

Money buys happiness when you spend on others: research

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Researchers at the University of British Columbia and the Harvard Business School have found that it's possible to buy happiness after all: when you spend money on others.

In a series of studies, UBC Asst. Prof. Elizabeth Dunn found that individuals report significantly greater happiness if they spend money “pro-socially” – that is on gifts for others or charitable donations – rather than spending on themselves. Her findings will appear in the March 21 edition of the journal *Science*.

“We wanted to test our theory that how people spend their money is at least as important as how much money they earn,” says Dunn, who teaches in the UBC Dept. of Psychology and is lead author of the study.

Her co-authors are UBC master's student Lara Aknin and Michael Norton, an assistant professor at the Harvard Business School.

The researchers looked at a nationally representative sample of more than 630 Americans, of whom 55 per cent were female. They asked participants to: rate their general happiness; report their annual income; and provide a breakdown of their monthly spending, including bills, gifts for themselves, gifts for others and donations to charity.

“Regardless of how much income each person made,” says Dunn, “those who spent money on others reported greater happiness, while those who spent more on themselves did not ”

The study also measured the happiness levels of employees at a firm in Boston before and after they received their profit-sharing bonus, which ranged between \$3,000 and \$8,000.

What affected the employees' happiness, says Dunn, was not so much the size of the bonus but how they spent it.

The employees who devoted more of their bonus to gifts for others or toward charity consistently reported greater benefits than employees who simply spent money on their own needs.

In another experiment, the researchers gave participants a \$5 or \$20 bill, asking them to spend the money by 5 p.m. that day. Half the participants were instructed to spend the money on themselves, and half were assigned to spend the money on others. Participants who spent the windfall on others reported feeling happier at the end of the day than those who spent the money on themselves.

“These findings suggest that very minor alterations in spending allocations – as little as \$5 – may be enough to produce real gains in happiness on a given day,” says Dunn.

Source: University of British Columbia

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