

Money changes what we think is fair, research finds

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Thinking of rewarding your sales department for a job well done? You might not want to make cash part of the pay-off.

A study to be published in an upcoming issue of *Psychological Science*, a journal of the Association for [Psychological Science](#), shows that when it comes to distributing resources, people's ideas about what's fair change depending on what's being handed out. If it's something that has its own intrinsic value - in-kind goods such as food or vacation days - people are more likely to see equal distribution of such items as fair.

But if it's something that is only valuable when it's exchanged - such as money or even credit card reward points - ideas of fairness shift to a more market-based attitude. In that case, the thinking is that people should receive according to what they've contributed.

"What exactly is it about money that causes people to treat it so differently than other resources?" asks Sanford DeVoe, an assistant professor of [organizational behaviour](#), at the University of Toronto's Rotman School of Management who co-wrote the paper with Columbia University's Sheena Iyengar.

"The paper shows that it is the property of money being a medium of exchange," Prof. De Voe says. "When you allocate something that only has its value in what it can be exchanged for, that is what activates a market mindset and really invokes these strong norms about input and effort leading to [reward](#)."

The findings have applications for how companies cope with negative situations too. A firm that wants to cut costs might consider giving employees all the same time off rather than making equal pay cuts across the board that could potentially lead to disgruntlements from a sense of unfairness.

Source: University of Toronto ([news](#) : [web](#))

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