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Why International Organizations Give and Receive Awards

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Abstract:

Awards such as medals, prizes, titles and distinctions play a major role for International Organizations. These organizations hand out awards internally to employees and volunteers, they receive awards, and they also bequeath awards on outsiders. We discuss the reasons for the bestowal of awards by International Organizations and compare these to the use of awards by other types of organizations. We provide several examples illustrating the wide variety of different awards. In a final section we focus on one particular case, award giving by International Organizations providing humanitarian aid.

Keywords:

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JEL classification:

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I. International Organizations are closely connected to awards

Awards in the form of orders, medals, crosses, trophies, or prizes are important in all organizations ranging from public to private for-profit firms (Bentham, 1825, Best, 2008, English, 2005, Frey, 2005, 2007, Frey and Gallus, 2014). Comparing awards to monetary pay helps identify some of their major characteristics. Firstly, while the value of awards to their recipients may be very high, their conferral involves little or no material costs. Awards normally consist in a ceremony at which some symbolic token (e.g., a certificate, medal or statuette) is handed to the winner, thus perpetuating the honor conferred. In the case of monetary pay, no such favorable cost-benefit asymmetry exists. Since monetary income is taxed, the value to the recipient may be even lower than the costs incurred by the donor. A second important advantage of awards is that they can be used to forge lasting bonds of loyalty between givers and recipients. Such bonds may neither be created with money, nor, as Napoléon Bonaparte reportedly observed, with gold: “Le ruban d’un ordre lie plus fortement que des chaînes d’or” (the ribbon of an order ties more firmly than chains of gold). Upon accepting an award, its recipient enters a tacit contract of mutual respect and loyalty with its giver. This contract cannot (or can hardly) be enforced, yet an award recipient who breaches it, for instance by publicly questioning the giver’s goals, appears inconsistent and suffers reputational damage. A third distinguishing characteristic of awards is that they can be given without explicitly defining and measuring the behavior they reward. This allows the giver to honor and incentivize performance that can only vaguely be determined (e.g., helpfulness). Moreover, it reduces the risk that the award is perceived as controlling, which makes it less likely that the recipient’s intrinsic motivation is crowded out (Frey and Jegen, 2001).

Awards play a prominent role for International Organizations in particular. It may even be claimed that award bestowals are an essential element of their functioning. International Organizations relate to awards in three different ways. Firstly, awards are handed out as an internal *incentive instrument* to induce employees to work hard and in the interest of the Organization. Secondly, International Organizations *receive* a great number of awards from many different sources. Thus, for example, the International Committee of the Red Cross received the most prestigious Nobel Prize for Peace no less than three times, in 1917, 1944, and 1963. Several sub-organizations

of the United Nations also received the Nobel Prize for Peace: UNHR (1954 and 1981), UNICEF (1965), ILO (1969), UN Peace Keeping Forces (2001). Interestingly enough, International Organizations and even states also received royal orders. Thus, King George VI awarded Malta the George Cross for its bravery in World War II. Thirdly, International Organizations *bequeath* a large number of awards to persons and institutions outside their boundaries. *Figure 1* presents the example of UNESCO's World Heritage List, which is considered a great feat for the sites included. To be included on the World Heritage List not only raises the number of tourist visitors; it is also an honor in itself. As can be seen, Cultural Sites and European Sites dominate the List. In 2014 there are more than 1,000 Cultural, Natural and Mixed Sites on the List, and this number is steadily growing.

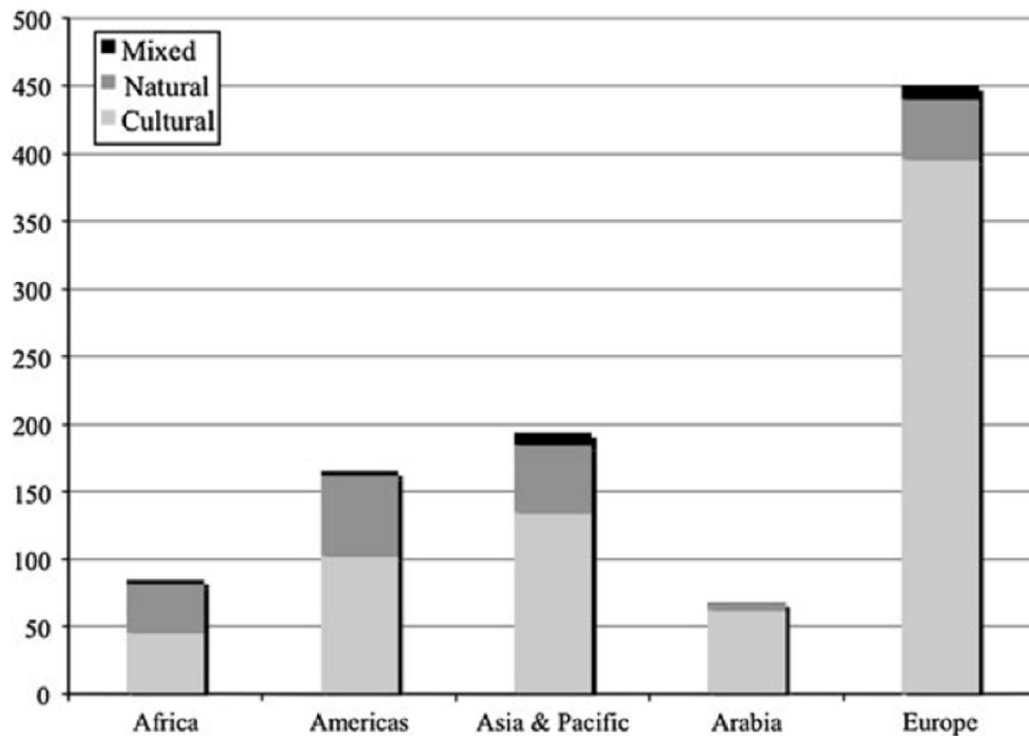


Figure 1. UNESCO World Heritage List according to types of heritage and continents, 2012 (Source: Frey, Pamini, and Steiner, 2013).

The UNESCO also hands out a great number of other awards, such as the UNESCO Confucius Prize for Literacy, the UNESCO Albert Einstein Medal, or the UNESCO Prize for Peace Education.

Bequeathing awards to outsiders not only draws attention to issues considered important, and to the persons and organizations championing them, but also serves as an incentive to *attract subsidies* from government and private sources. Many International Organizations, such as the World Wildlife Fund or Amnesty International, almost exclusively depend on outside subsidies. Giving awards to politicians and public officials also helps attract funds from governmental institutions. Moreover, bestowing awards to other organizational units allows exerting a certain measure of control over them. If the award-receiving unit does not behave in accordance with the award giver's premises, the retraction of an award can be threatened and ultimately used to send a signal. When the authorities of the Dresden Elbe Valley decided to proceed with their construction plans of a bridge, UNESCO removed the site from its World Heritage List, with dire financial consequences for the site.

The first way in which International Organizations make use of awards, namely, to motivate employees, is shared with many organizations in the voluntary sector and has been analyzed elsewhere (Gallus, 2013). The second aspect neither exclusively relates to the demand side of awards, nor to the supply side, since in this case awards are given by institutions other than the International Organizations (except where one IO gives an award to another IO, e.g., UNESCO giving its Félix Houphouët-Boigny Peace Prize to UNHCR in 1995).

Our paper analyses why International Organizations bequeath so many awards. In section II, we refer to the small existing literature on awards, and in section III we adduce reasons why awards are a particularly well-suited instrument to attract political support and funds, and to bolster people's motivation. Section IV provides a comparison to the use of awards by other types of organizations. Section V looks at a specific example of award giving by and in an International Organization, the International Committee of the Red Cross. The final section concludes.

II. Literature on awards²

Phaleristics is the science devoted to the study of orders; documenting information on particular statutes, histories and insignia. There is a rich literature in sociology relating to awards, such as esteem, status and social distinction (e.g., Bourdieu, 1979, Elster, 1985). Hansen and Weisbrod (1972) made a first endeavor in economics to build a theory of awards. This thread was continued some time later by other economists (Besley, 2005, Frey, 2005).

Various studies have taken to empirically analyzing the implications of receiving awards. Malmendier and Tate (2009) look at honors given to CEOs by the business press, reaching the conclusion that these awards induce their recipients to devote their attention to issues such as writing books, at the expense of the performance in the CEOs' firms. Borjas and Doran (2013) analyze the Fields Medal, given to the best mathematicians below the age of forty, and show that medalists' productivity declines due to winners' increased propensity to study unfamiliar topics less likely to be published.

Chan et al. (2014) use a the synthetic control method to investigate a prestigious honor in American academia, the John Bates Clark Medal. The Medal is given to economists under the age of 40 and is seen as the ante-chamber to the Nobel Prize. Constructing a synthetic control group mirroring the award winners' performance before the award, the authors can contrast the winners' and control group's performance after the award bestowal. After five years, winners publish significantly more articles (13%) and the articles they had previously published are cited considerably more (50%) than had they not received the Medal.

A large-scale randomized field experiment is used by Gallus (2013) to analyze the causal effects of awards in the voluntary sector. Intrinsic motivation is a crucial prerequisite in this field and money cannot be used to motivate people to uphold their engagement. The analysis shows that a purely symbolic award increases the retention

² For a broader discussion of the literature, see Frey and Gallus (2014). 'Honi soit qui mal y pense. Or: Towards a rational choice analysis of awards'. Mimeo.

rate among newcomers by 25%. The findings by Neckermann, Cueni, and Frey (2014) corroborate these positive effects for the case of employees at a call center who may receive awards for voluntary work behaviors. It follows that receiving this award can motivate better performance on core tasks of the job.

The giver's side of award bestowals has so far received little attention. Some contributions (Anand and Jones, 2008) look at how awards can be employed in the cultural sector to influence the evolution of organizational fields. Other analyses consider prizes as explicit ex ante incentives, often accompanied by considerable cash endowments, such as innovation prizes.

III. Awards are an important instrument for International Organizations

Several reasons can be differentiated why International Organizations find it useful to hand out so many different awards.

Public goods

The major output of most International Organizations has the character of a public good accessible to many persons and institutions even if they make no contribution to the organization's activities. Awards, especially if they enjoy high prestige, give private and governmental actors an incentive to support the International Organization with funds and other means. The return on the contribution then is transformed into a private good by linking an award to the contribution. As a result, actors are more readily prepared to pay.

Vague output

The results of the activities undertaken by International Organizations are difficult to exactly define, measure and monitor. Variable pay-for-performance instruments, such as bonuses, can therefore hardly be used to motivate employees. Rather, International Organizations must to a considerable extent rely on employees' intrinsic motivation. Ideally, employees define their own activities in the interest of their employer. This is especially important when new and unexpected tasks come to the fore.

Awards are an excellent means to keep up and bolster, or crowd in, employees' intrinsic motivation. In contrast, monetary incentive instruments tend to crowd it out (Frey, 1997).

Public service intention

International Organizations must publicly display and maintain their public service orientation (Besley and Ghatak, 2003, Besley and Ghatak, 2005). They must distance themselves as much as possible from monetary activities. Both public and private donors want to clearly see that the International Organization they support pursues a good cause. By handing out awards emphasizing the good causes the Organization stands for, this goal can be effectively reached.

Cash constraints

Many International Organizations, especially those with strictly humanitarian goals, are often short of cash. Awards are an excellent means to please potential and actual donors as well as employees without having to spend much money. Indeed, awards are often on purpose not given together with money (Gallus and Frey, 2014). Rather, it is the recognition, attention and social prestige that count. The only monetary expenditures needed when bequeathing an award arise due to the award giving ceremony. In some cases, even that expenditure can be financed by outside sponsors.

Attracting attention

International Organizations have a great interest in publicity because this draws the attention of possible public and private sponsors. Awards are well suited for that purpose. As they are handed out in a ceremony, the media are likely to report the occasion, therewith providing free of charge publicity.

Networking effects

Several different International Organizations may serve the same or similar causes; sometimes their activities also overlap with those pursued by national bodies. It is in the International Organizations' interest to differentiate themselves from each other and from the local actors. The award ceremony provides a good occasion for the managers of International Organizations to network with each other, coordinate activities, and sort out possible conflicts.

Self-interest

Awards and the ceremonies going with them give managers of International Organizations a welcome opportunity to put themselves into the limelight. The FIFA Ballon d'Or or the FIFA Player of the Century offer an opportunity for a celebration televised in many countries. Besides honoring the player who is considered to have performed the best in the previous season or century, FIFA executives get a chance to step on stage and bask in the glory of the well-known football star.

As the previous discussion shows, awards are a good instrument for International Organizations to pursue their causes and interests. The next section argues that these advantages of awards also apply to other organizations and individuals, but that they are especially important for International Organizations.

IV. The ubiquity of awards

Many different organizations and even private persons hand out awards. *Table 1* provides an overview of the different types of organizations bequeathing awards.

Table 1. *Awards in various sectors*

Sector	Organization	Award (example)
State	Government / Head of state	Order of the Garter
Business	Firms, media	CEO of the Year
Academia	Universities, learned societies	John Bates Clark Medal
Voluntary and humanitarian sector	Local and international organizations`	Florence Nightingale Medal
Religion	Religious institutions and their representatives	Canonization
Arts, media, fashion	Academies, foundations, other institutions	Academy Awards (Oscars)

Sports	Clubs, sports organizations	Grandmaster (chess)
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While *Table 1* reveals that awards are common in virtually all areas of society, ranging from the state (Frey, 2005), for-profit enterprises (Malmendier and Tate, 2009), academia (Borjas and Doran, 2013, Chan et al. 2014), the humanitarian sector and religion (Barro, McCleary, and McQuoid, 2010), to arts and sports (Ginsburgh, 2003), they are not used in all areas in a similar way and with the same intensity. Symbolic awards with no monetary bonus attached have relatively less importance where money reigns supreme. This is the case for the banking and financial sectors in general, where people have been primed that “all that counts is money”. Individuals whose main concern is earning money tend to self-select into these sectors. As a result, variable pay-for-performance is prevalent and often constitutes a large share of income. But even in the financial sector awards are greatly appreciated, especially by those persons who already have amassed great fortunes and now seek public appreciation.

At the other extreme there are humanitarian organizations whose work is based on volunteers and financial support received from donors. They have fewer options to use incentives. There are several cases in which such organizations tried to combine their humanitarian mission with monetary incentives for their managers. The high compensations paid as a result have led to very negative reactions in the social as well as in the classical media (a pertinent example in Switzerland is REGA, a non-profit air rescue service). Such monetary compensation schemes may undermine the credibility and reputation of a humanitarian organization, in the extreme leading to its extinction. As this risk has been well recognized by most humanitarian organizations, crude monetary incentives are no longer a viable option. Rather, employees and sponsors must be motivated by positive incentives other than performance pay. Awards are an excellent means to that end.

Bequeathing honors is not a unique specificity of International Organizations. But as in general International Organizations are closer to humanitarian than to profit-oriented institutions, symbolic awards play a more important role for them.

V. The case of the International Committee of the Red Cross

The International Committee of the Red Cross (ICRC) has not only received prestigious awards, such as the Nobel Peace Prize (in 1917, 1944 and 1963). It also bestows a range of awards and prizes.

The Florence Nightingale medal is bestowed in honor of the eponymous English nurse who lived in the 19th and early 20th century and is renowned for the commitment shown while serving as a nurse during the Crimean War. The medal is awarded "to nurses or nursing aides who have distinguished themselves in times of peace or war". The medal can also be awarded posthumously if the recipient died while serving in a conflict area. In this case, the award clearly does not serve to uphold the motivation of its recipients. Instead, the award is used to publicly signal what the ICRC values and possibly motivate potential candidates.

With the Paul Reuter Prize, the ICRC seeks to encourage the publication of works on international humanitarian law. The prize is awarded every two to three years and is accompanied by a payment of 5,000 Swiss francs (about 4,100 euros). It is financed by the Paul Reuter Fund, which was set up in 1983 through a donation made by the name giver, at the time a Professor Emeritus at the University of Paris and a member of the Institut de droit international. National Red Cross and Red Crescent Societies equally make use of awards, for instance when giving medals to blood donors for reaching specific pre-announced donation quotas (Lacetera and Macis, 2010). Such awards have a very clear ex ante incentive function.

Another International Organization providing humanitarian aid, often alongside the ICRC, is Médecins Sans Frontières (MSF), Doctors Without Borders. MSF has also received several important awards, such as the Nobel Peace Prize (in 1999). Yet it does not bestow any well-known awards itself, neither to employees or volunteers within the organization nor to outsiders. The reasons for why MSF does not hand out awards remain open for discussion.

VI. Conclusion

Awards play a major role for International Organizations. They serve to increase an organization's visibility and garner political and financial support. Awards are a means of compensating individuals and groups for contributions to a public good. They can be used to motivate employees where performance cannot (or only at high cost) be defined, measured, and monitored, and they involve little or no cost at all. We argue why award bestowals are particularly important for International Organizations by drawing comparisons to award giving by other forms of organizations. Looking more closely at award bestowals by International Organizations in the humanitarian sector illustrates the points made, and it also raises new questions. In particular, how to explain cases where International Organizations refrain from using awards. Academic research on awards is still in its beginnings, and our contribution seeks to stimulate further studies on the topic.

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