Nice people finish last when it comes to money

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Nice people may be at greater risk of bankruptcy and other financial hardships compared with their less agreeable peers, not because they are more cooperative, but because they don't value money as much, according to research published by the American Psychological Association.

"We were interested in understanding whether having a nice and warm personality, what academics in personality research describe as agreeableness, was related to negative financial outcomes," said Sandra Matz, Ph.D., of Columbia Business School and lead author of the study published in the *Journal of Personality and Social Psychology*. "Previous research suggested that agreeableness was associated with lower credit scores and income. We wanted to see if that association held true for other financial indicators and, if so, better understand why nice guys seem to finish last."

Matz and her co-author, Joe Gladstone, Ph.D., of University College London, analyzed data collected from more than 3 million participants using multiple methods: two online panels, a national survey, bank account data and publicly available geographic data. Their analyses investigated whether the reason agreeable individuals were more likely to experience financial hardship was because of their more cooperative negotiation style or instead the lower value they assign to money.

"We found that agreeableness was associated with indicators of financial hardship, including lower savings, higher debt and higher default rates," said Gladstone. "This relationship appears to be driven by the fact that agreeable people simply care less about money and therefore are at higher risk of money mismanagement."

The researchers also found that agreeable people were not all equally likely to suffer financially, with income playing an important role in the relationship between agreeableness and financial health.

"Not every agreeable person is at equal risk of experiencing financial hardship," Gladstone said. "The relationship was much stronger for lower-income individuals, who don't have the financial means to compensate for the detrimental impact of their agreeable personality."

Interestingly, the researchers were surprised to find that even when agreeableness was measured in childhood, it still predicted greater financial hardship later in life. The research included survey data from a cohort study, following the same individuals over more than 25 years.

To further illustrate the connection, the researchers compared publicly available personality and financial data from two areas in the United Kingdom that both had similar per-capita income levels. The city that scored significantly higher on agreeableness also had 50 percent higher bankruptcy rate.

"Our results help us to understand one potential factor underlying financial hardship, which can have serious implications for people's well-being," said Matz. "Being kind and trusting has financial costs, especially for those who do not have the means to compensate for their personalities."

More information: "Nice Guys Finish Last: When and Why Agreeableness Is Associated With Economic Hardship," by Sandra C. Matz, PhD, Columbia Business School, Joe J. Gladstone, PhD, University College London, School of Management, *Journal of Personality and Social Psychology*, published Oct. 11, 2018.

Provided by American Psychological Association