Personality and Individual Differences 69 (2014) 69–74

Contents lists available at ScienceDirect

Personality and Individual Differences

journal homepage: www.elsevier.com/locate/paid

Moderators and mediators of pro-social spending and well-being: The influence of values and psychological need satisfaction

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ARTICLE INFO

Article history:
Received 22 January 2014
Received in revised form 1 May 2014
Accepted 2 May 2014
Available online 5 June 2014

Keywords:
Pro-social spending
Spending habits
Happiness
Well-being
Values
Psychological needs
Self-determination theory
Consumer behavior

ABSTRACT

Pro-social spending is associated with greater happiness than spending money on oneself (Dunn, Aknin, & Norton, 2008). However, research has yet to identify who is most likely to benefit from spending money on others, and why pro-social spending leads to greater happiness. The current study had two goals: (a) to examine whether values moderate the relation between pro-social spending and happiness, and (b) to test if psychological need satisfaction mediates this link. First, there was support for our interaction hypothesis. We found the positive relation between pro-social spending and happiness was only significant for individuals higher, and not those lower, on self-transcendence values (i.e., a concern for persons and entities outside of the individual). Additionally, the link from pro-social spending to happiness was mediated by psychological need satisfaction only for individuals higher on self-transcendence. We discuss why individuals who do not endorse a value system that emphasizes a concern for others experience no increased happiness from increased pro-social spending.

1. Introduction

Can money buy happiness? There is evidence that money does indeed buy happiness (Chancellor & Lyubomirsky, 2014); however, it buys much less happiness than people anticipate (Diener & Biswas-Diener, 2002). Why is this? Research suggests the problem is people are spending their money on the wrong things—that is, money only buys happiness if it is spent *in the right way*. For example, when spending behaviors are associated with delaying gratification (Dunn, Gilbert, & Wilson, 2011), experiential as opposed to material consumption (Howell & Hill, 2009; Van Boven & Gilovich, 2003), and pro-social spending (Dunn, Aknin, & Norton, 2008) people experience more happiness. That is, people can improve their well-being by allocating their discretionary income toward those expenditures that fulfill their psychological needs (Howell & Hill, 2009; Howell & Howell, 2008; Howell, Pchelin, & Iyer, 2012).

Research also suggests that the behavioral strategies utilized in the pursuit of happiness may vary across individuals (e.g. McMahan & Estes, 2011) and cultures (e.g. Tsai, Knutson, & Fung, 2006). For example, individual differences moderate the degree to which life experiences result in more happiness (Zhang, Howell, Caprariello, & Guevarra, 2014). Therefore, it is likely individual differences moderate the relations between all spending behaviors and well-being. Values theory (e.g. Rokeach, 1973; Schwartz, 1994) suggests that optimal well-being should result from aligning one's behavior and environment with their personally held value system. Thus, the current study examines whether values moderate the relationship between pro-social spending and well-being, and explores whether psychological need satisfaction is a mechanism by which pro-social spending increases well-being.

1.1. Moderators of the pro-social spending and well-being link

Pro-social spending is commonly defined as spending money on others as opposed to oneself, usually in the form of gift giving or charitable donations. A growing body of research suggests that pro-social spending is associated with increased well-being. Dunn et al. (2008) found a positive relationship between spending on others and general happiness. Further research has supported a feedback loop such that pro-social spending generates happiness, which then leads to further pro-social spending (Aknin, Dunn, & Norton, 2012), creating a self-sustaining upward spiral of positive affect as outlined by broaden-and-build theories of emotion (Frederickson, 2001). However, research is also needed to identify who is most likely to benefit from spending money on others (Konrath, in press).

Previous studies suggest values may moderate the well-being received from specific spending behaviors. Schwartz (1994)

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http://dx.doi.org/10.1016/j.paid.2014.05.013
0191-8869/

defined values as "desirable trans-situational goals. . .that serve as guiding principles in the life of a person" (p. 21). Also, some theorists have construed well-being as the difference between a person's current state and desired end-state (i.e. Tsai et al., 2006). Therefore, behaviors that do not bring a person closer to their desired end-state (e.g. spending pro-socially when this behavior is not part of one's value system) will not help, and may even hinder, attempts to increase happiness. Importantly, values have been shown to moderate the well-being outcomes of certain consumer values and behaviors. For example, while there is a robust negative relationship between materialism and well-being (Kashdan & Breen, 2007), Burroughs and Rindfleisch (2002) found that the negative effects of materialism on well-being were strongest among people who endorsed family and religion values as well as materialistic values, due to the conflict created by the pursuit of these opposing value systems.

Presumably, people who move closer to their desired end-states when spending money on others should receive the most happiness. As conceptualized by Schwartz (1994), self-transcendence values (e.g. social justice, protecting the environment, broadmindedness) represent a concern for persons and entities outside of the individual, while self-enhancement values (e.g. social status, ambition, social influence) represent a tendency toward promotion of the self within the societal hierarchy. Because pro-social acts necessarily entail a contribution to others, we expect those who endorse self-transcendence values to experience the most increased happiness from increased pro-social spending. Also, because self-enhancement values have been associated with extrinsic motivation (Sagiv & Schwartz, 2000), we expect that those who endorse self-enhancement values will experience the least increased happiness from increased pro-social spending.

1.2. Mediators of the pro-social spending and well-being link

Self-determination theory (Deci & Ryan, 1985) posits that the optimization of motivation and well-being is dependent on the satisfaction of three basic psychological needs: autonomy (i.e., feeling one's actions are freely chosen), competence (i.e., using one's talents or abilities to experience mastery), and relatedness (i.e., experiencing supportive relationships). Optimal well-being is thought to occur when these psychological needs are satisfied at both the trait level (Ryan & Deci, 2000), or in the moment (Howell, Chenot, Hill, & Howell, 2011).

We explore psychological needs as mediators in the current study because the characteristics of pro-social spending appear to align with psychological needs. Specifically, pro-social spending that comes from an intrinsic desire to help others should meet the need for autonomy. Further, for people who seek to better society through pro-social behavior, spending money on others may give a person a sense of competence in their ability to actualize these desired goals. Finally, the interpersonal nature of pro-social spending suggests satisfaction of relatedness needs by offering opportunities to strengthen relationships, a central component of subjective well-being (SWB; Diener & Seligman, 2002). Previous studies support our hypothesis. For example, psychological need satisfaction has been shown to mediate the link from experiential consumption to increased happiness (Howell & Hill, 2009) as well as the link from general pro-social behavior to increased well-being (Weinstein & Ryan, 2010).

1.3. Current study

The current study examines whether self-transcendence values (e.g. social justice, protecting the environment, broadmindedness) and self-enhancement values (e.g. social status, ambition, social influence) moderate the relation between pro-social spending and well-being. As previous research has found these two values to be orthogonal (e.g., Kilbourne & LaForge, 2010), self-enhancement and self-transcendence are examined separately in the current study. Also, because we presume the well-being benefits of pro-social spending to be associated only with high self-transcendence values and low self-enhancement values, we expect psychological need satisfaction to mediate the relationship between pro-social spending and well-being only for these value orientations.

2. Method

2.1. Participants and procedure

Our targeted sample size was based on power analyses which anticipated a small to medium Cohen's f^2 effect size for either interaction term. Our power analysis for a small to medium estimated effect (i.e., power level of .80 and with alpha level of .05), demonstrated we would have adequate power to detect a significant interaction with approximately 127 participants. In the end, a total of 167 adults, recruited through Amazon's Mechanical Turk (57% female; Age range 18–71 [Mdn_{age} = 32]; 83% Caucasian; Mdn_{income} = $45,000, closely approximating the U.S. national average), properly completed our survey for nominal compensation. The study was approved by the local IRB at San Francisco State University. Participants in the study were restricted to residents of the United States only.

Participants accessed the study through an online server and provided implied consent. Participants were informed that they could stop the survey at any time, and that their privacy would be protected by keeping all data on a password-protected computer. They were also informed that no identifying information would be associated with the data. Participants completed the measures described in the following section, and also reported their annual income for use as a covariate in the analyses.

2.2. Measures

2.2.1. Values

Values were measured using a short form of the Schwartz Value Inventory (SVI; Schwartz, 1994). Shortened versions of this inventory have been used previously in order to reduce the cumbersome length (57 items) of the long form SVI (Kilbourne & LaForge, 2010). Self-transcendence values were measured using six items located in the self-transcendence domain: social justice, honest, unity with nature, loyal, equality, and helpful (M = 6.85, SD = 1.10; α = .73). Similarly, self-enhancement values were measured using six items located in the self-enhancement domain: social power, successful, wealth, social recognition, ambitious, and influential (M = 5.36, SD = 1.35; α = .80). Participants rated the degree to which each value served as a guiding principal in their lives on a 9-point Likert scale ranging from −1 (*opposed to my values*) to 7 (*of supreme importance*). Higher scores on self-transcendence and self-enhancement represent greater endorsement of those values.

2.2.2. Pro-social and personal spending

We used the same measure as Dunn et al. (2008); participants were asked to report how much money they spent in a typical month on: (1) bills and expenses, (2) gifts for yourself, (3) gifts for others, and (4) donations to charity. The first two categories were summed to serve as an index of personal spending (M = $1335.01, SD = $919.91), while the second two categories were summed to serve as an index of pro-social spending (M = $79.53, SD = $83.68). Data for both pro-social and personal spending were positively skewed; however, none of the relations between the variables were altered when we considered the data