



# It's the thought that counts over time: The interplay of intent, outcome, stewardship, and legacy motivations in intergenerational reciprocity<sup>☆</sup>



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## ABSTRACT

Sometimes the well-intended actions of prior generations result in undesirable outcomes to subsequent generations. Our research highlights the role of making the intention of past generations transparent in intergenerational resource allocations. We demonstrate that even in the presence of undesirable outcomes, people use previous generations' intentions to guide their own decisions for allocating resources to future generations. Furthermore, we show that making the good intention of past generations transparent in intergenerational resource allocations enacts feelings of stewardship, which in turn promotes generosity to future others. Finally, we identify an intervention – the induction of legacy motivations – that can prevent a pattern of selfish intentions from being reciprocated forward in time to future generations.

## 1. Introduction

The phrase “It's the thought that counts” is used when someone ‘unintentionally’ gives you a wrong or disappointing gift, or good intentions to be helpful go awry. Even if you do not like the gift you received, or a well-intended gesture does not play out in a helpful manner, you appreciate the generosity and kindness of that person because you think that intentions matter. However, intentions are not always observable, especially when the intended action involves temporally distant consequences, such as the case with decisions that affect future generations. In intergenerational settings, the original behaviors of past generations are temporally removed from the future outcomes to subsequent generations and thus the realized outcome to subsequent generations can become a vague signal of what was originally intended by past generations. Such decoupling of intentions and outcomes becomes significant when information about good intentions is not available and the corresponding outcomes are not desirable. In such cases, the good “thought” does not “count,” which can block a pattern of behaviors that promote sustainability and profitability over the long term.

Here, we explore how the past generation's intention with respect to the treatment of future generations and the actual outcomes experienced by that future generation may differentially affect intergenerational behaviors in the future. We also demonstrate that making the intentions of preceding generations of actors transparent in resource

allocations can be critical. Specifically, people look to previous generations' intentions to guide their own decisions for allocating resources for future generations. By making the good intentions of past generations transparent in resource allocations, it enhances concern for future generations and enacts feelings of stewardship, which in turn promotes intergenerational beneficence. Additionally, we explore the role of legacy motivations in determining people's decision to behave generously toward future generations when the intentions of prior generations were not generous. We show that the enactment of legacy motivations can be used as an intervention to help break a harmful cycle of negative intergenerational reciprocity.

### 1.1. Intergenerational allocation decisions & reciprocity

Many pressing issues in our society involve the distribution of resources among more than one generation of people. Environmental issues such as ozone depletion, species extinctions, and global warming all center on the tension between today's profitability and tomorrow's sustainability. In finance, intergenerational equity is a central consideration with respect to the national debt. A large public debt may enable present generations to gain immediate benefits but typically implies higher interest payments, which can result in higher debt imposing risks and costs on future taxpayers (Huntley, 2010), especially in situations in which debt compounds over time (Krugman, 2013). Furthermore, a pervasive challenge in organizational life is that what may

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be in the best interest of the present generation of organizational actors is not necessarily what is best for future generations of organizational actors. For example, a manager may need to decide whether to execute a new strategic plan, which would constrain the company's financial and human resources options in the future, but could considerably enhance the effectiveness of the organization's current activities (Tost, Hernandez, & Wade-Benzoni, 2008). Or, consider the case of a financial analyst finishing up a position at her company to pursue an MBA degree, who must decide whether to take time out of her own schedule to meet with and guide the new analyst taking her place. If she takes the time to mentor the new analyst, she will have less time to prepare for her transition into the MBA life, but doing so would help the new analyst be better prepared for her new role in the firm (Hernandez, Noval, & Wade-Benzoni, 2015). In both scenarios, the actors must make their decision based on the tradeoff between what is important or beneficial to them now, and what is beneficial for future generations.

Organizations often face conflicts between organizational actors representing different generations (Joshi, Dencker, Franz, & Martocchio, 2010). In particular, situations involving tradeoffs between the interests of present and future generations, such as those described above, have been termed “intergenerational dilemmas” (Wade-Benzoni & Tost, 2009). Research on intergenerational dilemmas has focused on identifying psychological features of intergenerational decisions, barriers to advancing intergenerational beneficence, and variables that lead the present generation to act generously on behalf of future others (see Wade-Benzoni & Tost, 2009 for a review). A defining feature of intergenerational decisions is that they involve the sequential use of resources with time delays between each party or cohort's access to the resource (Joshi et al., 2010; Wade-Benzoni & Tost, 2009). Because of the chronological aspect of intergenerational relations, actors in the previous generation are removed from some of the consequences of their own decisions, while actors in subsequent generations may inherit good or bad circumstances even though they had little or no voice in creating those circumstances. Further, generations that come later in the intergenerational sequence often do not have the opportunity to directly reciprocate the behavior or deeds of previous generations since the people who constituted former generations may no longer be a part of the social exchange context due to, for example, their exit from the organization or mortality more generally.

A central barrier to acting on the behalf of future generations is the tendency to discount the value of resources to be consumed by future others (Wade-Benzoni, 2008). Individuals typically prefer smaller-sooner rewards over larger-later rewards and are less likely to choose an option that benefits others rather than themselves. However, philosophers and theorists have pointed to the lack of direct reciprocity between generations as the most central consideration that prevents people from sacrificing their own gain for the good of future generations (Care, 1982). When one generation does not benefit from the sacrifices it makes for future generations, then why should it act on the behalf of future others? Seminal work on intergenerational conflict in organizations has offered a response to this question by introducing the notion of intergenerational reciprocity (Wade-Benzoni, 2002).

In situations in which people cannot reciprocate the good or evil left to them by previous generations, they can instead reciprocate by behaving similarly toward the next generation. In other words, people can pass on benefits (or burdens) to future generations as a matter of retrospective obligation (or retaliation) for the good (or bad) received from past generations. In a series of studies, Wade-Benzoni (2002) found that individuals' perceptions of what the previous generation left for them affected what they would leave for the next generation. Specifically, the more the previous generation apparently acted on behalf of the present generation, the more the present generation acted on the behalf of future generations. The effect of intergenerational reciprocity was robust across different contexts and participant populations, thus establishing it as a key consideration in understanding intergenerational behavior and revealing a powerful tool to activate intergenerational beneficence. While

this research provided foundational evidence that advanced our understanding of the psychology of intergenerational behavior, central questions regarding the phenomenon of intergenerational reciprocity remain unanswered. Specifically, the research by Wade-Benzoni (2002) largely conflated the intention of prior generations with the actual outcomes inherited by subsequent generations. That is, participants in these studies were only informed of the amount left for them from the previous generation, but it was ambiguous whether that amount was what the previous generation had intended to leave for future generations. Thus, these studies did not capture the possibility that what was intended by previous generations was not necessarily what the subsequent generations received. The temporal discontinuity between the previous generation's intention and the actual outcome experienced by later generations means that this potential decoupling of intentions and outcomes is an important consideration in intergenerational resource allocation.

### 1.2. The role of intentions in intergenerational decision making

In prior research on the significance of decoupled intentions and outcomes, scholars have found that people tend to neglect information about intentions when outcomes are presented (Cushman, 2008; Cushman, Dreber, Wang, & Costa, 2009; Pizarro, Uhlmann, & Bloom, 2003; Sezer, Zhang, Gino, & Bazerman, 2016; Weiner, 1995). A classic example of this outcome bias is illustrated in a study by Baron and Hershey (1988) in which participants rated the quality of a surgeon's decision to perform a risky operation. Participants rated the decision as lower quality when the patient died as compared to when the patient survived – even though the decision processes were identical in each case. These findings, however, do not consider organizational evaluations and decisions that involve an interplay of reciprocity dynamics and intertemporal considerations, such as the case in intergenerational contexts.

Considerable research on reciprocity and fairness perceptions has highlighted the importance of intention (e.g., Blau, 1964; Gouldner, 1960; Kahneman, Knetsch, & Thaler, 1986). Perceived intention is related to perceptions of process fairness. People are concerned about whether a causal agent knowingly or unknowingly contributed to outcomes received (Baron, 1993; Lind & Tyler, 1988). For example, people tend to reciprocate more positively in response to deliberate help than accidental help (Greenberg & Frisch, 1972) and respond differently to the offers made by humans versus non-humans in ultimatum games even though the offer is the same, suggesting that people use actor's intentionality to guide their responses (Blount, 1995). Corroborating this view, research in experimental economics indicates that intentions matter more than material payoffs, supporting this kindness-based reciprocity model (e.g., Charness & Levine, 2007; Rabin, 1993). For instance, in an experimental labor market, employees tend to reward their firm's good intention (i.e., a high wage assignment) even when poor business conditions decrease their actual earnings (Charness & Levine, 2007). Taken together, evidence across several academic fields converges on the fact that people care about actors' intentions and use them to guide their own behaviors under certain circumstances.

In the absence of direct reciprocation opportunities, the generous behavior of prior generations can serve as the source of intergenerational norms and prompt feelings of responsibility to act in the same way (Wade-Benzoni, 2002). Research shows that a group's past is powerful in establishing norms and values (Tajfel & Turner, 1986), and an increase in awareness of that past can make norms of behavior more salient and distinctive (Jetten & Wohl, 2012). Here, we expect that the transparency of what a preceding generation intended to do for others is critical in shaping intergenerational norms that help people to overcome barriers associated with intergenerational beneficence.

Thus, we propose the following hypotheses.

**Hypothesis 1.** When both the intention of the previous generation and the actual outcome are known, people will model their

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