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**INDIVIDUALISM/COLLECTIVISM AND CULTURES OF
HAPPINESS: A THEORETICAL CONJECTURE ON
THE RELATIONSHIP BETWEEN CONSUMPTION,
CULTURE AND SUBJECTIVE WELL-BEING
AT THE NATIONAL LEVEL**

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ABSTRACT. This theory paper seeks to explain an empirical puzzle presented by past research on the relationship between consumption and subjective well-being (SWB). Research has shown that people in rich countries are, on average, significantly higher in SWB than people in poor countries, which is consistent with a strong link between one's overall level of consumption and one's SWB. However, when individuals within the same country are compared, income has little relationship to SWB above the level at which basic needs can be met, suggesting that higher levels of consumption may not be linked to higher levels of SWB. This link between consumption and SWB when nations are compared to each other, but not when individuals within a given nation are compared to each other, presents a puzzle. As a solution, I propose that economic development leads to higher levels of national average SWB not by increasing consumption (again, with the caveat that this statement excludes situations where basic needs are not being met), but by creating more individualistic cultures which encourage their members to pursue personal happiness over honor and meeting social obligations. Whether or not this is seen as a socially positive development depends in a circular fashion on the cultural values of the person making the judgement.

KEY WORDS: happiness, individualism, affluence, consumption.

As consumer researchers, we find the relationship between consumption and subjective well-being (SWB) to be crucial to our discipline. This area of study has grown as valid and reliable self report measures have been developed for the three primary components of SWB: the presence and frequency of positive emotions, the absence of negative emotions, and cognitive beliefs about one's overall level of life satisfaction (for review, see Ahuvia and Freedman, 1998). When we look at the relationship between one's overall level of consumption and SWB, research confirms that poverty is an unhappy condition (Ahuvia and Freedman, 1998; Cummins, 2000; Veenhoven, 1991). But consumer cultures are based on consumption that goes far beyond what is required to lift one out of poverty. At these higher levels of consumption, what is the relationship between income and SWB?



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For people living in developed economies, correlations between income and SWB are surprisingly low, generally explaining 2–3% of the variance in SWB between individuals (Ahuvia and Friedman, 1998; Andrews and Withey, 1976; Campbell et al., 1976; Clark and Oswald, 1994; Diener et al., 1985, 1993; Larson, 1978; Schyns, 2000). By using more sophisticated financial measures such as permanent income, annuitized net worth, or household economic demand, this R^2 can be boosted to about 5% (Ackerman and Paolucci, 1983; Douthitt et al., 1992; MacDonald and Douthitt, 1992; Mullis, 1992), still leaving about 95% of differences in SWB explicable by something other than affluence. Further supporting the limited ability of consumption to create SWB beyond meeting our basic needs, these correlations are primarily due to differences between the very poor and the non-poor. Once one has a roof over one's head, a job, and food on the table, increases in income generally explain less than 1% of the variance in SWB (Ahuvia and Friedman, 1998; Cummins, 2000; Diener and Oishi, 2000; Diener et al., 1985). These conclusions are further supported by research, sometimes showing measurable yet very small correlations of around 0.10 or less between ownership of various goods and SWB (Leelakulthanit et al., 1991; Oropesa, 1995). In sum, income has a curvilinear relationship with SWB. Increased income among the poor shows fairly powerful effects on SWB, yet increased income among the non-poor shows only negligible effects.

Interestingly, when we look on a macro level, data comparing rich and poor nations tells a different story. Studies consistently find strong correlations (about 0.60–0.70) between national wealth and national average levels of SWB (Cummins, 1998; Diener and Fujita, 1995; Diener et al., 1995a; Schyns, 1998, 2000). Since these cross-cultural statistics compare the average level of happiness for large groups of respondents, they are not directly comparable to individual level statistics.¹ Nonetheless, they still indicate that economic growth is associated with happy societies (Bulmahn, 2000). Part of this is due to the elimination of the most extreme forms of poverty, but this alone does not account for the finding (Diener et al., 1995a). Recently, Schyns (2000) has sorted some of this out using a multi-level approach where national- and individual-level data were examined simultaneously within a single model. Schyns found that living in a rich country had positive effects on SWB over and above the effects of raising one's individual income. What's more, the effects of living in a wealthy country had a significantly *more powerful* impact on

one's SWB than did one's level of consumption, as indicated by one's income.

The strong correlation between national wealth and nationally aggregated levels of SWB is well established, but the mechanism underlying this finding is anything but certain. Yes, richer nations do provide a higher material standard of living for their citizens, but they also tend to be more open, free, educated, and pluralistic. The connection between economic development and SWB is likely to be complex and related to a myriad of underlying factors. While readily admitting the partial nature of my explanation, I will argue that much of the increase in SWB that accompanies economic development does not stem directly from higher levels of consumption – for if it did, we would expect to see strong correlations between income and SWB at the individual level. Rather, *economic development increases SWB by creating a cultural environment where individuals make choices to maximize their happiness rather than meet social obligations* (Coleman, 1990; Galbraith, 1992; Triandis, 1989; Triandis et al., 1990; Veenhoven, 1999; Watkins and Liu, 1996). This cultural transformation away from obligation and toward the pursuit of happiness is part of a broader transition away from collectivism and toward individualist cultural values and forms of social organization.

Collectivism is a social mechanism for organizing and enforcing group cooperation. Over time, often several generations, wealth erodes people's dependence on family, neighborhood, and other networks of generalized social reciprocity. The tasks that one used to call on neighbors or kin to perform – and had to be willing to reciprocate in performing – are now outsourced to paid professionals. Liberalized capitalist economies offer job opportunities outside of family/clan-based business and often outside the local geographic area. Marriages become based on individual feelings of love and not on the concerns of the extended family group. Economic development also leads to smaller families and hence child-rearing practices that promote individualism (Triandis et al., 1990).

Government programs provide a modest social safety net for the aged – and for the middle class and above, living in an affluent nation makes the risk of personally experiencing serious poverty seem small. This overall link between sustained affluence and the development of individualistic culture can be seen in countries like Japan and Singapore, where the older generation fears that its youth will grow spoiled by affluence, losing its work ethic and sense of collective

obligation (French, 2000; Hiebert, 1996; Schein, 1996). This process of individualization also occurs at a subcultural level, where middle and upper class subcultures tend to be more individualistic than working and lower class subcultures within the same country (Bourdieu, 1984; Fiske, 1989; Holt, 1998; Triandis, 1989; Triandis et al., 1990). Quantitatively, evidence in support of this connection between economic development and cultural change can be found in the fact that gross national product (GNP) per capita has correlations of around 0.80 with national levels of individualist values (Hofstede, 1980). At a societal level, these changes incur a clear cost in social capital (Bellah et al., 1985; Putnam, 1995; Taylor, 1989), but at an individual psychological level, SWB seems to increase (Veenhoven, 1999).

Increasing national wealth and the rise of individualism are so closely intertwined in a syndrome of modernization that it is difficult to separate their influences (Bulmahn, 2000). Nonetheless, when individualism is controlled for, the correlation between GNP per capita and SWB goes away, but when GNP per capita is controlled for, the correlation between individualism and SWB, while reduced, remains significant² (Diener et al., 1995a). For example, tables found in Diener and Oishi (2000) show that the collectivist cultures of Japan and South Korea, despite their economic development, are outliers of social anxiety and low SWB scores among the world's more prosperous states. However, the issue may be too complex to be explained in a simple linear fashion. Veenhoven (1999) found that among poor countries, individualism was negatively associated with happiness; whereas among richer countries, individualism was positively associated with happiness. This suggests that economic growth is part of a complex system of modernization that needs to be seen holistically. Collectivism may exist in poorer countries because it is highly functional in that environment, but it may give way to more individualism as societies modernize and the needs of those societies change. Overall, individualism/collectivism stands out as an extremely promising construct for explaining differences in national average levels of SWB, when investigated holistically as part of the larger social system (Cummins, 1998; Myers and Diener, 1995).

With cross-cultural data of this sort, it is possible that these findings are mere methodological artifacts. Specifically, collectivist cultures may report lower levels of SWB due to problems in translation, the way collectivist respondents use Likert scales, and cultural values such as humility. But while these points need to be taken very seriously, the best

evidence suggests that they cannot explain away these results (Diener et al., 1995; Ouweneel and Veenhoven, 1991).

It seems then that people in individualistic countries tend, on average, to be happier than people living in collectivist societies. Kasser's work (Kasser, 1997; Kasser and Ryan, 1993, 1996, 2001; Kasser et al., 1995) helps us understand why this is the case. Kasser, following in the tradition of Ryan, Deci, and the Rochester school, distinguishes between "intrinsic" and "extrinsic" goals (see Table I). Intrinsic goals such as personal growth directly meet what Kasser sees as basic human psychological needs. In contrast, "extrinsic" goals such as acquiring wealth or an attractive physique are aimed to a significant extent at increasing one's esteem in the eyes of others. Research shows that people who put relatively less emphasis on extrinsic goals such as financial gain, and relatively more emphasis on intrinsic goals such as having rich social relationships or making contributions to the community, tend to have higher levels of SWB (Belk, 1985; Carver and Baird, 1998; Emmons, 1996, 1997; Kasser, 1997; Kasser and Ryan, 1993, 1996, 2001; Richins and Dawson, 1992; Richins and Rudmin, 1994; Sheldon and Kasser, 1998; Sirgy et al., 1998; Wright and Larsen, 1993). Research has also shown that the effect of achieving one's goals on SWB is moderated by the nature of these goals. Achieving one's intrinsic goals for personal growth, close personal relationships, making a social contribution, and maintaining one's health is associated with higher levels of SWB. By contrast, achieving one's "extrinsic" goals for financial success, social recognition, and having an appealing appearance did not produce similar positive results (Kasser and Ryan, 1996; Sheldon and Kasser, 1998). Finally, in a point that is crucial to understanding the link between individualism/collectivism and SWB, the motives people

TABLE I
Kasser and Ryan's intrinsic versus extrinsic goals*

Intrinsic goals	Extrinsic goals
Self-acceptance/growth. Achieve psychological growth, autonomy, and self-regard	Financial success/money. Be wealthy and materially successful
Affiliation/relatedness. Have satisfying relationships with family and friends	Social recognition/Fame. Be famous, well-known, and admired
Community feeling/helpfulness. Improve the world through activism or generativity	Appealing appearance/image. Look attractive in terms of body, clothing, and fashion

*Based on Kasser and Ryan (in press).

have for pursuing their life goals are also linked to SWB. Motivations, like the goals themselves, can be divided into intrinsic versus extrinsic categories. Intrinsic motivations are experienced as arising from within oneself. With intrinsic motivations one *wants* to do it; whereas extrinsic motivations are the result of social pressure or feelings of guilt – one *ought* to do it. Pursuing goals out of anxiety, guilt, or a desire to please others is associated with lower levels of self-actualization regardless of what those goals are (Carver and Baird, 1998). Therefore, it is not enough to pursue intrinsic goals; one must do so out of an intrinsic motivation.

In Kasser's view, the secret to SWB is meeting one's intrinsic needs, which means pursuing intrinsic goals out of an intrinsic motivation. In this way, it is similar to Csikszentmihalyi's (1999) view that happiness stems from "flow" experiences, which are also intrinsically motivated. I contend that the shift toward individualistic cultures that accompanies economic development helps people create life-styles that are consistent with their preferences and aptitudes (Veenhoven, 1999), and in so doing *pursue their intrinsic needs*. This statement may raise some objections. Surely, contemporary Western culture is fixated on the extrinsic goals of money, social recognition, and physical attractiveness. How then can I claim that individualistic cultures place a greater emphasis on intrinsic goals? Important as the extrinsic goals are in contemporary Western societies, most of these goals are even more important in many industrialized/industrializing collectivist societies (Wong and Ahuvia, 1997). Taking a broader view, we need to realize that the extrinsic goals listed in Table I were developed for our society, and may be less central to other times and places. Yet every society sets extrinsic goals for its members, perhaps being a brave warrior, having lots of children, or being a filial child, etc. In traditional, non-capitalist, non-industrialized, collectivist societies, economic advancement may not be as important a goal as, say, having a large family, but maintaining face and social prestige by achieving some socially prescribed extrinsic goal is still vitally important.

One might also object that two of the intrinsic goals listed in Table I, affiliation and community feeling, are at the heart of collectivism. How then could a shift away from collectivism facilitate rather than hinder meeting these goals? Elements of these intrinsic needs, like the need for affiliation or community feeling, can sound deceptively collectivistic. But on closer examination we see that following intrinsic motivations means "being true to one's inner self" rather than conforming to social

pressure or seeking the approval of others. For example, Kasser and Ryan's (2001) measure of intrinsic motivations include "I will follow my interests and curiosity where they take me." This is the essence of the "independent self," the psychological hallmark of an individualist culture, whereas defining one's identity in terms of one's public roles, duties, and reputation is more characteristic of collectivist cultures (Markus and Kitayama, 1991; Wong and Ahuvia, 1997). Looking specifically at the need for affiliation, collectivist societies indeed tend to produce more stable social relationships, for example, less divorce. But as cultures become more individualistic, the bases for social relationships shift from mutually assigned identities (e.g. same family, same workplace, or same neighborhood) to volunteeristic relationships based primarily on how enjoyable people find the other's company. As stated above, this shift brings a marked decrease in social capital: divorce escalates, family members increasingly avoid each other if they don't like each other, neighbors don't socialize together unless they "click" socially, etc. But it also brings many social relationships into the sphere of intrinsic motivation and allows people to focus their energy on their most rewarding relationships. In the case of "community feeling," when Kasser and Ryan (in press) measure this construct they use items like "I will assist people who need it, asking nothing in return," or "I will help the world become a better place." Collectivism is not based on this kind of universalistic altruism so much as fulfilling one's social roles and meeting one's responsibilities to the in-group. So, collectivist societies may be much higher in loyalty to the in-group, but they may be no higher in "community feeling," as Kasser and Ryan use the term.

Collectivism revolves around face, honor, and public reputation. Collectivism is associated with poor countries because it is a cultural survival mechanism born of the necessity for group solidarity. Indeed collectivism is a survival mechanism that is *positively* correlated with well-being if one looks only at a sub-sample of poor countries (Veenhoven, 1999). Survival mechanisms are serious business. It is not surprising, then, that collectivist societies often rely on social coercion via threats and rewards to one's public reputation to ensure compliance with group norms, since the stakes for the group are so high. These coercive pressures are exactly the types of extrinsic motivations that Kasser identifies as the root of low SWB scores, because they often conflict with the desire to follow one's own inner compass. Strong social relationships are essential for high

SWB, but in Kasser's view these relationships should be intrinsically motivated rather than means of achieving prestige, income, or some other extrinsic goal. In this way, Kasser's intrinsically motivated personality is "individualistic" when that word is meant as having an independent self construct, although not when individualism is used as a synonym for selfishness. The highest levels of SWB are not associated with selfish motives or goals. Quite the opposite, they are associated with pro-social goals pursued from intrinsic motivations.

In sum then, I am proposing a model in which economic development frees people from networks of social obligation. This, in turn, reduces social capital, but increases one's ability to make choices that meet one's intrinsic needs. By choosing a career, spouse, and lifestyle to meet one's intrinsic needs, one increases SWB. Thus individualistic cultures tend on average to produce higher levels of SWB, even though the direct pleasures of consumption play little part in this phenomenon.

Where does this leave the cultural critic? In a straightforward manner, defenders of individualistic consumer culture will find ammunition for their views in the underlying connection between individualism, personal freedom, and SWB (e.g. Veenhoven, 1999). On the other hand, communitarian cultural critics such as myself – who are skeptical about both consumer culture and the more extreme forms of individualism – are left in a more challenging position. Communitarians are reminded to give individualism its due, and not fall into romantic notions of community that ignore the harsh costs of restrictive conformity (Ahuvia, 2001). But having said that, there are two primary paths left open for a critique of individualism: the first is based on cultural relativism in values, the second is based on differences between various forms of individualism. Examining these arguments in detail will have to be left for subsequent work, but I will sketch the outlines of these positions here.

For many people SWB is *not* the ultimate measure of a culture's success. In the West, we tend to see individual happiness as the be-all and end-all of life. America even considers "the pursuit of happiness" a fundamental right. This belief is so enshrined in our culture that many Westerners take it as a law of nature that people value their own happiness above all else. A popular fallacy assumes that if you trace the motivation of any action back far enough, you'll find a desire for happiness at its root. For example, even when people buy status-oriented products clearly aimed at impressing others, this fallacy assumes that at some deep hidden level they must believe that earning the envy of others

will make them *happy*. But personal happiness is just one of many possible goals that may underlie human action. Cross-cultural research shows that values like “enjoying life” and leading “an exciting life” are stronger in individualist societies, whereas “social recognition,” “preserving my public image,” being “humble,” and “honoring parents and elders” are particularly strong in collectivist societies (Triandis et al., 1990, p. 1015). There is no more reason to think that people seek social recognition with the ultimate goal of personal happiness, than there is to think that people seek happiness with the ultimate goal of getting others to think well of them for having such a pleasant affect.

In writing the teaser headline “EVERYBODY WANTS TO BE HAPPY” for the book *The Pursuit of Happiness* (Myers, 1993), the publicist may have been correct, but being happy certainly isn’t everyone’s top priority. Upon seeing that headline, an Indian Ph.D. student of mine remarked simply “I don’t.” I have frequently been struck by the low priority given to SWB in conversations I have had with people from Asian collectivist cultures. I recall a conversation with a young Singaporean man who was engaged to be married. He confided in me that he had only lukewarm feelings for his bride. When I asked him if he felt he would be happy in the marriage, he looked at me with a you-just-don’t-get-it expression on his face and said, “that’s not really the point. In Singapore, after you’ve been going out for a certain amount of time, you get married.” In another incident, a Korean student wrote to me that becoming rich was his first priority because he wanted to buy his parents a new Mercedes so that they could gain face. Once again, when I asked him if he had given much thought to what career would make him the happiest, he replied that his being happy wasn’t the point. He wasn’t choosing a career to be happy, he was choosing a career to be rich. These members of collectivist societies prioritize honor, face, and meeting their social obligations above their own happiness.

Claims such as “individualized society fits human nature better than collectivist society does” (Veenhoven, 1999, p. 176) may go beyond what the data demands, by assuming that human nature always revolves around personal happiness. Defenders of collectivism give away the store when they allow Western psychologists to set the success criteria for a culture. If Western cultures may have the edge in producing happy people, Asian cultures may have the edge in producing people who value and meet their social obligations. This relativist position would argue that cultures are successful to the extent that they produce

the kinds of people they value having. Pretending all cultural systems produce the same outcomes does not advance cultural understanding. Taking each culture on its own terms far better promotes cultural tolerance.

This argument from cultural relativism must be taken seriously, but it can also be taken too far. Authoritarian societies may indeed create an orderly, but miserable, place for people to live. Simple pronouncements from authoritarian leaders that order, rather than what they might term ‘decadent Western notions of happiness,’ is their society’s primary value, seems too facile a whitewash for the impoverished lives of millions of people.

Another line of attack available to communitarian social critics rests in looking at different forms of individualism (Triandis and Gelfand, 1998). America is often seen as the global icon for individualism. While, on average, Americans are happier than the also-prosperous Japanese, they lose hands-down to the Danes, the Icelanders, and the Swiss (Diener and Oishi, 2000; Schyns, 2000). Fully exploring the reasons for this finding is beyond the scope of this paper. But it may be related to the distinction between “individualistic,” meaning free from social coercion, and “individualistic,” meaning self-interested and socially competitive. These very happy cultures tend to combine a sense of social responsibility and solidarity with a high degree of freedom for people to make key life choices by following their internal compass (Triandis and Gelfand, 1998). These cultures may also put relatively less pressure on their members to excel at the extrinsic goals of becoming rich and looking beautiful, thus leaving them somewhat freer to work on meeting their intrinsic needs (see Table 1). These very happy countries also allow for self-expression in most arenas, but limit American style individualism by enforcing an egalitarian distribution of economic resources. This may increase their average level of SWB both by eliminating poverty, and by reducing envy and feelings of inadequacy among the non-rich (Hagerty, 2000).

For those who accept SWB as a legitimate yardstick with which to measure a culture’s success, it would be a mistake to overly romanticize traditional cultures and forget the extent to which concerns with group honor and face can hinder individual self-actualization. At the same time, it would also be a mistake to read the data on individualism and SWB as suggesting that a culture of “me-firstism” is nothing to be concerned about.

NOTES

¹ Diener and Oishi (2000) explain this well. The question sometimes arises as to why the national income and average SWB correlations are so high, whereas the correlations of income and SWB within nations are so modest in size. The explanation lies in aggregation, and in what gets averaged out of the error term when mean values by nations are considered. For example, personality may have a substantial influence on SWB, but individual differences in temperament are averaged out when only the mean level of SWB is considered for a nation. National values in SWB reflect only mean between-country differences. Thus, the error term for national-level correlations will be much different than that for correlations based on individuals within nations. Therefore, the absence of individual differences in the between-nation correlations gives the figures a different interpretation than within nation correlations.

² In a similar study, Schyns (1998) did not replicate this finding. However, her study failed to control for the strong influence of social disruption in the former Soviet Republics as a confounding factor in her analysis. Schyns' sample included several ex-Soviet nations that were exceptionally unhappy, fairly poor, and yet fairly individualistic. These outliers had a dramatic influence on her statistical analysis and masked the true influence of individualism/collectivism on SWB.

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