

Can a One-Time Incentive Induce Long-Term Behavioural Change?

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There is increasing interest in examining the effects of using financial incentives to promote good behaviour such as exercising, quitting smoking, etc. While a financial incentive is usually effective in promoting a desired behaviour, the effects of using the incentive often dissipate soon after the incentive is withdrawn. Extending the duration of the incentive may prolong the desired behaviour, but it can also dramatically increase expenditure on the incentive, rendering the incentive programme costly and un-scalable.

In the paper summarised here, 4,000 workers from the retail sector were offered a one-time, cash incentive of \$60 for completing two, two-day training courses costing \$30 each, within a period of four months (the intervention period). The authors analysed records of the courses the workers' took during this period as well as during the following 9.5 months (the post-intervention period), in order to understand the short- and long-term effects of using the incentive.

The authors hypothesised that a one-time incentive, if properly designed, could incentivise the workers to take courses even once the intervention period was over. With

this goal in mind, the authors incorporated two psychological techniques – incentive framing and a commitment device – into the incentive. In incentive framing, the authors presented the \$60 incentive either as two free courses or as a cash reward for taking two courses. The commitment device was an administrative procedure that required the workers to specify in advance which two courses they planned to take and when they planned to take them. Based on these two techniques, four different versions of incentive scheme were developed using a 2 (incentive framing: cash incentive vs. free courses) x 2 (commitment vs. no commitment) control design, along with a control arm in which no incentive was offered.

The results revealed that the incentive was most effective in the short- and long-term when it was framed as free courses coupled with a commitment device. Workers in this version of the incentive scheme completed twice as many courses as those in the control condition, even during the post-intervention period when the incentive had been withdrawn.

The results confirm that the use of carefully designed psychological techniques that influence people's perceptions of a one-time incentive can promote the desired behaviour in the long-term, even beyond the period in which the original incentive was offered.

