Standards of Life and Subjective Well-being: Evidence from Russia

Anna Nemirovskaya

Senior Research Fellow

The Laboratory for Comparative Social Research

Higher School of Economics

November 15, 2013
3rd International Annual Conference of the LCSR, Moscow

LCSR
Laboratory for Comparative Social Research

Cross-regional differences in Russia:

- The standards of life, quality of living and subjective well-being of the population of the peripheral regions of Russia, vary a lot, compared to all-country population and its capital city, in particular. Significant discrepancy in levels of social and economic development can be clearly seen via such indicators as income, HDI, life expectancy, migration, crime rates etc.

- Despite various objective data that shows visibly poorer standards of living in distant Russian regions compared to both average country and capital city indicators (e.g. considerably lower income, life expectancy, public goods delivery, financial and physical security etc.), still, according to different survey data and our previous investigations, the population of these regions is characterized by higher levels of subjective well-being, as well as happiness, life satisfaction, competitiveness and internal locus of control.

The main research question:

What explains the unexpectedly higher level of SWB in peripheral regions of the country, that are characterized by notably lower levels of income and standards of life?

Hypotheses:

For individual level analysis:

- The satisfaction with life is conductive to reference group, a model society that the respondents compare themselves with. So what we can observe in case of Moscow, is the phenomenon of frustrated achievers, or "a relative deprivation, when despite absolute income gains, most income groups find themselves in a more disadvantageous relative position (Brockmann, H., Delhey J., Welzel C.,& Yuan H., 2009.)

For regional-level analysis:

- The level of SBW in Russia might be is conductive to the quality of life, provided by some conditions in a particular region, e.g. urbanization, better public health system, transportation, quality of housing and public services utilities, availability of public services, ecological conditions, IT development etc. These factors may create better everyday life conditions for an average resident of a distant region, than the inhabitants of the capital city have.

- Compared to other regions of the country, for Moscow, material conditions such as occupational status, personal achievements, income, work and life balance might make more important contribution to the SWB of its inhabitants.

- For Russian regions, entrepreneurial opportunities, support of innovative initiatives, small business, spread of contemporary services in everyday life may also play an important role (quite a number of "peripheral" regions score higher than Russian capital cities on indices of innovations, IT development, technological modernization, social and financial activity).

The empirical basis of the project

1. World Values Survey data
- national survey, 2012, n = 2500
- 6 regional surveys, 2012, n = 6000 (Moscow, Saint Petersburg, Leningrad Region, Chuvash Republic, Altay Territory and the Republic of Bashkortostan)

2. Regional indices
Various indicators reflecting regional levels of social and economic development, human capital, labor market, modernization, innovations, education, science, social infrastructure, public mood, ecological conditions, politics, etc. (produced and available from RiaRating agency, UNDP, ZIRCON, RAS, MSU, the Institute for Social Policy Research and others research institutions).

3. Statistical data by the Russian Federal State Statistics Service

Methods:
Correlation and regression analysis at individual and regional levels (WVS data; national statistics and socio-economic indices)

New variables to add income reference and self-identity on local, national and global scale
- **Relative income** of the respondent to the average income of the region
- **World, national, and local identity, cosmopolitanism index** (proposed by A. Koustov, where relative cosmopolitan identity is constructed using the formulae: RCI - (NI+LI)/2 (WVS variables V210,V211,V212; CL – cosmopolitan identity, NI – national identity, LI – local identity)

Source: http://www.hse.ru/data/2012/11/03/1249150106/Kustov_April2012_Presentation.pdf
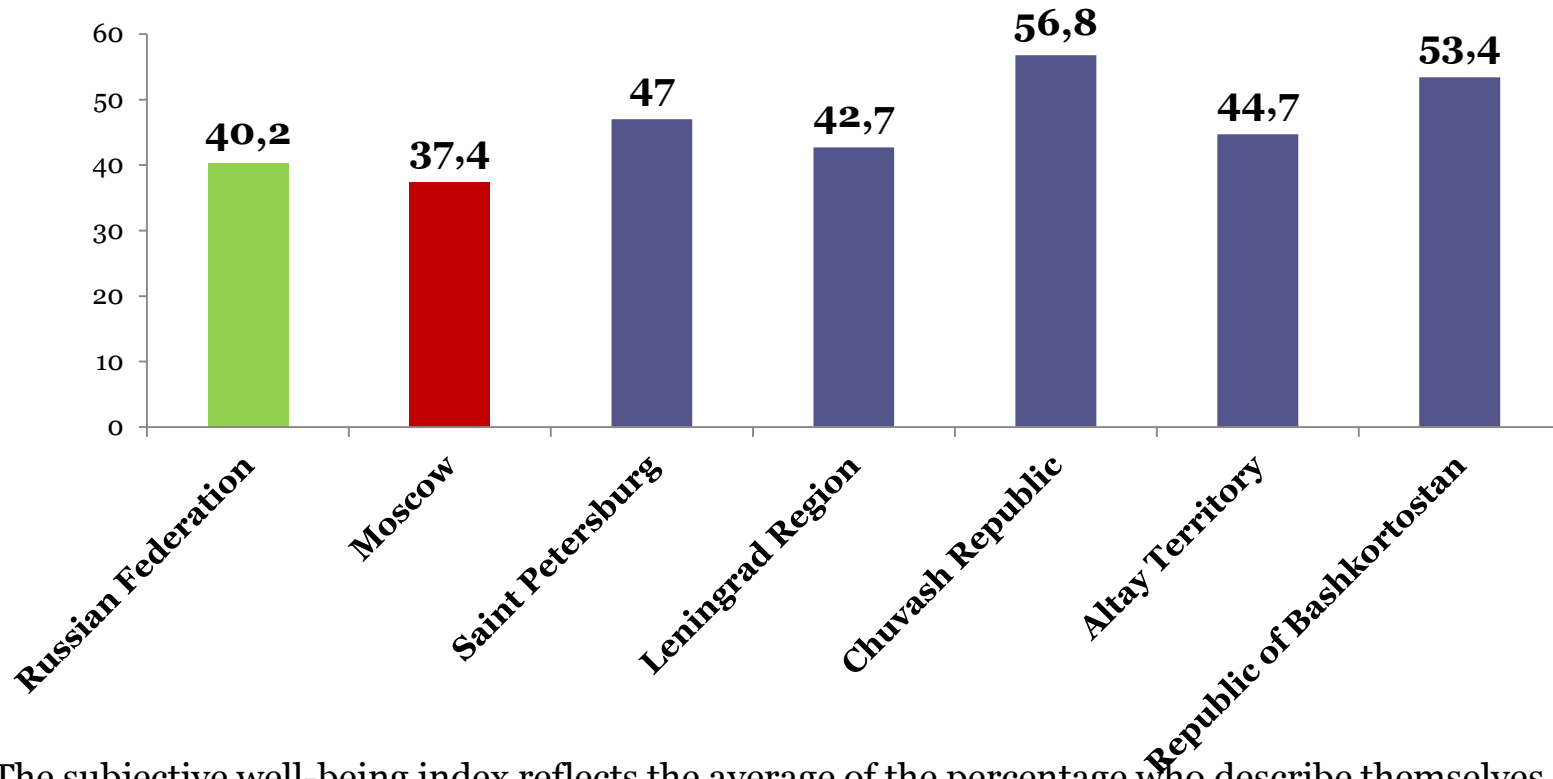
Subjective Well-being Index, Federal Districts of Russia, WVS, 2012
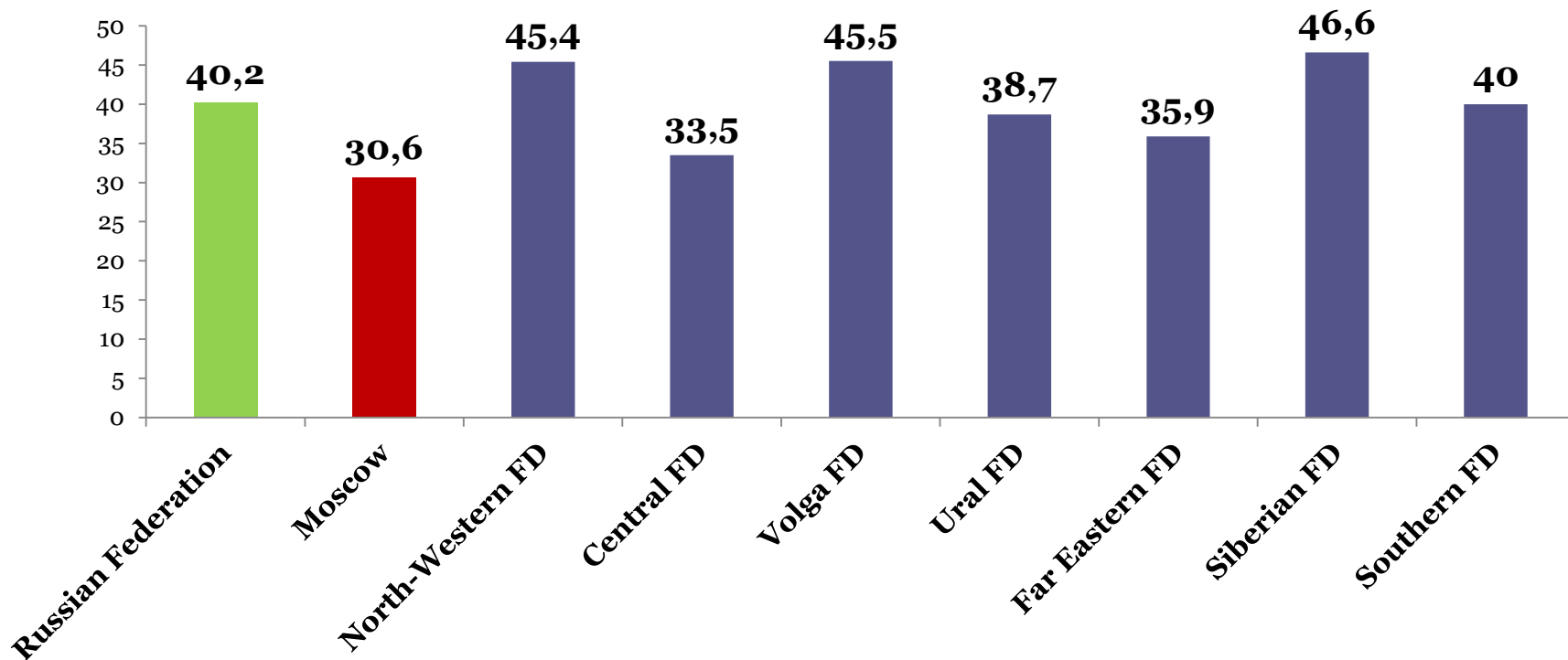
Note: The subjective well-being index reflects the average of the percentage who describe themselves as "very happy" or "happy" minus the percentage who describe themselves as "not very happy" or "unhappy"; and the percentage placing themselves in the 7-10 range, minus the percentage placing themselves in the 1-4 range, on a 10-point scale on which 1 indicates that one is strongly dissatisfied with one's life as a whole, and 10 indicates that one is highly satisfied with one's life as a whole.
(*Inglehart R. Globalization and Postmodern Values. The Washington Quarterly, Volume 23, Number 1, Winter 2000, pp. 215-228*).
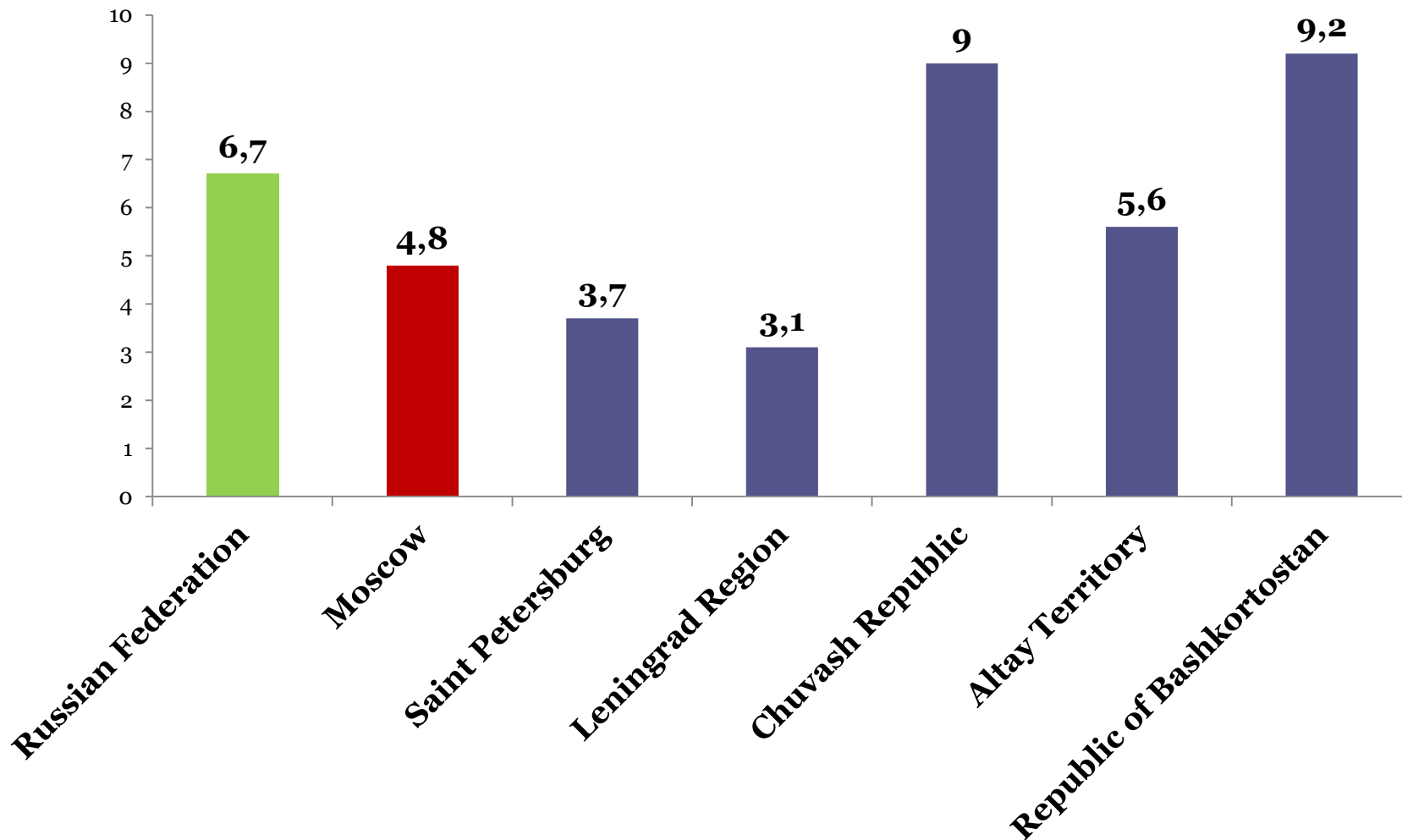
# Subjective Well-being Index, Regions of Russia, WVS, 2012

Note: The subjective well-being index reflects the average of the percentage who describe themselves as "very happy" or "happy" minus the percentage who describe themselves as "not very happy" or "unhappy"; and the percentage placing themselves in the 7-10 range, minus the percentage placing themselves in the 1-4 range, on a 10-point scale on which 1 indicates that one is strongly dissatisfied with one's life as a whole, and 10 indicates that one is highly satisfied with one's life as a whole.
(*Inglehart R. Globalization and Postmodern Values. The Washington Quarterly, Volume 23, Number 1, Winter 2000, pp. 215-228*).

Financial satisfaction index, WVS regional sample
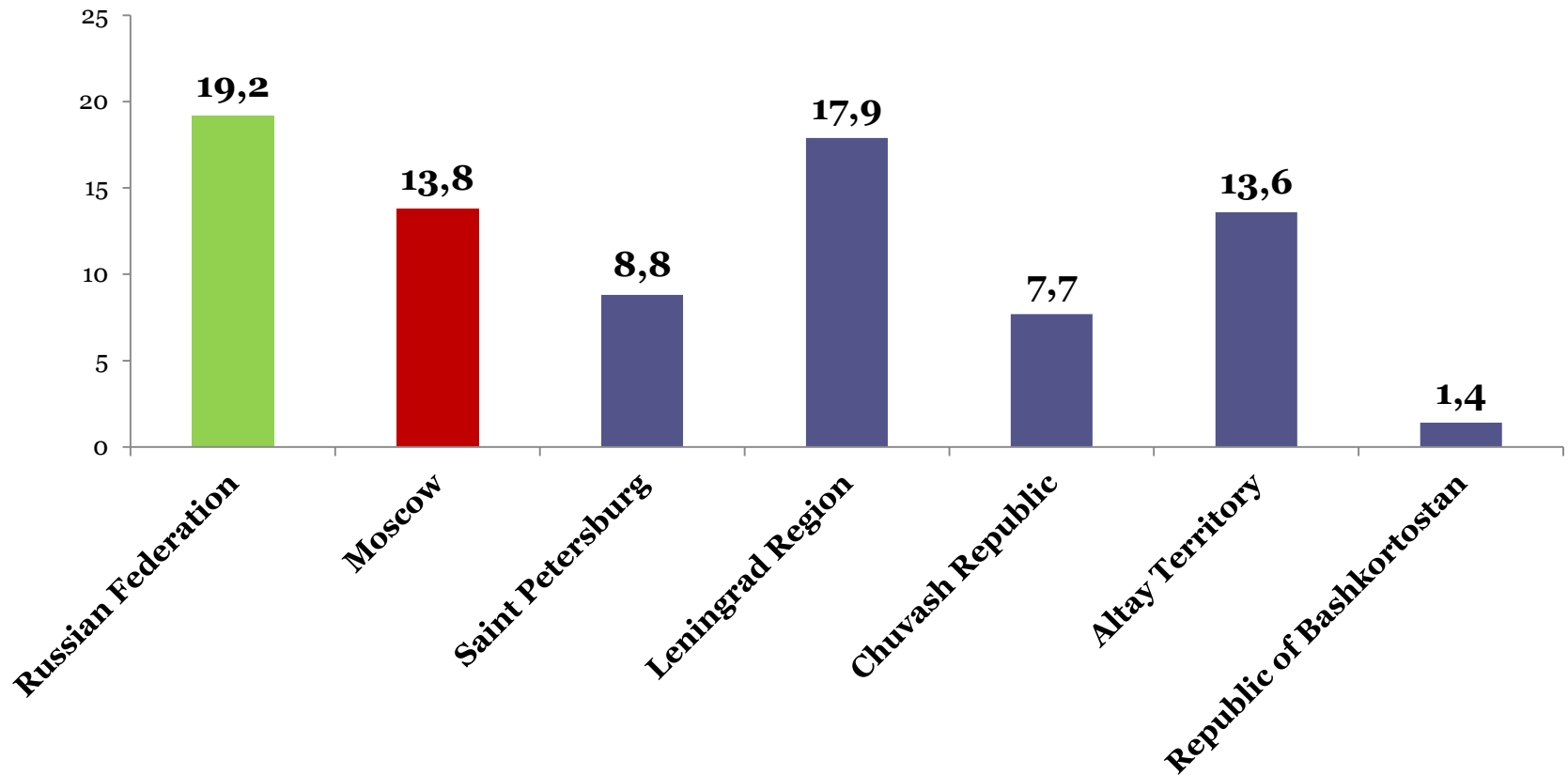
Note: The financial satisfaction index reflects the percentage placing themselves in the 7-10 range, minus the percentage placing themselves in the 1-4 range, on a 10-point scale on which 1 indicates that one is strongly dissatisfied with the financial situation in theirs household, and 10 indicates that one is highly satisfied with the financial situation in theirs household.
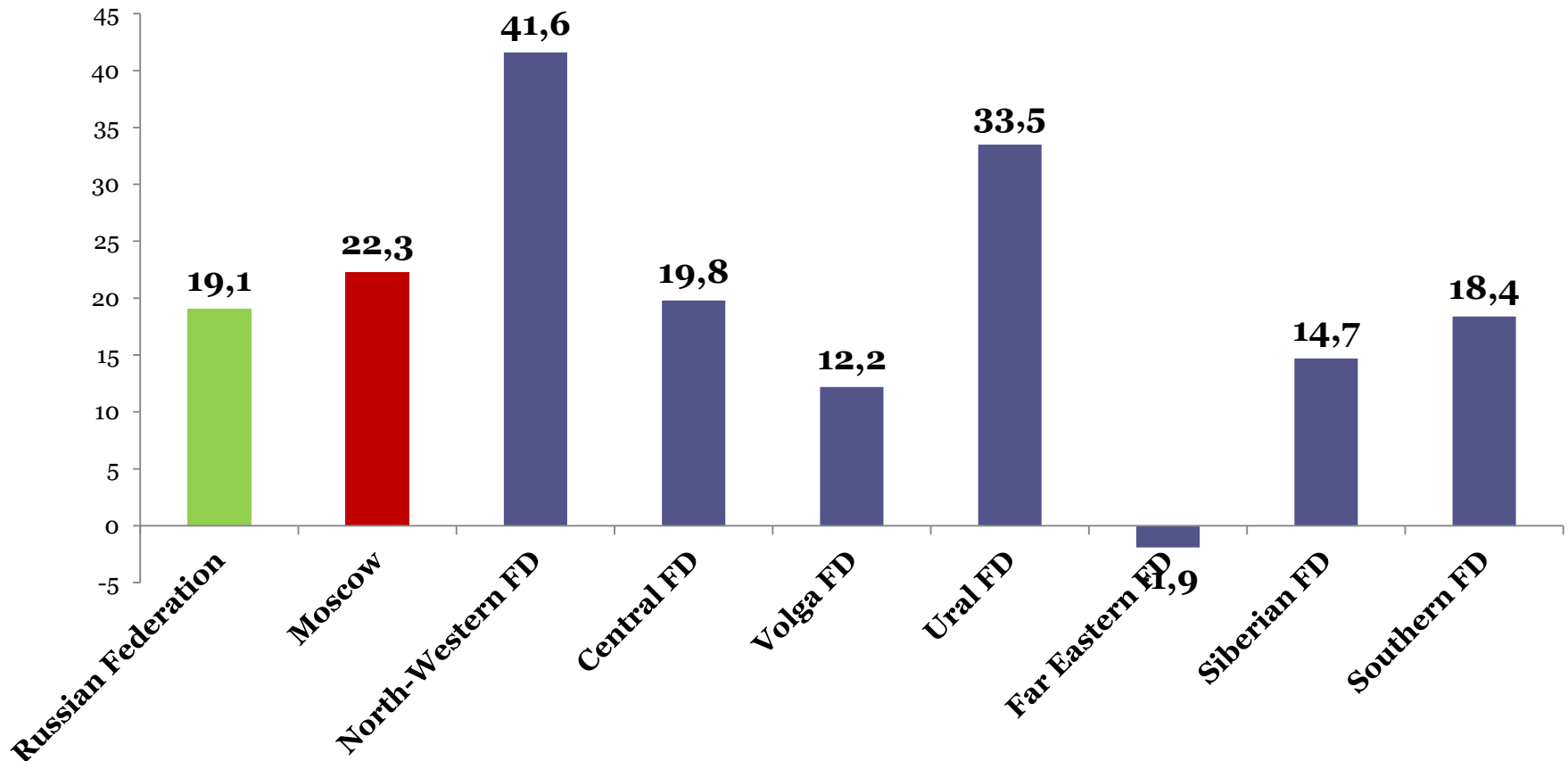
Financial satisfaction index, WVS Russian sample
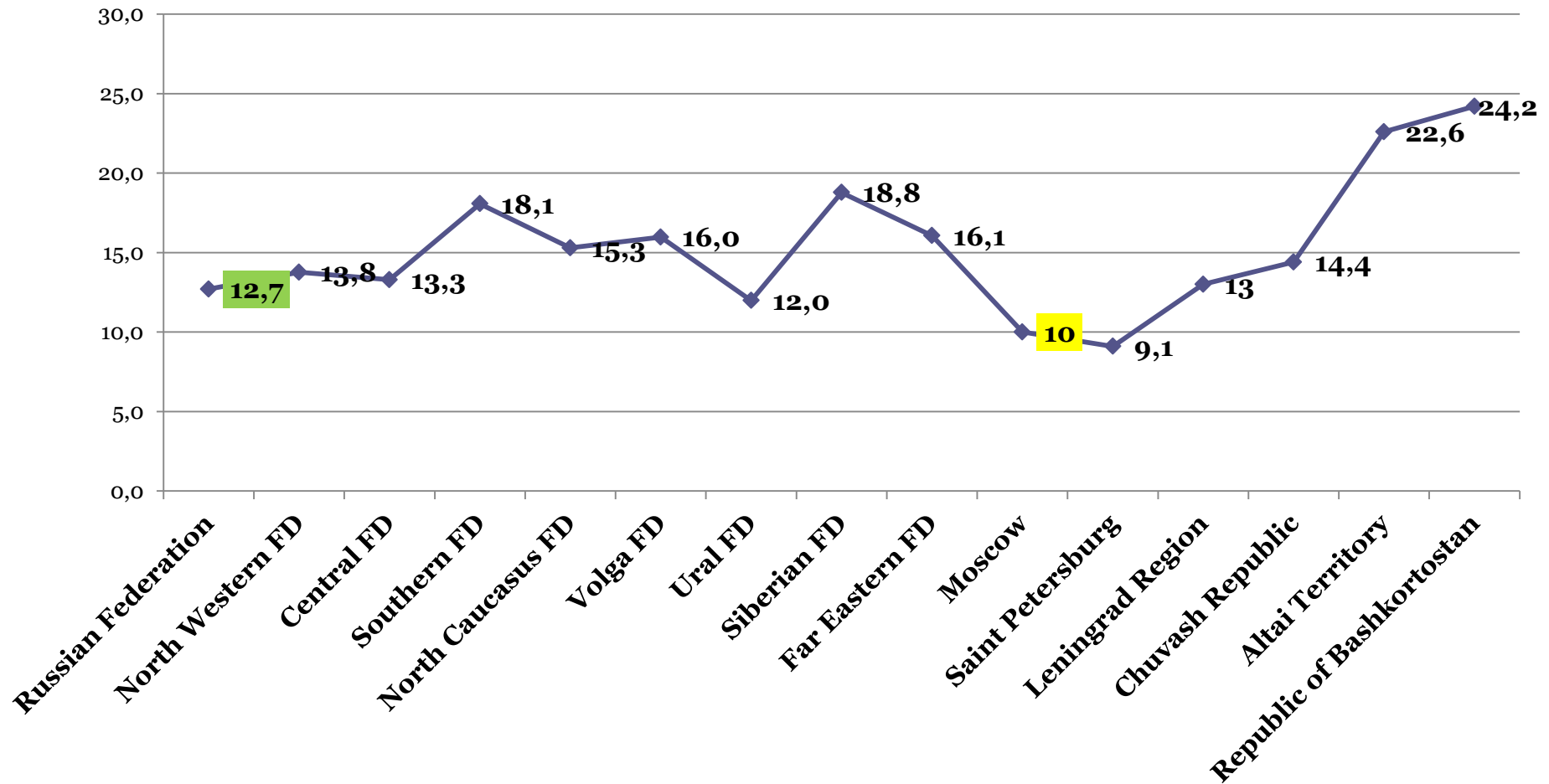

Note: The financial satisfaction index reflects the percentage placing themselves in the 7-10 range, minus the percentage placing themselves in the 1-4 range, on a 10-point scale on which 1 indicates that one is strongly dissatisfied with the financial situation in theirs household, and 10 indicates that one is highly satisfied with the financial situation in theirs household.

Share of population living below poverty line, 2011

The balance of average income and the cost of living, %, 2011
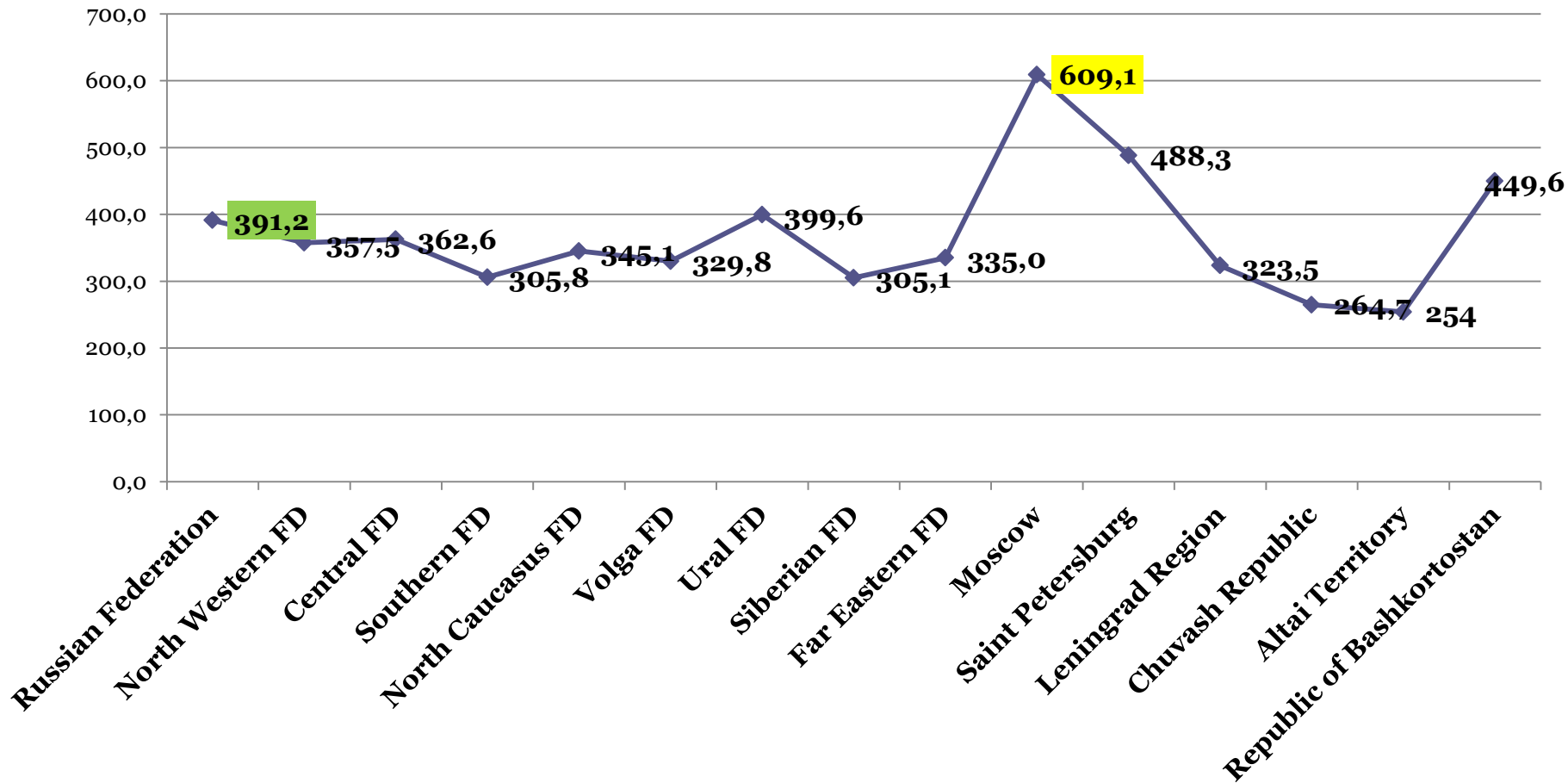
Avreage income per capita, 2011
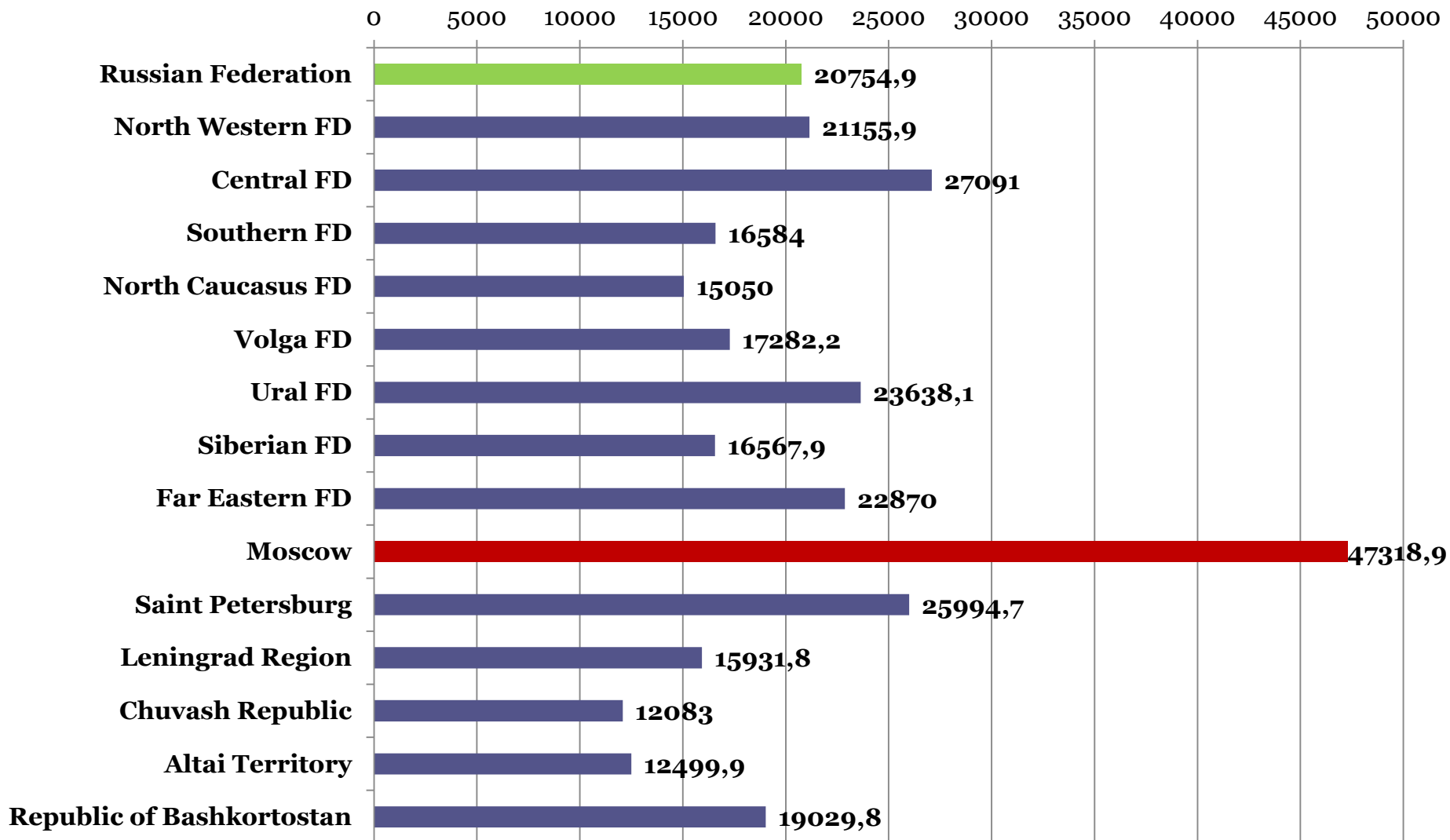
Region	Average income
Russian Federation	20754,9
North Western FD	21155,9
Central FD	27091
Southern FD	16584
North Caucasus FD	15050
Volga FD	17282,2
Ural FD	23638,1
Siberian FD	16567,9
Far Eastern FD	22870
Moscow	47318,9
Saint Petersburg	25994,7
Leningrad Region	15931,8
Chuvash Republic	12083
Altai Territory	12499,9
Republic of Bashkortostan	19029,8

The main research question:

What explains the unexpectedly higher level of SWB in peripheral regions of the country, that are characterized by notably lower levels of income and standards of life?

Hypotheses:

For individual level analysis:

The satisfaction with life is conductive to reference group, a model society that the respondents compare themselves with. So what we can observe in case of Moscow, is the phenomenon of frustrated achievers, or "a relative deprivation, when despite absolute income gains, most income groups find themselves in a more disadvantageous relative position (Brockmann, H., Delhey J., Welzel C.,& Yuan H.(2009). The China Puzzle: Falling Happinness in a Rising Economy. *Journal of Happiness Studies*, 10(4), p. 387-405.)

For regional-level analysis:

- The level of SBW in Russia might be is conductive to the quality of life, provided by some conditions in a particular region, e.g. urbanization, better public health system, transportation, quality of housing and public services utilities, availability of public services, ecological conditions, IT development etc. These factors may create better everyday life conditions for an average resident of a distant region, than the inhabitants of the capital city have.

- Compared to other regions of the country, for Moscow, material conditions such as occupational status, personal achievements, income, work and life balance might make more important contribution to the SWB of its inhabitants.

- For Russian regions, entrepreneurial opportunities, support of innovative initiatives, small business, spread of contemporary services in everyday life may also play an important role (quite a number of "peripheral" regions score higher than Russian capital cities on indices of innovations, IT development, technological modernization, social and financial activity).

The empirical basis of the project

1. World Values Survey data
- national survey, 2012, n = 2500
- 6 regional surveys, 2012, n = 6000 (Moscow, Saint Petersburg, Leningrad Region, Chuvash Republic, Altay Territory and the Republic of Bashkortostan)

2. Regional indices
A number of indicators, reflecting regional levels of social and economic development, human capital, labor market, modernization, innovations, education, science, social infrastructure, public mood, ecological conditions, politics, etc. (produced and available from RiaRating agency, UNDP, ZIRCON, RAS, MSU, the Institute for Social Policy Research and others research institutions).

3. Statistical data by the Russian Federal State Statistics Service

Methods:
Correlation and regression analysis at individual and regional levels

New variables added to test the individual-level hypothesis:
- **Relative income**
- **World, national, and local identity, cosmopolitanism index**
  (developed in a research project by A. Koustov, where relative cosmopolitan identity is constructed using the formulae: RCI - (NI+LI)/2   (WVS variables V210,V211,V212; CL – cosmopolitan identity, NI – national identity, LI – local identity)
  Source: http://www.hse.ru/data/2012/11/03/1249150106/Kustov_April2012_Presentation.pdf

Regional level analysis

Indices of public mood by ZIRCON

- 6 regional indices reflecting social activities, perceptions of quality of life, services and politics
- Project of ZIRCON research group, 2008 (I. Zadorin, D. Zaitsev, A. Komissarov)
- Based on "Georating project" data collected by the Foundation "Public Opinion" in 2006-2008
- 83 regions of Russia, 500 respondents in each

Social well-being index as a dependent variable

Weighted average of 3 indices, constructed using factor scores weights:

- self-estimation of the current situation in region,
- personal financial situation,
- life satisfaction

Georating Data by the Public Opinion Foundation, calculations made by the ZIRCON
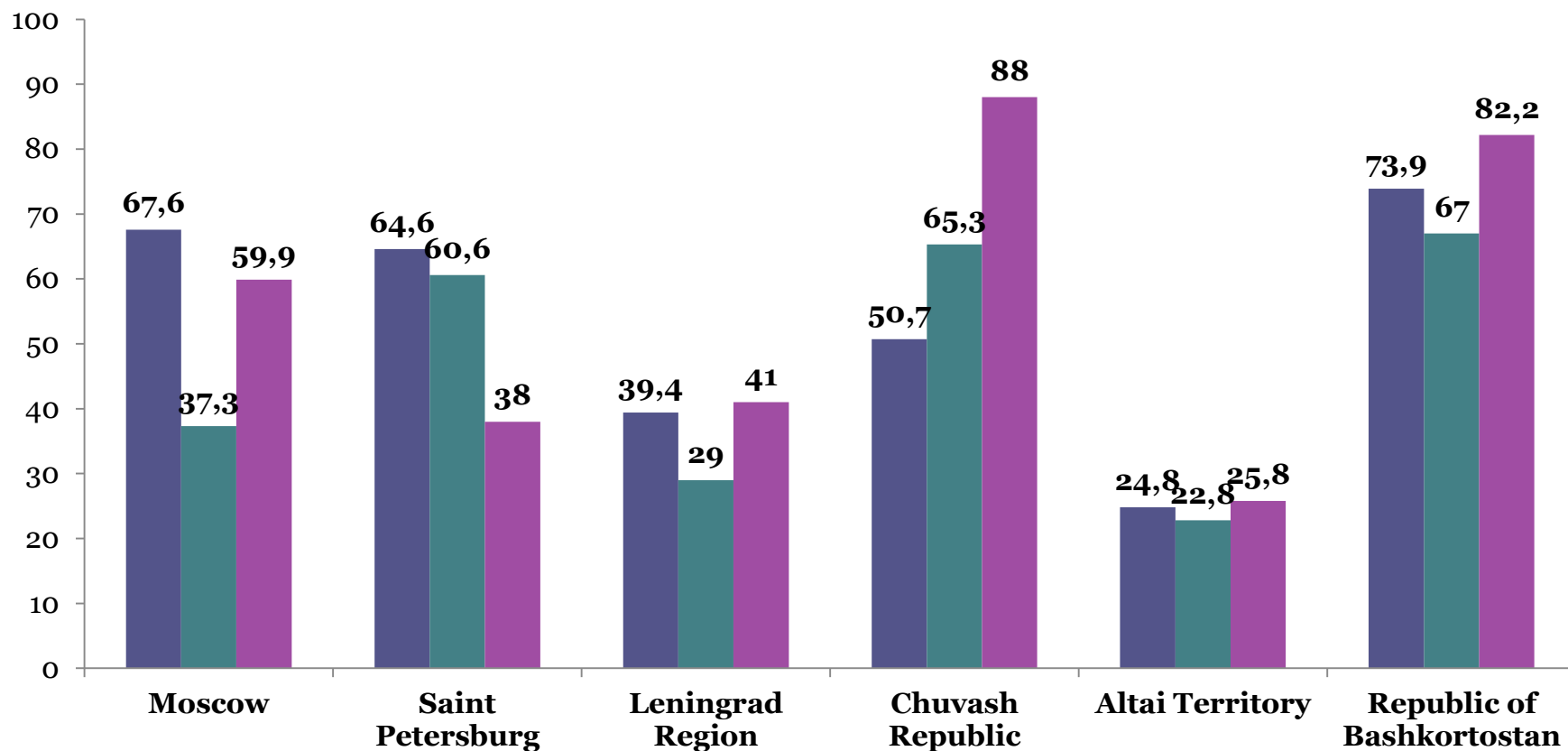
- Social Well-being Index, 2008
- Index of Satisfaction with the Quality of Housing Services, 2008
- Index of Satisfaction with the Quality of Public Utility Services, 2008

Social Well-being Index (Georating project, ZIRCON)	M1	M2	M3	M4	M5
GDP per capita logged	0,325*** (3,150)	0,455*** (4,066)	0,363** (3,044)		
Satisfaction with the quality of public utility services	0,375*** (3,637)	0,317** (0,317)	0,315** (3,140)	0,437*** (4,924)	0,412*** (4,849)
Family prosperity (return family income, after minimal expenditures)				0,382*** (4,382)	0,363*** (4,269)
Index of innovations					0,257** (3,032)
Public buses (for 10000 population)			0,193* (1,984)		
Frontier region		-0,255** (-2,533)	-0,202** (-1,989)		
Constant	-2,530**	-3,470***	-2,628**	3,945***	2,431**
R²	0,358	0,409	0,439	0,389	0,453
Adj. R²	0,341	0,385	0,409	0,373	0,432
n	78	78	78	81	81

Social Well-being Index	Russia	Moscow	Republic of Bashkortostan	Saint Petersburg	Leningrad Region	Chuvash Republic	Altay Region
age	-0,537*** (-4,239)	-0,360** (-1,961)	-0,069 (-0,323)		-0,439** (-2,056)	-0,493** (-2,648)	-0,919*** (-4,670)
age squared	0,502*** (4,045)	0,361** (1,975)	0,073 (0,347)		0,446** (2,086)	0,416** (2,266)	0,948*** (4,753)
gender (male)	-0,062*** (-2,840)	-0,075** (-2,324)	-0,074* (-1,987)		-0,079** (-2,200)	-0,017 (-0,510)	0,002 (0,066)
partner	0,099*** (4,316)	0,031 (0,898)	0,133*** (3,463)		0,073** (1,947)	0,054 (1,615)	0,122*** (3,400)
number of children	0,039 (1,581)	0,007 (0,195)	0,030 (0,815)		0,014 (0,391)	0,068** (2,046)	0,082** (2,381)
health	0,298*** (11,718)	0,246*** (6,760)	0,237*** (6,154)	0,356*** (12,992)	0,278*** (7,172)	0,229*** (6,600)	0,230*** (5,863)
had no cash	-0,139*** (-5,869)	-0,148*** (-4,210)	-0,101** (-2,665)	-0,063** (-2,197)	-0,037 (-0,960)	-0,057 (-1,629)	-0,059 (-1,634)
was unsafe	-0,059** (-2,571)	-0,027 (-0,841)	-0,058 (-1,572)		-0,042 (-1,173)	-0,140*** (-4,347)	0,004*** (0,137)
locus of control	0,241*** (10,609)	0,280*** (8,142)	0,205*** (5,208)	0,261*** (9,521)	0,245*** (6,457)	0,226*** (6,947)	0,277*** (7,844)
independence in work	0,076*** (3,386)	0,056 (1,769)	0,096** (2,494)		-0,067 (-1,849)	0,079** (2,456)	0,000 (0,014)
log of relative income	-0,067*** (-2,901)	0,161*** (4,048)	0,107** (2,915)	0,182*** (6,118)	0,181*** (4,752)	0,173*** (4,918)	0,155*** (3,942)
world identity	0,069*** (3,048)	0,014 (0,404)	0,032 (0,805)		-0,004 (-0,103)	-0,003 (-0,082)	0,051 (1,599)
national identity	0,014 (0,645)	0,111*** (3,537)	-0,123*** (-3,375)		0,060 (1,716)	0,043 (1,348)	-0,023 (-0,716)
local identity	0,000 (0,003)	-0,038 (-1,143)	0,040 (0,972)		0,041 (1,122)	-0,070** (-2,045)	0,017 (0,473)
constant	0,232*** (4,513)	0,175** (2,601)	0,204** (2,126)	0,068** (2,689)	0,215** (2,373)	0,244** (2,364)	0,367*** (4,106)
R^2	0,323	0,378	0,273	0,355	0,276	0,293	0,321
Adj. R^2	**0,316**	**0,365**	**0,256**	**0,353**	**0,259**	**0,279**	**0,307**
n	1505	694	625	951	632	740	685

Social Well-being Index	Russia	Moscow	Leningrad Region	Chuvash Republic	Altay Region
age	-0,547*** (-4,322)	-0,326 (-1,768)	-0,448** (-2,096)	-0,514** (-2,763)	-0,915*** (-4,652)
age squared	0,514*** (4,143)	0,333 (1,805)	0,455** (2,126)	0,438** (2,386)	0,953*** (4,778)
gender (male)	-0,064*** (-2,904)	-0,071** (-2,177)	-0,083** (-2,328)	-0,018 (-0,558)	0,004 (0,110)
partner	0,100*** (4,381)	0,034 (0,987)	0,071* (1,893)	0,055 (1,635)	0,125*** (3,484)
number of children	0,040 (1,615)	-0,009 (-0,264)	0,014 (0,392)	0,072** (2,175)	0,080** (2,362)
health	0,295*** (11,640)	0,253*** (6,905)	0,284*** (7,394)	0,228*** (6,570)	0,238*** (6,130)
had no cash	-0,136*** (-5,758)	-0,155*** (-4,410)	-0,046 (-1,202)	-0,041 (-1,207)	-0,054 (-1,513)
was unsafe	-0,059** (-2,613)	-0,032 (-0,988)	-0,044 (-1,218)	-0,140*** (-4,331)	0,007 (0,208)
locus of control	0,242*** (10,665)	0,275*** (7,946)	0,248*** (6,558)	0,227*** (6,967)	0,279*** (7,926)
independence in work	0,076*** (3,411)	0,056 (1,768)	-0,065 (-1,783)	0,080** (2,472)	0,004 (0,130)
log of relative income	-0,069*** (-3,004)	0,169*** (4,233)	0,176*** (4,622)	0,171*** (4,843)	0,165*** (4,308)
relative cosmopolitan identity	0,058** (2,698)	-0,009 (-0,284)	-0,021 (-0,592)	0,009 (0,284)	0,044 (1,366)
constant	0,265*** (5,705)	0,239*** (3,646)	0,267*** (3,093)	0,303*** (3,611)	0,344*** (4,344)
R²	0,321	0,365	0,272	0,286	0,320
Adj. R²	**0,315**	**0,354**	**0,258**	**0,274**	**0,308**
n	1505	694	632	740	685

Findings (regional level analysis)

- The SWB of population of a region is explained by the level of GDP, family prosperity (returned family income after necessary expenditures), availability of social infrastructure (e.g. public transport, housing and public utility services), innovative development, proximity of the region to the country capital center.

- At the regional level, apart from such factors as personal income, family financial prosperity and overall economic development of the region, to the level of subjective well-being of the population of a region is mostly associated with such social, economic and infrastructural predictors – personal social and financial activity, development of small businesses, support of entrepreneurial initiatives and innovations in a region, investment potential, satisfaction with housing conditions and utility services delivery, approval of actions of regional authorities and national government, and some others.

- Environmental quality also has shown influence, e.g. such geographical factors as regional potential in natural resources, geographical location, ecological and climatic conditions are also conductive to subjective well-being of population, however, used in the models alone they do not show significant effect and do not overcome the contribution of social environment.

Findings (individual level analysis)

Having run comparable OLS regression models using SWB index as dependent variable with Russian regions, capital cities and al-country samples (7 sets of WVS data), it was found that there are universal and specific predictors of SWB in different regions.

Universal, significant for all regions and all-country sample:

health, locus of control, relative income

Specific factors, contributed to the level of SWB not in all regions:

*   **age** (not significant in the Republic of Bashkortostan, Saint Petersburg),
*   **gender** (Chuvash Republic and Altay Region, Saint Petersburg),
*   **partner** (Moscow and Chuvash Republic, Saint Petersburg),
*   **number of children** (Russia, Moscow, Republic of Bashkortostan, Saint Petersburg, Leningrad region)
*   **financial insecurity** (Leningrad region, Republic of Bashkortostan, Altay region)
*   **independence in work** (Saint Petersburg, Leningrad region, Altay region)

    Identification with the world turned to be a significant predictor of SWB only for all-country sample, while **self-identification with nation** contributed to the explanation of SWB only in Moscow and Republic of Bashkortostan, and respondents from the Republic of Bashkortostan, who **do not identify themselves with the local community**, tend to be more satisfied with their life. **Relative cosmopolitan identity** was important only in country-level sample.

The level of subjective well-being of **Moscovites** is mainly determined by fewer number of factors, including gender, state of health, relative income, financial security, locus of control, independence in work, relative income and self-identification with the nation. **Saint Petersburg** also seems to be a peculiar case: health, financial security, locus of control and relative income are the only significant predictors in the model.

Thank you for your attention!

Questions, comments and suggestions are welcome!