



Article

# The Road from Money to Happiness

Gabriela Mihaela Mureşan , Melinda Timea Fülöp \* and Cristina Ciumaş

Faculty of Economics and Business Administration, Babeş-Bolyai University of Cluj-Napoca,  
400591 Cluj-Napoca, Romania; gabriela.muresan@econ.ubbcluj.ro (G.M.M.);  
cristina.ciumas@econ.ubbcluj.ro (C.C.)

\* Correspondence: melinda.fulop@econ.ubbcluj.ro

**Abstract:** Nowadays, companies must be concerned with the levels of satisfaction and happiness of employees. Hence, this paper proposes to investigate the links between salary and happiness through an exploratory study with a quasi-experimental design. The sample included 376 respondents, and we employed structured equation modeling (SEM) in ADANCO. Prior to evaluating the structural model, the goodness of fit shows moderate/excellent values. Our empirical results show a positive relationship between salary and happiness, salary and life satisfaction, salary and financial satisfaction, financial satisfaction and life satisfaction, and financial satisfaction and happiness. Thus, we consider that our research contributes to the literature by analyzing the relationship between income and happiness in a developing country such as Romania. Congruent with previous findings, we consider that our results provide evidence of the road from salary to happiness in developing countries.

**Keywords:** happiness; money; satisfaction; SEM



**Citation:** Mureşan, Gabriela Mihaela, Melinda Timea Fülöp, and Cristina Ciumaş. 2021. The Road from Money to Happiness. *Journal of Risk and Financial Management* 14: 459. <https://doi.org/10.3390/jrfm14100459>

Academic Editor: Christo Pirinsky

Received: 2 July 2021

Accepted: 21 September 2021

Published: 27 September 2021

**Publisher's Note:** MDPI stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.



**Copyright:** © 2021 by the authors. Licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

## 1. Introduction

The relation between wealth and happiness has been discussed extensively in the academic literature (Easterlin 1974, 1995). However, there are several studies in the literature that show a positive connection between happiness and financial growth and an important correlation between happiness and the pleasure of an individual, which are directly related to the intensity of development and progress of a nation (Hagerty and Veenhoven 2003; Diener et al. 2018; Stevenson and Wolfers 2008; Steel et al. 2018; Killingsworth 2021; Ferrer-i-Carbonell 2005). In addition, the results of the research in the literature indicate that additional income beyond a certain level does not have an enduring impact on the feeling of happiness/joy, because we as individuals are able to adapt to different situations (Killingsworth 2021; Frederick and Loewenstein 1999; Frey and Stutzer 2002; Kahneman and Deaton 2010; Stevenson and Wolfers 2013; Jebb et al. 2018).

The feeling of whether you have enough money is primarily a question of character. One can have a million euros and still have the feeling that it is not enough. This means that there are people who never feel safe, and others feel safe even with little. The big stress with money is what to do with it or how to invest it properly. We get caught in a multi-option treadmill, which depends on the income situation. There are many people in the world for whom the lack of money is a stress factor. Even economics is not about maximum income. Ultimately, it is about the well-being of the individual. A high income is only a first step in this. In a second step, the income must be converted into activities that actually make you happy. Other factors are needed for this, so it is about finding the optimal mix. There are people who are unhappy because they have a lot of time but no money. Conversely, others have a lot of money but no time. We need a certain salary.

The subject of our research on the correlation between salary and happiness has been the topic of numerous studies, but most of them have focused on developed countries. A novelty of our study is the analysis of this relationship in a developing country. One of the

studies that motivated us to do this research is the one conducted by [Knight et al. \(2009\)](#) on a sample of rural households in China. Following the research, the authors found that although people in rural areas have inferior incomes to individuals in urban zones, they declare themselves happy. We expect the results in Romania to be similar considering the cultural dimension ([Hofstede 1984](#)) and the fact that Romania is a country in development; the financial goal of people is primarily to lead a reasonable and quiet life that contributes to happiness ([DiTella and MacCulloch 2010](#); [Luo 2018](#); [Fanning and O'Neill 2019](#); [Cuong 2021](#); [Lakshmanasamy and Maya 2020](#)).

“Money can buy happiness” is a complex and meaningful statement with multiple implications. Studying human happiness in terms of growth/decline of salary/income/GDP has become one of the most researched topics among economists. For example, conventional economy assumes that higher incomes mean higher levels of happiness. On the other hand, one of the reference articles in this area, by [Easterlin \(1974, 1975, 2006\)](#), studies the substantial increase in real income in the USA (1946–1970), which has not led to a substantial increase in the level of happiness reported. Easterlin’s paradox is not only a model for the USA, but it is also applicable in other countries like Japan or the United Kingdom.

Salary/income is one of the most used variables ([Cummins 2000a, 2000b](#); [Schyns 2001](#); [Diener and Biswas-Diener 2002](#); [Graham and Pettinato 2004](#); [Cai et al. 2018](#)). When individuals are asked why they work, money is one of the most frequently cited reasons ([Judge et al. 2010](#)). When people focus on money, for example, by simply being preoccupied with gaining more, they may be less friendly in their relationships with others, being less vulnerable to social rejection and more determined to reach personal goals ([Gino and Mogilner 2014](#); [Doh and Chung 2020](#)). In the meantime, [Wilkinson and Pickett \(2009, 2018\)](#) have argued that greater income equality is associated with a higher quality of life and is particularly pertinent for physical and mental well-being measures that display a social gradient ([Kühner et al. 2019](#)).

This paper aims to analyze the connection between salary and happiness in Romania given the fact that it is a developing country and has undergone a series of economic and cultural transformations over the years. Following the ideas of the authors [DiTella and MacCulloch \(2010\)](#), who found that salary and happiness have a solid correlation in poorer individuals and less-developed countries, while full adaptation to greater incomes is reflected among richer people and developed countries.

Focused on the existing literature, this paper’s objective is to study the links between salary and employee happiness. The remainder of this paper is structured as follows: Section 2 presents the literature review and hypothesis development. Section 3 discusses the methodology and tools and describes our data. The results of the structural model are presented and discussed in Section 4. Finally, Section 5 offers concluding remarks.

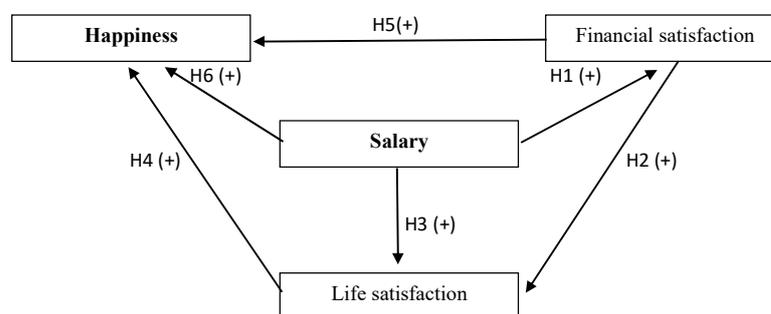
## 2. Literature Review and Hypothesis Development

[Staubli et al. \(2014\)](#) consider well-being as the scientific term dedicated to the phenomenon of happiness. Most researchers claim that well-being includes two components: a cognitive component (life satisfaction) and an affective component (happiness). These two components are strongly correlated, and for this reason, many researchers have assumed that the two variables actually measure the same thing ([Veenhoven 1991](#); [Lane 2000](#)). [Diener and Seligman \(2004\)](#) claim that for a comprehensive assessment, the components must be measured separately. According to [Mayraz et al. \(2009\)](#), the most used tool to study the relationship between happiness and income is life satisfaction.

Declaring oneself happy is an expression of a general sense, but satisfaction is more concrete and refers to several specific elements of life. A person could say that he or she is happy but is not content with certain aspects of life (e.g., job satisfaction, financial satisfaction, personal life, social life, health).

Based on the literature, this paper aims to study general happiness and satisfaction regarding salary levels. In other words, we expect the levels of satisfaction and happiness to

increase with wage/salary levels. This hypothesis was formulated based on the literature (see Figure 1).



**Figure 1.** Research model.

**Hypothesis 1 (H1).** *Salary level is positively related to financial satisfaction.*

Some researchers refer to the existence of an association between the individual or household income or salary and financial satisfaction (Easterlin 2006; Diener and Oishi 2000; DePianto 2011). Other academics study financial satisfaction—that is, the subjective assessment of a person’s financial situation—as a “sub-construction” or subjective welfare and life satisfaction (Graham and Pettinato 2004; DePianto 2011; Van Praag 2004) as an important component of perceived economic status (Joo and Grable 2004; Kalleberg and Marsden 2012). In 2004, Hsieh (2004) used General Social Surveys data to observe the association between salary and financial satisfaction of older Americans and found that different income definitions have different effects on financial satisfaction. Vera-Toscano et al. (2006), using data from a national survey in Spain, found that not only revenue but also income expectations affect financial satisfaction. Sighieri et al. (2006), using data from nine European countries, examined the relationship between income and financial satisfaction and found that income and satisfaction had a positive correlation up to a certain point. Ali et al. (2015) and Halim and Astuti (2015) stated that financial satisfaction is an individual’s perception of their current financial situation (Arifin 2018a, 2018b; Danish and Khan 2021).

**Hypothesis 2 (H2).** *Financial satisfaction is positively related to life satisfaction.*

Life satisfaction is one of the essential measures of subjective well-being (Diener 1984; Pavot and Diener 1993). Research shows that subjective well-being or quality of life is positively related to mental and physical health, job performance, interpersonal relationships, and marital status (Sirgy et al. 2007). The study of English subjects conducted by Bowling and Windsor (2001) found that professional satisfaction contributes to life satisfaction.

Xiao (2008) uses the phrase “financial behaviors” to refer to positive or desirable behaviors recommended by consumer economists as ways to improve financial well-being. Common financial behaviors include practices related to cash, credit, and savings management (Xiao et al. 2009; Hilgert et al. 2003). Since the financial well-being of an individual can be either objective (measured in terms of income, assets, etc.) or subjective (measured in terms of financial satisfaction) (Joo 2008), positive financial behaviors may be considered to improve financial well-being in both areas. Xiao et al. (2009) found that positive financial behaviors contribute to the financial satisfaction of a sample of consumers using credit counselling. Moreover, as suggested by Maddux (2002), intentional actions to reduce financial stress could help to achieve optimal financial conditions.

**Hypothesis 3 (H3).** *Salary level is positively related to life satisfaction.*

The most common measure of financial satisfaction is salary/income. Many studies have examined the relationship between salary/income and life satisfaction (Schyns 2001; Graham and Pettinato 2004; Hsieh 2004; Delhey 2004; Arthaud-Day and Near 2005; Tomini et al. 2016; Conde-Sala et al. 2017).

Schyns (2001), using a sample of Russian consumers, found that the relationship between salary and life satisfaction is complex. A year later, Diener and Biswas-Diener (2002) analyzed the relationship between income and subjective well-being and concluded that there is a very low correlation between income and subjective well-being in different nations, and that if people are not wealthy, increased income leads to an insignificant increase in happiness. A more recent study, using data collected from five countries, showed the effects of wealth and non-sustainable consumption on life satisfaction (Headey et al. 2008). Life satisfaction can be mitigated by financial compensation. The harm on physical well-being associated with long commuting is still worth addressing (Freedman 2017; Rohrer and Schmukle 2018; Sha et al. 2019; Kaiser et al. 2020; Hartung et al. 2021).

The cross-border study by Tomini et al. (2016) showed that income for elderly adults was positively linked to life satisfaction in almost all countries (including all Eastern post-socialist countries). The study by Conde-Sala et al. (2017) also confirmed that older adults with higher incomes report a better quality of life in Eastern European countries.

**Hypothesis 4 (H4).** *Life satisfaction is positively related to happiness.*

Happiness and life satisfaction are the ultimate goals of human life (Layard 2011). Fugl-Meyer et al. (1991) analyzed the levels of satisfaction with life as a whole (happiness) by investigating eight different areas through questionnaires sent out in four age categories (25-, 35-, 45- and 55-year-olds) both to men and women. With a few exceptions (professional and financial satisfaction), the levels of global and field satisfaction were not age-dependent, and few gender gaps were found. In line with the Democrats, Tatarkiewicz (1976) considers that satisfaction with life as a whole is synonymous with happiness. For that reason, life satisfaction as a whole must be reasonable and reasonable for a long time.

However, (Hansen 2012) examining the relationship between parents, life satisfaction and happiness in different regions of the world, has shown that Eastern European countries are more pronatalist than other European countries. Furthermore, his findings show that in the former socialist countries the parent is linked to a higher level of subjective well-being.

As the researchers (Okulicz-Kozaryn and Golden 2018) concluded the social level that decommmodification is associated with greater happiness (Okulicz-Kozaryn et al. 2014; Brzozowski and Coniglio 2021). The authors also emphasize the importance of flexible time and the establishment of their own work schedule as a step towards autonomy and freedom so that work and general life can be and have been improved through the quality of work programs.

We believe that the positive experiences of employees in working life should have a positive impact on general satisfaction and happiness. This relationship can be explained by the use of the bottom-up survival theory of life satisfaction (Diener 1984; Andrews and Withey 1976; Campbell et al. 1976).

**Hypothesis 5 (H5).** *Financial satisfaction is positively related to happiness.*

The concept of financial satisfaction as part of building happiness in the subjective theory of well-being was introduced in the early 1970s. In the subjective theory of well-being, it is assumed that financial satisfaction, symbolized by income, is defined as happiness or prosperity (Van Praag et al. 2003; Van Praag 1968, 1971). Consequently, the study of financial satisfaction and the contributing factors are essential in strengthening individual financial happiness (Xiao 2008; Xiao et al. 2009; Joo 2008). In other words, the quality of life will be affected by life satisfaction, including financial satisfaction (Michalos 2008). Financial satisfaction serves as a mediation between income and the desired level of happi-

ness (Diener and Biswas-Diener 2002). Financial satisfaction is also seen as an indicator of well-being and happiness (Van Praag 2004).

**Hypothesis 6 (H6).** *Salary level is positively related to happiness.*

It is well known that income has a positive effect on general happiness (Argyle 1999), but defining happiness is problematic (Jenkins and Delbridge 2014). Also, revenue growth tends to increase the level of happiness (Frijters et al. 2004), and a financial situation perceived in the previous year tends to increase psychological distress, given the level of income. Credit growth and savings decrease psychological distress (Brown et al. 2005). From another perspective, Achim et al. (2016) conclude that happier people are more likely to act honestly.

### 3. Research Methodology, Tool and Data

This paper presents an exploratory study with a quasi-experimental design. We used the questionnaire method of data collection, and we employed structural equation modeling (SEM) based on Partial Least Squares (PLS) in ADANCO 2.0.1 software. SEM is a statistical technique useful for testing complex models (Hair et al. 2011; Henseler et al. 2016).

As presented by Diener et al. (1985) for millennia, human well-being has been the scholarly province of philosophy and religion, with notables such as Aristotle, Confucius and Buddha weighing by defining the good life. Today's researchers focus more on factors that cause people to subjectively experience their lives as useful and rewarding. Thus, scientists studying "subjective well-being" do not prejudge what people will consider a good life for themselves, but is based on the judgments that respondents offer, based on any criteria that research participants consider most important.

The participation in this research was voluntary, and no reward was offered in exchange for participation. Participants were invited to complete the 3 tools without a time limit, moreover, respondents were informed about the confidentiality of the data collected and about the purpose of this research.

Surveys represent one of the most used methods in the literature to collect data concerning customers' experiences and well-being. The current survey is part of an empirical study on road of money to happiness. We resorted to a descriptive design, where the researcher already knows the type of data used for the research and the respondents to whom it is addressed, before distributing the questionnaires. To obtain valuable results, the quantitative approach is used in this study as a research method as well as the format of the self-administered questionnaire. The self-administered questionnaires in the platform offer the respondents the possibility to complete them in their spare time. An important factor in choosing this method is that it provides the respondents with anonymity to be honest in their answers.

We used two distinct tools: Subjective Happiness Scale (Lyubomirsky and Lepper 1999) and The Satisfaction with Life Scale (Diener et al. 1985), because according to Diener and Seligman (2004) the cognitive component (life satisfaction) should be measured separately from the affective component (happiness). For the financial satisfaction, we use our construction in line with the literature. Appendix A Table A1 presents our questionnaire.

#### 3.1. The Financial Satisfaction Scale (FSS)

Godwin (1994) summarized the study of financial satisfaction by concluding that there is no consensus on the best way to measure financial satisfaction. Some researchers in the field have measured satisfaction with one item, others have used multiple measures. Researchers such as (Godwin 1994; Davis and Schumm 1987; Jeries and Allen 1986; Porter and Garman 1993), used individual scales to measure financial satisfaction. Morgan (1992) used only one statement to measure economic satisfaction: "How satisfied are you with your financial situation?". Greenley et al. (1997) asked the question: "How comfortable

and well-off are you financially?". Draughn et al. (1994) discussed economic satisfaction as consisting of three components: financial adequacy, perceived economic well-being, and satisfaction with the standard of living. Hira and Mugenda (1999a, 1999b) measured financial satisfaction with multiple items: money saved, amount of money owed, current financial situation, ability to meet long-term goals, preparedness to meet emergencies, and financial management skills (Jain et al. 2019). Based on previous literature, we created our Financial Satisfaction Scale (see Appendix A Table A1).

### 3.1.1. The Satisfaction with Life Scale (SLS)

Diener et al. (1985) determined a scale for life satisfaction and evaluated the items by assigning them values between 1 and 7, as follows: 1 strongly disagree, and 7 strongly agree, with the final score reflecting the average of these items. This scale has favourable psychometric properties regarding both high fidelity and high internal consistency ( $\alpha = 0.87$ ).

### 3.1.2. The Subjective Happiness Scale (SHS)

Lyubomirsky and Lepper (1999) measure the affective dimension of happiness with favourable psychometric properties in different cultures. The SHS proposes four items: every item is assigned a value of 1 to 7, for example, 1—a very happy person, while 7—not a very happy person.

Before the official launch of the questionnaire, it was pretested with ten subjects who critically assessed the questions based on wording, sentence construction, and question formulation. The questionnaire was launched online via Google Forms, which generated a link to the specific questionnaire.

In the current study, we examine the individual's behavior regarding satisfaction and happiness. The questionnaires were formulated in Romanian, and all respondents were Romanian. Our database ( $N = 376$ ) consisted of 148 women (39.36% of participants) and 228 men (60.64%). The data were collected in October 2020, and all participants were informed about the purpose of the study. We also want to highlight the fact that the questionnaire was distributed online and targeted the IT field in Cluj County. Given that many studies in the literature emphasize the importance of age and its influence on results (Hitka et al. 2019, 2020, 2021), we want to note that we did not concern ourselves in this study with this aspect, due to the fact that the respondents involved had an age between 20–40 years; thus, we covered several age categories and we considered that the analysis of different age categories would not be relevant.

## 4. Results

In the context of SEM, we transferred our theoretical model into a statistical one with the help of ADANCO 2.0.1. software. First, we evaluated the standardized root mean square residual (SRMR), geodesic discrepancy (dG), and unweighted least squares discrepancy (dULS). Our results show excellent/acceptable values according to Dijkstra and Henseler (2015). Furthermore, we examined the reliability and validity of the measurement model. As shown in Table 1, the reliability coefficient ( $\rho_A$ ,  $\rho_c$ ,  $\alpha$ ) of each measurement construct is above 0.70. Moreover, the convergent validity (average variance extracted—AVE) explains 50% or more of the variance.

**Table 1.** Construct reliability and validity.

Construct	Dijkstra-Henseler's Rho ( $\rho_A$ )	Jöreskog's Rho ( $\rho_c$ )	Cronbach's Alpha ( $\alpha$ )	Average Variance Extracted (AVE)
Life Satisfaction	0.8850	0.8833	0.8826	0.6027
Happiness	0.8810	0.7639	0.7689	0.5068
Financial Satisfaction	0.8320	0.8300	0.7905	0.7095

**Table 1.** *Cont.*

Construct	Dijkstra-Henseler’s Rho ( $\rho_A$ )	Jöreskog’s Rho ( $\rho_c$ )	Cronbach’s Alpha ( $\alpha$ )	Average Variance Extracted (AVE)
<i>Interpretation</i>	More than 0.7, in line with (Hair et al. 2011; Porter and Garman 1993)	Not lower than 0.6, in line with (Morgan 1992)	More than 0.7, in line with (Greenley et al. 1997)	Minimum of 0.5, in line with (Morgan 1992)

According to Hair et al. (2011), all indicator loadings should exceed 0.65 (Table 2). Our results demonstrate convergent validity and confirm the reliability of the indicators; therefore, all conditions have been respected.

**Table 2.** Loadings.

Indicator	Life Satisfaction	Happiness	Financial Satisfaction
L1	0.7032		
L2	0.7965		
L3	0.8125		
L4	0.7962		
L5	0.7687		
H1		0.8690	
H2		0.7751	
H3		0.6924	
H4		0.7903	
F1			0.8423
F2			0.8423

In addition, all the obtained values are below 0.9 for the Heterotrait-Monotrait Ratio of Correlations (HTMT). These findings demonstrate the discriminant validity for all latent constructs, in line with Henseler et al. (2009, 2015, 2016) and Voorhees et al. (2016).

Our path coefficients were estimated by performing a bootstrapping procedure (Hartung et al. 2021). Table 3 presents the parameters that were obtained for our structural model with moderate and strong prediction. According to the rules specified by Hair et al. (2011), the R2 of the dependent construct Life Satisfaction can be considered excellent, whereas happiness (0.3912) and financial satisfaction (0.3331) were moderate.

**Table 3.** Discriminant validity—heterotrait-monotrait ratio of correlations (HTMT).

Construct	Life Satisfaction	Happiness	Net Salary	Financial Satisfaction
Life Satisfaction				
Happiness	0.7087			
Net Salary	0.1502	0.1199		
Financial Satisfaction	0.6671	0.7132	0.2614	

Moreover, we examined the magnitude and significance of the indirect path between salary and happiness, via financial and life satisfaction. The indirect path coefficient is significant and positive ( $\beta = 0.1800$ ,  $\beta = 0.1055$ ) in both cases. However, the indirect effect between financial satisfaction and happiness, via life satisfaction, is rather high ( $\beta = 0.7127$ ).

In Table 4 are presented the results of the statistical model provide support for our total relationships between salary and financial satisfaction.

**Table 4.** Structural model results and hypotheses testing.

Effect	Original Coefficient	Standard Bootstrap Results					Evidence
		Mean Value	Standard Error	t-Value	p-Value (2-Sided)	p-Value (1-Sided)	
Life Satisfaction -> Happiness	0.7951	0.8180	0.2227	3.5700	0.0004	0.0002	<b>H4 supported</b>
Net Salary -> Life Satisfaction	0.1800	0.1760	0.0844	2.1335	0.0331	0.0166	<b>H3 supported</b>
Net Salary -> Happiness	0.1055	0.1043	0.0517	2.0395	0.0417	0.0208	<b>H6 supported</b>
Net Salary -> Financial Satisfaction	0.6009	0.1962	0.0935	2.1479	0.0320	0.0160	<b>H1 supported</b>
Financial Satisfaction -> Life Satisfaction	0.8964	0.8958	0.0218	41.1452	0.0008	0.0004	<b>H2 supported</b>
Financial Satisfaction -> Happiness	0.5254	0.5318	0.0687	7.6463	0.0070	0.0036	<b>H5 supported</b>

## 5. Conclusions

This paper presents the results of our study on the relationship between financial satisfaction, happiness, and life satisfaction. To answer the question of whether money makes you happy, the first step is to determine what exactly is meant by “happy”. The need for a definition arises from the fact that the terms satisfaction, happiness, and well-being are often used synonymously and relatively arbitrarily in everyday life. This is understandable; after all, things that satisfy us make us happy in most cases, and vice versa. However, we generally expect a little more from money. As we claim to have a happy life, we hope that money will be the ultimate means of fulfilling that wish. As a result, we are less interested in whether money satisfies us or gives us a short-term feeling of happiness. Rather, we want to know whether money enables us to experience long-term well-being. The positive effects of money only become effective if you use it actively to create happiness. In the words of the philosopher Plato, “People are happy when they have what is good for them”.

### 5.1. Theoretical and Managerial Implication

After reviewing the literature, we found that there are more possibilities to measure financial satisfaction, happiness, and life satisfaction. Our review summarizes the key work-related antecedents and consequences we identified for life satisfaction, financial satisfaction, and happiness. We drew our conclusions from data collected from a sample of voluntary employees. After collecting the data, we used structural equation modeling and validated our hypothesis. A positive relationship between salary and satisfaction exists, because individuals focus more on economic factors when evaluating their happiness.

This study provided statistical evidence that money makes people happy. Having a higher salary has a positive effect on the likelihood of being very happy and a negative effect on the likelihood of being unhappy. The results of this study were discussed and compared with the results of other studies on happiness. However, there are difficulties in comparing the results between studies. One source for the difference in results comes from the use of different variables meant to capture the same thing. Another source for the difference between the results may arise from different categorizations of variables or even demographic differences. For this reason, care is needed when comparing studies.

Finally, we believe that life satisfaction is an important outcome to be considered alongside other key management variables, such as work attitudes and behaviors. According to the studies found in the literature, money is the main reason for work. But money itself, separated from other factors, does not lead to happiness and self-satisfaction. Happiness and life satisfaction are interconnected concepts that contribute to one’s quality of life (Sha et al. 2019). Life satisfaction, reflecting a cognitive assessment of one’s life, seems to be more strongly associated with living conditions and social needs, while happiness, which refers to positive feeling, seems to be more strongly associated with the quality of social interaction (Lyubomirsky and Lepper 1999).

5.2. Limitation and Future Perspectives

Previous studies have found that income affects happiness in both relative and absolute terms and that the effect of an increase in income is transient. Whether salary can/cannot buy happiness remains an issue to be studied. A primary limitation of this study is the lack of longitudinal measurements. Another limitation of the study could be the field of activity, expansion at the national level and the international level in future would provide more widely relevant results. Additional research should also focus on studying how long the positive effect of higher income on happiness remains. We subscribe to the idea that completion of any research is the start of future developments or new perspectives in research.

**Author Contributions:** G.M.M., M.T.F., C.C. made the same contribution to the article. All authors have read and agreed to the published version of the manuscript.

**Funding:** This research received no external funding.

**Institutional Review Board Statement:** Not applicable.

**Informed Consent Statement:** Not applicable.

**Conflicts of Interest:** The authors declare no conflict of interest.

Appendix A

Table A1. Measurement items.

Construct	Scale	Label	Item *	Source
Life Satisfaction	The Subjective Happiness Scale	L <sub>1</sub>	In most ways my life is close to my ideal.	Lyubomirsky and Lepper (1999)
		L <sub>2</sub>	The conditions of my life are excellent.	
		L <sub>3</sub>	I am satisfied with my life.	
		L <sub>4</sub>	So far I have gotten the important things I want in life.	
		L <sub>5</sub>	If I could live my life over, I would change almost nothing.	
Happiness	The Satisfaction with Life Scale	H <sub>1</sub>	In general, I consider myself:	Diener et al. (1985)
		H <sub>2</sub>	Compared with most of my peers, I consider myself:	
		H <sub>3</sub>	Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?	
		H <sub>4</sub>	Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you.	

Table A1. Cont.

Construct	Scale	Label	Item *	Source
Financial Satisfaction	The Financial Satisfaction with Salary	F <sub>1</sub>	I am satisfied with my salary.	Morgan (1992); Diener et al. (1985).
		F <sub>2</sub>	Compared with most of my peers, I consider my salary:	

Note: \* 1 to 7 point Likert scale ranges from *Strongly Disagree* to *Strongly Agree*.

## References

- Achim, Monica Violeta, Sorin Nicolae Borlea, Lucian Vasile Găban, and Ionut Constantin Cuceu. 2016. Rethinking the shadow economy in terms of happiness. Evidence for the European Union Member States. *Technological and Economic Development of Economy* 24: 199–228. [CrossRef]
- Ali, Azwadi, Mohd Shaari Abd Rahman, and Alif Bakar. 2015. Financial Satisfaction and the Influence of Financial Literacy in Malaysia. *Social Indicators Research* 120: 137–56. [CrossRef]
- Andrews, Frank, and Stephen Withey. 1976. *Social Indicators of Wellbeing: America's Perception of Life Quality*. New York: Plenum Press.
- Argyle, Michael. 1999. Causes and Correlates of Happiness, apud: Daniel Kahneman. In *Well-Being: The Foundations of Hedonic Psychology*. Edited by Ed Diener and Norbert Schwarz. New York: Russell Sage Foundation, pp. 353–73.
- Arifin, Agus Zainul. 2018a. Influence factors toward financial satisfaction with financial behavior as intervening variable on Jakarta area workforce. *European Research Studies Journal* 21: 90–103.
- Arifin, Agus Zainul. 2018b. Influence of financial attitude, financial behavior, financial capability on financial satisfaction. *Advances in Social Science, Education and Humanities Research (ASSEHR)* 186: 100–3.
- Arthaud-Day, Marne, and Janet Near. 2005. The wealth of nations and the happiness of nations: Why “accounting” matters. *Social Indicators Research* 74: 511–48. [CrossRef]
- Bowling, Ann, and Joy Windsor. 2001. Towards the good life: A population survey of dimensions of quality of life. *Journal of Happiness Studies* 2: 55–81. [CrossRef]
- Brown, Sarah, Karl Taylor, and Stephen Wheatley Price. 2005. Debt and Distress: Evaluating the Psychological Cost of Credit. *Journal of Economic Psychology* 26: 642–63. [CrossRef]
- Brzozowski, Jan, and Nicola Coniglio. 2021. International Migration and the (Un) happiness Push: Evidence from Polish Longitudinal Data. *International Migration Review*. [CrossRef]
- Cai, Jiaoli, Li Zhang, Yulin Zhao, and Peter Coyte. 2018. Psychological mechanisms linking county-level income inequality to happiness in China. *International Journal of Environmental Research and Public Health* 15: 2667. [CrossRef]
- Campbell, Angus, Philip Converse, and Willard Rodgers. 1976. *The Quality of American Life: Perceptions, Evaluations, and Satisfaction*. New York: Russell Sage Foundation.
- Conde-Sala, Josep, Cristina Portellano-Ortiz, Laia Calvó-Perxas, and Josep Garre-Olmo. 2017. Quality of life in people aged 65+ in Europe: Associated factors and models of social welfare—Analysis of data from the SHARE project (Wave 5). *Quality of Life Research* 26: 1059–70. [CrossRef]
- Cummins, Robert. 2000a. Personal income and subjective well-being: A review. *Journal of Happiness Studies* 1: 133–58. [CrossRef]
- Cummins, Robert. 2000b. Objective and Subjective Quality of Life: An Interactive Model. *Social Indicators Research* 52: 55–72. [CrossRef]
- Cuong, Nguyen Viet. 2021. Does money bring happiness? Evidence from an income shock for older people. *Finance Research Letters* 39: 101605. [CrossRef]
- Danish, Muhammad Hassan, and Hafeez Ur Rehman Khan. 2021. Mediating role of financial satisfaction between income and subjective wellbeing: An evidence from Pakistan. *International Journal of Happiness and Development* 6: 220–36. [CrossRef]
- Davis, Elizabeth, and Walter Schumm. 1987. Family financial satisfaction: The impact of reference point. *Home Economics Research Journal* 14: 123–31. [CrossRef]
- Delhey, Jan. 2004. *Life Satisfaction in an Enlarged Europe*. European Foundation for the improvement of Living and Working Conditions. Luxembourg: Office for Official Publications of the European Communities.
- DePianto, David. 2011. Financial satisfaction and perceived income through a demographic lens: Do different race/gender pairs reap different returns to income? *Social Science Research* 40: 773–83. [CrossRef]
- Diener, Ed Emmons, Randy Robert Larsen, and Sharon Griffin. 1985. The satisfaction with life scale. *Journal of Personality Assessment* 49: 71–75. [CrossRef] [PubMed]
- Diener, Ed, and Martin Seligman. 2004. Beyond money: Toward an economy of well-being. *Psychological Science in the Public Interest* 5: 1–31. [CrossRef] [PubMed]
- Diener, Ed, and Robert Biswas-Diener. 2002. Will money increase subjective well-being? *Social Indicators Research* 57: 119–69. [CrossRef]
- Diener, Ed, and Shigehiro Oishi. 2000. Money and happiness: Income and subjective well-being across nations. *Culture and Subjective Well-Being*, 185–218.
- Diener, Ed, Shigehiro Oishi, and Louis Tay. 2018. Advances in subjective well-being research. *Nature Human Behaviour* 2: 253–60. [CrossRef]
- Diener, Ed. 1984. Subjective well-being. *Psychological Bulletin* 95: 542–75. [CrossRef]

- Dijkstra, Theo K., and Jörg Henseler. 2015. Consistent and asymptotically normal PLS estimators for linear structural equations. *Computational Statistics & Data Analysis* 81: 10–23.
- DiTella, Rafael, and Robert MacCulloch. 2010. Happiness adaptation to income beyond “basic needs”. In *International Differences in Well-Being*. Edited by Diener Ed, Kahneman Daniel and Helliwell John. New York: Oxford University Press, pp. 217–46.
- Doh, Young Yim, and Ji-Bum Chung. 2020. What Types of Happiness Do Korean Adults Pursue?—Comparison of Seven Happiness Types. *International Journal of Environmental Research and Public Health* 17: 1502. [CrossRef]
- Draughn, Peggy, Ronda LeBoeuf, Patricia Wozniak, Frances Lawrence, and Lisa Welch. 1994. Divorcee’s economic well-being and financial adequacy as related to interfamily grants. *Journal of Divorce and Remarriage* 22: 23–35. [CrossRef]
- Easterlin, Richard. 1974. Does economic growth improve the human lot? Some empirical evidence. In *Nations and Households in Economic Growth: Essays in Honour of Moses Abramovitz*. Edited by David Paul and Melvin Reder. New York: Academic Press.
- Easterlin, Richard. 1975. An economic framework for fertility analysis. *Studies in Family Planning* 6: 54–63. [CrossRef] [PubMed]
- Easterlin, Richard. 1995. Will raising the incomes of all increase the happiness of all? *Journal of Economic Behavior and Organization* 27: 35–47. [CrossRef]
- Easterlin, Richard. 2006. Life cycle happiness and its sources: Intersections of psychology, economics and demography. *Journal of Economic Psychology* 27: 463–82. [CrossRef]
- Fanning, Andrew, and Daniel O’Neill. 2019. The Wellbeing–Consumption paradox: Happiness, health, income, and carbon emissions in growing versus non-growing economies. *Journal of Cleaner Production* 212: 810–21. [CrossRef]
- Ferrer-i-Carbonell, Ada. 2005. Income and well-being: An empirical analysis of the comparison income effect. *Journal of Public Economics* 89: 997–1019. [CrossRef]
- Frederick, Shane, and George Loewenstein. 1999. 16 hedonic adaptation. Well-Being. In *The Foundations of Hedonic Psychology*. Edited by Kahneman Daniel, Diener E. Ed and Norbert Schwarz. New York: Russell Sage, pp. 302–29.
- Freedman, Vicki. 2017. *The Panel Study of Income Dynamics’ Wellbeing and Daily Life Supplement (PSID-WB) User Guide: Final Release 1*. Michigan: Institute for Social Research, University of Michigan.
- Frey, Bruno, and Alois Stutzer. 2002. What can economists learn from happiness research? *Journal of Economic Literature* 40: 402–35. [CrossRef]
- Frijters, Paul, John Haisken-De New, and Kerstin Shields. 2004. Money does matter! Evidence from increasing real income and life satisfaction in East Germany following reunification. *American Economic Review* 94: 730–40. [CrossRef]
- Fugl-Meyer, Axel R., Inga-Britt Bränholm, and Kerstin S. Fugl-Meyer. 1991. Happiness and domain-specific life satisfaction in adult northern Swedes. *Clinical Rehabilitation* 5: 25–33. [CrossRef]
- Gino, Francesca, and Cassie Mogilner. 2014. Time, money, and morality. *Psychological Science* 25: 414–21. [CrossRef]
- Godwin, Deborah. 1994. Antecedents and consequences of newlyweds’ cash flow management. *Financial Counseling and Planning* 5: 161–90.
- Graham, Carol, and Stefano Pettinato. 2004. *Happiness and Hardship: Opportunity and Insecurity in New Market Economies*. Washington, DC: Brookings Institution Press.
- Greenley, James, Jan Steven Greenberg, and Roger Brown. 1997. Measuring quality of life: A new and practical survey instrument. *Social Work* 42: 244–54. [CrossRef]
- Hagerty, Michael, and Ruut Veenhoven. 2003. Wealth and happiness revisited—growing national income does go with greater happiness. *Social Indicators Research* 64: 1–27. [CrossRef]
- Hair, Joe F., Christian M. Ringle, and Marko Sarstedt. 2011. PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory and Practice* 19: 139–52. [CrossRef]
- Halim, Yopie Kurnia Erista, and Dewi Astuti. 2015. Financial stressors, Financial Behaviour, risk tolerance, financial solvency, financial knowledge and financial satisfaction. *Journal of Management* 3: 19–23.
- Hansen, Thomas. 2012. Parenthood and happiness: A review of folk theories versus empirical evidence. *Social Indicators Research* 108: 29–64. [CrossRef]
- Hartung, Johanna, Sandy Spormann, Morten Moshagen, and Oliver Wilhelm. 2021. Structural Differences in Life Satisfaction in a US Adult Sample across Age. *Journal of Personality*. [CrossRef] [PubMed]
- Headey, Bruce, Ruud Muffels, and Mark Wooden. 2008. Money does not buy happiness: Or does it? A reassessment based on the combined effects of wealth, income and consumption. *Social Indicators Research* 87: 65–82. [CrossRef]
- Henseler, Jörg, Christian Ringle, and Marko Sarstedt. 2015. A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science* 43: 115–35. [CrossRef]
- Henseler, Jörg, Christian Ringle, and Rudolf Sinkovics. 2009. The use of partial least squares path modeling in international marketing. In *New Challenges to International Marketing*. Bingley: Emerald Group Publishing Limited, pp. 277–319.
- Henseler, Jörg, Geoffrey Hubona, and Pauline Ray. 2016. Using PLS path modeling in new technology research: Updated guidelines. *Industrial Management & Data Systems* 116: 2–20.
- Hilgert, Marianne, Jeanne Hogarth, and Sondra Beverly. 2003. Household financial management: The connection between knowledge and behavior. *Federal Reserve Bulletin* 89: 309–22.
- Hira, Tahira, and Olive Mugenda. 1999a. Do men and women differ in their financial beliefs and behaviors? *Proceedings of Eastern Family Economics Resource Management Association 1999*: 1–8.

- Hira, Tahiraand, and Olive Mugenda. 1999b. The relationships between self-worth and financial beliefs, behavior, and satisfaction. *Journal of Family and Consumer Sciences* 91: 76–82.
- Hitka, Milos, Peter Štarchoň, Zdenek Caha, Silvia Lorincová, and Mariana Sedliačiková. 2021. The global health pandemic and its impact on the motivation of employees in micro and small enterprises: A case study in the Slovak Republic. *Economic Research-Ekonomika Istraživanja* 2021: 1–21. [CrossRef]
- Hitka, Milos, Zoltan Rózsa, Marek Potkany Potkány, and Lenka Ližbetinová. 2019. Factors forming employee motivation influenced by regional and age-related differences. *Journal of Business Economics and Management* 20: 674–93. [CrossRef]
- Hitka, Milso, Silvia Potkány Lorincová, Zanita Marek Balážová, and Zdenek Caha. 2020. Differentiated approach to employee motivation in terms of finance. *Journal of Business Economics and Management* 22: 118–34. [CrossRef]
- Hofstede, Geert. 1984. *Culture's Consequences: International Differences in Work-Related Values*. Southend Oaks: Sage, vol. 5.
- Hsieh, Chang-Ming. 2004. Income and financial satisfaction among older adults in the United States. *Social Indicators Research* 66: 249–66. [CrossRef]
- Jain, Mansi, Gagan Deep Sharma, and Mandeep Mahendru. 2019. Can i sustain my happiness? A review, critique and research agenda for economics of happiness. *Sustainability* 11: 6375. [CrossRef]
- Jebb, Andrew, Louis Tay, Ed Diener, and Shigehiro Oishi. 2018. Happiness, income satiation and turning points around the world. *Nature Human Behaviour* 2: 33–38. [CrossRef]
- Jenkins, Sarahand, and Rick Delbridge. 2014. In pursuit of happiness: A sociological examination of employee identifications amongst a 'happy' call-centre workforce. *Organization* 21: 867–87. [CrossRef]
- Jeries, Nahell, and Chriss Allen. 1986. Satisfaction/dissatisfaction with financial management among married students. Paper presented at American Council on Consumer Interests Annual Conference, St. Louis, MO, USA, May 18–21; pp. 63–69.
- Joo, So-hyun, and John Grable. 2004. An exploratory framework of the determinants of financial satisfaction. *Journal of Family and Economic Issues* 25: 25–50. [CrossRef]
- Joo, Sohyun. 2008. Personal financial wellness. In *Handbook of Consumer Finance Research*. New York: Springer, pp. 21–33. [CrossRef]
- Judge, Timothy, Ronald Piccolo, Nathan Podsakoff, John Shaw, and Bruce Rich. 2010. The relationship between pay and job satisfaction: A meta-analysis of the literature. *Journal of Vocational Behavior* 77: 157–67. [CrossRef]
- Kahneman, Daniel, and Angus Deaton. 2010. High income improves evaluation of life but not emotional well-being. *Proceedings of the National Academy of Sciences* 107: 16489–93. [CrossRef] [PubMed]
- Kaiser, Till, Marie Hennecke, and Maike Luhmann. 2020. The interplay of domain- and life satisfaction in predicting life events. *PLoS ONE* 15: e0238992. [CrossRef] [PubMed]
- Kalleberg, Arneand, and Peter Marsden. 2012. Labor force insecurity and U.S. work attitudes, 1970s–2006. In *Social trends in American Life*. Edited by Marsden Peter. Princeton: Princeton University Press, pp. 315–37.
- Killingsworth, Matthew. 2021. Experienced well-being rises with income, even above \$75,000 per year. *Proceedings of the National Academy of Sciences* 118: e2016976118. [CrossRef] [PubMed]
- Knight, John, Song Lina, and Ramani Gunatilaka. 2009. Subjective well-being and its determinants in rural China. *China Economic Review* 20: 635–49. [CrossRef]
- Kühner, Stefan, Maggie Lau, Jin Jiang, and Zhuoyi Wen. 2019. Personal income, local communities and happiness in a rich global city: Evidence from Hong Kong. *Journal of Asian Public Policy*, 1–19. [CrossRef]
- Lakshmanasamy, Thangamuthu, and Kumar Maya. 2020. Is it income adaptation or social comparison? The effect of relative income on happiness and the Easterlin paradox in India. *The Indian Economic Journal* 68: 477–95. [CrossRef]
- Lane, Robert. 2000. *The Loss of Happiness in Market Economies*. New Haven and London: Yale University Press.
- Layard, Richard. 2011. *Happiness: Lessons from a New Science*. London: Penguin.
- Luo, Jianbo. 2018. Unemployment and Happiness Adaptation: The Role of the Living Standard. Available online: <https://ssrn.com/abstract=3382599> (accessed on 3 October 2018).
- Lyubomirsky, Sonja, and Heidi Lepper. 1999. A measure of subjective happiness: Preliminary reliability and construct validation. *Social Indicators Research* 46: 137–55. [CrossRef]
- Maddux, Esther. 2002. A behavioral model to optimize financial quality of life. *Social Indicators Research* 60: 155–77. [CrossRef]
- Mayraz, Guy, Gert Wagner, and Jürgen Schupp. 2009. *Life Satisfaction and Relative Income: Perceptions and Evidence*. SOEP paper No. 214, CEP Discussion Paper No. 938. Available online: <https://ssrn.com/abstract=1476385> (accessed on 3 October 2018). [CrossRef]
- Michalos, Alex. 2008. Education, Happiness and Wellbeing, Social Indicator Research: An International and Interdisciplinary. *Journal for Quality of Life Measurement* 87: 347–66.
- Morgan, James. 1992. Health, work, economic status, and happiness. Aging, money, and life satisfaction. *Aspects of Financial Gerontology* 1992: 101–33.
- Okulicz-Kozaryn, Adam, and Lonnie Golden. 2018. Happiness is flextime. *Applied Research in Quality of Life* 13: 355–69. [CrossRef]
- Okulicz-Kozaryn, Adam, Oscar Holmes, and Derek Avery. 2014. The subjective Well-Being political paradox: Happy welfare states and unhappy liberals. *Journal of Applied Psychology* 99: 1300–8. [CrossRef] [PubMed]
- Pavot, William, and Ed Diener. 1993. Review of the satisfaction with life scale. *Psychological Assessment* 5: 164–72. [CrossRef]
- Porter, Nancy, and Thomas Garman. 1993. Testing a conceptual model of financial wellbeing. *Financial Counseling and Planning* 4: 135–64.

- Rohrer, Julia, and Stefan Schmukle. 2018. Individual importance weighting of domain satisfaction ratings does not increase validity. *Collabra Psychology* 4: 6. [CrossRef]
- Schyns, Peggy. 2001. Income and satisfaction in Russia. *Journal of Happiness Studies* 2: 173–204. [CrossRef]
- Sha, Feng, Bing Li, Law Yu, Wa Yik, and Paul Yip. 2019. Beyond the Resource Drain Theory: Salary satisfaction as a mediator between commuting time and subjective well-being. *Journal of Transport & Health* 15: 100631.
- Sighieri, Chiara, Gustavo Desantis, and Maria Letizia Tanturri. 2006. The richer, the happier? An empirical investigation in selected European countries. *Social Indicators Research* 79: 455–76. [CrossRef]
- Sirgy, Joseph, Stephan Grzeskowiak, and Don Rahtz. 2007. Quality of college life (QCL) of students: Developing and validating a measure of well-being. *Social Indicators Research* 80: 343–60. [CrossRef]
- Staubli, Silvia, Martin Killias, and Bruno Frey. 2014. Happiness and victimization: An empirical study for Switzerland. *European Journal of Criminology* 11: 57–72. [CrossRef]
- Steel, Piers, Vasyl Taras, Uggerslev Uggerslev, and Frank Bosco. 2018. The happy culture: A theoretical, meta-analytic, and empirical review of the relationship between culture and wealth and subjective well-being. *Personality and Social Psychology Review* 22: 128–69. [CrossRef]
- Stevenson, Betse, and Justin Wolfers. 2008. *Economic Growth and Subjective Well-Being: Reassessing the Easterlin Paradox* (No. w14282). Cambridge: National Bureau of Economic Research.
- Stevenson, Betsey, and Justin Wolfers. 2013. Subjective well-being and income: Is there any evidence of satiation? *American Economic Review* 103: 598–604. [CrossRef]
- Tatarkiewicz, Wladyslaw. 1976. *Analysis of Happiness. Melbourne International Philosophy Series*. Hague: Martinus Nijhoff.
- Tomini, Florian, Sonila Tomini, and Wim Groot. 2016. Understanding the value of social networks in life satisfaction of elderly people: A comparative study of 16 European countries using SHARE data. *BMC Geriatrics* 16: 203. [CrossRef]
- Van Praag, Bernard, Paul Frijters, and Ada Carbonell. 2003. The anatomy of well-being. *Journal of Economic Behavior and Organization* 51: 29–49. [CrossRef]
- Van Praag, Bernard. 1968. *Individual Welfare Functions and Consumer Behavior: A Theory of Rational Irrationality*. Amsterdam: North-Holland Publishing Company.
- Van Praag, Bernard. 1971. The Welfare Function of Income in Belgium: An Empirical Investigation. *European Economic Review* 2: 337–69. [CrossRef]
- Van Praag, Bernard. 2004. The Connexion Between Old and New Approaches to Financial Satisfaction, Cesifo Working Paper No. 1212. Available online: <https://www.econstor.eu/handle/10419/86635> (accessed on 3 October 2018).
- Veenhoven, Ruut. 1991. Is happiness relative? *Social Indicators Research* 24: 1–34. [CrossRef]
- Vera-Toscano, Esperanza, Victoria Ateca-Amestoy, and Rafael Serrano-Del-Rosal. 2006. Building financial satisfaction. *Social Indicators Research* 77: 211–43. [CrossRef]
- Voorhees, Clay, Michael Brady, Roger Calantone, and Edward Ramirez. 2016. Discriminant validity testing in marketing: An analysis, causes for concern, and proposed remedies. *Journal of the Academy of Marketing Science* 44: 119–34. [CrossRef]
- Wilkinson, Richard, and Kate Pickett. 2009. *The Spirit Level: Why More Equal Societies Almost Always Do Better*. London: Allen Lane.
- Wilkinson, Richard, and Kate Pickett. 2018. *The Inner Level: How More Equal Societies Reduce Stress, Restore Sanity and Improve Everyone's Well-Being*. London: Allen Lane.
- Xiao, Jing Jian, Chuanyi Tang, and Soyeon Shim. 2009. Acting for happiness: Financial behavior and life satisfaction of college students. *Social Indicators Research* 92: 53–68. [CrossRef]
- Xiao, Jing Jian. 2008. Applying behavior theories to financial behavior. In *Handbook of Consumer Finance Research*. Edited by Xiao Jing Jian. New York: Springer, pp. 69–81. [CrossRef]