

PSYCHOLOGY

Are New Graduates Happier Making More Money or Having More Time?

by [Ashley Whillans](#)

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Last year Justin was on the brink of a major life decision: Where should he work after graduation? He had two great offers. The first was a government job in his hometown, a 10-minute bike ride from his apartment. It wouldn't pay much, but he'd have time to spend with his wife, nephew, and aging

parents. The second was a corporate job in the biggest neighboring city. It would pay a lot more, but he'd have to commute four hours a day.

Each year, across North America, millions of graduates are faced with similar decisions about trade-offs between time and money as they plan their next steps.

Despite the importance of these choices, we know surprisingly little about how people navigate major life decisions that involve making more money at the expense of having less time, and vice versa. So, my colleagues – PhD student Lucia Macchia and Professor Elizabeth Dunn – and I set out to study how people's priorities shaped their career choices and happiness after graduation.

Tracking Students over Time

We asked more than 1,000 college students from the 2015 and 2016 classes of the University of British Columbia in Vancouver whether they generally prioritized time or money more. To understand how students valued these resources, we presented them with descriptions of individuals (such as “Tina is willing to sacrifice money to have more time” and “Maggie would rather work more hours and make more money than work fewer hours and have more time”) and asked them to tell us who they most resembled. We also had students report their happiness by answering questions like “How satisfied are you with your life overall?”

We then followed up with them within two years of graduation and asked them to report their current happiness, the primary activity that was taking up most of their time (for example, school or work), and the reason they were doing this activity.

What we found was that students who prioritized time were happier than those who prioritized money. Even when we accounted for how happy students were when they started our study, those who valued time were happier and more satisfied with their lives and careers one to two years after graduation. Our results provide strong evidence that valuing time puts people on a trajectory toward job satisfaction and well-being.

Why? After graduation, students who valued time over money made career decisions for different reasons. Whether they chose to enter the workforce or enroll in graduate school, they were more likely to report that they were working at something they “wanted to do” as opposed to something

they “had to do.”

Time-Oriented People Focus on the “Joy” of Their Future Jobs

Students who said that time was their most valuable resource weren’t happier because they worked less. Rather, they got more enjoyment out of the work they did. This is consistent with our data showing that people who prioritize time do not work less (many clock 50- to 60-hour workweeks), or even make less money; they are happier because they are more likely to pursue activities they find enjoyable.

This matters because when we are deciding what job to choose, most of us focus too much on salary and prestige and not enough on enjoyment. In our study, students who valued time were more likely to focus on the gratification factor of their future careers – they wanted jobs that were personally meaningful and fulfilling – which helps to explain why they reported greater happiness later.

Students who valued time also chose different careers. Time-focused students were more likely to attend graduate school, whereas money-focused students were more likely to work full-time or pursue business degrees. But in our data, *why* people pursued their careers after graduation mattered more for happiness than what they actually chose to do.

Is This Just About Having Wealthy Parents or Loving Stuff?

It could be that students who valued time over money had richer parents or were less materialistic. To test these ideas, we asked students how wealthy their parents were and how much they valued owning nice stuff. Regardless of their parents’ wealth or how much they cared about owning fancy things, those who valued time chose career paths that made them happier one to two years later.

It Is Easier to Focus on Time When We Feel Financially Secure

These findings shouldn’t be taken as evidence that financial factors play no role in determining whether people prioritize time or money more. Feelings of financial security are critical to how people make major life decisions about having more time or more money.

Feelings of financial insecurity are caused by many factors – like income inequality. People who live in more unequal areas feel less financially secure and are more likely to value money. People who grew up in households that fought about money also are more likely to focus on money (versus

time) as adults, even if they have a lot of money in the present. These factors help to explain why some people choose money over time, even at the expense of their happiness.

Of course, debt also plays a role. People with objective financial constraints – like college students graduating with high levels of debt – are more likely to focus on having more money (versus time). Our study was conducted in Canada, where students graduate with a lot less debt than students in the United States. These results might not generalize to places where the debt load is higher.

And as people age, they tend to feel more financially secure and are more likely to value time, suggesting that people's orientations are malleable. In our study just under half of students who valued time before graduation still valued it more than money when we followed up with them after graduation, but more research is needed to understand how people's priorities change over the course of their lifetimes.

Overall, more work is needed to understand why some people focus on time while others focus on money, and to understand the consequences of focusing on time over money during other major transitions, such as getting married or having kids.

The Bigger Picture of Time and Money Trade-offs

Figuring out how to encourage more people to prioritize their time has never been more important. People are more “time poor” than ever before. In a survey of 2.5 million people living in North America, 80% reported that they did not have enough time to do all the things they wanted or needed to do each day. In this survey, time stress had a stronger negative effect on happiness than being unemployed did.

How we value time and money affects our happiness as a society. In data we analyzed from the World Values Survey (a representative survey of 220,000 respondents from 80 countries), nations with a higher percentage of citizens who valued leisure more than work scored higher in happiness. Valuing time even protected citizens – in high- and low-income countries alike – from the negative psychological consequences of financial shocks, like the 2008 economic crisis. Thus, policies that help people focus on time, such as eliminating student debt to reduce financial insecurity, are in the best interest of countries worldwide.

Decisions about time and money are present in all of our lives. Sometimes we cannot choose our priorities; we might need to choose the better-paying job and sacrifice having more time to socialize with our friends and family. Society needs to work harder to make us all feel like we have the choice to prioritize time over money. However, when we do have the ability to choose which resource to prioritize, the data is clear: Valuing time is likely to bring us greater joy both in the moment and in the long term.

Remember Justin? He chose the higher-paying job with the longer commute. Two years later he found himself rich, divorced, and unhappy. When the choice is up to you, consider what you might gain if you choose having more time over more money.

Ashley Whillans is an Assistant Professor in the Negotiations, Organizations, and Markets unit at the Harvard Business School. Her research focuses on time, money, and happiness.

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