

The Benefits of Prosocial Spending for Individuals and Organizations

Despite the fact that money has been shown to have a relatively small—though reliable – effect on happiness, humans devote much of their time and energy to earning more of it. We explore this contradiction in two ways. First, we demonstrate that laypeople engage in behaviors designed to increase their wealth because they overestimate the impact that income has on well-being. Second, we explore a means by people might use their wealth to increase their well-being: investing income in others rather than themselves. In addition, we report the results of several field studies in which organizations empowered their customers and employees to engage in prosocial spending, demonstrating an impact on both these individuals and the organization's bottom line.