Benefits and Burdens: Does It Really Matter What We Allocate?

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There is growing evidence that allocation decisions concerning burdens and benefits are not processed equivalently. This paper suggests three dimensions on which information processing for resource allocations differs: status quo effects (individuals react more strongly to losses in status quo than to gains), resource valence effects (individuals react more strongly to resource allocations involving burdens than those involving benefits), and blame effects (individuals react more strongly to resource allocation decisions in which they exercise choice). Results of an empirical study confirm significant differences in the information processing of burdens and benefits, and also confirm the importance of psychological distance in the reactions of individuals to burdens and benefits allocations.

KEY WORDS: resource allocation; status quo effects; resource valence effects; blame effects.

For there is nothing either good or bad but thinking makes it so. — Hamlet (William Shakespeare)

The study of allocation processes has been a major topic in social psychology and organizational behavior for a number of years. The allocation of resources is one of the defining characteristics of organizations (Northcraft and Neale, 1994), and how individuals and groups perceive and allocate scarce resources has fascinated scholars in a variety of social sciences. This

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fascination, however, has been one-sided, focusing primarily on the allocation of goods (i.e., positively valenced resources or benefits).

One of the reasons that scholars have focused on the allocation of benefits is the assumption that benefits and burdens (negatively valenced resources or "bads") are treated equivalently in allocation processes. Many researchers concerned with the social psychology of distributive justice seem to assume that the allocation of benefits and burdens tends to follow the same principles of justice (Deutsch, 1985; Lerner, 1974, 1975, 1977, 1981; Leventhal, 1976a, 1976b; Greenberg and Cohen, 1982). Mikula (1980), in addressing this issue in a review article, noted that "the following discussion will concentrate on the allocation of positive material goods; it is likely, however, that the arguments given would, to a large extent, be applicable also to nonmaterial positive goods as well as to material and nonmaterial negative goods" (p. 127). Many years later, Elster in his book Local Justice (1992, p. 19) suggested that we do not need to distinguish between the allocation of benefits and the allocation of burdens since the exemption from a burden always counts as a benefit. The purpose of this paper is to explore the extent to which the distinction between benefits and burdens goes beyond the demonstrated effects of reconstruing "glasses as half empty or half full," and to identify systematic asymmetries in the ways that resource allocators think about and act on decisions involving benefits and burdens.

PROCESSING POSITIVE AND NEGATIVE EVENTS

The apparent mathematical symmetry of benefit and burden allocations belies the real asymmetry between allocative decisions that make some people better off and nobody worse off, and those that make some people worse off and nobody better off. Even if one looks at positive events only, the preponderance of evidence suggests that psychologically, at least, losses are not equivalent to gains. Kahneman and Tversky (1979; Tversky and Kahneman, 1981), in formulating Prospect Theory, proposed that decision makers differentially respond to potential gains and losses of resources. Specifically, they suggested that decision makers will be risk-averse when confronting potential gains and risk-seeking when confronting potential losses. Neale and Bazerman and their colleagues (Neale and Bazerman, 1985; Bazerman et al., 1985; Neale et al., 1987; Neale and Northcraft, 1986) have provided empirical support for these framing effects on the processes and outcomes of negotiations.

In a comprehensive review, Taylor (1991) proposed a mobilization/minimization hypothesis to explain the different ways in which indi-