

Getting the Measure of Well-being



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Economic well-being is relatively easy to measure but what about subjective well-being, better known as life satisfaction? Are peoples of some nations more satisfied with their lives than others? Using data from the World Values Survey which interviewed some 100,000 people in 64 countries between 1981 and 2004, we studied subjective well-being (SWB) in a range of countries. Taking into account social and cultural factors as well as economic ones, we ran the data through two levels of analysis to take into account the individual characteristics of people and, based on that, to identify the national variables that make people in a country feel satisfied with their lives. By no means do we identify life satisfaction or subjective well-being with happiness. Both are two different concepts that may easily be confused.

We uncovered five variables that influence well-being. The first is life expectancy. An additional 10 years of life expectancy increases life satisfaction by almost one standard deviation point. Life expectancy is reflected through income distribution, literacy, healthcare, sanitation and nutrition and is therefore indirectly linked to economics. These are the positive effects of income, rather than income itself. Then comes birthrate. An increase of 10 births per 1,000 people translates into a 0.58 increase in life satisfaction in a scale 1 to 10. In some poorer countries, where people may have more children to ensure future economic security, there appear to be higher levels of life satisfaction.

The third factor is religion, although the only clear - but unexplained - correlation is that living in a predominantly Muslim country lowers the chance of well-being, as reported by people interviewed in the survey. We speculate that one partial explanation of this finding might be related to the fact that most Muslim states are emerging economies that - *pace* the Arab spring - tend not to be democratic. Fourthly, corruption is inversely proportional to well-being. Corruption not only undermines economic development, it alters the social fabric and leads to high levels of frustration. And finally, well-being is related to latitude. The closer you live to the equator, the higher the level of life satisfaction. Moving from the equator to Frankfurt, for example, lowers your life satisfaction by 1.3 points, or two standard deviations from the dependent variable.

We grouped countries into six clusters to assess their SWB. At the lower end come Iraq, Albania, Bulgaria, Egypt (before the popular uprising) and Zimbabwe. The countries with the highest SWB are Denmark, Switzerland, Sweden and - perhaps surprisingly, given their ranking in corruption statistics - Colombia and Puerto Rico. As a result of this research, we recommend that countries that wish to increase their SWB should adopt measures to reduce corruption and foster honesty, support family-friendly policies that favor the well-being of children, invest in healthcare and encourage healthy lifestyles and other activities that boost life expectancy.