Passing Money On: Equity Theory and Distribution of Money in a Will

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PASSING MONEY ON: EQUITY THEORY AND DISTRIBUTION OF MONEY IN A WILL

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ABSTRACT

127 respondents were asked to distribute $100,000 in a will among their four children shown as differing in helpfulness to the respondent and need for the money. The majority of respondents divided the money unequally, with more than 2/3 rejecting a norm of equality in favor of rewarding helpfulness (equity) and relative need. Last year’s research produced results favoring equality. Possible reasons for this disparity and implications for further research on Equity theory are presented.

127 respondents were given a form on which they were told that they had $100,000 to distribute in their will among their four children who were then described in a short paragraph:

one child’s description showed (s)he was high in both helpfulness to the respondent and need, one was high in helpfulness but low in need, one low in helpfulness but high in need, one low in both helpfulness and need.

Half the respondents received the descriptions about female children and half about male children. The research was to ascertain which of the possible norms of equity, need, or equality would predominate in the respondents’ distribution strategy. Assessment of the respondents’ evaluation of the children’s helpfulness and need showed that respondents evaluated them as intended.

More than 2/3 of the subjects (86 of 127) used helpfulness (f = 168.22, p < .0001) and/or need (f = 127.85, p < .0001) in determining the distribution of their money, with the helpful/needy
child receiving significantly more ($39,200) and the non-helpful/non-needy child significantly less ($14,570) than the other children ($23,800 and $22,100), showing a rejection of the norm of equality. There was no preference shown between helpfulness and need as a determining variable (t =1.32 , p > .05). Subject's gender and target's gender did not influence the distribution (F = 1.55, p < .05 and F = 0.15, p < .05 respectively).

In prior research using only three children (no child both helpful and needy), results were contrary to those found here. In that study roughly 2/3 of the respondents opted for equal money distribution among their children (118 of 187); of those not choosing equality, need was determinant over equity. Possible reasons for this reversal and their implication for equity theory are presented. In adding a child who is both helpful and needy, it may be that describing a child so clearly deserving of reward invoked very strongly a norm of equity. Some evidence for this is the finding that as well as main effects, there is a significant interaction effect between helpfulness and need (F= 15.40, p <.0001).

The previous absence of this category of child pitted "helpfulness" and "need" against each other and may have led respondents to choose the norm of "equality" rather than prefer one of these norms to the other. Secondly, in this study college students were used exclusively whereas in the previous study both college students and seniors were used. Age turned out to be a very important variable in that study: older respondents (over 35 years of age) were three times as likely to choose equality over inequality, while under-35s were as likely to choose an unequal as an equal division (c 2 = 10.64, p < .01). It has been noted that wisdom accumulates with age and experience; older respondents, having had children and knowing the disruption caused by feelings of inequality, may be very hesitant to use equity to weight distributions in close relationships. Comments made by senior respondents reinforce this view, while younger respondents tended to feel that equity and need should be accorded more weight. Further research is planned to collect data on seniors using the four-child form to see if this makes a difference in their pattern of monetary distribution.

APPENDIX A -- SAMPLE OF THE 4-CHILD FORM

PLEASE CIRCLE OR ENTER THE BELOW INFORMATION AS INDICATED
Your gender: ___M ___F
Currently, are you: ___Single ___Married ___Divorced ___Other
Your age: _____ How many children do you have? ______

THE WILL

You have decided to make out a will and have $100,000 to distribute among your children* -- Bill(Beth), Carl(Carla), Fred(Fran), and John(Joan). All are pleasant in character and all live in your town.

Bill(Beth) is married with a family and has a very low-paying job; for the last few years his wife (her husband) has been seriously ill and unable to work so they struggle to make ends meet. Despite this, they phone you every day to see if you need anything, and come to take you shopping at least twice a week.

Carl(Carla) and his wife (her husband) are very well-off financially; they take extended vacations to fancy resorts without having to inquire about the expense. They often do things for you; buying you special gifts, arranging for your medical appointments, or taking you out with them to shows or openings.

Fred(Fran) and his wife (her husband) both work hard at minimum-wage jobs and can barely survive on them. They have a lot of time on their hands after work but they never phone, visit, or come over to see you unless they need something; if you ask them to do anything, they always have some reason they can't do it.

John(Joan) and his wife (her husband) both work at highly paid jobs; they've put money aside for their children's education, bought a new car, and have a nice trust fund for their retirement. They always seem to be on the go and you don't see them more than once or twice a year; they don't even phone you on your birthday or send you a card.

How will you divide your $100,000?

_________________________ to Bill(Beth)
_________________________ to Carl(Carla)
_________________________ to Fred(Fran)
_________________________ to John(Joan)

Please briefly list your reason(s) for this division of the money.

_________________________________________________________________________

_________________________________________________________________________

*Half the surveys were distributed with all male names and references, and half all female
Please circle the number that you feel best shows...
1 = Not at all  7 = Very Much

How much BILL & his family need money......1 2 3 4 5 6 7
How much help BILL & his family give you...1 2 3 4 5 6 7
How much CARL & his family need money......1 2 3 4 5 6 7
How much help CARL & his family give you...1 2 3 4 5 6 7
How much FRED & his family need money......1 2 3 4 5 6 7
How much help FRED & his family give you...1 2 3 4 5 6 7
How much JOHN & his family need money......1 2 3 4 5 6 7
How much help JOHN & his family give you...1 2 3 4 5 6 7

IF YOU AGREE TO PERMIT YOUR DATA TO BE USED ANONYMOUSLY IN RESEARCH THAT MAY BE PUBLISHED, AFTER THE INSTRUCTOR HAS LEFT THE ROOM PLEASE PLACE THE SHEET IN THE BOX WHERE INDICATED; IF NOT, PLEASE DISCARD THE SHEET.

THANK YOU FOR YOUR COOPERATION IN MY RESEARCH.
DR. ISAACS