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The Two Faces of Ownership:
Introduction to the Special Section on Ownership and Economic Decisions

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Ownership is a concept that touches on many aspects of economic behavior simply because nearly every economic transaction involves a transfer of ownership. The phenomenon of ownership has long since inspired multiple streams of research by scholars from economics as well as other scientific disciplines (e.g., Rudmin, 1986). What unites these different streams of literature is that they converge on the pivotal role of ownership in shaping a wide range of economic behaviors.

The multitude of disciplines investigating ownership contributes to its appeal and, together with the two main faces of ownership—the legal and the psychological—explains why knowledge on ownership is dispersed. In this special section, which was stimulated by an interdisciplinary workshop on “Ownership and Decision Making” at WU Vienna, we aimed to capitalize on this dispersion and to demonstrate the usefulness of focusing on ownership in the study of economic behaviors. Our goal is to inspire dialogue among researchers who knowingly or (so far) unknowingly devote their work to phenomena and theories that investigate the precursors and effects of (psychological) ownership in decision making.

We advocate the view that, in order to fully grasp the phenomenon of ownership, it is necessary to apply a bifocal lens which captures both faces that ownership as a construct has been showing to those interested in understanding it. The first face of ownership portrays it as a factual social and legal state. In fact, ownership stands for the legal rights resting with the parties involved. This legal dimension is often directly observable, can be factually determined and communicated to third parties, and is usually officially documented (e.g., through a contract). It is also a dimension that could potentially lend itself to direct public intervention, reorganizing or facilitating legal ownership if so desired, such as a UK initiative in 2013 which supported home ownership by facilitating mortgage approval (e.g., Gov.uk, 2014).

The other face ownership has been showing is its psychological dimension. A defining feature of ownership viewed from this alternative perspective is that people can feel ownership over something without actually having a legal claim to it. This psychological dimension is encapsulated in the simple word “mine”, which can be used to lay claim to any tangible or non-tangible entity one wishes to possess regardless of actual legal ownership (Pierce, Kostova, & Dirks, 2003). The concept of psychological ownership thus extends to intangible goods such as ideas, copyrights, or the goodwill of others. This face of ownership can only be determined by the very individual experiencing it. While generally open to intervention (e.g., changes in work context can facilitate psychological ownership for one's job; Brown, Pierce, & Crossley, 2014), this dimension of ownership can be less directly influenced. Moreover, because it is not a factual state, this face of ownership may be equally useful as a predictor (e.g., Kamleitner, 2011; Kamleitner & Feuchtl, forthcoming; O'Driscoll, Pierce, & Coghlan, 2006; Peck & Shu, 2009) as well as an outcome of economic behaviors (e.g., Brown et al., 2014; Kamleitner & Erki, 2013).

In a nutshell, legal ownership is a matter of rights to own and use a possession, whereas psychological ownership deals with the experience of possessive claims that may support or defy legal entitlements (e.g., a person who has decided to get a new phone may already own it psychologically before being able to lay factual claim to it). To the observant outsider the two faces of ownership may be simultaneously visible (e.g., a person who freshly acquired a

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new phone may go around telling everybody proudly about “my” new phone), or they may not. Apart from situations in which a theoretical or practical focus on the “legal” or “psychological” dimension obscures the respective other dimension from view, the two dimensions do not necessarily co-occur.

The essence of the two dimensions is vastly different. It is, therefore, no surprise that the factual and the psychological dimensions of ownership have been mostly addressed by scholars from different disciplines. Whereas the legal dimension has been primarily addressed by fields of research (such as economics and legal studies) that tend not to focus on the underlying mechanisms, the psychological dimension has attracted particular interest among fields that are interested in the internal processes accompanying overt behavior (e.g., such as consumer research and organizational studies). Both faces have one powerful characteristic in common: they notably shape economic behavior, which is the main focus of this special section.

This special section highlights the multiple ways in which both faces may separately or jointly influence economic actions. It is helpful to keep both dimensions in mind when engaging with the individual contributions. We have been lucky in receiving submissions that serve the purpose of demonstrating unity in breadth exceedingly well. The papers herein touch on a variety of different ownership topics, ranging from the influence of fluctuations in factual ownership states on valuations, to the way factual ownership influences sustainable agricultural practices, to how different decision processes and experiences may influence psychological ownership as a downstream consequence.

In the first paper, Arora, Bert, Podesta, and Krantz (this issue) showcase the substantial effects that different forms of ownership can have on real economic behavior of Argentine farmers. This field study shows that the mode of ownership (renting vs. possessing land) is accompanied by a different sense of entitlement. In turn, this leads to economic and environmental implications that affect not only the decision makers themselves but the long-term usability of land as a country's fundamental economic resource. While owning the land increases the likelihood of sustainable farming practices, tenants who rent the land (even in consecutive farming cycles) are focused on short-term gains at the expense of future-oriented land use. In essence, they show that factual mode of ownership is related to a specific psychological mindset of future versus present-oriented decision making.

The second and third paper both address variations of the probably best known phenomenon on ownership, the endowment effect (Thaler, 1980), which is the robust finding that buyers are willing to pay less for a good than sellers demand in order to part with it. Both papers contribute to the existing literature in different ways that together highlight the joint power of the factual and psychological dimensions of ownership. Wang, Ong and Tang (this issue) focus on how the history of ownership influences valuations. Given that most literature so far has centered on stable ownership states determined by an individual transaction, this paper provides new insights on ownership dynamics on top of ownership states. The authors report that in situations in which ownership is not constant over time, the sequence of gaining versus losing the object informs the decision maker of the object's value. Valuations were highest after sudden reversals of ownership, indicating that ownership experience and its psychological correlates directly impact perceptions of an object's valuation.

In the third paper, Thomas, Yeh, and Jewell (this issue) investigate how the congruence (i.e., fit) between person and object changes the endowment effect. Supporting earlier work (Dommer & Swaminathan, 2013), their results suggest a link between identity and ownership that is expressed in the valuations of goods. This contribution thus tightly links the two faces

of ownership and is closely tied to the idea that psychological ownership is an expression of one's identity (e.g., Belk, 1988).

The fourth and fifth papers finally focus on the psychological face of ownership only. Both of them report novel findings on the respective phenomena they examine from an ownership perspective. Kirk, McSherry, and Swain (this issue) look at the context of financial decision making, where they investigate psychological ownership as a downstream consequence of the decision making process. They show that congruence with non-consciously activated goals may influence psychological ownership of the decision outcome even if the decision itself is not affected. Thus, here we see how psychological ownership can be a result of how decisions were made.

In the fifth and last paper, Walasek, Matthews, and Rakow (this issue) question whether psychological ownership may act as a coping mechanism and, thus, change in the face of adversity. Specifically, they focus on a potential link between the experience of ostracism and the experience of owned objects. Although many papers show that psychological ownership and valuation of owned objects can be easily manipulated, the series of studies presented in this paper shows that ostracism as a potentially relevant and theoretically plausible factor does not.

This last paper thus highlights that while the evidence on the two faces of ownership is rich, important questions remain. Those questions include the systematic analyses of situations in which there is more than one owner (e.g., sharing; Belk, 2010; and collective psychological ownership; Pierce & Jussila, 2010) and situations in which ownership extends to "bads" (i.e., undesired possessions) rather than "goods".

In sum, this special section in the *Journal of Behavioral and Experimental Economics* demonstrates that the entire breadth of economic decisions can readily be informed by approaching it with the bifocal lens of ownership. This bifocal lens has the potential to tie together and learn from seemingly remote phenomena, which is challenge and opportunity at the same time. We hope that the contributions will stimulate, challenge, and inspire other researches to further our interdisciplinary understanding of the multifaceted aspects related to the two-faced concept of ownership.

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