



Subjective Well-Being in the European Union

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Paper prepared for the 34th IARIW General Conference

Dresden, Germany, August 21-27, 2016

PS2.9: Well-being and Welfare of Persons

Time: Thursday, August 25, 2016 [Late Afternoon]

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*Paper prepared for the 34th General Conference of the
International Association for Research in Income and Wealth
Dresden, Germany, August 21-27, 2016*

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The opinions expressed in this paper are the sole responsibility of the author and do not necessarily reflect those of Eurostat or countries.

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Paper Abstract: In recent years there has been an increased interest at the political level in many countries for complementing GDP per capita (Gross Domestic Product) with measures that would more accurately depict people's life situation and well-being, and the social development and progress of societies. In response to this demand, Eurostat and the national statistical institutes have developed a framework for measuring Quality of Life, organised along 8+1 dimensions. Eight of these dimensions concern the capabilities that people should have in order to pursue their self-defined well-being. They include indicators on how people are doing objectively (for example, how long people live) and how they perceive the respective aspect of their life (for example, how they assess their health), often collected within the same data source. The remaining dimension, named 'overall experience of life' refers to the personal perception of life in general. Data covering mainly the subjective appreciation of life in general, but also of its different aspects (e.g.: financial situation, jobs, accommodation, time use and social relations) has been collected for the first time by the European Statistical System in 2013 and published recently by Eurostat in June 2015. This paper describes the key messages from this publication. It regards mainly the relationship between objective and subjective indicators in different areas of quality of life, including income and material well-being.

Today it is widely acknowledged that measures like the Gross Domestic Product alone do not tell how well (or badly) people and our environment are doing. Hence, when used to evaluate social progress GDP needs to be complemented with other indicators that measure what matters most for people. At European level this view was summarised in two highly influential documents that were published in 2009: the "GDP and beyond – Measuring progress in a changing world" communication of the European Commission; and the Report of the Commission on the Measurement of Economic Performance and Social Progress coordinated by J. Stiglitz, A. Sen and J.P. Fitoussi. They made recommendations on how to better measure economic performance, societal well-being and sustainability.

The European community of official statisticians (called the European Statistical System and comprised of Eurostat and the national statistical institutes) responded to these new policy needs by making proposals on how to best approach these recommendations from a measurement/ statistical point of view. 50 specific actions were put forward in a report adopted in 2011, and they were grouped in 3 main areas: the multidimensional measurement of quality of life; highlighting the household perspective and distributional aspects of income within national accounts aggregates; and environmental sustainability. Regarding the first area two main fields of action were decided: building a framework of indicators (mainly based on existing data) for measuring quality of life and collecting new data (especially on subjective well-being).

For the indicators framework mainly, Eurostat worked closely with an Expert Group comprising representatives of national statistical institutes (many of them coming from countries that had similar initiatives at national level), international organisations and academia. It met 8 times between 2012 and 2016 and is about to deliver its final report. The report outlines the outcomes of the work done so far and recommendation for future developments and potential survey vehicles for collecting the missing data in the areas where gaps have been identified. The mandate of the Expert Group was to finalise the list of indicators on Quality of Life and identify the data gaps and formulate recommendations on the possible future data collections to complete the information already available.

Quality of life is a broader concept than economic production and living standards. It includes the full range of factors that influences what people value in life. In several EU Member States people were asked directly what defines a good life and a good society, in

order to better know what really matters to them. Their answers were reflected in national well-being initiatives, and later on in the European framework through consultations with national experts and the community of users. The set of indicators was developed and organised along 8+1 dimensions which constitute the *quality of life framework*. Eight of these dimensions concern the capabilities that people should have to in order to pursue their self-defined well-being. They include indicators on how people are doing objectively (for example, how long people live) and how they perceive the respective aspect of their life (for example, how they assess their health). The remaining dimension, named 'overall experience of life' refers to the personal perception of life in general, and includes overall life satisfaction, the frequency of experiencing positive and negative emotions and whether or not they consider their own life as worthwhile. Each domain contains a number of topics and subtopics, for which one or more indicators have been identified. Moreover, for each domain/topic a headline indicator (and in some specific cases 2) was selected.

Figure 1: Quality of life dimensions



The new data collected covered mainly the subjective appreciation of life in general, but also of its different aspects (e.g.: financial situation, jobs, accommodation, time use and social

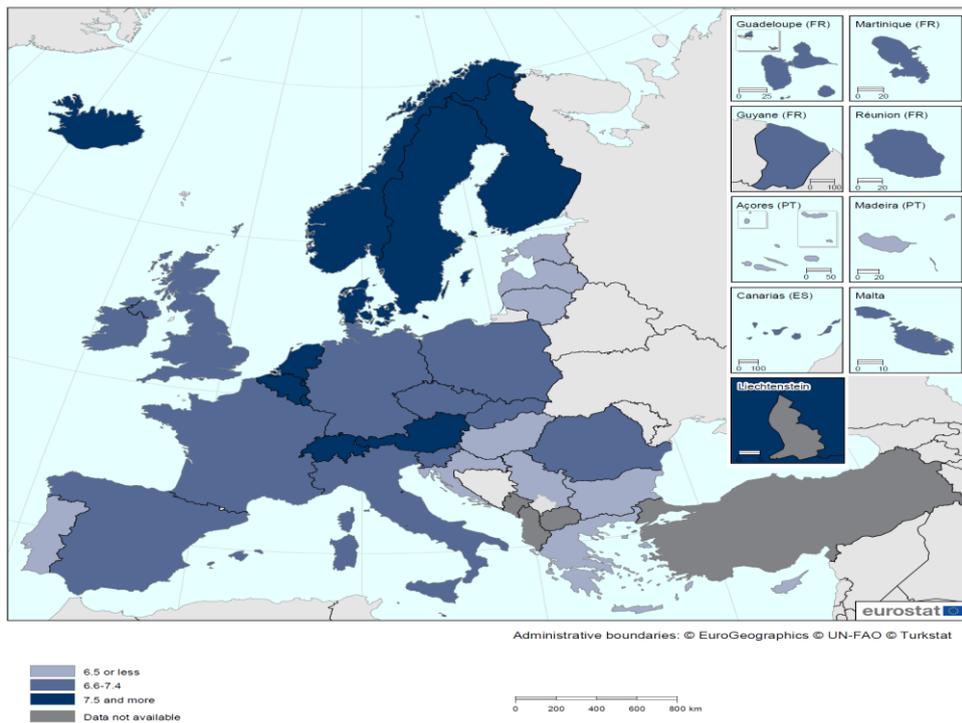
relations) which is usually called well-being. It is meant to complement the objective data on income and living conditions which were already measured quite extensively. It was collected for the first (and so far, only) time in 2013 as an Ad-hoc module (more detailed data on a specific topic which is not addressed very often) of the European Statistics on Income and Living Conditions (EU-SILC). It is an important milestone for official statistics, as data on subjective well-being were collected for the first time across all EU Member States with the required quality standards. More than 350 000 individuals older than 15 were interviewed in EU28 Member States, plus Switzerland, Iceland, Norway and Serbia (ranging approximately from 2950 in Iceland and 5200 in Denmark to 25500 in Spain).

On 1st of June 2015, Eurostat published a statistical book based on this data called **Quality of life, Facts and Views**¹. The main focus of this publication is on analysing the indicators coming from the Subjective Well-being module together with objective living conditions information on the same topic. As Walter Radermacher, Director-General of Eurostat, states in the foreword of the publication: “The objective is to shed light on what could impact upon the quality of life, ranging from the educational level, the activity and health status to the family and financial situation”. The book is complemented by an interactive and playful infographic called "Quality of life" that can be found on Eurostat's website. Learning more about various aspects of life in the EU countries can be really fun and easy in this way. A few main findings from the publication are detailed below.

Europeans are fairly satisfied with their life as whole. Life satisfaction represents how a respondent evaluates or appraises his or her life taken as a whole. It has a prominent role as it can be regarded as a key indicator of subjective well-being. On a scale from 0 (“not satisfied at all”) to 10 (“fully satisfied”), nearly 80% of residents aged 16 and over in the European Union (EU) rated their overall life satisfaction in 2013 at 6 and higher, with an average (mean) satisfaction of 7.1. In detail, out of every 10 persons living in the EU in 2013, 2 rated their satisfaction as 9 or 10 (which is considered high), 6 were moderately satisfied (6-8), while the remaining two reported a low life satisfaction (0-5). The average varied significantly between EU Member States. With an overall average of 8.0, inhabitants in Denmark, Finland and Sweden were the most satisfied, followed by those in the Netherlands and Austria (7.8). At the opposite end of the scale, residents in Bulgaria (4.8) were by far the least satisfied, followed by those in Greece, Cyprus, Hungary and Portugal (all 6.2).

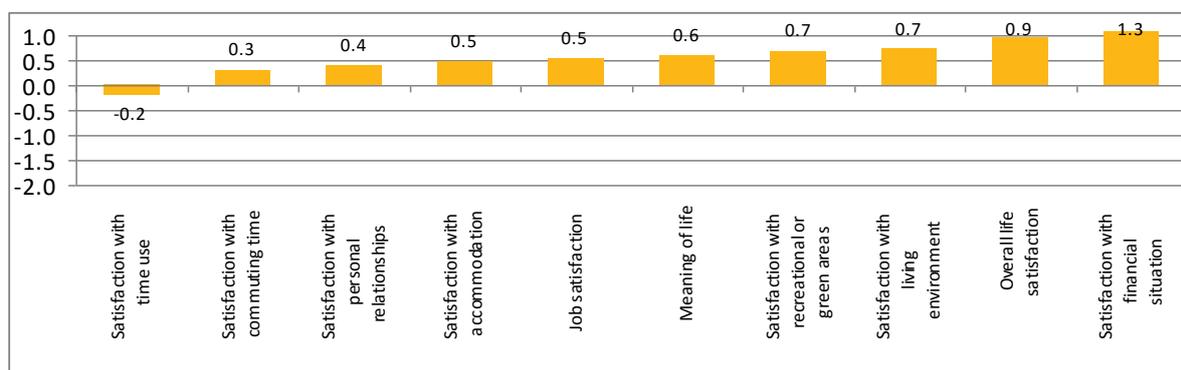
¹ http://ec.europa.eu/eurostat/statistics-explained/index.php/Quality_of_life_in_Europe_-_facts_and_views

Figure 2: Average life satisfaction, 2013 (on a scale from 0 to 10)



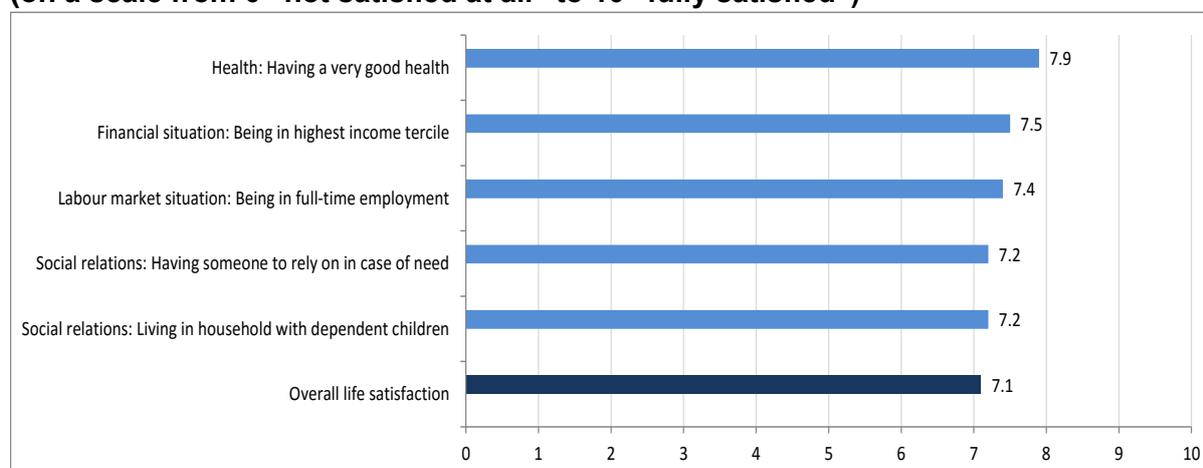
People with a low level of education are more likely to experience low well-being as well: There are important differences between groups as well: In the publication the relationship between different well-being domains and gender, age, educational level and other relevant categories is assessed systematically, at EU-28 level. While women and men are almost equally satisfied, the impact of educational attainment for example is quite important. The most educated almost systematically have a higher assessment of the quality of their life. This is the case partly because education is related to income levels, but the impact of studies is wider than that. The effect of education is strongest regarding satisfaction with the financial situation of the household and lowest regarding satisfaction with time use. Tertiary graduates also had more rewarding social relationships, felt more secure, assessed their health more positively and experienced positive emotions more frequently. This highlights the fact that in many cases there is probably an accumulation of deprivations (or on the contrary, of good situations).

Figure 3: Evaluation of major aspects of life by educational attainment – differences in mean ratings between holders of high and low education levels, EU-28, 2013



The main determinants of life satisfaction are health, income, (good) jobs and social relations. Life satisfaction is a multi-dimensional concept, and is very much shaped by various factors which lead to different living situations as well as to different expectations and preferences. The health condition appears to be the main determining factor in life satisfaction, ahead of the position on the income scale, situation on the labour market or social relations. The highest average rating of life satisfaction in the EU was to be found among the population reporting a very good health condition (7.9/10, compared to 7.1 for the EU as a whole). The other factors that contribute the most to our well-being are the financial situation (an average of 7.5 among the third of the population earning the most at national level), being in full time employment (average of 7.4) and social relations (the average being 7.2 among the population having someone to rely on in case of need as well as among people living in households with dependent children).

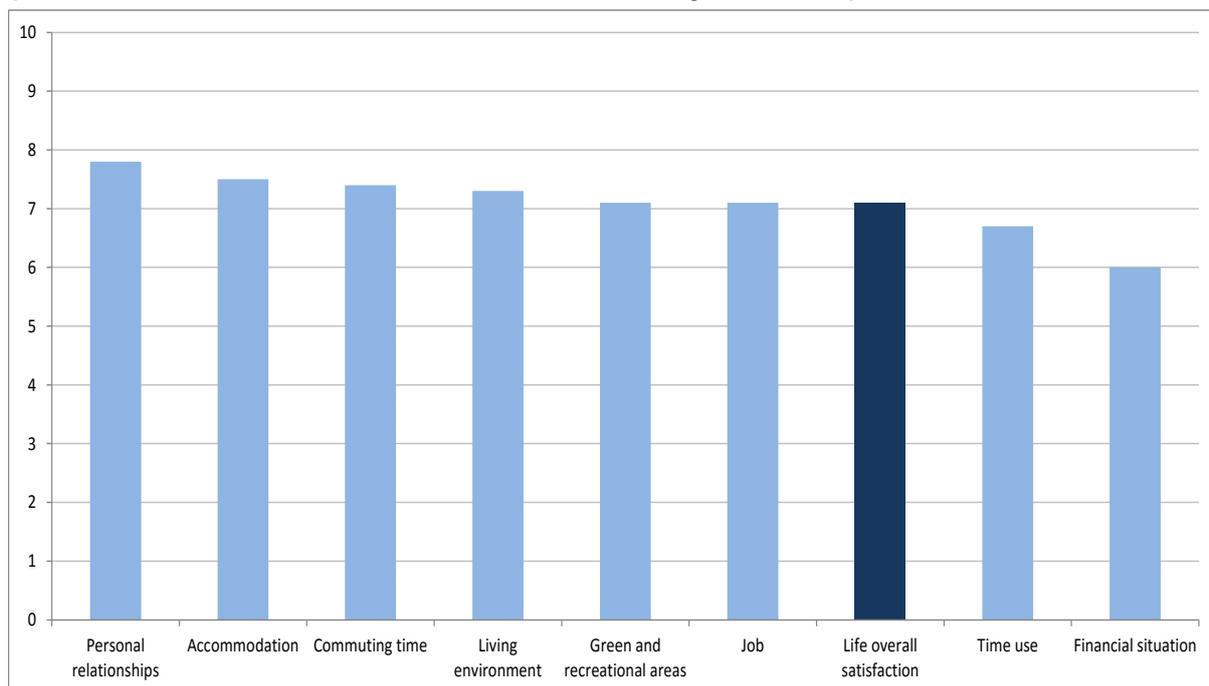
**Figure 4: Life satisfaction in the EU by selected factors, 2013
(on a scale from 0 “not satisfied at all” to 10 “fully satisfied”)**



Europeans are most satisfied with their personal relations and least satisfied with their financial situation and time use. Regarding the different aspects of well-being, with an overall average score of 7.8 on a scale from 0 to 10, people in the EU were globally most satisfied with their personal relationships. In contrast, the areas of lowest satisfaction for people living in the EU were their financial situation (an average of 6.0 among the EU population aged 16 and over) and their time use.

Figure 5: Average satisfaction with different aspects of life in the European Union, 2013

(on a scale from 0 “not satisfied at all” to 10 “fully satisfied”)

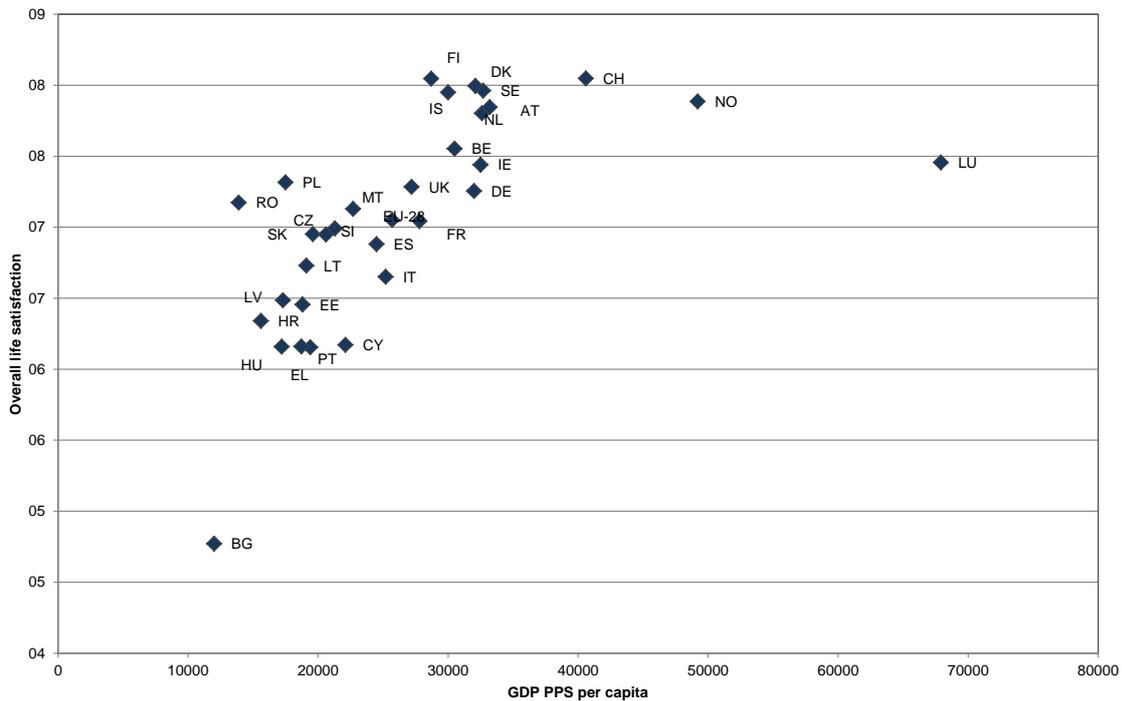


There is an association between GDP and life satisfaction, but the correlation is not perfect

As the highest levels of satisfaction were recorded in the northern EU Member States and very low levels could be found in eastern and southern Member States which suffered strongly from the economic crisis and/or have a weak economic situation, the question arises if average life satisfaction is associated with the general economic situation of a country. As shown in Figure 10 for most countries there seems to be a positive association between GDP and overall life satisfaction. Outliers can be found at both ends of the distribution of life satisfaction: Luxembourg, Norway and Switzerland show high values of overall life satisfaction but they are not as high as a potential linear relationship between GDP and

average life satisfaction would imply. However, other factors may be at play as well, especially in the case of Luxembourg². On the other end of the scale Bulgaria shows even lower life satisfaction than to be expected by its low GDP. The GDP of Romania is comparable to that of Bulgaria but residents of Romania rate their life satisfaction much higher on average than their Bulgarian counterparts.

Figure 6: GDP per capita and average overall life satisfaction, EU-28 and countries, 2013
(x-axis: GDP p.c. in PPP; y-axis: overall life satisfaction mean rating)

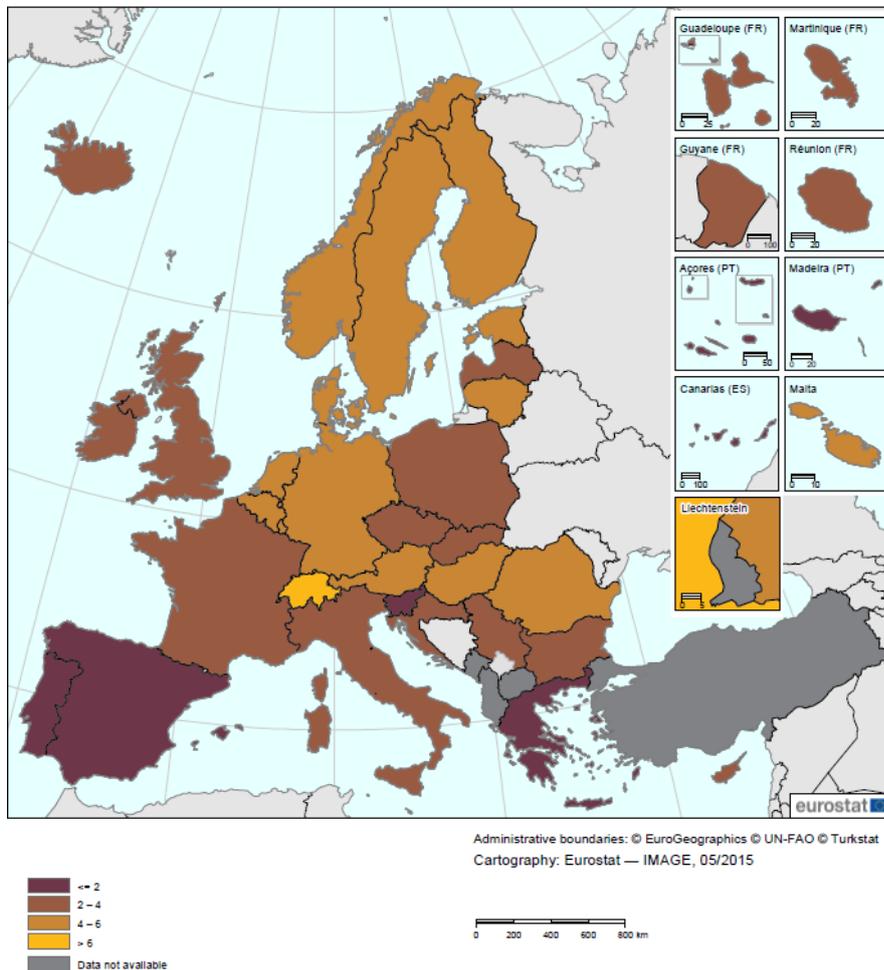


Subjective well-being data is important from a social sustainability perspective. This data is important also from a social sustainability perspective, as low well-being is to some extent associated with low trust in institutions (and in particular the political system), which can undermine the democratic foundations of our societies. Trust in institutions, and especially in the political system, was at a very low level in 2013, the mean on a scale from 0 to 10 not exceeding 6.0 (in Finland, followed by Denmark at 5.9). On the contrary, the lowest means were found in Portugal (1.7), followed by Slovenia, Spain and Greece where it was lower than 2.0 as well.

² The GDP per capita of Luxembourg is artificially high, as a high proportion of people working in Luxembourg live abroad in the neighbouring countries, so they contribute to GDP creation but are not counted when distributing it per capita

Figure 7: Average trust in the political system, 2013 (on a scale from 0 to 10)

Trust in the political system



Many other interesting insights were derived from Eurostat's subjective well-being data collection and we hope that researchers will join the analytical effort and further develop the body of knowledge in this field. Given the interest and relevance of quality of life data, Eurostat plans to collect and publish it on a regular basis in the future. A few variables regarding life satisfaction and social inclusion will be available yearly, while other complementary information will be collected and disseminated every 6 years.

In conclusion, the multidimensional analysis of quality of life reveals significant societal patterns and is an important source of information when aiming at formulating better policies.