

International comparative analysis of determinants affecting well-being

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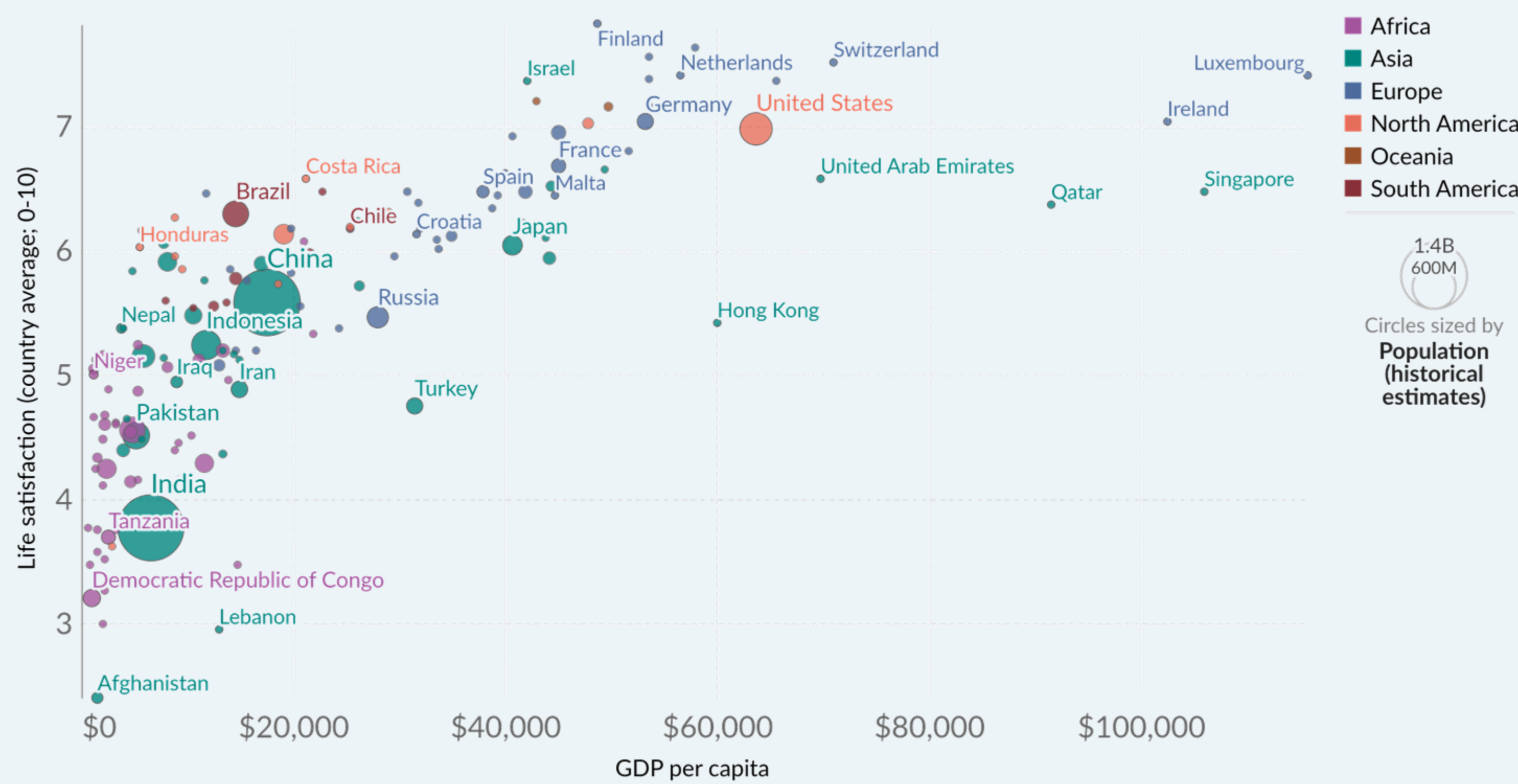


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【Background and Objective】

Standard economics often defines the policy goal as an increase in GDP. However, previous studies on well-being have shown that **most of the well-being-enhancing effects of rising incomes can disappear in the short term**. It has been pointed out that GDP growth cannot be expected to increase people's well-being in the long term, as people adapt to increases in income, and that GDP does not consider unproductive services and other factors, **making it insufficient in the discussion of a country's wealth**.

Figure1 Self-reported life satisfaction vs. GDP per capita, 2022



Data source: World Happiness Report (2023); Data compiled from multiple sources by World Bank

Figure 1 shows a diminishing relationship between GDP per capita and life satisfaction after a certain amount, and an increase in GDP does not necessarily lead to national happiness. In this context, research to identify the determinants of happiness that complement affluence, which cannot be measured by GDP, is **becoming increasingly important for the construction of a life-enriching society**. The study aims to identify differences in the determinants of well-being across 163 countries around the world and then cluster them based on the degree of influence of the factors on well-being to make international comparisons that take into account differences in values.

Method

Framework

Life satisfaction
Positive effect
Negative effect

For 163 countries

Independent variable

Income Married Female
Age Health Education
Age_square Unemployed

+

Control variable

CommunityBasics
Low&Order Religion
Financial Life Youth development

Method

A standardized multiple regression analysis is performed using well-being (0-10) as the dependent variable, with 8 independent variables and 3 control variables. Then, a cluster analysis is conducted using t-values obtained from the regression analysis to divide the 163 countries into five groups.

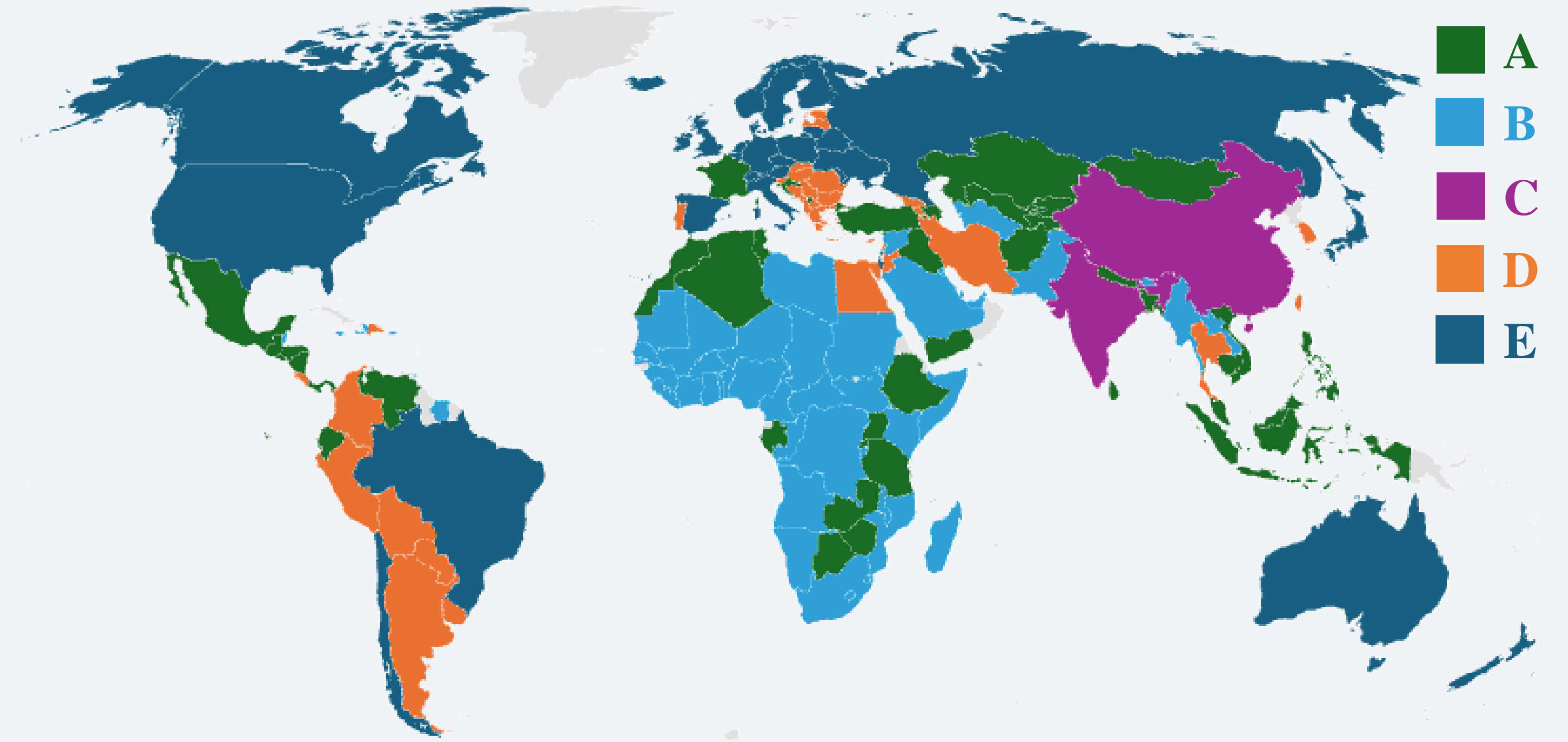
Data

Gallup world poll (2009-2021)

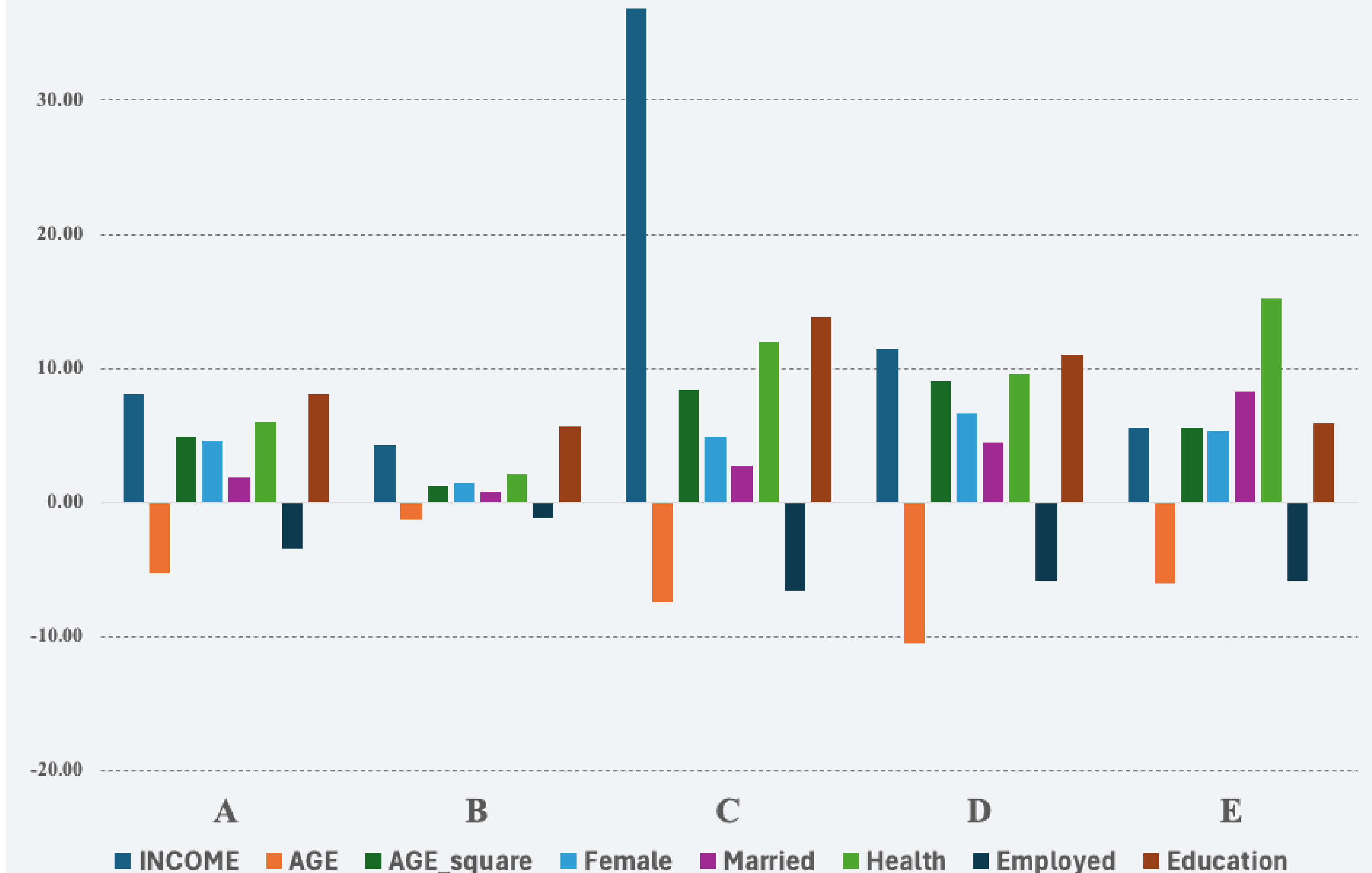
Results and Discussion

Figure 2 shows the distribution of countries based on the analysis. **Cluster A is dominated by developing countries. Cluster B is dominated by Africa. Cluster C is formed only by China and India. Cluster D can be found in South America and the Balkans, and cluster E is distributed among several developed countries.**

Figure2 Clustering distribution of countries around the world



The following table shows the average impact of the variables for the countries belonging to each cluster.



Cluster A is that income and education are influential, while marriage is not as important. **Cluster B** is that variables other than income and education are not significant, but this could be attributed to underdeveloped social functioning and poverty. **Cluster C** has a noticeably large impact of income, which recalls a society with inequality by income. **Cluster D** has a balanced impact of all variables on well-being. **Cluster E** clearly has a large impact of health. This may be due to the maturity of social functions, which results in less disparity.

【Conclusion】

The cluster analysis compared factors for well-being in each country, and the results are indicative of the **geographic context of developed and developing countries**. All clusters have a significant impact on income and education, which are indispensable factors.

【Further study】

In this analysis, it was not possible to examine the **cultural background and causes of the formation of clusters**. It remains to be seen how the results will change depending on the **selection and segmentation of the variables**. In addition, the analysis method did not allow for a detailed understanding of the **characteristics and similarities among the countries**.