of eight. We randomized the unannounced provision of recognition (in the form of handing out a thank-you card) after two hours of work. We find that the provision of recognition to all workers in a group increases subsequent performance only weakly. By contrast, scarce recognition that is only provided to the best performers in a group raises subsequent performance substantially. Remarkably, workers who did not receive recognition are responsible for this performance increase. These results are consistent with workers having preferences for conformity and being reciprocal at the same time. All effects vanish completely when the reward is announced.

JEL Classification: C93, M52
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