Changes in Subjective Well-Being and Their Implications

Hae-sik Jung
Associate Research Fellow, KIHASA

Sunhee Woo
Senior Researcher, KIHASA

Introduction

Since subjective well-being emerged as a policy goal, its determinants have gained increasing research attention. Subjective well-being is usually measured in terms of "happiness," "life satisfaction" and "positive affect." Study after study has confirmed that Koreans' subjective well-being remains far below the level their material well-being suggests. The markedly-low level of subjective well-being has prompted various analyses and recommendations, academically and policy-wise alike. The question of why Koreans are more anxious than their objective living conditions seem to justify has been taken up by many research attempts that seek ways to design appropriate micro-level policy interventions. Some other studies concerned have pointed out the limitations of the Korean growth model, suggesting that policy efforts should be geared toward raising quality of life.

Subjective social indicators mirror to a considerable degree the social circumstances of the times when they are surveyed. This makes it important to consider the social context from which the subjective social indicators under observation are taken.

In measuring social integration levels, we used, along with objective indicators like poverty and inequality, such subjective indicators as "social trust" and "sense of solidarity." Drawing on KIHASA's Perceived Social Cohesion, the Gallup World Poll, and Statistics Korea's Social Survey, this study looked at the changes in subjective indicators in the last three years, a period marked by the disastrous incidents like the Sewol ferry capsize and the MERS outbreak.

Changes in the level of subjective well-being

Changes in happiness according to the UN's World Happiness Report

Korea's happiness score, as measured in the UN World Happiness Report based on the Gallup World Poll, dipped from 6.00 in 2012 to 5.78 in 2015 and rebounded a little to 5.97 in 2016. Meanwhile, the UN report averaged happiness scores at 7.55 for four Nordic countries, 7.03 for five Anglo-Saxon countries, 6.98 for five Continental European countries, and 5.76 for the Southern European region.

[Figure 1] Changes in life satisfaction in selected countries
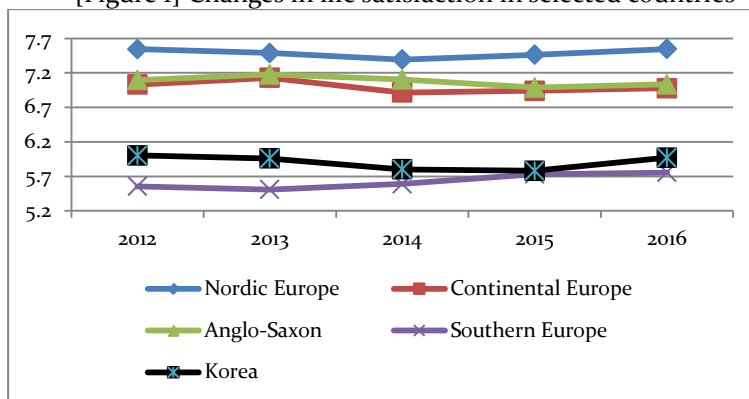
Source: UN World Happiness Report 2017

The life satisfaction scores have increased, if to a slight extent, across all the countries examined in this study, breaking away from the downward trends they were on in 2014 and 2015. In the Southern European region, life satisfaction scores have been rising ever since 2013.

The upward shift in self-rated happiness among Koreans has been accompanied by gains in such variables as "social support" (as measured in terms of having someone to lend a helping hand in times of trouble) and "generosity" (as measured by donations made in the previous month). Koreans also saw improvement in their log per-capita GDP and healthy life expectancy, but they felt their "freedom to make life decisions" to have been abridged and their rating on perceived corruption (in government and business) worsened.

[Table 1] Cross-regional and cross-national variations in factors explaining life satisfaction

	Per-capita GDP (log)	Social support	Healthy life expectancy	Freedom to make life decisions	Generosity	Perceived corruption
World average	9.237	0.810	62.348	0.728	-0.004	0.752
Southern Europe	10.302	0.880	71.865	0.655	-0.139	0.906
Korea (2009~2015)	10.368	0.788	73.321	0.637	-0.062	0.817
Korea (2016)	10.468	0.811	74.854	0.591	0.015	0.862
OECD average	10.446	0.907	70.550	0.802	0.041	0.644

Note: The averages for the world, Southern Europe, and the OECD are for the years 2009~2016
Source: UN World Happiness Report 2017

The happiness scores for Israel, Czechoslovakia, Mexico, and Chile were higher than predicted based on their explanatory factors. Both actual happiness scores and their predicted estimates were high in Finland, Norway, the Netherlands, Iceland, and Switzerland.

[Figure 2] Happiness scores in OECD countries: predicted and real values
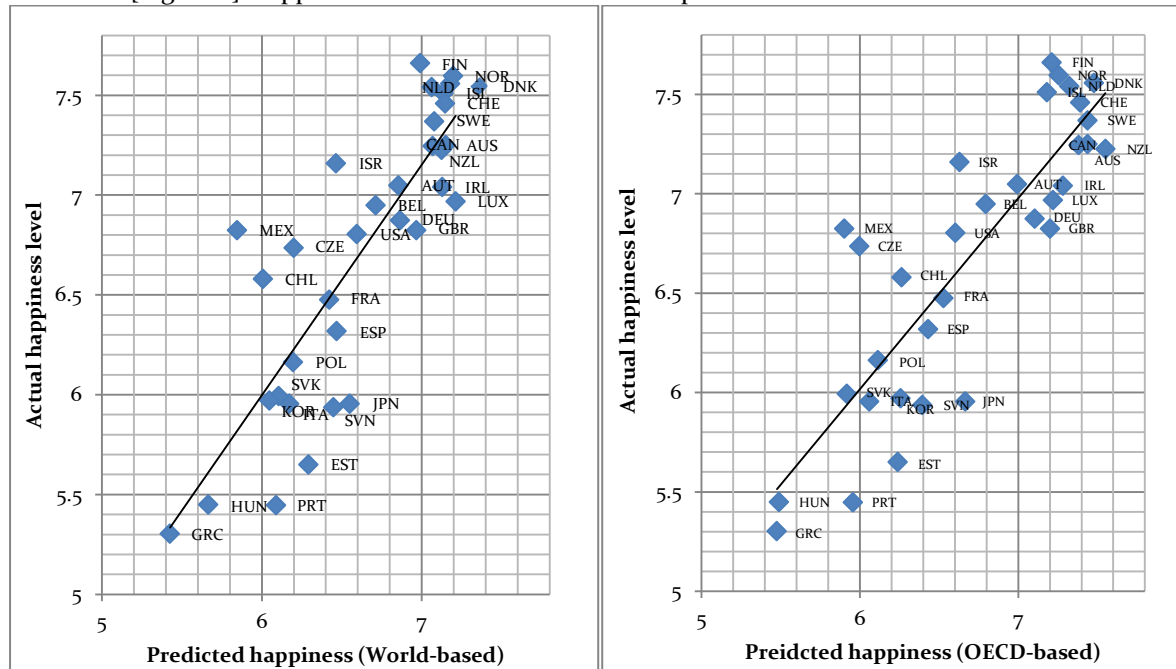

Source: UN World Happiness Report 2017

The actual level of happiness in Korea was significantly lower than the predicted happiness value in 2015 (when the world average was 6.05 and the OECD average 6.26). In 2016 (when the world average was 6.05 and the OECD average 6.26), the self-reported score came closer to the predicted estimate.

Changes in self-reported life satisfaction: Statistics Korea's Social Survey

According to the Korea Social Survey, which Statistics Korea conducts every year over a 2-week period beginning in mid-May, life satisfaction among Koreans fell sharply in 2015 for all age groups after having trended upward in the preceding four years, before bouncing back in 2016 to its level in 2014. Even when examined in terms of differences in educational attainment and income levels, Koreans' life satisfaction in the period 2014~2016 underwent similar across-the-board shifts. The drop-off in life satisfaction in 2015 may therefore have been affected less by the various demographic and economic factors that have differential effects on different groups of people and individuals and more by some social circumstantial factors that must have been at play to exert an effect on all age groups.

[Figure 3] Changes in subjective life satisfaction in Korea
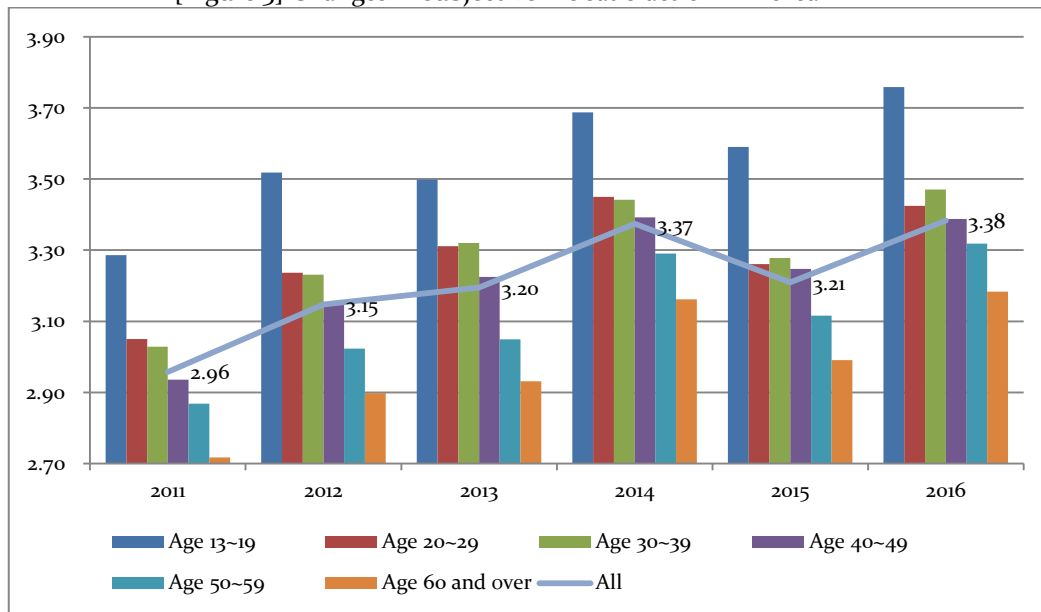
Note: 1 = very dissatisfied; 2 = somewhat dissatisfied; 3 = neutral; 4 = fairly satisfied; and very satisfied
Source: Authors' calculations based on data from Statistics Korea's Social Survey

Changes in social integration indicators: KIHASA's social integration survey

The Korea Institute for Health and Social Affairs has since 2014 conducted an annual survey of social cohesion. The survey demonstrated that happiness and life satisfaction for Koreans, having declined somewhat in 2015 from the preceding year, took an upward turn in 2016, even rising above their 2014 levels. Meanwhile, the score on social trust changed little over the period 2014~2016, increasing from 4.6 points to 4.7 points.

[Figure 4] Changes in happiness, life satisfaction and social trust
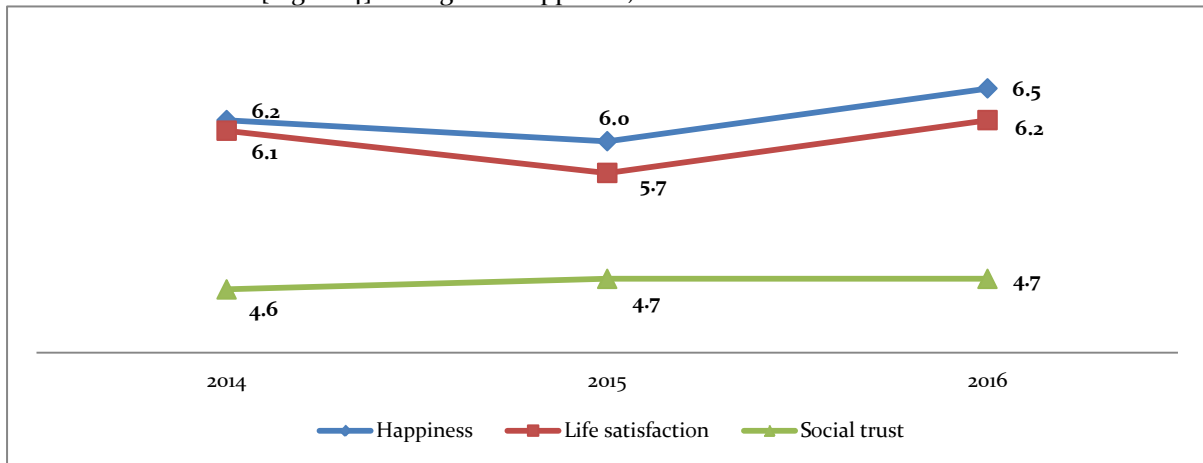
Note: Happiness, life satisfaction, and social trust here were measured using a 0-to-10 rating scale in response to the questions "How happy were you yesterday?", "Are you satisfied with your life on the whole these days?", and "How trustworthy do you think our society is?"
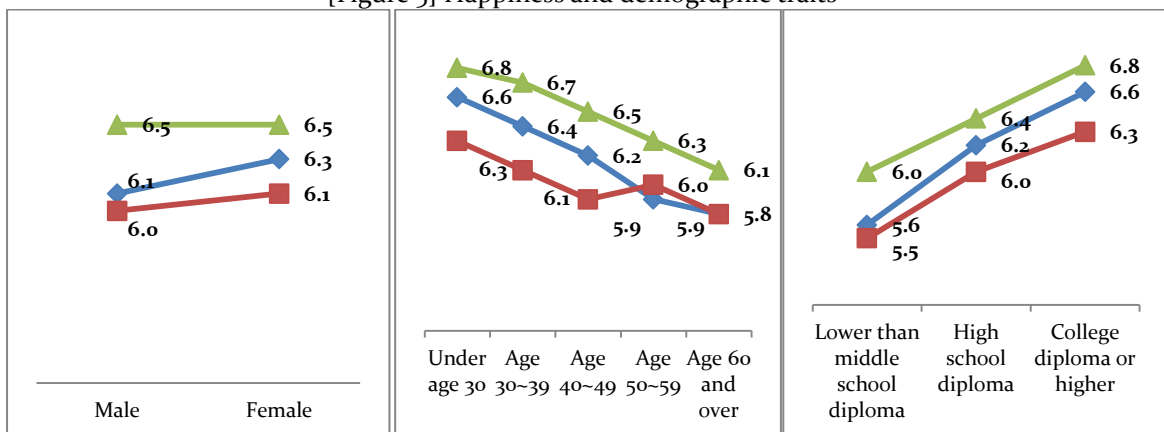Source: Survey of Social Cohesion and National Happiness (2014), Survey of Social Mobility and Social Cohesion (2015), and Survey of Perceived Social Cohesion (2016), all conducted by KIHASA

Happiness scores were higher in women, in younger people and in the more educated, a tendency that has been apparent in all previous three years. The happiness scores for women and men, with the gap between them closing all along to zero, stood at 6.5 in 2016.

In 2015, the level of happiness was higher for those in their 50s than for their adjacent age groups (i.e., 40-somethings and sexagenarians), though why so is unclear. Differences in happiness are found to have been affected more by educational attainment than by sex or age.

One of the notable findings of this study is that the higher the income and the self-perceived income stratum, the higher the level of measured happiness was over the previous three years, although the increase in happiness with income level was not as steep in both 2015 and 2016 as it had been in 2014.

[Figure 5] Happiness and demographic traits

Source: Survey of Social Cohesion and National Happiness (2014), Survey of Social Mobility and Social Cohesion (2015), and Survey of Perceived Social Cohesion (2016), all conducted by KIHASA

[Figure 6] Happiness and income levels
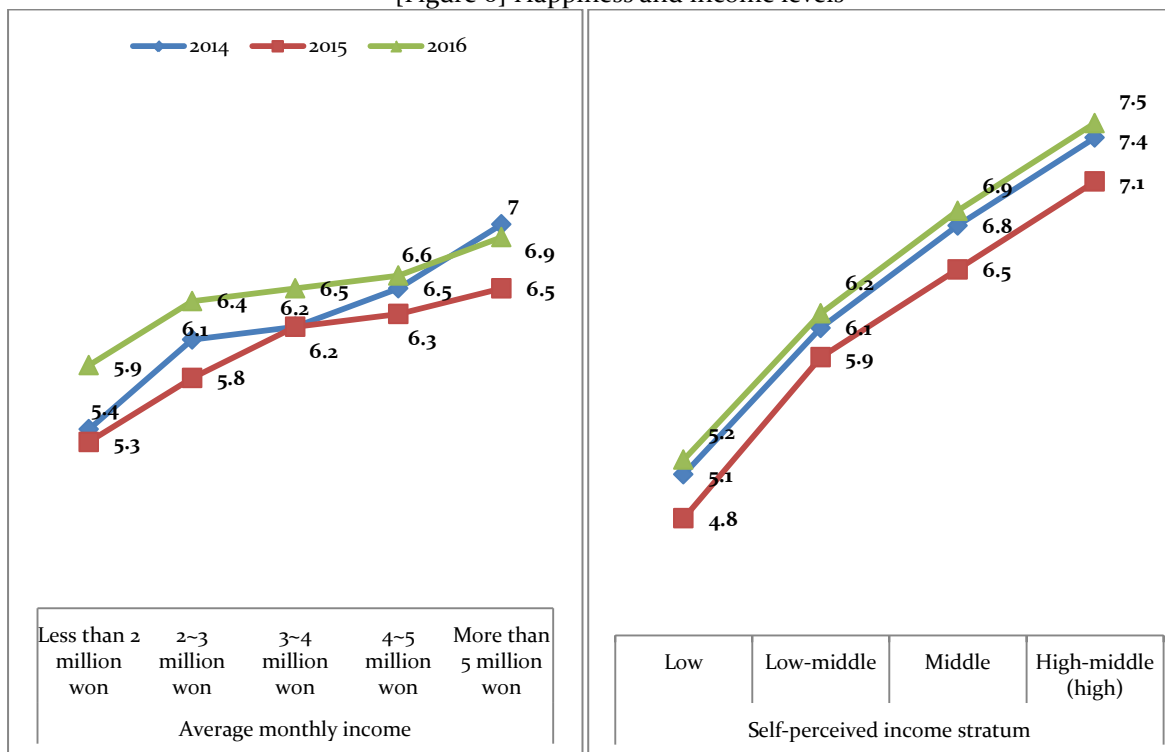
Source: Survey of Social Cohesion and National Happiness (2014), Survey of Social Mobility and Social Cohesion (2015), and Survey of Perceived Social Cohesion (2016), all conducted by KIHASA

Factors affecting happiness

To better understand the changes that occurred in measured happiness, we conducted regression analysis with happiness as the dependent variable and demographic and social characteristics as independent variables. Among the independent variables we used were such socio-demographic factors as social trust, social participation (volunteering and donation), sex, age, and educational attainment, and economic factors including log average monthly income, self-perceived income stratum, and economic activity status.

The findings of our regression analysis can be summarized as follows. First, greater levels of social trust and social participation (volunteering and donation) were associated with higher levels of happiness. The effect of social trust on happiness remained stable, while the effect of social participation fell conspicuously in 2016. Second, women reported higher levels of happiness than men, though sexual difference showed no statistically significant effect in 2016. Higher educational attainment was associated with greater happiness. But the explanatory power of educational attainment declined considerably when economic factors were controlled for.

In our examination of the coefficients of the economic variables and the variability in the explanatory power of happiness prediction models, we found that the effect of economic factors on determining happiness dwindled over time. Also, such a subjective indicator as "self-perceived income stratum" was more explanatory of differences in happiness than an objective indicator like "log average monthly household income." As far as economic activity status is concerned, regular workers had higher levels of happiness than non-regular workers, or those unemployed or economically inactive.

Despite the general increase in the level of happiness in the examined years, the explanatory power of our 2016 explanatory model has declined. This implies that, although the decline in happiness in 2015 came about systematically across all groups, the increase that followed the next year was not a systematic recovery.

[Table 2] Factors affecting happiness

		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Final model	2014	2015	2016
Social trust		0.297 ***	0.297 ***	0.297 ***	0.308 ***	0.299 ***	0.276 ***	0.270 ***	0.281 ***	0.253 ***	0.279 ***
Social participation			0.258 ***	0.257 ***	0.246 ***	0.176 ***	0.143 ***	0.142 ***	0.146 ***	0.187 ***	0.080 **
Sex (male=0)				0.123 ***	0.162 ***	0.197 ***	0.167 ***	0.168 ***	0.299 ***	0.140 *	0.063
Age					-0.019 ***	-0.008 ***	-0.012 ***	-0.013 ***	-0.018 ***	-0.007 ***	-0.015 ***
Educational attainment	High school					-0.037	0.042				
	College or higher					0.137 *	0.137 *				
Log average monthly household income					0.507 ***						
Self-perceived income stratum							0.637 ***	0.611 ***	0.633 ***	0.614 ***	0.565 ***
Economic activity status	Non-regular wage work							-0.425 ***	-0.506 ***	-0.373 ***	-0.416 ***
	Non-wage work (employer, self-employed, non-wage family labor)							-0.066	-0.246 *	0.023	-0.005
	Unemployed							-0.918 ***	-1.203 ***	-0.825 ***	-0.754 ***
	Economically inactive							-0.148 **	-0.351 ***	-0.141	0.053
Survey year (2014=0)	2015	-0.227 ***	-0.199 ***	-0.199 ***	-0.203 ***	-0.239 ***	-0.260 ***	-0.258 ***			
	2016	0.252 ***	0.299 ***	0.299 ***	0.296 ***	0.187 ***	0.155 ***	0.145 ***			
Constant		4.835 ***	4.624 ***	4.441 ***	5.178 ***	1.896 ***	3.589 ***	3.979 ***	4.021 ***	3.502 ***	4.408 ***
N		11,357	11,357	11,357	11,357	11,289	11,352	11,352	3,631	4,052	3,669
adj, R-sq		0.082	0.101	0.102	0.120	0.148	0.185	0.195	0.200	0.197	0.171

Note: * p<0.05, ** p<0.01, *** p<0.001

Source: Survey of Social Cohesion and National Happiness (2014), Survey of Social Mobility and Social Cohesion (2015), and Survey of Perceived Social Cohesion (2016), all conducted by KIHASA

Conclusion

Subjective indicators like self-reported happiness can vary to a great extent depending on social circumstances. Korea's happiness levels and subjective life satisfaction have declined greatly in 2015, when public disillusionment hit the roof as the MERS outbreak emerged following the devastating accident the year before of the Sewol ferry. Our analytic look at happiness surveys taken in the years 2014~2016 demonstrates a rather consistent drop in happiness levels for all demographic groups. The fact that the social imbroglio that erupted in the wake of the Sewol ferry disaster was not readily reflected in survey results points to a need for further research. The happiness measures of the Gallup World Poll show a steep decline in 2014, while Statistics Korea's Social Survey indicates a rise in happiness in the same year. KIHASA's Survey of Social Cohesion, as it began as recently as in 2014, does not provide a source for examining the difference in happiness levels between that and the preceding years. Meanwhile, the year 2016 saw, on the one hand, an overall increase in happiness levels unaccompanied by notable improvements in social circumstances and, one the other, a decline in the explanatory power of our happiness prediction model, a fact suggesting that social indicators measured at the subjective level should be understood in terms of their connection with the social circumstances from which they are drawn.