

between people from different parts of the organization at conferences, off-sites, and training programs. To paraphrase Louis Pasteur, chance favors the prepared organization. You can encourage the latter with executive rotation, broadening the experience of young executives as they forge new ties and bring their old ones to bear in new contexts.

Second, become adept at deploying and overseeing informal networks. It is not enough to have both types of network; executives must proactively manage the transition between discovery of a collaborative opportunity and execution of a cross-divisional project. They can do this by selecting people for important positions on the basis of not only their skills and prior experience but also the nature of their social networks.

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CORPORATE CULTURE

Help Employees Give Away Some of That Bonus

by **Michael I. Norton** and **Elizabeth W. Dunn**

When companies hand out bonuses, one intention is to make the rewarded workers happy. But how employees spend that bonus money, our research shows, is what really affects their happiness. We found that people get no meaningful boost in happiness by spending money on things like new clothes, TVs, and iPods. They do tend to feel better, however, if they spend even a small portion of a windfall on others.

One implication is that companies would do well to think about encouraging employees to share more of their bonuses with others, thereby fostering what we call a *prosocial* workplace.



We conducted our research in three ways (in collaboration with Lara Aknin, a graduate student at the University of British Columbia): First, we surveyed more than 600 Americans and found that the more money people spent prosocially (on gifts for others and on charitable donations), the likelier they were to report being happy with their lives in general. Second, we conducted an experiment in which 16 employees at a Boston-based company reported their level of happiness shortly before receiving a profit-sharing bonus of \$3,000 to \$8,000 and then again six to eight weeks later. We learned that they had spent about five times as much of their bonuses on themselves as on others – but only the small percentage they spent on others actually led to increased happiness. Also, the size of the bonus had no impact – what mattered was how it was spent.

Third, to discover whether prosocial spending truly *caused* people's happiness, we gave 46 volunteers \$5 or \$20 one morning and randomly assigned half of them to spend the money on themselves and half to spend it on someone else over the course of the day. People who spent it on others were significantly happier that night, regardless of which amount they had been given.

These findings suggest that very minor alterations in spending – as little

as \$5 – may be enough to produce gains in happiness on a given day. But other aspects of our research show that most people are unaware of the benefits of prosocial spending and believe that spending on themselves is the path to happiness. Managers should consider providing employees with opportunities to help others in addition to themselves – something like what Google did for its AdSense clients during the 2007 holiday season: The company gave each a 2.0 gigabyte USB flash drive and a \$100 gift card for DonorsChoose.org, to be donated to an education program of the recipient's choice. Companies might also want to think about forgoing their large donations to charities in favor of divvying up the money among employees and allowing them to choose where to donate it.

Encouraging employees to give away some of their bonuses and thereby create a prosocial workplace might make even modest bonuses really pay off in increased employee happiness.

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