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Disentangling Subjective Well-Being Components on Individual and Country Levels

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- Individuals with high and low levels of well-being react differently in similar social situations. Examples:
 - happiness and social comparison (Lyubomirsky and Ross 1997)
 - life satisfaction and health promoting behaviour (Grant et al 2009)
- The rise of SWB is part of the modernization process (Inglehart and Welzel 2005).
 - values change
 - cultures do not lose their uniqueness
 - shared concepts like subjective well-being are a powerful tool of comparison
- Aim: to identify and explain grouping of countries by the values of the SWB index's components.



1. Disciplinary indicators of subjective well-being
2. the SWB index
3. Relation between life satisfaction and happiness by countries
 - 3.1 relation between life satisfaction and happiness
 - 3.2 variance in the SWB index



- Subjective well-being consists of three components (Diener 1994):
 - individuals' long-term levels of pleasant affect
 - lack of unpleasant affect, and
 - life satisfaction
- Subjective well-being is an umbrella concept that covers two dimensions (Frey, Lüchinger and Stutzer 2009; Frey 2008):
 - cognitive vs. affective (positive and negative)
 - their duration – 3 levels ('happiness' -> 'life satisfaction' -> 'good life')



- Positive psychologists: focus on ‘happiness’ or ‘well-being’ without specifying ‘life satisfaction’¹.
- Economists: happiness indicators as a measure of quality of life, hedonic utility, institutional efficiency².
- Life satisfaction could be subsumed under happiness³, used as a proxy of SWB or for robustness check on happiness⁴.
- Both happiness and life satisfaction could be treated as components of subjective well-being⁵.

¹Diener 1999; Seligman 2002

²Clark, Oswald 2002; Di Tella, MacCulloch 2006; Frey, Lüchinger and Stutzer 2009

³cf. Costa and McCrae 1980

⁴Gui 2010

⁵Inglehart et al. 2008

- According to Frey and Stutzer (2000:921), there are three set of factors of happiness/well-being:
 1. Personality and demographic factors, wherein fall individual values
 2. Micro- and macroeconomic factors, e.g. income, unemployment, inflation; and
 3. Institutional conditions of economy and society (political regime, corruption, etc.).



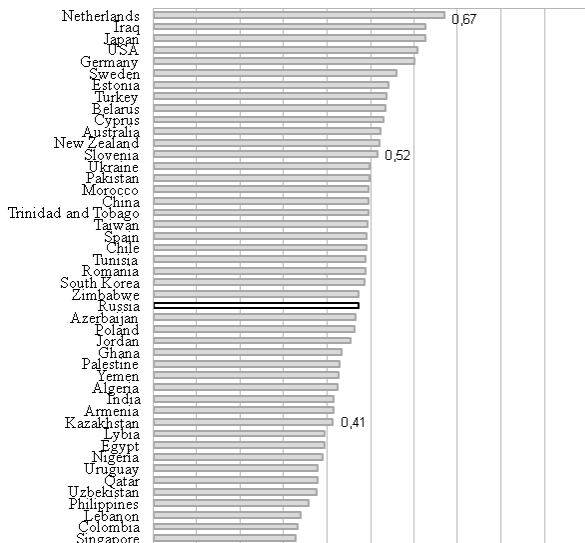
- More insights to obtain from longitudinal data. Examples:
 - getting married does not lead to increased subjective well-being (Stafford et al. 2004)
 - happier people are more likely to marry (Frey and Stutzer 2000).



- Both happiness and life satisfaction equations have been shown to have “almost identical structures” (Di Tella, MacCulloch and Oswald 2000: 4).
- Life satisfaction is believed to reflect a more balanced judgement over one’s life. Happiness, by contrast, is deemed to reflect temporary mood effects and emotions.
- However, their proportional contribution to overall subjective well-being is not often discussed.



Correlation of life satisfaction and happiness by country WVS 2011-2014



Correlation of life satisfaction and happiness by country

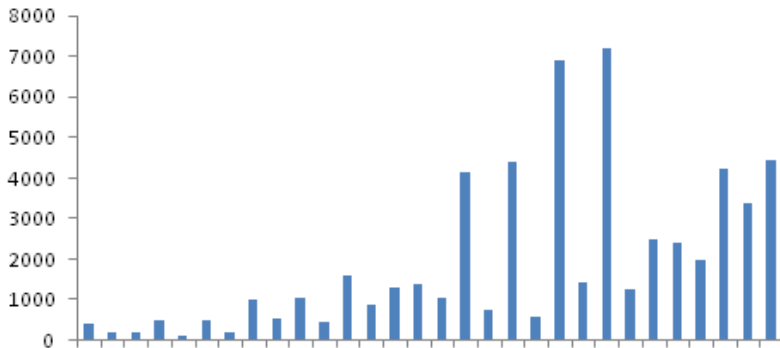
- How can that difference be explained? And does it make sense to use life satisfaction and happiness in one index?
- Questions on happiness have been part of major comparative surveys for a long time, e.g. General Social Survey (1972), Eurobarometer, (1973-1975), European Values Study (1981), World Values Survey (1981), European Social Survey (2002).
- Clark (2015) provides a comparison of survey indicators of well-being in the ESS, BHPS, ONS and ELSA data sets, coming to a conclusion that many of them are (imperfectly) correlated but their predictive validity depends on the subject.



- When discussing the rise of happiness in its relation to democracy and free choice, Inglehart et al. (2008) proposed the following composite measure of SWB giving equal weight to both life satisfaction and happiness:
- $SWB = \text{life satisfaction} - 2.5 * \text{happiness}$
- This index shows the difference between life satisfaction and happiness
- *V10. Taking all things together, would you say you are: 1 Very happy 2 Rather happy 3 Not very happy 4 Not at all happy*
- *V23. All things considered, how satisfied are you with your life as a whole these days? Using the 1-10 scale provided below, where 1 means you are “completely dissatisfied” and 10 means you are “completely satisfied,” please indicate your satisfaction with your life as a whole. (Code one number): Completely dissatisfied (1) - Completely satisfied (10)*

	Unhappy	Happy
Dissatisfied	-9	-1.5
Satisfied	0	7.5

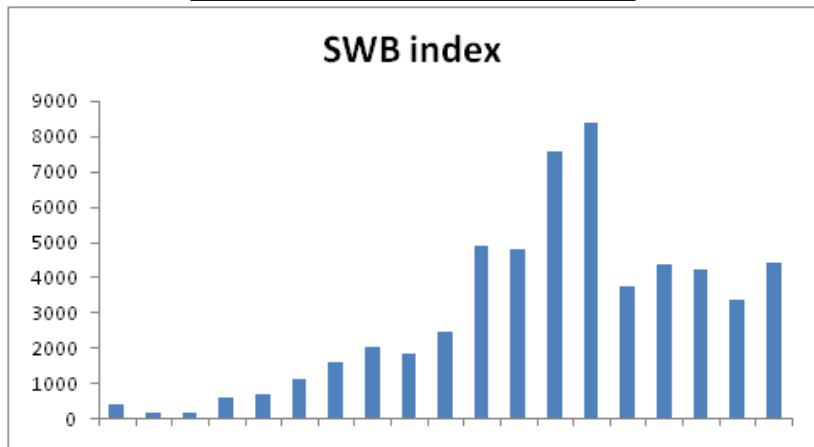
old SWB index





- imbalance
- non-neutral set point / hedonic treadmill theory (Diener, Lucas and Scollon 2006)

	Unhappy	Happy
Dissatisfied	-9	0
Satisfied	0	9





- Model to compare indices:
 - $SWB_{ij} = \beta_{0j} + \beta_{1j} * Postmaterialism_{ij} + \beta_{2j} * Basic\ Values_{ij} + controls_{ij} + \epsilon_{ij}$
 - $\beta_{0j} = \gamma_{00} + \gamma_{01} * controls_j + \eta_{0j}$
 - $\beta_{1j} = \gamma_{10} + \gamma_{11} * Country_j + \eta_{1j}$
 - $\beta_{2j} = \eta_{2j} + \gamma_{21} * Country_j + \eta_{2j}$,
- where β_{0j} is the SWB index taking into account the country-level controls, β_{1j} and β_{2j} are the effects of values across the countries, and $Country_j$ are country variables



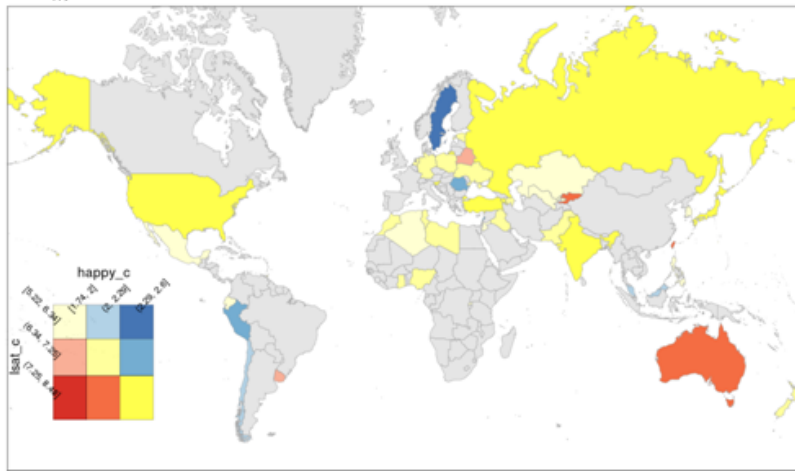
- balance: $SWB = \text{life satisfaction } [0;9] - 3 * \text{happiness } [0;3]$
- non-neutral set point still

SWB index

correlation of components

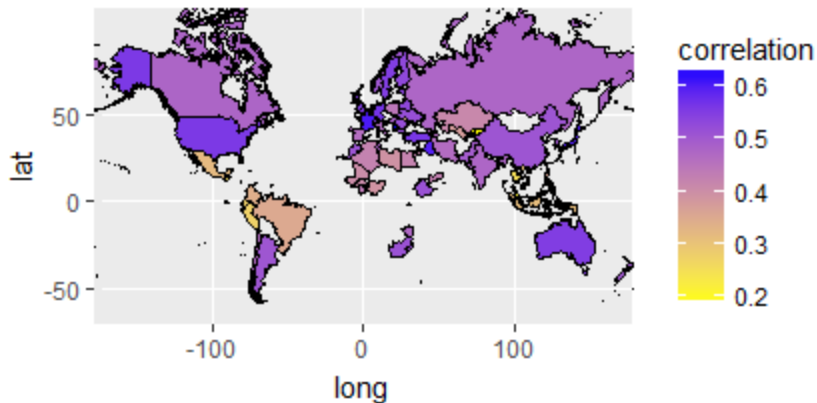


lsat vs. happy



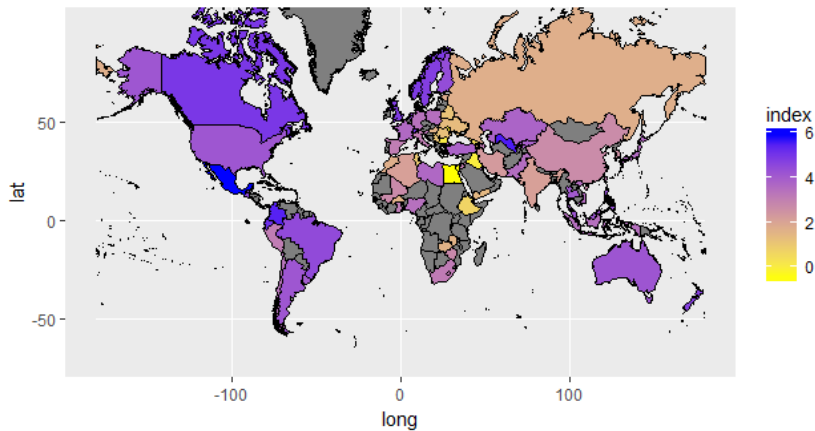
SWB index

correlation of components



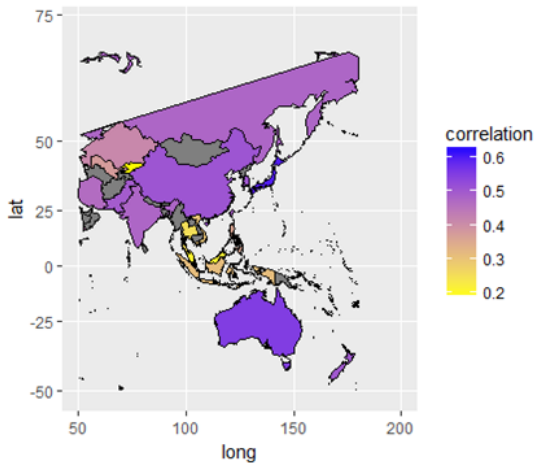
SWB index

Variance



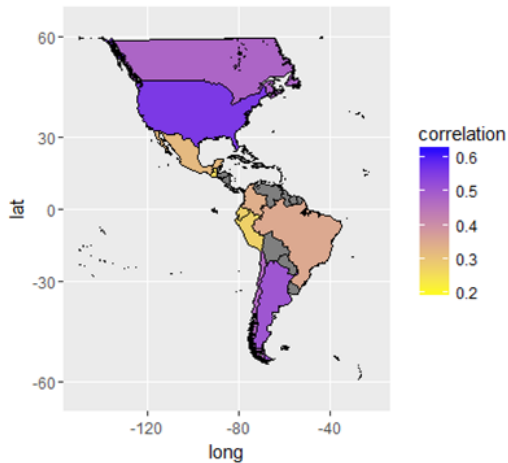
SWB index

Variance



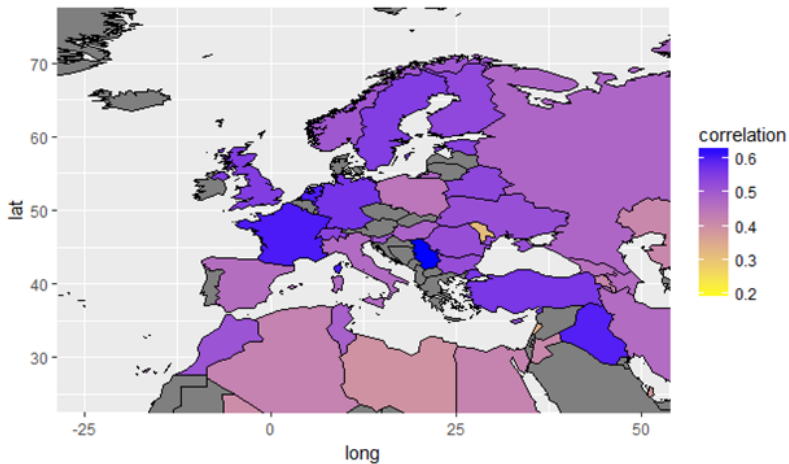
SWB index

Variance



SWB index

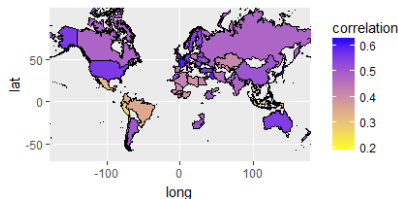
Variance



- Objective: explaining why and how different paths to subjective well-being reproduce
- various explanations have been proposed, e.g. individualism (tighter links between emotions and life satisfaction) /collectivism,
- different ways of expressing emotions in cultures,
- wording (might fail to grasp the community-oriented well-being)
- response styles,
- norms of modesty, etc. (Elliot et al. 2001; Suh 2000; Veenhoven 2001).



1. Subjective well-being as a concept involves measures of positive and negative affect as well as cognitive judgements of life as a whole.
2. Depending on the disciplinary framework, the focus could vary from.
3. Popular measures used in surveys include single separate scales for happiness reflecting the affective component and life satisfaction accounting for the judgmental part.



- Are life satisfaction and happiness equally important and which theory could justify their roles together?
- Should the SWB index be balanced to reduce the skew?
- What can explain the country variance.

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