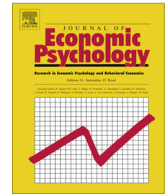




ELSEVIER

Contents lists available at [ScienceDirect](#)

Journal of Economic Psychology

journal homepage: www.elsevier.com/locate/joep

Less is more: Why some domains are more positional than others



Tess Bogaerts*, Mario Pandelaere

Department of Marketing, Faculty of Economics and Business Administration, Ghent University, Belgium

ARTICLE INFO

Article history:

Received 19 September 2012

Received in revised form 19 August 2013

Accepted 26 August 2013

Available online 31 August 2013

JEL classification:

D03

D12

C83

PsycINFO classification:

3120

Keywords:

Positional concerns

Relative evaluation

Status

Social comparisons

Competition

ABSTRACT

Previous research has demonstrated that people's concern about their position relative to a reference group (i.e., positional concern) is stronger in some domains than in others. Our survey data reveals that people care more about their relative position in domains where they have to engage in social comparison to evaluate outcomes. People thus tend to have strong positional concerns in domains with a high level of need for comparison. Moreover, we demonstrate that making social comparisons not directly elicit positional concerns, but trigger a competitive mindset making people want to be better off than others in society.

© 2013 Elsevier B.V. All rights reserved.

1. Introduction

Status is an important motivator of human behavior (Duesenberry, 1949; Veblen, 1899). The quest for status is not surprising, in that it provides access to a host of valuable resources (Frank, 1987; Sen, 1983) and even is valued intrinsically (Huberman, Loch, & Öncüler, 2004). Extensive research has shown that people are concerned about their status (*positional concern*), which is their position in society or within a reference group (e.g., Alpizar, Carlsson, & Johansson-Stenman, 2005; Carlsson, Johansson-Stenman, & Martinsson, 2007; Solnick & Hemenway, 1998, 2005). Having more of a status good than others have thus might be more satisfying than simply possessing a lot of the good. That is, relative outcomes may be more important than absolute outcomes.

Research affirms this prediction (Solnick & Hemenway, 1998). People who are often compared with their siblings during their childhoods care substantially more about their relative position (Lampi & Nordblom, 2010). Various studies also indicate that people care more about their relative position in some domains than in others (Hillesheim & Mechtel, 2013; Solnick & Hemenway, 1998, 2005), such as with regard to income rather than number of vacation days (Carlsson et al., 2007). De-

* Corresponding author. Address: Ghent University, Faculty of Economics and Business Administration, Department of Marketing, Tweekeerkerstraat 2, B-9000 Ghent, Belgium. Tel.: +32 9 264 35 28; fax: +32 9 264 42 79.

E-mail address: Tess.Bogaerts@UGent.be (T. Bogaerts).

spite this extensive evidence of positional concerns, the reasons that some domains appear more positional than others remain unclear. Several authors suggest level of visibility might have an effect; for example, [Alpizar et al. \(2005\)](#) postulate that highly visible domains tend to be more positional. Being concerned about relative position certainly seems more likely in domains in which others can observe the outcomes.

Yet visibility cannot fully explain domain differences with regard to positional concern. Accordingly, we propose that domain differences in positional concern are rooted in differences in social comparison. That is, domain differences may be associated with differences in the extent to which different domains elicit social comparisons and trigger competitive mind-sets. The proposed link between social comparison and positional concern explains not only why domains differ in the positional concern they elicit but also why people differ in their expressed positional concerns. As such, this article contributes to literature on both positional concern and social comparison.

2. Theoretical background

2.1. Positional concern

Positional concern is the extent to which a person is concerned about his or her status or position in a reference group. To measure positional concerns, [Solnick and Hemenway \(1998, 2005\)](#) developed the Positional Concern Questionnaire, which requires respondents to indicate, across multiple domains, which of two outcomes they would prefer. One option is superior from an absolute point of view but inferior from a relative point of view (e.g., working in a company and earning USD50,000 while others earn USD60,000), whereas the other option is superior from a relative point of view but inferior from an absolute point of view (e.g., working in a company and earning USD40,000 while others earn USD30,000). If people worry about status, they prefer the option in which they are better off in relative sense over the option in which they benefit in an absolute sense. In other words, when relative outcomes become more important than absolute ones, people display positional concerns.

The “big-fish-little-pond effect” (BFLPE) demonstrates the substantial importance of relative position for people’s self-concept. [Marsh and Parker \(1984\)](#) show that students with the same ability evaluate themselves less favorably when they attend higher ability, rather than lower ability, schools. Cross-cultural research also notes that high-performing students at inferior schools display higher academic self-concepts than low-performing students at superior schools across 38 culturally and economically diverse countries ([Seaton, Marsh, & Craven, 2009](#)). Moreover, the BFLPE leads to better academic performance. According to [Marsh \(1987\)](#), students in low-ability schools earn better grades than their equally able counterparts in high-ability schools. [Alicke, Zell, and Bloom \(2010\)](#) also demonstrate the importance of reference groups experimentally, by telling students that they were ranked either fifth or sixth out of ten, based on their performance on a task. Some students thus learned that their performance placed them either last in a superior group of five or first in the inferior group of five. Students reported higher self-evaluations if they were best in the inferior group, compared with students who were last in the superior group, even though the latter ranked higher overall. Thus relative positions have strong impacts on both self-evaluations and real-life performance.

Most investigations of the importance of relative position stem from literature pertaining to income and happiness ([Ball & Chernova, 2008](#); [Caporale, Georgellis, Tsitsianis, & Yin, 2009](#); [Clark, Frijters, & Shields, 2008](#); [Clark & Oswald, 1996](#); [Duesenberry, 1949](#); [Easterlin, 1995](#); [Ferrer-i-carbonell, 2005](#); [Luttmer, 2005](#); [McBride, 2001](#); [Stutzer & Frey, 2002](#)). For decades, researchers debated whether money could buy happiness. The *absolute* income hypothesis suggests that richer people are happier than poorer people in the same society ([Diener, 1984](#); [Veenhoven, 1991](#)), because they can buy goods that increase happiness. [Veenhoven \(1991\)](#) claims that because richer people can more easily meet all their basic needs, such as health, food, safety, and comfortable housing, they are prone to be happier than poorer people. However, beyond a certain level of income, this wealth might not increase happiness further, because their basic needs already have been met ([Diener, Sandvik, Seidlitz, & Diener, 1993](#); [Veenhoven, 1991](#)). Average happiness ratings in Western countries have not increased despite substantial growth in national income over the past half-century, for example ([Clark et al., 2008](#); [Easterlin, 1974, 1995](#)). Finally, wealthier people within a society are happier (i.e., absolute income effect), but raising everyone’s income in a society does not improve people’s happiness ([Dolan, Peasgood, & White, 2008](#)).

Instead, [Easterlin \(1974\)](#) suggests that people develop a benchmark for income, according to what the people around them possess. They are happier when their income is higher than the standard but less happy when they are worse off than others in society ([Diener et al., 1993](#)). Thus, when people achieve a substantial absolute income level, they start to care more about their *relative* income position. Overall, though both absolute and relative income levels matter, the effect of absolute income on happiness appears smaller than we might expect ([Aknin, Norton, & Dunn, 2009](#)). Changes in relative income have a much stronger impact on happiness than do changes in absolute income ([Ball & Chernova, 2008](#)). In summary, people worry about their relative income position and tend to display positional income concerns.

Such concerns extend beyond income ([Pingle & Mitchell, 2002](#)) to include concerns about their relative position in domains such as vacation days and insurance ([Alpizar et al., 2005](#)), cars ([Carlsson et al., 2007](#)), attractiveness, supervisor’s praise ([Solnick & Hemenway, 1998](#)), clothing, and home size ([Solnick & Hemenway, 2005](#)). However, the degree to which people exhibit positional concerns varies across domains. Literature on positional goods, defined as goods whose value depends on the extent to which other people possess them ([Frank, 1985](#); [Hirsch, 1976](#)), also indicates that some goods are more positional than others ([Alpizar et al., 2005](#)).

Download English Version:

<https://daneshyari.com/en/article/7244943>

Download Persian Version:

<https://daneshyari.com/article/7244943>

[Daneshyari.com](https://daneshyari.com)