

VORGESCHLAGENES SYMPOSIUM

TITEL:

To have or to be: the influence of (psychological) ownership on economic behavior

ABSTRACT:

Many economic decisions center around things that people either own or wish to own. This holds for management and consumer decisions. A growing body of research suggests that the psychological experience of an object as MINE or OURs matters more than factual entitlements in driving economic behavior.

This symposium aims to highlight and discuss the breadth of the phenomenon and its influence. We do so by contrasting very different domains:

The **initial contribution** is situated in the **management context**. The target of ownership is an **investment project**. The contribution highlights that psychological ownership may help explain why managers may sometimes invest in failing endeavors.

The **second** and third contributions are both situated in a **consumer context**. The targets of ownership in the second contribution are meaningful experiences and possessions. The contribution highlights the role **graspability** may play in making objects “mine”.

The **third** contribution similarly focuses on factors that induce a sense of ownership in a consumer. The focus is on **mundane objects** such as cutting boards and the role of specific **physical product attributes** such as size and weight.

The **fourth** contribution takes a futuristic stance and outlines the potential of the concept of psychological ownership in dealing with **digital goods**. It highlights how perceived ownership of information may be an essential player and creative force within the data ecosystem.

Together the contributions highlight that ownership may be a unifying and practically useful lens for many economic, social, and management issues.

SYMPOSIUM DESCRIPTION:

Many economic decisions center around things that people either own or wish to own. This holds for a management context as well as for a private consumer context. Importantly, a growing body of research suggests that factual ownership may only play a role to the extent to which it translates into PSYCHOLOGICAL OWNERSHIP. In other words, economic behavior is often driven by the experience of “This is MINE or OURs”. Recent evidence suggests that this experience can have far reaching consequences across the sub disciplines of business studies and beyond: How we treat objects, how much we care about projects and how loyal we are to an employer is also a function of our sense of ownership for the object, the project or the place of work.

Considering the potential scope and impact of the topic of ownership for the entire discipline, there is still little knowledge about and inquiry into psychological ownership.

With this symposium I aim to acquaint the German speaking community of business researchers with the notion of psychological ownership and the theoretical and empirical power inherent to this notion. Specifically, the symposium pursues two primary aims.

- First, it aims to raise awareness for a concept that to date seems unduly neglected in the field of business and consumer research: psychological ownership.
- Second, it aims to inspire further thought and research on this phenomenon by showcasing its breadth and importance.

The anticipated inspirational nature of the symposium is achieved by contrasting different domains of application: consumers, management, data which in itself is enabled by an interdisciplinary set of contributors. To achieve this aim, I have invited researchers that tackle the topic in rather different domains and focus on rather different “ownership targets”. The topics covered range from management investment decisions, over effects of product design to questions about the (psychological) ownership of digital goods.

The proposed symposium features 4 distinct contributions that integratively develop the notion of psychological ownership in the context of economic behaviors.

Specifically the **contributions have the following foci:**

The initial contribution is situated in the management context. The target of ownership is an investment project. The contribution highlights that psychological ownership may help explain why managers may sometimes keep investing in failing endeavors.

The second and third contributions are both situated in a consumer context. The targets of ownership in the second contribution are meaningful experiences and possessions. The contribution highlights the role graspability may play in making objects “mine”.

The third contribution similarly focuses on factors that induce a sense of ownership for a specific consumer possession or acquisition. In contrast to the second contribution, the focus is on mundane objects such as cutting boards. Experiments are used to investigate the role of specific physical product attributes such as size and weight in the generation of psychological ownership.

The fourth contribution called “ownership in the machine age” finally outlines the potential of the concept of psychological ownership in dealing with digital goods, in particular with

information. It highlights how perceived ownership of information may be an essential player and creative force within the data ecosystem.

Together the contributions highlight that (psychological) ownership may be a unifying and practically useful lens for many economic, social and management issues. The final discussion with the audience and speakers will be used to identify potential boundary conditions but also fields that may yet benefit from the interdisciplinary notion of psychological ownership.

Personal remarks of the organizer:

I have organized a similar, interdisciplinary symposium in the past. The symposium followed a workshop which led to the development of an interdisciplinary community of ownership researchers. This community is international but apart from our own research group there are not many researchers acquainted with and working on the topic within the German speaking research area. With this symposium I hope to increase the proportion of researchers interested in and working on the highly promising notion of psychological ownership within the VHB community. I anticipate that the proposed symposium will be no less successful in drawing an audience and instigating fruitful discussions than the symposium I organized in the past. The fact that the symposium due to its breadth could be of potential interest to nearly all sub disciplines within the field of business research should prove particularly stimulating and draw a diverse audience. In fact, I hope that apart from the keynotes this symposium will see one of the most mixed audiences of the conference. A mixed audience is precisely what I aim for.

I feel that to strengthen the big umbrella of the field of business research we need unifying lenses. Psychological ownership is capable of providing such a lens and it is before that background that I aim to run the actual symposium. Besides the individual talks I aim to involve the audience in bringing everything together and engaging in a discussion of where this lens may take us in future research.

CONTRIBUTION 1:

Psychological Ownership and Loss Aversion as Determinants of Sunk Cost Effects

In this paper we investigate the importance of psychological ownership in sunk cost effects. Research in economics and psychology has shown that decision makers have a difficult time ignoring historical costs (i.e., sunk cost effects; Thaler, 1980). The influence of sunk costs is pervasive and can be witnessed in many different domains including virtually all kinds of financial investments and consumption choices. Traditionally, sunk cost effects have been explained by the psychological properties of loss aversion as postulated by prospect theory (Kahneman & Tversky, 1979). As a consequence of the convexity of the value function in the loss domain, it is hard to realize losses. In turn it becomes easier for people to continue investing in a failing endeavour than to stop investing and using the money for a more promising alternative project (Arkes & Blumer, 1985). However, in order to perceive the non-completion of a project as a loss it may be necessary to perceive ownership over the project. In fact, evidence on the role of responsibility in sunk cost effects (e.g., Staw and Fox 1977) points in that direction. It could, thus, be that perceived ownership precedes the experience of loss aversion and, in turn, contributes to the explanation of the sunk cost effect.

In fact, recent evidence points to the possibility that ownership can explain another robust finding in behavioral economics usually attributed to loss aversion: the endowment effect (Morewedge, Shu, Gilbert, & Wilson, 2009). It is plausible to assume that psychological ownership (i.e., the feeling of owning something) also influences sunk cost effects. We conducted two studies to examine this research question, and found support for the notion that psychological ownership is an antecedent to both loss aversion and sunk cost effects.

In both studies, participants were confronted with a hypothetical scenario in which they could decide to keep investing in a business project that is at various stages of completion (i.e., target project) or invest in another project (i.e., alternative project). In a between-subjects design, the target projects were either 0%, 10% or 90% completed when it becomes clear that the business plan would most likely not be successful (adapted from Arkes & Blumer, 1985). Apart from the choice to keep or stop investing in the target project, we also assessed participants' psychological ownership, loss aversion, and the perceived chance of the target project succeeding.

Results of both studies showed strong sunk cost effects, such that participants in the 90% conditions were more likely to continue investing into the target project than in all other conditions. Moreover, participants reported stronger psychological ownership and loss aversion when the target project was nearer completion. Results also suggest that psychological ownership follows a step function such that an increase from 0% to 10% sunk costs increases feelings of ownership more than an increase from 10% to 90%. In contrast, loss aversion seems to be more linearly related to sunk cost level. Finally, a mediation analysis revealed that the effect of condition on choice was serially mediated by ownership and loss aversion (in this order). Our results suggest that the effects of sunk costs on choices operate through psychological ownership which instigates loss aversion. Reducing the sense of ownership for a project may hence be a viable strategy in minimizing the sunk cost effect.

CONTRIBUTION 2:

The Concept of Graspability in the Context of Perceived Ownership and the Extended Self

“That we are what we have is perhaps the most basic and powerful fact of consumer behavior” (Belk 1988, p. 139) – accordingly, a considerable amount of research has investigated the self-extending nature of possessions (e.g., Belk 1988; Wallendorf and Arnould 1988; Pierce, Kostova, and Dirks 2003 etc.). Current research states that there is a close connection between what a person perceives as “I” and “mine”. The prevailing idea is that consumers experience their possessions as extended parts of their selves.

While many of the things that consumers incorporate into their selves are concrete and tangible (such as cars, watches, jewelry etc.) other self-defining entities are of a more ideational and intangible nature, such as consumers’ beliefs, relationships, ideas, or personal experiences. Existing research tends to neglect this differentiation between tangible and intangible domains of the extended self and, if at all, accentuates similarities between both (Csikszentmihalyi and Rochberg-Halton 1981; Belk 1988, 2013). Accordingly, there is a lack of knowledge regarding the question of how the tangibility (and graspability) of possessions relates to their self-extending function. However, if consumers value possessions because they help them to manifest their selves, then it seems likely that concrete objects may better serve this function than mental constructs that are just as abstract as their owners’ personality. Consumers’ tendency to materialize abstract parts of the extended self, for example, by wearing a necklace with a cross pendant that symbolizes a religious belief or by wearing a wedding ring that represents the relationship to a beloved person supports this argumentation. Many of these objects receive a strong individual importance and become constitutive artifacts within their cultural context. Current consumer research, however, is missing an explanation for this prevalent tendency of consumers to tangibilize intangible meanings (Scharfenberger, Wentzel, Warlop, Tomczak 2014)

Goal of our presentation at the symposium will be to discuss three matters that refer to this research gap. Firstly, we will present a concept and empirical findings that offer a possible explanation for the individual and broader cultural relevance of symbolic objects: people may cherish symbolic objects because they provide physical proximity between the consumer and a self-defining meaning that the object symbolizes. As such, symbolic objects might serve a human need to be physically close to self-defining meanings. Put differently, being close to symbolic objects may help people in experiencing and feeling close to their self (Scharfenberger et al. 2014).

Secondly, we will more precisely broach the issue of graspability in the context of possessions and perceived ownership. In doing so, we will refer to specific object properties such as size, weight, and solidity that may affect self-extension processes in more detail. For example, it seems possible that the perceived unity of an object enforces the perception of its meaning as a unit. This, in turn, could enhance consumers’ ability to personally refer to this meaning. A related aspect concerns the relationship between object graspability and the ability to control an object. Control has been shown to be a crucial antecedent of perceived ownership and self-extension (Pierce et al. 2003; Belk 1988). It is possible that graspability

increases feelings of controllability not only regarding an object itself but also regarding the object's symbolic meaning (Scharfenberger et al. 2014).

Finally, the concept of graspability offers fruitful food for thought in broader contexts such as organizational management. It has been argued that organizational complexity and lack of perceived control can harm identification and motivation towards organizations (Tsui, Egan, and O'Reilly 1992; Pierce et al. 2003). Detaching the concept of graspability from its restriction to physical objects and widening it to the idea of mental/ conceptual graspability might be a promising approach to such research fields. We assume that graspable structures in organizations enforce perceived ownership and self-extension towards these institutions: graspable units might not only enforce feelings of controllability; they might just as well strengthen perceived knowledge and possibilities of self-investment regarding these units and as a consequence increase perceived ownership towards them (Pierce et al. 2003).

Our work closely relates to current research in the field of perceived ownership and the extended self. The symposium offers a promising opportunity to discuss our assumptions and findings with leading experts in this field and to contribute to the overall development of this important research domain.

CONTRIBUTION 3:

What do physical properties have to do with feelings of ownership?

Possessions are instrumental. Through their possessions individuals can experience control and, hence, satisfy their desire to effectively influence their environment (Furby, 1978; Pierce, Kostova, & Dirks, 2001). To a large extent it is the experience of psychological ownership (P.O.) for a certain object that enables an individual to cater to this desire.

P.O. refers to the extent to which an individual feels that something is “mine” (Pierce, Kostova, & Dirks, 2003). One of three key experiences giving rise to P.O. is perceived control over a target object (Pierce et al., 2003). The greater the amount of control an individual experiences, the more likely the controlled object will be psychologically owned. Objects that cannot be controlled or manipulated may have a hard time satisfying the need for effectance. Hence, they are unlikely to become “mine”.

A major aspect that determines the extent to which an individual can exercise control over a tangible object are its physical properties. For example, very large or heavy objects can barely be moved or controlled. Yet, large objects are still considered as status symbols and highly popular.

Interpreting the notion of control over an object as the actual capability to physically handle it, we suggest that the properties of an object bear the potential to increase the likelihood of it being psychologically owned. We assume that the smaller or lighter an object is, the easier it can be controlled and the stronger feelings of ownership for it can become.

In two experiments we manipulated physical properties of two objects to see their effect on perceived control over and P.O. for them.

In these experiments we were able to manipulate perceived control over specific objects by varying either an objects' weight (study 1: non-operating cellphones of the same make but with 3 artificially generated weights, $n = 91$, 50.5% female) or an object's size (study 2: cutting boards in 3 different sizes but with the same weight, $n = 97$, 49.5% female). In a follow up mediation analysis (Hayes, 2012) we could verify that variations in perceived control led to a corresponding alteration in the extent of PO. In addition and in line with prior evidence, we found that higher feelings of ownership for an object triggered more favorable attitudes towards it ($\beta > .45$, $p < .001$) as well as a higher willingness to pay ($\beta > .21$, $p < .05$).

Concluding, our results attest to the positive relationship between control and PO. Additionally, we show that the psychological experience of PO for a tangible object can be deliberately influenced by altering its' properties. A product's physical properties and design may have important implications because they hold the potential to increase the bond between an object and a consumer; a bond that is crucial in driving a variety of consumer behaviors.

CONTRIBUTION 4: OWNERSHIP IN THE MACHINE AGE

When it comes to digital services and devices, the concept of psychological ownership is just as important as legal ownership. Legal ownership of digital information goods, services, machines and so on is organized through licensing schemes, which in turn are based on copyright and patent law (see below). But when we create and use digital services, we often enter grey zones of ownership. For example, when people use a social network like Facebook and fill it with their personal data, such as their photographs, jokes, ideas etc. who should be the rightful owner of that content? Legally, Facebook has secured itself a usage right to this content. But does Facebook reduce psychological ownership of its content for its users by denying them exclusive usage rights to and full control over their personal data, communication, ideas and friends? How about mash-ups of films and music files, which people create based on their own and other people's (and companies') content? For example, take one of the film collages presented on YouTube. In these collages, private individuals take existing material from copyrighted sources and meticulously cut and mix them into something new. What is the best way to assign ownership rights in such a case, given peoples' ownership psychology, the attachment to their creations, and companies business goal of have people come back? My point is that it may be beneficial for companies to consider psychological ownership mechanisms in the design of their business models and IT designs.

Scholars have shown how people sometimes abandon technical objects that they legally own instead of taking psychological ownership of them. The two main reasons for this abandonment are typically that the systems are too complicated to use (Venkatesh et al. 2003) or are not compatible enough with the way we live our lives (Rogers 2003). These findings point to the need to be able to manipulate and personalize how our systems' work in order to build up ownership perceptions. Many desktop computers and smart phones already integrate functionality that allows us to customize features such as when they ring or notify us and how things are organized. Still, many systems also deprive us of control and thereby undermine our psychological ownership of them. As of 2015, operating system providers, handset manufacturers and other companies tend to remotely access people's devices, upload information without legal knowledge and consent, run applications that are incomprehensible (if at all accessible), place warning messages on the screen that cannot be ignored, etc. These practices are mostly done under the guise of security, but they are still examples of how organizations control machines that they do not own anymore (Whitworth et al. 2008). With these practices, service providers and device sellers deprive object owners of the ability to fully control access to their possessions (Rudmin et al. 1987). People seem to accept the practice. But it should be noted that normally people strive for the exclusive use of what they own. And when they share or admit access, they typically want to determine and choose for themselves with whom, when and how often.

While I believe in the power of ownership psychology I don't want to miss pointing to two critiques: The first one is that the power of ownership psychology may not be the same in all cultures. Collectivist or socialist cultures may put less emphasis on the need to exclusively own and control something. The desire to control the device, rooted in an individualistic effectance motive, may be less salient in collectivist cultures than it is in individualistic cultures (Hofstede 1980).

The second critique relates to the general philosophical perspective on ownership. Philosophers like Karl Marx have criticized "commodity fetishism" (Marx 1978), instead pointing to the importance of "doing." Marx believed that real happiness and human growth

can be achieved only when people do meaningful and properly rewarded work. John Rawls noted that the opportunity for meaningful work is the social basis for self-respect (Moriarty 2009; Rawls 2001). Another philosopher, Erich Fromm, criticized the “radical hedonism” inherent in a strive for more “having.” In his influential work “To have or to be,” Fromm suggested that the orientation to want to possess should be critically questioned and replaced with an emphasis on sharing, giving and sacrificing (Fromm 1976). As societies advance, many benefiting from an abundance of goods so great that children do not have to do without any material desires, the question is how Fromm’s vision will materialize. “To share is the new form of owning,” goes a popular media slogan that announces business models around collaborative consumption. Collaborative consumption platforms such as Airbnb help people to share what they own, such as their flats or their tools. With the rise of such platforms a new “sharing economy” has been heralded, which questions the necessity and need for people to own everything they use (Botsman et al. 2014).