



Does the Internet make people happier?



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ABSTRACT

Given the increasingly prominent role the Internet plays in people's daily life, understanding its influence on individual well-being is crucial. Internet use yields direct utility and economic returns that may increase life satisfaction. But the Internet might also have detrimental effects (e.g. addiction, social isolation). This paper aims to examine the impact of Internet use on individual well-being. Using Luxembourgish data extracted from the European Value Survey, we find evidence that non users are less satisfied in their life than Internet users. Moreover, the positive influence of Internet use is stronger for individuals who are young or not satisfied with their income. These findings suggest that public policies aiming to reduce the digital divide by reaching out to non-Internet users are socially desirable.

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1. Introduction

Recent surveys have shown that in developed countries, most people regularly use the Internet.¹ For young people, the Internet is the primary media choice and has passed the television in the amount of time spent a week. Given the increasingly prominent role the Internet plays in people's daily life, understanding its influence on individual well-being is crucial. However, this question has received limited attention from scholars. This paper aims to fill this gap by examining whether Internet use increases or decreases life satisfaction.

Several arguments are in favor of a positive influence of the Internet. First, the Internet gives access to a wide range of applications and services that provide direct and indirect benefits (Hong, 2007). It is obvious for online entertainment services (music, video, games, etc.) that are a source of enjoyment. But thanks to the

Internet, people can also save time or money: they can search and process information more efficiently, get better deals, or find products and services that better match their needs, etc.² For all these reasons, the Internet enables individuals to attain a higher level of utility and increase their well-being. Goolsbee and Klenow (2006) estimated the yearly value per consumer derived from Internet access to \$3000. Another argument that pleads in favor of a positive impact of Internet use on life satisfaction is that many Internet applications (social networking, emailing, blogging, etc.) have the features of a relational good (i.e. a good that is enjoyed only when it is shared with friends or family members (Uhlener, 1989)). Since the consumption of relational goods is source of happiness (Bruni and Stanca, 2008; Gui and Stanca, 2010), Internet use can improve well-being by increasing the time dedicated to relational activities. In the same vein, the Internet is a means of building and maintaining social relations or social capital³ (Franzen, 2003; Pénard and Poussing, 2010; Shklovski et al., 2006). Individuals can

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¹ 85% of American adults are Internet users. For American teens (12–17), 95% are using the Internet (Source Pew Research Survey 2013). In the European Union (27 countries), 70% of the individuals are using the Internet at least once a week. This proportion is higher (93%) among the 16–24 (Source Eurostat http://epp.eurostat.ec.europa.eu/portal/page/portal/information_society/publications).

² For instance, Kroft and Pope (2014) show that the online classifieds site Craigslist has significantly improved the functioning of the housing market in the USA, and caused a reduction in the apartment and housing rental vacancy rate.

³ Social capital refers to the individual's collection of social ties that provide access to resources, information or assistance and from which one can derive market and non-market benefits (better social status, better educational and professional achievement, more happiness, etc.) (Glaeser et al., 2002; Pénard and Poussing, 2010). At a community or country level, social capital refers to the degree of trust and

complement their face-to-face interactions with their family and friends with computer-mediated interactions. They can also interact online with people they have never met physically, make new “virtual friends” and sometimes find their future spouse.⁴ Consequently, online activities can generate more well-being by improving and expanding social capital insofar as social capital is known as a main influential factor of happiness (Helliwell, 2003). For instance, Ellison et al. (2007) find that Facebook enables college students to accumulate social capital (by converting latent ties into weak ties) and thus reinforces their self-esteem and well-being (see also Steinfield et al., 2008). Castronova and Wagner (2011) also show that second life users report greater satisfaction from their virtual life than from their real life.

Another reason to presume a positive relation between Internet use and happiness is that nowadays having access to the Internet is perceived as a social norm in developed countries. Non Internet users could feel ostracized or socially excluded even if they do not feel the desire to adopt the Internet.

However, Internet use might also have detrimental effects. Kraut et al. (2002) find that Internet use increases social interactions with friends and kin only for people rich in social capital. For people who have few friends, Internet use tends to strengthen social isolation. The time spent online can actually reduce the time available for face-to-face interaction (Nie et al., 2002) and have the same negative impact on happiness as watching TV (Frey et al., 2007). Indeed Lee et al. (2011) show that only face-to-face communication with friends and relatives has a positive effect on the perceived quality of life. They conclude that computer-based communication cannot replace traditional sociability.⁵ Another argument is that the Internet could rise social and material aspirations and reduce life satisfaction by creating more individual frustration. This effect has been observed for TV viewers (Bruni and Stanca, 2006) and could be stronger for Internet users because the unlimited quantity and variety of goods available on the Internet increase the desire to consume. Moreover, social network sites, like Facebook, can create envy and bitterness because people are exposed to happiness and positive images of their friends. By social comparison, they could feel more depressed. The Internet might also create addictive behavior (gambling, online gaming, pornography, etc.) and be detrimental to mental health (Li and Chung, 2006). Some online services can have ambiguous effect since intense use of Craigslist may promote risky behaviors and increase Sexual Transmission Diseases (Chan and Chose, 2012).

Few studies have investigated the impact of the Internet on happiness, but all of them agree that the Internet has welfare effects. Kavetsos and Koutroumpis (2011) analyze the impact of information technology on subjective well-being, using a pooled cross-sectional data set of European countries. They find that having a cell phone, a PC or an Internet connection at home is associated with higher levels of well-being. Living in a country with a high rate of mobile and Internet users improves life satisfaction as well.⁶ Similarly, using an Italian household survey from 2008, Sabatini

(2011) finds a positive relation between online shopping and subjective well-being. Using a survey of 7000 retired persons, Ford and Ford (2009) show that Internet use by elderly Americans leads to about a 20% reduction in depression; in other words, the Internet increases their mental well-being. However, these studies have some limitations. Ford and Ford (2009) consider a very specific population (retired people), whereas Kavetsos and Koutroumpis (2011) investigate the relation between households' Internet adoption and individual happiness without measuring the intensity of Internet use. In the latter case, the estimated welfare effect of the Internet can be biased by the fact that some individuals can use the Internet without being connected at home.

The objective of this article is to empirically examine how Internet use affects life satisfaction. We investigate this question at the individual level using Luxemburgish data from the 2008 European Social Survey. We find evidence that non-users are less satisfied in their life than Internet users. This result holds when we control for socio-demographic characteristics, social capital, values and beliefs. However, the relation between Internet use and well-being is weaker when we address endogeneity issues. Interestingly, the positive influence of Internet use is stronger for individuals who are young or not satisfied with their income.

Our research has theoretical and policy implications. First, our paper is related to the literature on happiness. This literature aims to explain why some countries are happier than other countries or what make people more satisfied with life. Research on happiness has made progress in identifying the determinants of happiness (Blanchflower and Oswald, 2004a,b; Dolan et al., 2008; Easterlin, 2001; Helliwell, 2006; Ferrer-i Carbonell and Frijters, 2004; Frey and Stutzer, 2002, 2010; Frijters et al., 2011; Oswald, 1997). The main predictors of happiness are health, employment status, marital status, social capital, income and education. In other words, poor health, separation, unemployment and lack of social contact are strongly associated with low well-being. Our paper suggests that Internet use is likely to be a determinant of well-being that has yet not received a lot of attention in the happiness literature. Therefore, it opens a research stream on relationship between Internet type of usages and subjective well-being.

Our paper is also related to the literature on the digital divide (DiMaggio et al., 2004; Goldfarb and Prince, 2008; Prieger and Hu, 2008; Drouard, 2011). Our research question is critical because if Internet use is positively correlated with happiness, then the digital divide may increase inequalities in well-being. Promoting or generalizing Internet usage in all population groups could be an effective policy to reduce social and economic disparities and equalize well-being.

The remainder of the paper is as follows. The next section describes data and the methodology. Section 3 presents the estimation results. The last section concludes.

2. Data and methodology

2.1. Description of the data

We use the Luxemburgish part of the “European Value Survey” (EVS) to examine the relationship between happiness and Internet use. The EVS aims to provide insights into the ideas, beliefs, preferences, attitudes, values, and opinions of European citizens. We were allowed to add some questions about Internet use (intensity of Internet use, motives and individual benefits of the Internet) to the Luxemburgish survey. Unfortunately, it was not possible to replicate these questions in the EVS of other European countries. Nonetheless, the focus on Luxemburg is interesting for our research question because Luxemburg is a small European country with a highly heterogeneous population in terms of values, culture and

informal values or norms shared among citizens or community members that permit them to cooperate easily with one another (Putnam, 2000).

⁴ Bellou (2013) shows that the diffusion of the Internet (and the development of online dating services) have significantly increased marriage rates among 21–30 year olds in the U.S.A.

⁵ See also Helliwell and Huang (2013) who show that the number of real friends and the frequency of offline meeting with one's friends have a significant positive effect on happiness whereas the number of Facebook friends has no impact.

⁶ See also the report published by BCS (The Chartered Institute for IT by Trajectory Partnership) and entitled “The Information Dividend: Why IT makes you ‘happier’”. This study shows that Internet use has a positive impact on happiness. Moreover, people with lower incomes or with fewer educational qualifications and women appear to benefit more from access to the Internet. This finding is based on the World Value Surveys (35 000 respondents living in developed and developing countries).

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