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Original Articles

The Intrinsic Value of Decision Rights

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PDF

Abstract

Philosophers, psychologists, and economists have long argued that certain decision rights carry not only instrumental value but may also be valuable for their own sake. The ideas of autonomy, freedom, and liberty derive their intuitive appeal—at least partly—from an assumed positive intrinsic value of decision rights. Providing clean evidence for the existence of this intrinsic value and measuring its size, however, is intricate. Here, we develop a method capable of achieving these goals. The data reveal that the large majority of our subjects intrinsically value decision rights beyond their instrumental benefit. The intrinsic valuation of decision rights has potentially important consequences for corporate governance, human resource management, and optimal job design: it may explain why managers value power, why employees appreciate jobs with task discretion, why individuals sort into self-employment, and why the reallocation of decision rights is often very difficult and cumbersome. Our method and results may also prove useful in developing an empirical revealed preference foundation for concepts such as “freedom of choice” and “individual autonomy.”

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