

## AN INSIGHT INTO SUBJECTIVE WELL-BEING: EVIDENCE FROM EUROPEAN SOCIAL SURVEY

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### Abstract

*This study builds on European Social Survey for the year 2010 to estimate the well-being functions for 25,677 adults living across the continent. It is an attempt to explore the determinants of three major dimensions of well-being i.e., life evaluation, affect and eudaimonia. The paper contributes in the construction of three unique measures of subjective well-being. Also, it probes the societal and individual variables that may affect the levels of satisfaction in life. The proposed indices in the three dimensions of subjective well-being will help in the revival of policy to improve the overall condition of the populace. The simultaneous incorporation of three different measures augments the existent literature. Likewise, the choice of explanatory variables brings forward some interesting findings. For instance, education coupled with immigrant status increases life satisfaction but not necessarily emotional well-being. Similarly, policies aimed at the social inclusion of minorities carry a hugely positive influence on all the three stated measures of well-being.*

**Keywords:** Subjective Well-being, life evaluation, eudaimonia, Europe

### Introduction

The concept of subjective well-being (SWB) has attracted a lot of interest from economists, sociologists and psychologists alike. Psychologists often use SWB as an umbrella term to describe an individual's perception about his/her life.<sup>1</sup> The literature with regards to SWB has largely focused on the satisfactory measures that encompass comparative material and physical prosperity.<sup>2</sup> It is still embryonic in its investigations on sentiments and their

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<sup>1</sup> Ed Diener, Eunkook M. Suh, Richard E. Lucas, & Heidi L. Smith, "Subjective Well-Being: Three Decades of Progress", *Psychological Review* 125 (1999): 276-302.

<sup>2</sup> John F. Helliwell, "How's Life? Combining Individual and National Variables to Explain Subjective Well-Being", *Economic Modelling* 20, no.2 (2003): 331-360.

impact. Of late, there has been an earnest realization that economic policy requires a multidisciplinary approach which takes cognizance of contemporary geo-politics with an eye on socio-cultural issues. The concept of subjective well-being provides equal weight to every discipline for better policy outcomes.

Economists have singularly focused on GDP as the chief indicator of growth. Given the multi-dimensional and complex nature of socio-economic well-being, dependence on any single scale of well-being may not be very useful. The linkages among different dimensions of well-being should be quantified and measured for a balanced policy. Thus, broad governance perspectives that target the collective well-being of society at large are required along with engrossed material indicators, which are indispensable for basic needs.

Treaty on European Union (1992) was a formal policy initiative, which aimed to promote subjective well-being across the European Union. Article 3 of the Treaty deals with the subjective well-being of a citizen. The year 2007 saw the release of *Feasibility Study for Well-being Indicators* and few academic conferences on the said agenda. French President Nicolas Sarkozy formed a commission under Nobel prize-winning economist Joseph Stiglitz. The commission presented their report *GDP and Beyond: Measuring Progress in the Changing World* in 2009.<sup>3</sup> The findings of this report raised several concerns.<sup>4</sup>

In this paper, the authors analyse the three different dimensions of SWB instead of merely focusing on life satisfaction or material well-being. The study distinguishes itself from existing literature by its choice of independent variables. They include discrimination, policy, cultural and societal variables, and conventional individual controls. Thus, this approach offers a dashboard of variables that we used in exploration of all three dimensions of the SWB of our interest. Furthermore, the authors argue

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<sup>3</sup> Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi, "GDP and Beyond: Measuring Progress in the Changing World", Report by the Commission on the Measurement of Economic Performance and Social Progress. 2009.

<sup>4</sup> Tomáš Hák, Savatava Janoušková, Saamah Abdallah, Charles Seaford, and Sorcha Mahony, *Review Report on Beyond GDP Indicators: Categorisation, Intensions and Impacts, Final version of BRAINPOOL deliverable 1.1*, A collaborative project funded by the European Commission under the FP7 programme, 2012 (Contract no. 283024).

that it is quite possible that one variable which significantly contributes (positively/negatively) to the equation of life satisfaction might not play any role in 'affect (feelings and emotions)' and 'eudemonic (overall fulfillment in life)' equations. Section three provides the definition of these three dimensions. Finally, another contribution of this paper is its multidisciplinary approach in exploration process. The empirical part of this paper is to strengthen the argument of urgency of societal and cultural variables in policy formulation on subjective well-being of citizens. This scheme of exploration of SWB is based on OECD guidelines for subjective well-being measurement. There is a further elaboration on measurement of well-being used in this paper in 'methods' section followed by 'data description'. The fourth section of this paper presents the results of this analysis and finally this paper concludes with the discussion on present policies and their implications for future policy formulation.

### Literature review

The concept owes its birth to Bentham's (1781) idea of utility. Initially, the economists restricted the idea to monetary satisfaction. Since utility depends on individual levels of consumption, aggregate GDP per capita became the logical scale for the measurement of an economy's progress and well-being. Nevertheless, GDP as an objective measure of well-being, has always remained debatable among researchers and policy makers.

The argument took a new turn with Easterlin's claim in 1974 that positive relationship between happiness and income vanishes beyond a certain level of income.<sup>5</sup> Whilst richer people are happier than poorer, richer nations usually aren't. The introduction of Sen's approach to well-being moved the debate from *utility* to *capability*. Sen's capability approach is based on three dimensions of functioning, capability and agency; the idea of what is valuable to an individual, the freedom of attaining valuables and essentials; and finally the ability to attain what is valuable and worthwhile. The focus was then shifted from one-dimensional indicators of well-being to multi-dimensional indicators notably Human Development Index with its variant forms and Quality of Life Index. Kahneman *et al.* in

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<sup>5</sup> Richard Easterlin, "Does Economic Growth Improve the Human Lot? Some Empirical Evidence" In P. David and M. Reder (eds.), *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz* (New York and London, Academic Press, 1974), 89.

2004<sup>6</sup> also emphasized on the construction of 'National Well-being Accounts' in response to the two puzzles generated by empirical literature; lesser impact of circumstances of individuals on well-being and evidence of large differences in reported life satisfaction among various countries.

The discussion on this topic is equally popular across disciplines. Psychologists presented variety of theories in their attempt to understand happiness and life satisfaction. These theories range from need/ goal satisfaction theories (Hedonic theory, Comparison theory, Desire theory) and Process theories (Flow theory) to predisposition theories (such as big five traits model). However, there is heightened importance of the subject among economists because of its role in measurement of consumer preferences and social welfare.<sup>7</sup> Whereas, the issue got the attention of economists almost three decades ago, the report by three well-known economists namely Stiglitz, Sen and Fitoussi<sup>8</sup>, multiplied the importance of the concept of social well-being. Fitoussi and Stiglitz<sup>9</sup> emphasised on the measurement of three social dimensions of progress: the measurement of the economic product, the measurement of well being, and the measurement of sustainability.

Empirical evidence during last two decades show that beside macroeconomic variables, the well-being in Europe is also largely affected by societal and behavioural variables.<sup>10</sup> Many researchers particularly in Europe and the US like Easterlin et al.<sup>11</sup>, Diener et al.<sup>12</sup> and Inglehart<sup>13</sup> have

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<sup>6</sup> Daniel Kahneman, Alan B. Krueger, David A. Schkade, Norbert Schwarz and Arthur A. Stone, "Towards National Well-Being Accounts", *AEA Papers and Proceedings* 94(2) 2004: 429-434.

<sup>7</sup> Bruno S. Frey, Simon Luechinger & Alois Stutzer, "Valuing Public Goods: The Life Satisfaction Approach", *Public Choice*, 138, 2009: 317–345.

<sup>8</sup> Stiglitz, Joseph E., Amartya Sen, and Jean-Paul Fitoussi, "Report of the Commission on the Measurement of Economic Performance and Social Progress", CMEPSP 2009. <http://www.stiglitz-sen-fitoussi.fr>

<sup>9</sup> Fitoussi, Jean-Paul and Stiglitz, Joseph E, "On the Measurement of Social Progress and Well-being: Some Further Thoughts", *Global Policy*, 4(3) 2013: 290-293.

<sup>10</sup> Aquib Aslam, & Luisa Corrado, "No man is an island: The inter-personal determinants of regional well-being and life satisfaction in Europe", Cambridge Working Paper in Economics 2007, CWPE 0717.

<sup>11</sup> Richard Easterlin, Laura Angelescu McVey, Malgorzata Switek, Onnicha Sawangfa, and Jacqueline Smith Zweig, "The Happiness-Income Paradox Revisited", *Proceedings of the National Academy of Sciences*, 107(52) 2010: 22463–22468.

challenged the positive relationship between income and life satisfaction. They advocated that increases in income beyond a threshold level does not raise happiness.

### Data

European Science Foundation presented their recommendations in the last decade of the twentieth century to monitor the societal and cultural changes throughout Europe. In early twenty first century, the European Commission and many research councils joined to conduct the European Social Survey. Since then, this survey has been conducted after every two years and helped to study the changes in social values and citizen's perspective. The aim of The European Social Survey is to "evaluate the success of European countries in promoting the personal and social well-being of their citizens".<sup>14</sup> The authors of this paper consider the European Social Survey (ESS) round 5, year 2010 for their analysis. The survey measures the attitudes, beliefs and behavior patterns. The total sample in this analysis consists of 25,677 individuals. The authors carefully select the set of individual, household, societal and political variables in their exploration of determinants of three unique dimensions of well-being. Annex table 1 provide the summary statistics for all variables used in analysis.

**Table 1: Summary Statistics**

Variable	Mean	Std. Dev.
Gender (Base= Male)	0.516	0.499
Age	48.963	18.226
Household size	2.624	1.372
Relationship with husband/wife/partner currently living with (1=legally married)		
2=In a legally registered civil union	0.013	0.114

<sup>12</sup> Ed Diener, Marissa Diener, and C. Diener, "Factors Predicting the Subjective Well-Being of Nations", *Journal of Personality and Social Psychology*, 69, 1995: 851–864.

<sup>13</sup> Ronald Inglehart, (1990), *Cultural Shift in Advanced Industrial Society*, Princeton 1990: Princeton University Press.

<sup>14</sup> Felicia A. Huppert, Nic Marks, Andrew Clark Johannes Siegrist, Alois Stutzer, Joar Vitterso, Morten Wahrendorf. "Measuring well-being across Europe", Description of the ESS well-being module and preliminary findings, *Social Indicators Research* 91, 2009: 301–315.

3=Living with partner-not legally recognized	0.143	0.351
4= Living with partner- legally recognized	0.043	0.203
5=Legally separated	0.000	0.021
6= Legally divorced/ civil union dissolved	0.002	0.039
Education level (1= Less than lower secondary education)		
2=Lower secondary education completed	0.179	0.383
3=Upper secondary education completed	0.341	0.474
4=Post-secondary non-tertiary education	0.049	0.217
5=Tertiary education completed	0.299	0.457
Employment relation ( 1=Employee)		
2=Self Employed	0.113	0.316
3=Working for own family business	0.017	0.129
Household Wealth Deciles (Labor and Non labor income) (1=1 <sup>st</sup> Decile)		
2=2 <sup>nd</sup> Decile	0.121	0.326
3=3 <sup>rd</sup> Decile	0.111	0.314
4=4 <sup>th</sup> Decile	0.111	0.315
5=5 <sup>th</sup> Decile	0.105	0.307
6=6 <sup>th</sup> Decile	0.103	0.305
7=7 <sup>th</sup> Decile	0.099	0.299
8=8 <sup>th</sup> Decile	0.089	0.286
9=9 <sup>th</sup> Decile	0.080	0.272
10=10 <sup>th</sup> Decile	0.078	0.269
Member of a group discriminated in this country(Base=yes)	0.935	0.242
Homosexual Liberty (1=Strongly disagree)		
2=Disagree	0.057	0.232
3=Neither agree nor disagree	0.107	0.309
4=Agree	0.394	0.489
5=Strongly agree	0.402	0.490
Citizenship (Base=yes)	0.044	0.205
how often do you meet socially with friends, relatives or work colleagues? (Scale 1-10)	4.927	1.557
Involved in voluntary work (Base=no)	0.183	0.387
Religiosity	4.549	3.008

How democratic is country overall?	8.357	11.449
How often, if at all, do you worry about becoming a victim of violent crime? (1=All time)		
2=Some times	0.155	0.362
3=Occasionally	0.355	0.478
4=Never	0.463	0.499
No. of observations	25677	

Average age in this sample size is 48 years. Generally speaking, being alone appears to be worse for SWB than being part of a partnership. Moreover, the nature of relationship is important in SWB. The authors include five different categories of marital relationship (Table 1). The relationship between income and SWB is very complicated.<sup>15</sup> Highest proportion in this sample is of those who completed the upper secondary education, followed by those completed their tertiary education. To examine whether income is playing a role in life satisfaction, affect or eudemonic well-being, the household income from all sources is incorporated. In order to distinguish this income variable from one of the considered dependent variable- life satisfaction- first, we take this variable as wealth which is an income from all labour and non-labour sources. Secondly, it is taken in deciles. The idea behind incorporating this variable is that income decile may increase the life satisfaction but may or may not the other two types of well-being. These deciles are included in the specification to capture the relative economic class of the individual thus different from earned income of individuals.

The social variables we study are the impact of discrimination, the freedom of living for gays and lesbians,<sup>16</sup> the effects of meeting friends and family<sup>17</sup> and the frequency of social interaction.

<sup>15</sup> Andrew Clark, Paul Frijters, & Michael Shields, "A Survey of the Income Happiness Gradient", *Journal of Economic Literature*, 46(1) 2007.

<sup>16</sup> This variable explains how people feel about it and how much they have freedom to live or how much in society there is the acceptability for them not to capture exactly the rules and regulations.

<sup>17</sup> Paul Dolan, Tessa Teasgood, and Mathew White, "Do We Really Know what Makes us Happy? A Review of the Economic Literature on the Factors Associated with Subjective Well-being", *Journal of Economic Psychology*, 29, 2008: 94-122.

Whilst exploring the impact of personal and social variable we also include some societal variables. The societal variables include the overall degree of democracy and rule of law in the country. Our analysis also includes the variable of citizenship (If living in the country of citizenship: yes/no). The impact of religion is different across geographical areas especially between US and Europe.<sup>18</sup> Thus, we also consider the degree of being religious. The choice of countries includes two countries from central Europe, three countries from southern Europe, three countries from eastern Europe, two from west and one from northern region.

### **Methods**

Given the wide range of diverse definitions on the concept and measurement of subjective well-being (SWB) variable, we followed a more comprehensive approach and provide an in-depth analysis. Earlier empirical literature on subjective well-being restricts its definition to one's evaluation of his/her level of satisfaction or simply happiness. Both happiness and satisfaction, though being an important component of SWB, are unable to capture its quintessence. In the broader perspective, SWB is considered to be comprised of three main dimensions namely life evaluation, affect and eudaimonia.<sup>19</sup>

### ***Construction of dependent variables***

For construction of three dimensions of SWB, we rely on 'Principal Component Analysis' (PCA). All the instruments used in construction of three dimensions of SWB are measured on 1-4 likert scale (starting from bad to good). The choice of variables in construction of life evaluation, affect and eudaimonia is given below.

*Life evaluation:* Life evaluation is basically the way individuals perceive their life as a whole. Several studies, particularly Van Praag<sup>20</sup> and International Well-being Group<sup>21</sup> relate an individual's overall life

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<sup>18</sup> John F. Helliwell, and Robert Putnam, "The Social Context of Well-being", *Philosophical Transactions of the Royal Society London*, 359, 2004:1435–1446.

<sup>19</sup> Organization of Economic Cooperation and Development, *OECD Guidelines on Measuring Subjective Well-being*, OECD Publishing, 2013. <http://dx.doi.org/10.1787/9789264191655-en>.

<sup>20</sup> Bernard Van Praag, Paul Frijters, and Ada Ferrer-i-Carbonell, "The Anatomy of Subjective Well-being", *Journal of Economic Behavior & Organization*, vol. 51(1) May 2003: 29-49.

<sup>21</sup> International Well-being Group, *Personal Well-being Index*, 4th Edition, Melbourne, Australian Centre on Quality of Life, Deakin University 2006.



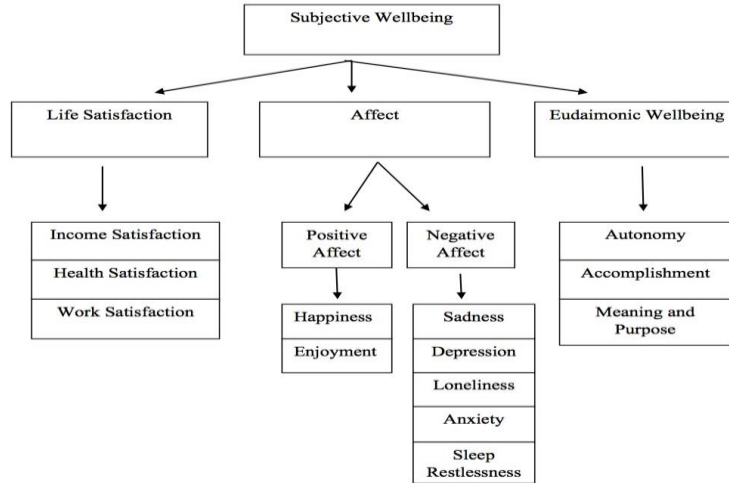
satisfaction with their assessment of particular aspects of life such as work, health, environment and leisure. Three important dimensions of income, work and health of an individual's life is considered as one's satisfaction in these features is closely related to his judgment of entire life satisfaction. The variables used in construction of this variable are (a) *How much satisfied with job*, (b) *Feeling about household income now a days*, and (c) *How is your health in general?* These three questions are from 1-5 scale and converted into life satisfaction index (continuous variable) through PCA.

**Affect:** Affect refers to the feelings or emotions that individuals experience in their day to day lives. Unlike other components of SWB, affect is bi-dimensional in nature. Positive affect relates to the pleasant emotions of happiness and joy. On the contrary, negative affect refers to unpleasant feelings of depression, loneliness, sadness, anxiety and sleep restlessness. Positive affect variables have mostly high correlation as compared to negative affect variables where inter correlation among variables is lower but positive. Subsequently, an affect measure is generated which combines both the positive and negative affect measures considering a single platform ranging from least desirable to most desirable outcomes. To measure the affect we employ (a) *How often were happy in past week* (b) *Enjoyed life in past week* (c) *Felt lonely in past week* (d) *Felt depressed in past week* (e) *Felt sad in past week* (e) *Felt anxious in past week* and (f) *How often sleep was restless in past week*.

**Eudaimonia:** Eudaimonic well-being is related to individual's perception of fulfillment in life. It is associated with the extent to which people feel competence and autonomy in their lives. This concept not only covers a person's psychological content with his sense of accomplishment in life but also in the wider sense that how he perceives his role as a member of the society. Besides having a meaning and purpose of life, a person's eudaimonic well-being is also linked with one's sense of connectivity with his surroundings. It explains individual's satisfaction in terms of their contribution and impact on their society. To formulate the eudaimonic well-being index, the following variables were used (a) *Have a sense of direction in life?* (b) *Your place in society?* (c) *Allowed to decide how daily work is organized?*(d) *Allowed to influence policy decisions about activities of organization?*

Figure 1 provides a simple explanation of the measurement of subjective well-being with its three components life satisfaction, affect and eudaimonic well-being.

Figure 1: Theoretical Model of Subjective Wellbeing



Following Dolan,<sup>22</sup> determinants of well-being are classified into following categories:

$$SWB_i = f(\text{personal/family characteristics, material living standard, socially developed characteristics, relationships, attitudes and beliefs, social policy and wider economic, social and political environment}) \quad (1)$$

Where,  $i = 1, 2, 3$

And, 1 is for life satisfaction, 2 for affect and 3 represent eudaimonic well-being.

These variables include age, gender, household size, household wealth deciles, education level, nature of employment, relationship with partner, frequency of meetings with friends and family, citizens voluntary work, religiosity, affiliation with a discriminatory group, homosexual liberty, citizenship, fear of violent crimes and level of democracy in the country.

<sup>22</sup> Paul Dolan, Tessa Teasgood, and Mathew White, "Do We Really Know what Makes us Happy? A Review of the Economic Literature on the Factors Associated with Subjective Well-being", *Journal of Economic Psychology*, 29, 2008: 94-122.

### Results and discussion

The regression estimates of life satisfaction, affect and eudaimonic well-being are presented in Annex Table 2. The role of all variables mentioned in previous section is reported ambiguously in literature across space and time. However, our detailed methodological procedure allows us to do a deeper exploration in different direction of subjective well-being. Now we present the discussion on estimates of these three dimensions of well-being. We start from personal/ family characteristics and then rests of variables are in order.

**Annex Table 2: Estimates of Life Satisfaction, Affect and Eudaimonic Well-being**

	Life Satisfaction	Affect	Eudaimonia
Gender (Base=Male)	-0.034	-0.102	-0.138*
Age	-0.005	-0.002	-0.016
Age_square	0.000	0.000	0.0002*
Household Size	-0.011	0.069	-0.065*
<b>Relationship with spouse/partner currently living with (1=legally married)</b>			
In a legally registered civil union	-0.253	-0.064	-0.079
Living with partner-not legally recognized	0.104	0.114	-0.069
Living with partner- legally recognized	-0.368*	0.111	-0.437*
Legally separated	-1.254***	-3.024***	0.292
Legally divorced/ civil union dissolved	-0.003	0.107	0.043
<b>Education Level (1=Less than lower secondary)</b>			
Lower secondary completed	0.219**	0.248	-0.189
Upper secondary completed	0.345***	0.03	0.022
Post secondary non tertiary completed	0.498***	0.05	0.325*
Tertiary completed	0.683***	0.211	0.334**
Others	1.171*	2.225***	1.383
<b>Employment relation (1=Employee)</b>			

Self employed	0.062	0.199	0.947***
Own family business	0.122	0.46	0.722***
<b>Household Wealth Deciles (Labor and Non labor income) (1=1<sup>st</sup> Decile)</b>			
2 <sup>nd</sup> Decile	0.287*	0.122	-0.035
3 <sup>rd</sup> Decile	0.380***	0.728**	0.095
4 <sup>th</sup> Decile	0.544***	1.061***	0.407*
5 <sup>th</sup> Decile	0.479***	1.076***	0.421*
6 <sup>th</sup> Decile	0.695***	0.985***	0.780***
7 <sup>th</sup> Decile	0.930***	1.051***	0.734***
8 <sup>th</sup> Decile	0.999***	1.086***	0.935***
9 <sup>th</sup> Decile	0.984***	1.298***	1.045***
10 <sup>th</sup> Decile	0.999***	1.402***	1.291***
<b>Belong to a Discriminatory group (base=yes)</b>	0.195*	-0.07	0.099
<b>Homosexual Liberty (1=Strongly disagree)</b>			
Disagree	0.167	0.278	0.376*
Neither agree nor disagree	0.222*	0.768**	0.365*
Agree	0.209*	0.650**	0.415**
Strongly Agree	0.303**	0.700**	0.508***
<b>Citizenship (Base=yes)</b>	0.495***	-0.536*	-0.047
<b>Socially meet friends and relatives</b>	0.119***	0.063*	0.060**
<b>Involved in voluntary work (Base=no)</b>	0.078	0.068	0.325***
<b>Democratic</b>	0.001	-0.001	0.010*
<b>Worry being a victim of violent crime (1=All time)</b>			
Some times	0.182	0.366	-0.024
Occasionally	0.184	0.273	-0.037
Never	0.264*	0.254	0.045
<b>Religiosity</b>	-0.006	0.008	-0.018
Constant	-1.772***	-1.894**	-1.078**

Although the social protection system in Europe has always been considered as one of the priority agendas in policy, changing world dynamics, interdependency of countries on each other and globalization,

the financing of pensions, healthcare and dependency on younger generation are the challenging issues in Europe. Our results indicate that the direction of age in all model specifications i.e., life satisfaction, affect and overall subjective well-being have similar signs as provided in literature, but not statistically different from zero. Studies propose a U-shaped relationship between age and SWB, depicting a negative relation of age with SWB and a positive relation of SWB with age square. SWB is lower in the middle age with lowest values found between ages 32 to 50. Age square coefficient is positive and significant in eudaimonic well-being showing the accomplishment and fulfillment of life regarding achievements, competence and autonomy comes later in life. Our results are aligned with observed phenomena in Europe especially for middle-aged population. For instance, 2005/2006 HBSC surveys report that frequency of drunkenness increased by 40 % particularly in eastern European countries, similarly the health and income inequalities increased and also social environment created the unrest among the middle aged people's lives. It is important to mention here that The European Youth Forum that unrest and improper implementation of young people's rights is a serious threat in process of development in Europe.

Most of the empirical literature suggests that gender is not correlated with the measures of SWB. However, few studies like Alesina<sup>23</sup> and Moore<sup>24</sup> report that females tend to have higher satisfaction levels as compared to males. Whilst, Latin America does not exhibit gender effects, men are happier than women in Russia.<sup>25</sup> However, our results suggest the insignificant impact of gender on life satisfaction and affect. Also eudaimonic well-being of females is significantly lower indicating that females have lesser sense of autonomy and meaning in life. Argyle<sup>26</sup> (1987) also concludes in a survey that there is little gender difference in satisfaction with life as a whole. There is a still lot of space for gender

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<sup>23</sup> Alberto Alesina, Rafael Di Tella, and Robert MacCulloch, "Inequality and Happiness: Are Europeans and Americans Different?", *Journal of Public Economics*, 88, 2006: 2009–2042.

<sup>24</sup> Moore, K., David, T.J., Murray, C.S., Child, F. and Arkwright, P.D, "Effect of Childhood Eczema and Asthma on Parental Sleep and Well-being: A Prospective Comparative Study", *British Journal of Dermatology*, 154, 2006: 514–518. doi:10.1111/j.1365-2133.2005.07082.x

<sup>25</sup> Carol Graham and Stefano Pettinato, "Frustrated Achievers: Winners, Losers, and Subjective Well Being in Emerging Market Economies, *Journal of Development Studies*, Vol. 38, No.4, April 2002.

<sup>26</sup> Argyle, M, *The Psychology of Happiness* (London: Routledge, 1987).

policies to improve the eudaimonic well-being among women. The World Health Organization report of 2016 for European region provides a detailed agenda on role of healthy women in sustainable development and targets till 2020. However, still the labor market outcomes, i.e., gender wage differences and career advancement need priority place in policy.

Enormous amount of literature in psychology and sociology is available on happiness and relationships. Married people are generally found to be happier than those who are divorced and separated.<sup>27</sup> Marriage besides providing companionship also brings self-esteem and support.<sup>28</sup> Unmarried partnerships may also provide similar patterns of SWB depending upon the stability of the relationships and emotions but we haven't explored this phenomenon further. The estimates of this study suggest that being in legal marriage bears positively with all three dimensions of well-being. European legislation on divorce liberalization has significantly increased the divorce rate. Likewise, family legislation has made the process of divorce more smooth.<sup>29</sup> However, the results of this study showed higher level of well-being among legally married couples. They further explain the impact of divorce liberalization law in most of European countries; only those couples with high level of marital quality continue with legal marriage and thus in our empirical estimation their well-being level is significantly higher than others.

Income is associated positively with SWB.<sup>30</sup> Rich people are considered to be happier as more income increases the opportunity set to consume more material goods and services. The returns to income are however diminishing in nature.<sup>31</sup> Our first measure of well-being is index of 'Life Satisfaction' and this is already mentioned that income is also part of this

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<sup>27</sup> David Blanchflower and Andrew J. Oswald, "The Rising Well-being of the Young. In Youth Employment and Joblessness in Advanced Countries", eds. D.G. Blanchflower and R. Freeman (Chicago: University of Chicago Press, 2000).

<sup>28</sup> Bruno Frey and Alois Stutzer, "What Can Economists Learn from Happiness Research?", *Journal of Economic Literature*, 40(2) 2002: 402-435.

<sup>29</sup> Betsey Stevenson and Justin Wolfers, "Marriage and Divorce: Changes and Their Driving Forces", *Journal of Economic Perspectives*, 21(2) 2007: 27-52; doi:10.1257/jep.21.2.2

<sup>30</sup> Alois Stutzer and Bruno S. Frey, "Recent Advances in the Economics of Individual Subjective Well-Being", *Social Research*, 77(2) 2010: 679 - 714.

<sup>31</sup> Paul Dolan, Tessa Teasgood, and Mathew White, "Do We Really Know What Makes Us Happy?", A Review of the Economic Literature on the Factors Associated with Subjective Well-being", *Journal of Economic Psychology*, 29, 2008: 94-122.

variable. But that component only measures the degree of satisfaction from his/ her earned income. Considering the importance of income variable and to avoid any possibility of endogeneity we consider the relative wealth of household in ten deciles. Thus the income variable is included in deciles, which comprises total wealth (income earned from both labor and non labor sources) of the household. The lower decile shows the lower income class and higher decile show a higher income group in society. All ten deciles show a positive and significant impact on all three dimensions of well-being. Thus this fact cannot be denied that relative income have positive and significant impact of well-being. This variable also gives a clear indication of difference between lower and higher decile, which is also an indication of inequalities and its disconnects for a society.

Level of education is positively associated with SWB.<sup>32</sup> Education level not only enhances one's orientation towards life but also provides prospects for better opportunities. It raises one's potential to utilize the available resources in the best possible way. Every higher level of education significantly and positively affects life satisfaction. Role of education appear insignificant with positive sign in affect and eudomonic well being. Education may not necessarily reduce the feelings of loneliness, restless sleep or moods. Though the high level of education significantly contribute toward accomplishments in life, freedom to organize daily work activities and decision-making power might make self-employment and joining family business preferable over working as an employee. Thus, self-employment is likely to generate greater sense of autonomy and accomplishment in life. Employment status, is insignificant in determining life satisfaction and affect measure of well being.

Minorities in different shapes, for instance immigrants, LGBT people in society, religious minorities, certain economic groups living much below a stand level or any other group belonging to certain ethnicity have significant impact on subjective well-being. Any citizen being a member of minority group may have to face difficulties in labour market, social networks and even in daily life, which significantly influence their subjective well-being. Policy makers in European countries showed a

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<sup>32</sup> Philip Oreopoulos, "The Long-Run Consequences of Living in a Poor Neighborhood," *The Quarterly Journal of Economics*, 118(4) 2003:1533-1575.

tremendous interest toward social exclusion/ inclusion. The most prominent are 'Europe 2020 strategy' and 'Platform Against Poverty and Social Inclusion'. Also the European Commission called upon the political cooperation among all the EU countries using 'Open Method of Coordination (OMC)' in the area of social inclusion. Using the OMC all EU countries will work together for pension, healthcare, labor market policies to minimize the social exclusion. Social inclusion or exclusion can have significant impact on well-being.

To examine the impact of social inclusion and exclusion, we use the acceptability for LGBT community in society. According to Gallup (2007)<sup>33</sup> survey the countries with highest level of well-being are those with highest acceptance of homosexuality. Many public and private health care organizations all over Europe address the specific needs of lesbian, gay, bisexual and transgender (LGBT) individuals. Still, the acceptance of LGBT individuals in society varies within the continent. The societal acceptance significantly influences their physical and mental health and also their subjective well-being.

Legal citizenship of the country in which an individual is residing provides him with better access to the facilities in a wide range of services and is likely to enhance SWB. While research shows that people migrate after a cost benefit analysis and migrating to country with better employment opportunities increase their standard of living and wealth of their households. This is also evident from the result of regression equation of life satisfaction. But on the other hand being in the foreign land increases loneliness, sadness because of being away from family and friends decreases the 'Affect' well being of individuals. According to Eurostat (2014) 3.8 million people immigrated to one of the EU-28 member states during 2014. According to their statistics Germany, United Kingdom, France, Spain and Italy reported the highest number of immigrants. Beside Directorate-General for Migration and Home Affairs of European Commission, Green paper on EU approach to managing economic migration and EU adopted Stockholm program all addressed the migration related issues. Usually all those people who take the initiative to migrate for economic purposes and also successfully settle in another foreign land

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<sup>33</sup> <http://www.gallup.com/poll/102478/perceived-acceptance-homosexuals-differs-around-globe.aspx>



usually are skilled and high level of human capital. Thus, after migration they increase their standard of living and become productive part of society but their emotional well-being and assimilation at foreign land is not easy and usually leads toward reducing subjective well-being. Our empirical results confirm this phenomenon.

Visits to relatives and dear ones are likely to have positive linkages with SWB. According to survey conducted by Mental Health Foundation in 2010<sup>34</sup> found that loneliness is a serious concern particularly in youth. According to other analyses, loneliness is as greater a cause of death as poverty. Loneliness significantly influences the negative affect. For instance, it results in depression, stress, anxiety and addiction. Socializing is an affective way to deal with emotional traumas. It uplifts one's morale in times of emotional, psychological and financial distress. Interestingly, this variable 'socially meet friends and relatives' increases the eudemonic well-being of individuals. There are certain programs across Europe for elderly to reduce the feelings of loneliness, for instance, students volunteer programs and many NGOs are also working on that. However, the policy and initiatives to address the loneliness of younger cohort is still nascent. Similarly involvement in voluntary work contributes toward a meaningful life and a sense of accomplishment. An individual's contribution in the betterment of society enhances psychological well-being.

Increased involvement in religious activities raise the satisfaction levels of individuals. Religious minded people not only find a sense of purpose but also get a psychological cushion against unfavorable circumstances. However, religion is insignificant in all our regression equation. Also the summary of statistics shows that religiosity lies below average. It means that most of the individuals in our sample do not consider themselves religious. The feeling of security is insignificant for all types of well-being.

Political freedom is very important in determining the level of satisfaction among the citizens. According to Barro,<sup>35</sup> political freedom is a luxury good.

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<sup>34</sup> Mental Health Organization, "Relationships in the 21<sup>st</sup> Century: The Forgotten Foundation of the Mental Health and Well-being", <http://www.mentalhealth.org.uk/publications/relationships-21st-century-forgotten-foundation-mental-health-and-well-being>, Retrieved on November 28, 2017.

<sup>35</sup> Robert Barro, "Determinants of Economic Growth: A Cross-Country Empirical Study", 1996, NBER Working Paper, 5698.

It leads to a lower rate of growth because it pleads for redistribution. While comparing eastern or central Europe (Hungary, Poland and Yugoslavia) and Western Europe (Portugal and Spain), it is quite evident that Eastern Europe is still far behind in terms of political freedom as compared to its western counterpart. According to an analysis by Hooghe and Quintelier<sup>36</sup> that political participation is still low in younger cohort largely due to low level of governance, corruption and poor economic performance. Although political environment is undergoing shifts all over Europe, individual participation in political and democratic processes requires streamlining of political and economic institutions. The question that is asked from respondents is “How democratic is your country?” and measured on 1-10 scale and enters in the specification as a continuous variable. This variable is significant and has positive effect on eudaimonic well-being. In a democratic country, people have the opportunity to make their own decisions and elect representatives of their own volition. The result of this study confirms this proposition. More recently, Brexit is reshaping the political environment of Europe. According to Patel and Reh,<sup>37</sup> there will be increased regulatory burden on businesses coupled with smaller EU budgets and higher taxation. In this situation, it is probable that governments across the continent will find it difficult to maintain and enhance the well-being of their citizens.

### Conclusion

Well-being of individuals goes beyond their material and physical wealth. It encompasses a person’s broader evaluation of his life, set of negative and positive emotional states and a sense of autonomy, accomplishment and meaning of life. Based on this philosophy, the present study attempts to address the multidimensional nature of well-being with special emphasis on social policy. This approach is empirical in nature along with discussion on present situation and initiatives toward social and economic policy in European region. Notwithstanding the impact of wealth on all dimensions of well-being, these results also confirm the importance of relationships

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<sup>36</sup> Marc Hooghe and Ellen Quintelier, “Political Participation in European Countries: The effect of Authoritarian Rule, Corruption, Lack of Good Governance and Economic Downturn”, *Comparative European Politics*, advance online publication 18 March 2013, doi:10.1057/cep.2013.3

<sup>37</sup> Oliver Patel and Christine Reh, Brexit: The Consequences for the EU’s Political System, UCL Constitution Unit Briefing Paper, Retrieved on November 13, 2016 from <https://www.ucl.ac.uk/constitution-unit/research/europe/briefing-papers/Briefing-paper-2>

and the policy of social inclusion for all aspects of well-being. While education plays a vital role in shaping life evaluation, self-employment, voluntary work and democratic environment of a country are key to enhance eudaimonic well-being. The results are important for a balanced policy formulation, for any policy that has more prominence of one variable than the other may lead toward distress among the citizens. The central objective of all EU policies is social welfare and its promotion. However, prevalent socio-economic and political changes complicate the quest for well-being challenge. Therefore, a more comprehensive policy targeting vulnerable segments of European society will be much more fruitful.