

Wealth, Time and Felicity

Arindam Biswas

Camellia Institute of Technology, Kolkata 700129
arindambiswascie@live.com

Abstract— We highlight recent research examining how people should manage their most precious resources wealth and time to maximize their Felicity (*happiness*). Contrary to people's intuitions, happiness may be less contingent on the sheer amount of each resource available and more on how people both think about and choose to spend them. Overall, focusing on time leads to greater happiness than focusing on wealth. Moreover, people enjoy greater happiness from spending wealth on others rather than themselves and from acquiring experiences instead of possessions. Similarly, people enjoy greater happiness from spending time on or with others and from acquiring experiences both extraordinary and ordinary.

Index Terms— Wealth, Time and Felicity

1 INTRODUCTION

The Wealth and time serve as people's two most precious resources. Both are scarce (sometimes painfully so), and both can be saved, budgeted, wasted, or spent in the pursuit of life's necessities and joys. Despite their similarities, time and wealth have distinct psychological properties with striking effects on human behavior. Over the past decade, a growing body of work has examined a seemingly simple question: how should people both think about and spend their time and wealth to maximize their well-being?

2 FELICITY FROM WEALTH

Although people believe otherwise, most data suggest that after basic needs have been met, additional income is not associated with increases in well-being. These correlation data, however, should not be read as evidence that wealth (money) cannot buy felicity (happiness); rather they may simply reflect that the ways in which people typically spend additional income may not be ideal for increasing felicity. In particular, an emerging body of research suggests that

- (a) People spend the vast majority of their income on material goods for themselves from houses to electronics to cups of coffee.
- (b) Wealth spent on 'stuff' for one self typically fails to pay off in happiness. Recent research highlights two alternative spending targets with greater potential to pay off in increased happiness: pro social spending and buying experiences.

3 PRO SOCIAL SPENDING

If spending wealth on material goods for themselves fails

to make people happier, could altering the target of that spending from oneself to another be wiser? Despite intuitions to the contrary, an emerging body of research demonstrates that spending on others (pro social spending) is associated with improved well-being: the more people give, the happier they are, controlling for their total income. This relationship is causal: people instructed to spend \$500 on them are less happy than those randomly assigned to spend that same \$500 on someone else. Importantly, the giving-happiness relationship appears to be universal, appearing among both rich and poor people, and in countries all over the world from India to South Africa, Uganda to Canada (Figure 1). Furthermore, feeling happy from giving is not merely driven by social norms: long before becoming concerned with appearing generous to others, 2-year old toddlers enjoy greater happiness from spending resources on others rather than themselves.

Of course, not all pro social spending has the same affective benefits. Research has identified critical moderators of the link between generosity and happiness.

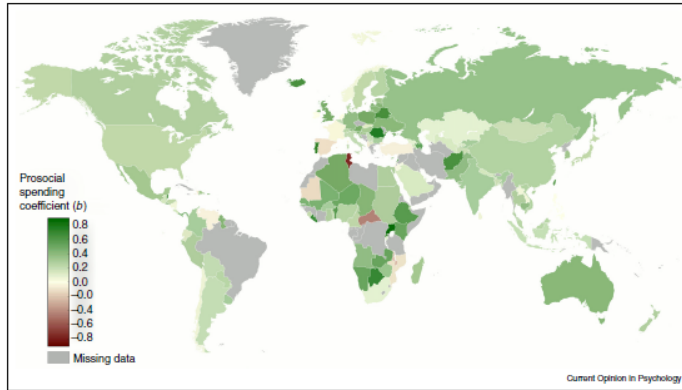
First, stronger emotional ties between a giver and receiver enhance happiness from pro social spending: spending on strong ties (compared to weak ties) and spending face-to-face (compared to anonymously) lead to greater boosts in happiness.

Second, the feeling of having a specific impact on others produces greater well-being, controlling for closeness between the giver and receiver.

For example, spending on a charity with a specific purpose such as spread the net, which focuses on buying bed nets to stop the spread of malaria, induces more happiness than spending on a charity that performs many nebulous functions such as UNICEF, which funds a variety of child health

care initiatives. There is also initial evidence of a 'positive feedback loop' whereby the happiness people experience from giving at **Time 1** prompts them to be more likely to give at **Time 2**. These results offer intriguing support for a path to sustainable happiness: pro social spending increases happiness, which in turn encourages subsequent pro social spending which results in increased happiness.

Figure 1



[World map display of prosocial spending coefficients.]

4 BUYING EXPERIENCES

Whereas pro social spending research encourages a shift in the target of spending from self to other, another body of research offers a different solution to redirect people's hedonically misguided proclivity to spend wealth on material goods for themselves: a shift from buying 'stuff' to buying experiences. A growing set of studies shows that experiential purchases induce greater happiness than material purchases.

Even waiting for experiences is hedonically superior to waiting for material goods: whereas waiting for experiences is felt as excitement, waiting for 'Stuff' is simply felt as impatience. Researchers have begun identifying factors responsible for the happiness from experiential purchases: experiences are more **self-defining**, **more unique**, **harder to compare against forgone alternatives**, and less prone to **hedonic adaptation** than material possessions. Moreover, experiences are more interpersonally connecting, which highlights (as with pro social spending) the hedonic benefits of using wealth to cultivate social connection.

5. HAPPINESS FROM TIME: FOCUSING ON TIME

A look at what people search for on Google reveals a greater focus on wealth than time. Yet research suggests that a

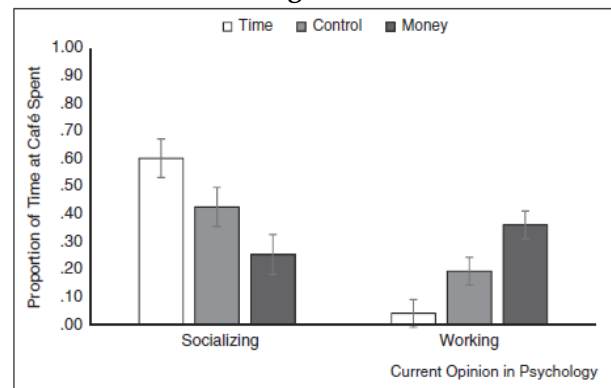
simple shift in attention toward time can lead people to be happier with the products they consume and in their lives more generally. For example, compared to individuals focused on wealth, individuals focused on time are motivated to socialize more and to work less (both outcomes associated with greater happiness).

In one study, people entering a cafe were asked to complete a questionnaire that involved unscrambling a series of sentences that surreptitiously exposed them to **time-related words**, **wealth-related words**, or **neutral words**. These participants were then observed to see how they spent their time (i.e., socializing with fellow patrons or doing work), and when exiting were asked to report how happy and satisfied they felt.

Those who had been led to think about time spent a greater proportion of their time socializing and left the cafe' happier (Figure 2). Drawing attention to time seems to nudge people to view their life as finite, which encourages them to act in ways they can be happy with when reflecting on who they are. As a consequence, focusing on time (instead of wealth) not only increases happiness, but decreases people's tendencies to cheat and increases charitable giving.

Thinking about the broad construct of time influences happiness, as does the amount of time people think they

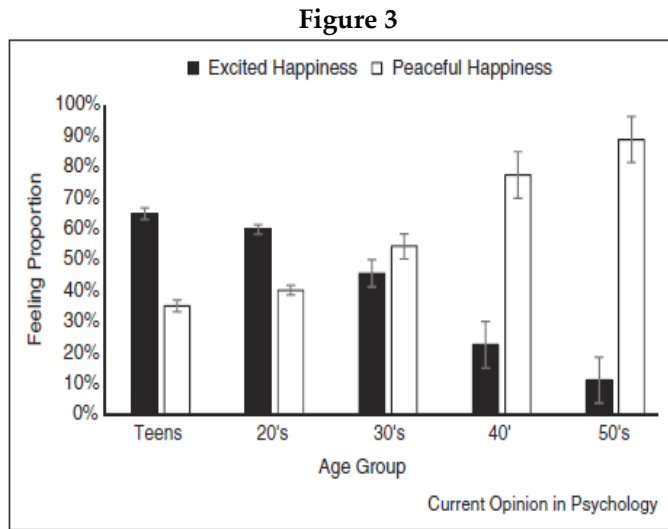
Figure 2



[Average proportion of time at the cafe spent socializing and working for those who had been led to think about time, wealth, or neither upon entering the cafe.]

have left in life. In particular, age determines the way happiness is experienced. Researchers studying the emotions expressed on millions of personal blogs identified two primary forms of happiness: one associated with feeling excited, and the other associated with feeling calm. Moreover, these researchers observed a gradual age-based shift such that people in their teens and twenties were more likely to express happiness as excitement, but as people get older, they became more likely to express happiness as calm

(Figure 3).



Even though young people generally view the remainder of their lives to be relatively long, when asked the question, 'Is life short or long?' the majority of people (irrespective of age) answer that life is short, and also tend to believe that life is hard rather than easy. Unfortunately, endorsing this philosophy is associated with less happiness than the opposite belief that life is long and easy. Larsen and McKibban investigated another philosophy proposed by Rabbi Hyman Schachtel in 1954: "Happiness is not having what you want, but wanting what you have." To test this maxim, the researchers asked people whether or not they possessed 52 material items, as well as the extent to which they wanted each of these items. Both variables accounted for unique variance in happiness. That is, having what you want and wanting what you have each contribute independently to happiness.

Together these findings suggest that focusing on the broad notion of time increases happiness and that thinking about time in a particular way (as expansive or limited) can influence not only how much happiness people experience, but also how they experience happiness.

6 SPENDING TIME

To complement the principles for happy ways to spend wealth, Aaker, Rudd, and Mogilner, proposed some initial principles for happy ways to spend time, including spending time on others. Giving time has the surprising effect of making people feel as though they have more time. Experiments showed that individuals who spent five to thirty

minutes on someone else subsequently felt as though they had more time than individuals who had wasted that time, spent that time on themselves, or received that time as a windfall. An increased sense of efficacy and the recognition that much can be accomplished with one's time accounted for the positive effect of giving time on perceived time affluence. Although people are motivated to collect unusual experiences to build their 'experiential CV' and to protect their memories of special experiences, extraordinary experiences do not always produce greater happiness than ordinary experiences. Bhattacharjee and Mogilner measured the happiness produced by hundreds of experiences that people recalled, imagined, or posted on Face-book, and found that the amount of happiness enjoyed from extraordinary and ordinary experiences depends on one's age. Whereas younger people enjoy greater happiness from extraordinary experiences, ordinary experiences become increasingly associated with happiness as people get older, such that ordinary experiences produce as much happiness as extraordinary experiences when people feel they have limited time remaining. Also documenting the potential happiness from ordinary experiences, Zhang, Kim, Brooks, Gino, and Norton asked people to create 'time capsules' of either mundane or Out of the ordinary daily events. When participants viewed their time capsules months later, those who rediscovered ordinary experiences were happier than those who rediscovered extraordinary experiences; people were more likely to have forgotten their mundane experiences, thus feeling greater joy from the chance to remember. The mere expenditure of time can also serve to boost happiness. In the case of consumers' happiness with products, for instance, the 'IKEA effect' [1] shows that individuals who built IKEA boxes, folded origami frogs [2], or constructed sets of Legos [3] were willing to pay more for their finished product than were individuals who had been presented with these same products already assembled by an expert. It thus seems that people fundamentally value spending time or 'doing.' Indeed, even though people often choose to remain idle, busy people are happier than their idle counterparts, and as reflected by research on the benefits of social interaction they would perhaps be even happier if they busied themselves with others.

7 CONCLUSION

To inform individuals in the fundamental human pursuit of happiness, researchers have begun to investigate optimal ways for people to manage their principle resources time and wealth. The emerging work suggests two critical take-aways: happiness may be less contingent on the amount of

each resource available and more dependent on the extent to which people focus on each resource and, perhaps even more so, on how people choose to spend their time and wealth.

8 REFERENCES AND RECOMMENDED READING

Papers of particular interest, published within the period of review, have been highlighted as:

- of special interest
- of outstanding interest

1. The **IKEA effect** is a **cognitive bias** in which consumers place a disproportionately high value on products they partially created. The name derives from the Swedish manufacturer and furniture retailer IKEA, which sells many furniture products that require assembly.
2. **Origami**, from *ori* meaning "folding", and *kami* meaning "paper" (*kami* changes to *gami* due to *rendaku*) is the art of paper folding, which is often associated with Japanese culture. In modern usage, the word "origami" is used as an inclusive term for all folding practices, regardless of their culture of origin. The goal is to transform a flat sheet square of paper into a finished sculpture through folding and sculpting techniques. Modern origami practitioners generally discourage the use of cuts, glue, or markings on the paper. Origami folders often use the Japanese word *kirigami* to refer to designs which use cuts, although cutting is more characteristic of Chinese paper crafts. The small number of basic origami folds can be combined in a variety of ways to make intricate designs. The best-known origami model is the Japanese paper crane. In general, these designs begin with a square sheet of paper whose sides may be of different colors, prints, or patterns. Traditional Japanese origami, which has been practiced since the Edo period (1603–1867), has often been less strict about these conventions, sometimes cutting the paper or using no square shapes to start with. The principles of origami are also used in stents, packaging and other engineering applications.
3. **Legó** (stylized **LEGO**) is a line of plastic construction toys that are manufactured by The Lego Group, a privately held company based in Billund, Denmark. The company's flagship product, Lego, consists of colorful interlocking plastic bricks accompanying an array of gears, figurines called minifigures, and various other parts. Lego pieces can be assembled and connected in many ways, to construct objects; vehicles, buildings, and working robots. Anything constructed can then be taken apart again, and the pieces used to make other objects. The Lego Group began manufacturing the interlocking toy bricks in 1949. Since then a global Lego subculture has developed. Supporting movies, games, competitions, and six Legoland amusement parks have been developed under the brand. As of July 2015, 600 billion Lego parts had been produced.
4. Bhattacharjee Amit, Happiness from ordinary experiences as extra-ordinary experiences.
5. Anik L, Aknin LB, Dunn EW: Is life nasty, brutish, and short?
6. Keinan A, Kivetz R: Productivity orientation and the consumption of collectable experiences.
7. Zauberman G, Ratner RK, Kim K: Memories as assets: strategic memory protection in choice over time.
8. Zhang T, Kim T, Brooks AW, Gino F, Norton MI: A "present" for the future: the unexpected value of rediscovery.
9. Hsee CK, Yang AX, Wang L: Idleness aversion and the need for justified busyness.
10. Epley N, Schroeder J: Mistakenly seeking solitude. *J Exp Psychol Gen* 2014.
11. Carter TJ, Gilovich T: The relative relativity of material and experiential purchases.
12. Rosenzweig E, Gilovich T: Buyer's remorse or missed opportunity? Differential regrets for material and experiential purchases.
13. Nicolao L, Irwin JR, Goodman JK: Happiness for sale: do experiential purchases make consumers happier than material purchases?
14. Caprariello PA, Reis HT: To do, to have, or to share? Valuing experiences over material possessions depends on the involvement of others.

IJSER