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# How to Increase Employees' Intrinsic Goodwill

*Everyone comes to the table with some amount of “altruistic capital,” a stock of intrinsic desire to serve, says Harvard Business School professor **Nava Ashraf**. The key for leaders is figuring out how to increase it — and how to avoid depleting it. Ashraf developed the concept while conducting extensive field work in Zambia, including a program that employs hairdressers to sell female condoms and provide HIV/AIDS education in their salons. She discusses her international research in this article by **Carmen Nobel**, which first appeared on the [HBS Working Knowledge website](#).*

**“Work done in the spirit of service is the highest form of worship.” —Abdu'l-Bahá**

The field of economics is rife with the concept of “capital.” There’s financial capital—cold hard cash or cashable assets. There’s fixed capital—the buildings, machines, and factories that enable productivity. There’s human capital, which measures the economic value of an employee’s skill set and intellect.

And now there’s a new member of the capital lexicon: altruistic capital.

“Altruistic capital is the idea that every individual has within them an intrinsic desire to serve,” explains Nava Ashraf, an associate professor in the Negotiation, Organizations & Markets Unit at Harvard Business School. “In an organization, all the employees already have some of this, in varying degrees.”

A behavioral economist, Ashraf developed the idea of altruistic capital while conducting experimental field research for various global nonprofit organizations. But she believes that her findings on the subject will yield important lessons for the private sector, as well. “As a manager, how you organize the work, and how you incentivize, can increase or deplete the amount of altruistic capital.”

Ashraf’s interest in international field research sprouted from the realization that the people tasked with solving global problems aren’t always in touch with the reality on the ground.

During a summer at the World Bank, she worked on Moroccan agricultural policy with a team of consultants. “I was just an intern,” Ashraf says, “but as I looked around the boardroom I realized that not one of these people had ever

actually talked to a farmer in Morocco. And yet they were designing a rural development strategy for the whole country.”

Suspecting she could help people better if she actually met them, Ashraf sought out field research volunteer opportunities, packed her bags, and flew to the Ivory Coast (where she helped found the Rural Women’s Training Institute in 1998).

“What I realized was that everything I had previously learned about development seemed to be conflicting with what I was seeing in the field,” she says. “I kept seeing situations in which people might seem to have access to various supplies and technologies, but they weren’t able to take advantage of them for numerous reasons. It felt to me like a tragic situation that potentially could be solved with a bit more insight into how people actually make decisions, the structure of their constraints, and what really affects their behavior.”

Thus launched an academic career in which Ashraf challenges (and sometimes disproves) popular economic theory with field experiments. “Field experiments give you scientific rigor while being close to practice,” says. “Unless you really have a bulletproof argument that you can’t poke holes in, it’s hard to change prior beliefs.”

Case in point is her research on performance incentives.

#### **The power of measuring social impact**

Historically, economists and firms alike have banked on the theory that workers are motivated by earning financial incentives and boosting revenues. And in designing development projects for developing countries, nonprofit organizations tend to follow this theory, too.

“This is the traditional private-sector approach,” Ashraf says. “The assumption is that if you don’t give someone a stake in the profits of the organization they won’t feel that they have a mission.”

The practical problem with the theory is that many organizations, such as social service agencies, simply can’t afford to motivate their staff with monetary bonuses. Moreover, a growing body of research indicates that corporate workers are very motivated by nonmonetary incentives, such as positive recognition from their peers. (See, for example, [The Most Powerful Workplace Motivator](#).) Ashraf speculated that organizations could motivate employees simply by showing them how their work helped others—in other words, by harnessing and increasing their altruistic capital.

In December 2009, the Society for Family Health (SFH), an affiliate of [Population Services International](#) in Lusaka, Zambia, agreed to collaborate on a field experiment with Ashraf and two colleagues, Oriana Bandiera of the London School of [Economics](#) and Kelsey Jack of [Tufts University](#). SFH had established a new program in which hairdressers provided HIV/AIDS education and sold female condoms at subsidized prices in their salons. The AIDS epidemic is especially dire in Zambia, where some 14.3 percent of adults (ages 15-49) were infected with HIV in 2010, according to government data. And HIV/AIDS is spreading fastest among married heterosexual couples.

Ashraf explains that hairdressers were ideal educators and distributors for three key reasons: One, they tend to have unusually familiar relationships with their clients, whom they see repeatedly throughout the year. Two, a



Hairdressers in Zambia were recruited to educate their customers on HIV/AIDS prevention.

client sitting still for a haircut is a captive audience. Three, while there is a dearth of health officials in Zambia (the entire nation employs only 6,000 nurses), there is an abundance of hairdressers: a 2010 census by the research team found more than 2,500 salons in Greater Lusaka, serving a population of about 2 million. The team aimed to suss out the best way to incentivize hairdressers to distribute female condoms, which, barring abstinence, are the best-known way for women to protect themselves from HIV.

The researchers randomly chose a sample of 1,222 stylists (who were unaware of the experiment) and divided them into four incentive groups. The **control group** received no incentives at all; the hairdressers were purely volunteers. The **small financial margin group** received a 10 percent margin (50 kwacha) over the retail price for every condom pack sold. The **large financial margin group** received a 90 percent margin (450 kwacha) over the retail price.

In the **nonfinancial reward group**, each stylist received a large paper thermometer, like those often used in fundraising campaigns, to hang in her salon. Each condom sale garnered a star stamped on the thermometer, providing a visual measure of the stylist's contribution to AIDS prevention in her community. Hairdressers who sold more than 216 condom packs during the yearlong study period were invited to an awards ceremony, along with five guests of their choosing, where they would be congratulated by a well-known Zambian health official.

On average, the nonfinancial reward group sold twice as many condoms as hairdressers in the other groups. Ashraf notes that many stylists continued to work just as hard even when it was clear that they would not reach the awards ceremony threshold within the time period.

The star-stamped thermometer proved especially effective for those hairdressers who demonstrated dedication to HIV prevention by volunteering some of their training earnings to a local HIV charity—those who started out with the most altruistic capital. (The authors provide a detailed account of their findings in the working paper [No Margin, No Mission? A Field Experiment for Incentives for Pro-Social Tasks](#).)

“Qualitatively, the hairdressers [in the star group] told me they would look at that chart and feel proud of their contribution to the cause,” Ashraf says. “What was top of mind was their contribution to the social impact—in this case, protecting women from HIV. I think we’ve deeply underestimated the desire of individuals to serve others, in general, but especially in developing countries. And we’ve underestimated how the kinds of incentives we provide can either destroy that stock or leverage it.”

#### Recruiting altruistic capitalists

In 2010 Ashraf was part of a research team that helped the Zambian government with a nascent national program to recruit, train, and employ

community health workers throughout the country. The goal: to employ 5,000 new community health workers by 2015. The challenge: how to recruit a high-performing, dedicated workforce. “They were worried about what happens when community workers start to see themselves as government employees, whether they would maintain a connection to the local community,” Ashraf says. “At the same time, they wanted to recruit the health workers who would do the best work.”

The team’s field experiment involved launching two separate recruitment campaigns, each targeting half of 48 randomly selected rural districts across the country and distributing marketing material in the nation’s health centers. In 24 districts, potential employees were wooed with posters and brochures emphasizing community service. In the other 24, the material emphasized career advancement. “Importantly, neither [campaign] talked about salary,” Ashraf says. “All that changed was emphasizing different aspects of the same job. But by framing the task differently, we actually presented a different mission.”

Indeed, the two campaigns drew two distinct groups of candidates. While the career advancement campaign attracted a group that had more qualifications and was more technically knowledgeable, the community-focused candidates were deemed more reliable—more likely to fulfill all application requirements, for example, and to show up at interviews when invited. The government deliberately hired candidates from each group.

It’s too soon to gauge which group will yield the best performers, since the candidates have just started working. But the initial results offer useful lessons for hiring managers everywhere. “By emphasizing some aspects of the job over others, you can draw a different pool of candidates and potentially create different levels of performance,” Ashraf says. “And as a leader you can help every individual to accumulate more stock of altruistic capital by showing them the social impact of whatever they’re doing.”

### **Work in the spirit of service**

The quest for social impact has been a driving force in Ashraf’s life since she was a little kid. Her family fled [Iran](#) during the 1979 revolution, escaping religious persecution. Nava was three. “I grew up very aware of this broader world in which, with the flip of a coin, I could have been raised under a chador, not able to have an education, not able to actually do any of the things that I’ve been able to do in my life,” she says. “And so I really wanted to figure out how to bring these opportunities to others.”

Asked whether faith plays a role in her work, Ashraf nods hard. A quote from religious leader Abdu’l- Bahá, son of the founder of the Bahá’í Faith, Bahá’u’lláh, inspires her daily: “Work in the spirit of service is the highest form of worship.”

But religion is also an important aspect of the lives she studies and serves. “It’s an enormous, underestimated lever,” she says. “I see so many ways in which it’s the most fundamental lever for motivation and behavior—in so many countries and for so many individuals. In an increasingly globalized world, it’s more important than ever to acknowledge the role that plays for so many people. It’s such a strong force in Africa, Latin America, Southeast Asia. Most microfinance groups start with prayer.”

That said, she acknowledges that coming out as religious can be daunting for

any academic, let alone an economist. “To be an academic means that you put reason on a very high pedestal, and it should be,” she says. “The search for meaning is something that many intellectuals don’t let themselves explore, because they feel like it would be against reason. But it is tragic if we feel that reason and faith cannot go hand in hand.”

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#### **About the author**

**Carmen Nobel** is senior editor of *Harvard Business School Working Knowledge*.

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