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Does Money Truly Buy Happiness? A Study of 56 Countries' Levels of Happiness and the Contributing Factors

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Introduction

Many people would say that what they want most in life is happiness, a feeling of satisfaction with their life; yet, how do these people achieve this happiness? Previous studies have shown that a wide range of factors influence happiness, from individual factors, such as income, religion, family, health, and education to contextual factors, such as a country's GDP or type of government. My study considers several of these factors to determine how they contribute to happiness. Is the age-old cliché that money can buy happiness true, or do other factors play a more important role in determining an individual's happiness?

Statement of the Problem

Scholars have developed many different definitions for what "happiness" entails. Components of happiness include life satisfaction and subjective well-being. Sarracino (2012) suggested that subjective well-being, happiness, and life satisfaction are synonymous since they all "evaluate life as a whole" (135). Many, thus, use these terms interchangeably, since they all deal with quality of life and wellbeing of the respondents (Zhou 2012), and I use them synonymously in this research.

Much debate exists on the nature of the relationship between individual wealth and happiness. One side of the debate argues that wealth ultimately determines happiness: with wealth come other conditions, such as good health, that also contribute to happiness, but wealth is the prime cause. Life satisfaction changes significantly when employment status changes: higher incomes resulting from improvements in occupational status increase happiness (Pederson and Schmidt 2010), although not as much for people with higher income as those with lower incomes (Guardiola et al. 2011). Conversely, unemployment and the corresponding loss of income lead to a decrease in happiness.

Unemployment, however, has less impact in countries with a lower GDP because their citizens have less to lose when they lose their jobs (Stanca 2010), reinforcing the need to study economic conditions of both individuals (e.g., wealth, income) and countries (e.g., GDP). Pederson and Schmidt (2010) found that in countries with various levels of subjective wellbeing, the higher the income, the greater the subjective wellbeing. Similarly, Simon and Bennett (2009) found in a study of 178 countries that "richer countries enjoyed significantly greater happiness" (204).

On the other hand, other scholars suggest that while wealth contributes to happiness, it fails to explain happiness completely. Guardiola et al. (2011) compared happiness of poor societies with happiness of wealthy societies and found that individuals in poor societies live happily without the wealth found in

well-off societies. While money did help the poor have better health, housing, etc., they expressed happiness regardless of wealth—a finding that suggests other factors also influence happiness (Guardiola et al. 2011).

Governance is one other factor influencing happiness. Residents of countries where a good quality of government exists report higher levels of happiness (Ott 2010). This governance can include many different dimensions, such as civil liberties, political processes, political instability and violence, and effectiveness of the law (Kaufmann, Kraay, and Zoido-Lobatón 1999). With good governance, citizens feel as though they have free choices, which lead to increased happiness as well (Inglehart et al. 2008). Simon and Bennett (2009) also discussed how freedom relates to happiness. When people feel as though they have more freedom, they express being more satisfied with their life (Brulde 2010). Conversely, when people live in a government with high rates of corruption (i.e., bad governance) happiness decreases (Heukamp and Arino 2011).

Besides conditions at the national level, such as wealth and freedom, many individual factors influence happiness as well, including religion. Increased religiosity benefits an individual's wellbeing. According to Stavrova, Fetchenhauer, and Schlösser (2012), "religious people benefit from greater physical and mental health and report higher life satisfaction" (90). As a result, they are happier. Religious groups provide social support and help adherents develop coping mechanisms, both of which contribute to a healthier lifestyle (Stavrova, Fethenhaur, and Schlosser 2012). This increase in life satisfaction is even stronger in countries where religion is dominant, helping those who are religious feel as though they fit in better (Stavrova et al. 2012).

Health also influences happiness: healthier individuals tend to be happier (Binder and Broekel 2012). Healthier people experience less sickness and live longer, two factors that relate to happiness (Veenhoven 2008). Many factors, however, influence health, including the wealth and governance of a country in which a person resides, further suggesting the need to consider these contextual factors to understand fully factors shaping happiness.

Finally, I consider the impact that education has on happiness. Cunado and Perez de Gracia (2011) found that education affects happiness in two different ways. First, education relates to wealth: with higher education comes better income. Secondly, people with higher levels of education have higher self-esteem and confidence from "acquiring knowledge" (185), traits that also lead to greater happiness.

In summary, many different factors influence happiness, life satisfaction, and subjective wellbeing. These factors include the context in which an individual lives. Living in a wealthier country with more freedom should result in more happiness. But, individual factors, such as religiosity, health, and education also

play a role in determining happiness. I consider which of these factors most determines individual happiness.

Methods

I use data from the 2005-2008 wave of the World Values Survey (WVS) that includes results from 56 different countries throughout the world (N=92,992). The World Values Survey evaluates people's beliefs and values. The survey began in 1981 and has been conducted in almost 100 different countries, allowing for comparison of worldviews. It contains hundreds of questions about various subjects, such as perceptions of life, work, religion, politics, and economy (World Values Survey 2012). Random samples are selected from each country, with the minimum sample being 1000 participants, to ensure a representative group. From this representative sample, the participants are interviewed in their primary language using the WVS questionnaire. From the responses, the data set is formed (Esmer 2004).

In this study, I examine the factors that influence happiness. To measure happiness, I use the WVS question that asked: "Taking all things together, would you say you are (feeling of happiness)." The response categories include "very happy," "quite happy," "not very happy," and "not at all happy." I recode responses into those who responded "very happy" (27.7%) and those who did not to determine how maximum happiness is achieved.

To determine the context of the respondents, I consider two country-level factors: the country's economic condition and its level of freedom. To measure economic condition, I use the Gross Domestic Product adjusted for purchasing power parity (GDP/PPP) of each of the 56 countries represented in the WVS (Population Reference Bureau 2013). I normalize the variable by calculating the natural logarithm of GDP/PPP. To measure freedom, I use the Press Freedom Index, an annual ranking of countries compiled by Reporters Without Borders of the amount of press freedom in each country. The Press Freedom Index only takes into account one type of freedom, press freedom, and no other categories, such as human rights, but serves as an adequate indicator for this study (Reporters Without Borders 2013). The ranking range from 1.0, the most free, to 6.5, the least free. (See Appendix 1 for a list of countries and their GDP/PPP and Press Freedom Index score.)

Next, I consider several individual factors that influence happiness using questions from the WVS. First, I examine health using the question "All in all, how would you describe your state of health these days?" I measure religiosity by the question "Independently of whether you go to church or not, would you say you are a religious person?" To measure education, I use the question "What is the highest educational level that you have attained?" Finally, I consider

individual views of freedom using the question "How much freedom do you feel you have?" While the WVS does include other measures of these variables, I selected one question to measure each variable to simplify the analysis.

Analysis

To determine the factors that influence happiness, I analyze three models using logistic regression. Logistic regression is a type of probabilistic model that is used to predict the outcome of the dependent variables based on the influence of independent variables (Bishop 2006). One of the most useful results from logistic regression is the odds ratio. An odds ratio predicts the likelihood of change in the independent variable producing change in the dependent variable. An odds ratio with a value below 1 indicates a negative relationship while an odds ratio with a value above 1 indicates a positive relationship; the closer an odds ratio is to 1, the less the impact of that particular variable (an odds ratio of 0 indicates no relationship). Model 1 just considers the impact of country-level freedom. Model 2 adds a measure of a country's level of economic development/wealth. Model 3 adds the individual factors of health, religion, education, and individual freedom.

Table 1. Odds Ratios from Logistic Regression Showing Relationship between Level of Happiness and Contextual and Individual Factors*

	Model 1	Model 2	Model 3
Freedom	.874	.880	.897
ln GDP/PPP		1.034	1.065
Health			2.784
Religiosity			1.376
Education			.918
Individual Freedom			1.137

*all odds ratios significant, p<.05

The results of the logistic regression analysis show that multiple factors influence happiness. In Model 1, country-level freedom is shown to have an odds ratio of .874, meaning as scores on the freedom index increase, likelihood of happiness decreases, contrary to my expectation that more freedom leads to greater happiness.

Model 2 adds the log of GDP/PPP to the analysis. While the impact of freedom decreases slightly (from an odds ratio of .874 to .880), GDP/PPP has a slight positive relationship with happiness (odds ratio = 1.034). The higher the GDP, the greater the probability of happiness.

In the final model, the individual factors are added to the analysis with the country-level factors. When introducing the individual factors, country-level freedom's impact decreases (odd ratio = .897), to an almost nonexistent relationship with happiness. The odds ratio for GDP/PPP changes to 1.065, a slight increase from Model 2, indicating a strengthened relationship with happiness when accounting for individual factors. With regards to the individual factors, health has the largest odds ratio of 2.784, indicating a strong, positive relationship with happiness. The better one's health, the more likely one is to be happy. Religiosity also has a strong relationship with happiness (odds ratio = 1.376): the more religious a person is, the greater the likelihood of happiness. Education has a weak, negative relationship with happiness (odds ratio = .918), meaning that increases in education actually decrease the probability of happiness. Finally, individual freedom is shown to have a positive relationship with happiness (odds ratio = 1.137). Contrary to the impact of country-level freedom, the greater the individual perception of freedom, the greater the happiness.

From Model 1 to Model 3, country-level freedom decreases in importance as more factors are added. On the other hand, the relationship between GDP and happiness strengthens slightly as other factors are added. However, individual health and religion are shown to be the two factors that have the highest probabilities of affecting happiness, while education and country-level freedom have less impact.

Conclusions

With this research, I investigate the factors that influence happiness to have a better understanding of what makes people in different countries truly happy. I consider both contextual factors, a country's level of freedom and economic conditions, as well as individual factors, such as health, religion, education, and perception of freedom. From my analysis, I conclude that health and religion are the two most important factors with regards to individual happiness. The healthier a person is the more likely he or she is to be very happy. Similarly, the more religious one is the happier. Individual freedom also influences happiness: the freer one feels, the happier he or she reports feeling. However, on the country level, freedom has the opposite effect. This seeming inconsistency could be a result of the differing situations in the various countries. Perhaps people who live in countries that do not have as much freedom do not know any difference; thus, they have no reason to believe that they should be any less happy. Economic conditions do have an influence on the likelihood of happiness, meaning that wealth does play a role; however, wealth does not play as strong a role as the factors of health, religion, and individual freedom. Finally, education plays the

smallest role, of the variables studied, in determining happiness. Perhaps this finding is due to the difference in education throughout the world, with various educational systems as well as differing views on importance of education. Overall, I conclude that wealth is not the main factor in shaping happiness, inconsistent with some previous researchers' findings (e.g., Simon and Bennett 2009). In actuality, many other factors influence happiness, such as health, religion, and individual freedom.

My research has limitations. First and foremost, the validity of my two sources of freedom should be critiqued. Individually, people will have different opinions on their levels of freedom, depending on whether they were raised in a country with little to no freedom where they know nothing other than that as the norm. Therefore, they could believe they are free even if they are not. Furthermore, the country level freedom source, Press Freedom Index, could be critiqued for its analysis of which countries are free and which are not. Yet, it is a well-respected index of freedom (Reporters Without Borders 2013). I also limit the number of variables I chose to study; however, by picking these four, I analyze the variables considered to be the main influences on happiness producing a parsimonious analysis.

These findings demonstrate many influences on the level of happiness in different countries. Money alone does not buy happiness. While economic status has an influence, health, religion, and individual freedom have the greatest impacts on determining what makes someone truly happy.

Appendix 1

Country	Gross Domestic Product (million PPP$)	Freedom Rating 1.0 (free)-6.5 (not free)
Andorra	$37,700	1.0
Argentina	$642,255	2.0
Australia	$850,922	1.0
Brazil	$2,169,180	2.0
Bulgaria	$130,946	2.0
Burkina Faso	$20,529	4.0
Canada	$1,332,626	1.0
Colombia	$434,788	3.5
Cyprus	$25,485	1.0
Chile	$257,461	1.0
China	$10,084,764	6.5
Egypt	$509,503	5.5
Ethiopia	$85,713	5.0
Finland	$195,639	1.0
France	$2,214,425	1.0
Georgia	$22,419	4.0
Germany	$3,058,645	1.0
Ghana	$39,644	1.5
Great Britain	$2,220,824	1.0
Guatemala	$68,204	4.0
Hong Kong	$328,674	3.5
India	$4,198,609	2.5
Indonesia	$1,029,789	2.5
Iran	$13,200	6.0
Iraq	$113,238	5.5
Italy	$1,932,684	1.5
Japan	$4,299,288	1.5
Jordan	$34,507	5.5
Korea (South)	$1,422,315	1.5
Malaysia	$414,395	4.0
Mali	$16,241	2.5
Mexico	$1,652,168	2.5
Moldova	$10,995	3.5
Morocco	$151,638	4.5
Netherlands	$700,605	1.0
New Zealand	$129,007	1.0
Norway	$279,802	1.0

Peru	$275,355	2.5
Poland	$759,272	1.0
Romania	$306,348	2.0
Russia	$2,812,383	5.5
Rwanda	$12,268	5.5
Serbia	$83,776	2.0
Slovenia	$55,170	1.0
South Africa	$524,198	2.0
Spain	$1,484,885	1.0
Sweden	$365,969	1.0
Switzerland	$363,005	1.0
Taiwan	$36,800	1.5
Thailand	$586,824	4.5
Trinidad & Tobago	$34,515	2.0
Turkey	$1,115,994	3.0
Ukraine	$305,408	2.5
United States	$14,586,736	1.0
Uruguay	$47,922	1.0
Vietnam	$276,546	6.0
Zambia	$20,041	3.5

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