

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

**THE WALL STREET JOURNAL.**

WSJ.com

EDUCATION | NOVEMBER 7, 2008

## Do Wealth and Well-Being Go Hand in Hand?

*Business Schools Research What Brings People Happiness*

By [BETH GARDINER](#)

It doesn't have a place in accounting students' spreadsheets or future venture capitalists' portfolios. But at business schools on both sides of the Atlantic, professors are increasingly studying and teaching about an intangible they say is nonetheless a key part of the modern bottom line -- happiness.

Economists, psychologists, sociologists and others trying to untangle the relationship between wealth and emotional well-being have found a home in business schools in the U.S. and Britain. They say the schools, more interdisciplinary and open-minded than many other parts of academe, are the perfect place to examine that connection.

There are good economic reasons to try to understand what causes happiness, says Michael Norton, a psychologist and marketing professor at Harvard Business School.

"It's not just pie in the sky, [that] it's nice for people to be happy," he says. "It trickles down into their actual behavior within an economy," having an impact on consumer confidence and even decisions like whether to vote. "It's not separate from the other things people have cared about in trying to say whether a country is doing well or poorly," he says.

Mr. Norton found in an experiment he did with Elizabeth Dunn and Lara Aknin of the University of British Columbia that people given money and told to use it for someone else's benefit were happier when contacted later the same day than subjects who bought something for themselves. Those who splurged on a friend felt even better than those who gave the money to charity, probably because generosity within a relationship strengthens a social bond, Mr. Norton says.

Now he and his colleagues are looking for ways to encourage people to actually do the things that make them happier. Mr. Norton says that because business schools bring together economists, sociologists, psychologists and others, they are a natural place to do happiness research.

Paul Dolan, an economist at Imperial College Business School in London, says the business-school perspective is a valuable one because so many economic factors have an impact on happiness, from unemployment to commuting.

He taught a one-day course on well-being last year and plans to expand it to four days this year. It covers topics such as how to measure satisfaction and the things people need to be happy, like social connections and a sense of control over their environment.

"I set much of this out and [students] then think about how these concepts can apply to private-sector organizations," he says.

Mr. Dolan says that research suggests happy workers are more productive and have lower rates of absenteeism, but that more work is needed to understand how directly well-being makes an impact on productivity.

At Ashridge Business School outside London, Stefan Wills, director of the advanced management program, believes happy people make more effective leaders and says they must bring those positive emotions to the workplace if they are to succeed as managers.

"You've got to think about the sort of emotions you're expressing day to day," he says. "This is about leaders...having the responsibility to raise the levels of self-esteem and happiness in all the people around them."

Much of researchers' work on happiness focuses on the so-called Easterlin Paradox, set out by economist Richard Easterlin in 1974. He said data showed that once a nation passed a fairly low threshold of wealth, further economic growth didn't make its citizens happier. Relative wealth mattered more than absolute wealth, he argued, explaining that individuals who got richer quickly acclimated to their new circumstances, and within a short time were no happier than before.

Now his ideas are being challenged. Two economists from the University of Pennsylvania's Wharton School, Betsey Stevenson and Justin Wolfers, argued in a paper this spring that the more voluminous international happiness data now available contradict Easterlin's conclusions, showing countries do in fact get happier as they get richer.

"We see very strong relationships" between wealth and happiness, Ms. Stevenson says. "There's no evidence of satiation, this idea that it flattens out over time."

"If I take any country regardless of whether it's rich or poor, and increase its income by 10%, those countries are going to have the same increase in happiness," she says. A per capita income boost of \$100 will produce a bigger happiness bump in a poor nation than a wealthy one, but only because it represents a higher percentage increase there, she says.



THE WALL STREET JOURNAL

STAY CONNECTED 24/7  
VIA EMAIL NEWSLETTERS  
& ALERTS FROM WSJ.COM

FREE  
Registration

Sign up Today

The banner features a dark grey background with white and orange text. A circular badge on the right contains the word 'FREE' in large white letters and 'Registration' in smaller white letters below it. At the bottom left, there are four vertical bars in light blue, red, white, and dark blue. At the bottom right, there is a white arrow pointing right with the text 'Sign up Today' inside it.