Spending Money on Others Leads to Higher Happiness than Spending on Yourself

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Students will be asked to complete a short recall exercise in which they describe a recent purchase made for themselves or someone else and then report their current level of happiness. Students' happiness ratings will be examined to determine whether spending money on other people (prosocial spending) led to higher levels of happiness than spending money on oneself.

Concept: Can money buy happiness? Does how you spend your money influence your well-being? Previous research has shown that simple spending choices with as little as five or twenty dollars can lead to different happiness outcomes, such that spending money on other people (prosocial spending) leads to higher levels of happiness than spending the same amount of money on oneself (personal spending). This classroom activity is designed to allow students to experience and replicate previous research by examining whether their own spending choices, such as spending twenty dollars on themselves or someone else, lead to differences in happiness levels.

Materials Needed: Each student will need a pen or pencil and should receive a recall questionnaire (see Appendix A for sample). Recall questionnaires should include one of the two memory prompts. If possible, all personal spending memory questionnaires should be printed on one shade of colored paper and all prosocial spending memory questionnaires should be printed on a different shade of colored paper.

Instructions: For decades, researchers from both psychology and economics have studied the fascinating relationship between money and happiness. Typically, this question was studied using correlational designs and revealed that there is a small but significant relationship between income and happiness with the average correlation falling between .17-.21 (Lucas & Dyrenforth, 2006).

While this large body of research has demonstrated that income has a small but reliable association with well-being, some new research has adopted a different approach to understanding how money impacts happiness. For instance, instead of examining the overall association between income and happiness, research in our lab has examined whether simple spending choices (i.e. *how* someone spends their money) might influence their well-being. Specifically, we have tested whether spending money on other people, or *prosocial spending*, leads to higher levels of happiness than spending money on yourself (Dunn, Aknin, & Norton, 2008). In a series of studies, we found that participants who spent money on others were significantly happier than those who spent money on themselves. Thus, generous spending has been shown to produce higher levels of happiness than spending on oneself. More recently, we have found that simply *recalling* a previous act of prosocial spending can have similar effects. Specifically, in several recent studies, participants randomly assigned to describe a time they spent on others were significantly happier than participants assigned to describe a time they spent on themselves (Aknin, et al., under review). The classroom activity presented here allows students to replicate this research.

Before the lesson, print one recall questionnaire for each student. It is important that each student only receive one type of questionnaire – either the personal or prosocial memory prompt – so print enough copies for half your class of each questionnaire (e.g., if you have 50 students, print 25 Personal Spending recall questionnaires and 25 Prosocial Spending recall questionnaires). When the questionnaires are printed, shuffle the questionnaires so that the two recall questionnaires are mixed; this will provide an easy way to randomly assign students to one of the two recall conditions. In addition to the recall questionnaires, prepare three large labels for the front of the classroom. The first label should read “1-3”. The second label, should read “4-6”. The third should read, “7-9”. Each label should be written in large, dark letters on a single 8 1/2 X 11” sheet of paper.

In class, distribute an equal number of the personal and prosocial spending recall questionnaires. Tell students they will have 5-7 minutes to complete the recollection exercise and should then report their happiness on the question below (see Appendix A). While students describe their spending memory, mark the front of the classroom with sheets of paper labelled 1 – 3, 4 – 6, 7 – 9 to represent low, mid-range, and high happiness scores.

To avoid identifying or embarrassing students with low happiness scores, ask students to crumple up their recall questionnaire into a paper ball. Then tell students to throw their paper ball to the front of the classroom and aim for the target that represents their happiness score. Check if the data support the hypothesis by comparing the number and percentage of colored paper balls at the high end of the happiness scale. Support for the hypothesis would show a higher percentage of Prosocial Spending recall questionnaires at the high end of the happiness scale.

If you are unable to access colored paper for this classroom activity, variations of this exercise can make use of chalk boards, online forums, clickers, and raised hands. For instance, recall instructions can be posted on a chalk board in the classroom or online before class. Students could also complete this exercise at home and email their happiness rating to an instructor, who could then compute an average happiness score for both the personal and prosocial spending recall groups. This activity can be adapted in many ways to suit your student and classroom needs.

Discussion: The hypothesis tested in this class demonstration is that students who recall a time they spent on others will report higher levels of happiness than students who recall a time they spent on themselves. Discussion can center around whether this prediction was supported by the data. You may also want to read a few examples of personal and prosocial spending descriptions. Were students who recalled spending money on others happier? If so, why might this be? Were there any interesting examples of personal or prosocial spending? If the demonstration did not work, why might this be? Can your students identify any potential confounds in the study design? For instance, might memories of prosocial spending lead to higher happiness because they involve spending time with others rather than spending money on others? Does recalling a spending experience accurately reflect how people feel immediately after they engage in these spending behaviors? Are there times when prosocial spending can backfire? What implications does this research have for individuals and society?

References

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Lucas, R. E., & Dyrenforth, P. S. (2006). Does the existence of social relationships matter for subjective well-being? In K. D. Vohs & E. J. Finkel (Eds.), *Self and relationships: Connecting intrapersonal and interpersonal processes* (pp. 254-273). New York, NY: Guilford Press.

Appendix A. Sample handout

Note: Students should receive *one of the two* prompts below and the happiness question.

Personal spending recall prompt. Please take 5 minutes to describe the last time you spent approximately $20 on yourself. While describing this spending event, you should re-experience the event as vividly as possible. In doing so, please think about how you felt at the time the event occurred and what led to those feelings.

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How happy are you feeling right now?

1	2	3	4	5	6	7	8	9
Not at all happy								Very happy

Prosocial spending recall prompt. Please take 5 minutes to describe the last time you spent approximately $20 on someone else. While describing this spending event, you should re-experience the event as vividly as possible. In doing so, please think about how you felt at the time the event occurred and what led to those feelings.

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How happy are you feeling right now?

1	2	3	4	5	6	7	8	9
Not at all happy								Very happy