How Important are Social Relations for Happiness? Empirical Evidence from Turkey

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Abstract

In this study, we examine how effective are social relations in determining the happiness of an individual by utilizing the life satisfaction survey micro data set (2017)provided by the Turkey Statistical Institute. According to the results of the logistic regression method, women seem to be happier than men, and married people are more satisfied than unmarried. Employees in the public sector appear to be less happy than those in the private sector. Also, health seems to have a positive effect on individual happiness. We find that people who are satisfied with their job, and those who are satisfied with their earnings are also happier. Satisfaction with social life (such as entertainment, cultural, and sporting activities) increases the happiness of individuals, and having more free time makes people happier. Satisfaction with relatives and satisfaction with relationships with people related to work-life were also included in the analysis as factors affecting the happiness of an individual positively. The survey also gives information on about the degree of individuals' satisfaction with their relationships with neighbors and friends, but these factors do not seem to affect the happiness of individuals.

Keywords: Happiness, Social Relations, Public Sector

1. Introduction

The issue of happiness emerged in the economic discipline in the 1970s. The American economist Richard Easterlin opened up the debate around the "happiness paradox," which has been called the 'Easterlin paradox' since then. Individual or public happiness has been a fascinating topic at the very beginning of the modern political economy. However, in contrast to the conventional approach, contemporary research on happiness asserts that happiness can be measured empirically as a subjective and self-reported variable. In surveys conducted all over the world, a direct question is asked to estimate the happiness of individuals: 'In general, how happy would you say that you are – very happy, fairly happy or not very happy?' (Easterlin, 1974). In these surveys, individuals generally were asked to classify their self-satisfaction on a scale from 0 to 10. For instance, in the World Values Survey questionnaires, happiness is ranked in qualitative terms (from 'not very happy' to 'very happy').

Happiness is affected by many factors, including social relationships (Ahn et al., 2004). Frey & Stutzer (2002) explain three significant reasons for economists to study happiness. The first is to design better economic policy. The effect of quality of governance and human capital on individual well-being is counted as the second reason. The last reason to research happiness is to evaluate the formation of subjective well-being.

The answer to the question of what makes people happy has been sought by economists, psychologists, and sociologists in recent years. Therefore, studies in the field of happiness economy have gained importance in the past years. According to recent studies in labor economics, happy individuals are more successful in their work lives. Economics of happiness literature consists of two types of studies as researches focusing on the financial determinants of happiness and the ones addressing the non-financial factors affecting happiness. In general, the literature features four main factors as determinants of satisfaction in an economy. These are income, employment, social capital, and health. Considering these facts, we examine the determinants of happiness in Turkey with a particular focus on social relations employing a micro-level dataset provided by the Turkish Statistical Institute (TURKSTAT). The rest of the paper is organized as follows. Section 2 summarizes the related literature. Section 3 introduces the data and methodology. Section 4 presents the empirical results, and section 5 concludes the paper with some policy recommendations.

2. Literature Review

There exists significant research on the determinants of happiness. To begin with, Clark & Oswald (1994), Di Tella & MacCulloch (2006), and Oswald (1997) showed that living in a country with high unemployment rates and

being unemployed lowers the level of happiness. Being married (or having a partner) has also been considered as another important determinant of happiness (Clark and Oswald, 1994; Oswald, 1997; Requena, 1995). Furthermore, although researchers have contradicting results, many studies have pointed out that age has a U-shaped relation with happiness while minimum happiness is located around at middle ages (35-44); men are less happy than women; and education seems to be a significant driver of satisfaction (Clark and Oswald, 1994; Cuñado and de Gracia, 2012; Oswald, 1997; Peiró, 2006). A bunch of analyses within a single country showed that the correlation between income and happiness exists, and it is robust. People in the higher status group were happier on average than those in, the lower status group.

Other factors, such as health, housing conditions, being religious or belonging to a different culture, personal safety, and friendship were also investigated as probable determinants of happiness in addition to the socio-demographic variables mentioned above. For example, friendship and happiness have a healthy and positive relationship in the United States of America and Spain (Requena, 1995). Peiró (2006) demonstrates that there is a significant positive correlation between a healthy life and a happy life. On the other hand, activities such as reading books and listening to music, social relations, success, nature-related occupations, sexual activity, diet type are also significant factors affecting life satisfaction (Dockery, 2003). According to research conducted by the University of California, work, family, and social life affect happiness by 10 percent (Lyubomirsky et al., 2005).

Altunel and Akova (2017) test a comprehensive model to examine the relationship between life satisfaction and six other variables. Derived from a sample of 258 private sector white collars, they found that travel satisfaction and job satisfaction are two crucial preconditions of life satisfaction. Experience quality and recovery experience are negatively affected by work-travel interference and positively affected by travel satisfaction. Fisher (2010) argues that happiness at work includes job satisfaction. The happiness level of an employee is a complex condition that might be influenced by the work engagement of workers and a robust organizational community.

Powdthavee (2008) estimates the monetary values of life satisfaction with life gained from an increase in the frequency of interaction with friends, relatives, and neighbors. Using the British Household Panel Survey, he finds that an increase in the level of social involvement is worth up to an extra £85,000 a year in terms of life satisfaction. However, he argues that a change in real income buys very little happiness. Taylor et al. (2001) analyze the cross-sectional relationship between social networks and happiness. They find that – in addition to demographic and economic factors – social

relations and network factors are significantly associated with self-rated happiness and life satisfaction scores.

Pinquart and Sörensen (2000) investigate the linkages between socioeconomic status, social network, and competence with subjective well-being in the elderly. The findings indicate that the frequency of contact with friends is positively correlated with self-reported life satisfaction.

In Suicide, his pioneering piece, Durkheim (2005) argued that social relationships are vital for people, and it prevents individuals from being lost in life by fulfilling their basic needs. A bunch of studies showed that having a good relationship with other people, including parents, children, and colleagues, affects life satisfaction positively (Argyle, 2013; Eckersley, 2000; Land et al., 2001; Myers, 2000; Schulz, 1995; Veenhoven, 1999).

Although they are not directly related to our study, it is worth mentioning some literature studying social relations and happiness in Turkey. Demir & Kutlu (2016) aim to examine the effect of loneliness on happiness among university students. The findings suggest that social interaction anxiety and loneliness are determinants of satisfaction. Kırık & Sönmez (2017) examine the relationship between happiness and communication. They find that communication and happiness interact with each other. Köse (2015) employs the Oxford Happiness Questionnaire to investigate the effects of peer relationships in an adolescent on happiness. The results obtained by Structural Equation modeling indicate that peer relations help to increase satisfaction in the adolescent.

3. Data and Methodology

This study investigates whether social relationships have an impact on the happiness of individuals using data based on the Life Satisfaction Survey (2017) conducted with 9876 people by the Turkey Statistical Institute (TURKSTAT). The survey covers the household members over 18 years old and living within the borders of the Republic of Turkey.

In the survey, life satisfaction and other social relations are measured by a 5-point Likert scale in which 1 shows the highest level of satisfaction, while 5 shows the lowest level of satisfaction. The dependent variable is the 5-point Likert scaled answers to the question of "How happy are you when you think of your life as a whole?

Happiness data is derived from the survey questions conducted by the TURKSTAT, which are not continuous, unlike many other economic indicators. Thus, it is widespread to use ordered logit analysis -or ordered probit analysis- in happiness economics literature due to the employment of discrete data (Graham, 2005; Peiró, 2006; van Praag et al., 2003). Following the previous studies in the literature, we employ an ordered logistic

regression methodology to analyze the determinants of happiness in Turkey, focusing on the impact of social relations. In particular, happiness is the dependent variable whereas age, gender, marital status, satisfaction with health, job, income, social life, free time, relatives, friends, neighbors and, office mates are selected as the independent variables. Z-tests test the significance of all variables.

The summary statistics of the variables are presented in Table 1. Specifically, the average of happiness among individuals is 2.472 out of 5. The mean age of people in the survey is 44.8 years old, with a maximum of 99 and a minimum of 18 years old. %53.8 of individuals are female, while %73 of them are married. Public sector employees consist of %7.2 of people surveyed. Furthermore, the satisfaction levels from several social variables are also provided in the table.

Table 1: Summary Statistics

Variable Name	Obs	Mean	SD	Min	Median	Max
Happiness	9876	2.472	0.832	1.000	2.000	5.000
Age	9876	44.857	16.536	18.000	43.000	99.000
Female	9876	0.538	0.499	0.000	1.000	1.000
Married	9876	0.731	0.444	0.000	1.000	1.000
Public Sector Employee	9876	0.072	0.259	0.000	0.000	1.000
Are you satisfied with your health?	9876	2.409	0.830	1.000	2.000	5.000
Are you satisfied with your job?	4303	2.240	0.717	1.000	2.000	5.000
Are you satisfied with your income?	4303	2.935	1.082	1.000	3.000	6.000
Are you satisfied with your social life?	9876	2.813	0.952	1.000	3.000	5.000
Are you satisfied with your free time for yourself?	9876	2.680	0.928	1.000	2.000	5.000
Are you satisfied with your relatives?	9876	2.201	0.676	1.000	2.000	5.000
Are you satisfied with your friends?	9876	2.047	0.492	1.000	2.000	5.000
Are you satisfied with your neighbors?	9876	2.171	0.643	1.000	2.000	5.000
Are you satisfied with your office mates?	4303	2.078	0.500	1.000	2.000	5.000

4. Econometric Results

Table 2 presents the empirical results obtained from the ordered logistic regression. In particular, we found that female individuals are happier than their male counterparts. The relationship between happiness and age depicts a U-shaped relationship in Turkey. Individuals whose ages are between 45 and 55 represent the unhappiest among Turkish citizens. We also find that there is a positive and significant relationship between being married and happy. Public sector employees are less happy than the private-sector ones even though its significance level is at ten percent

Table 2: Determinants of Happiness

Independent Variables	Happiness
Age	-0.0581*** (0.0164)
Age_2	0.000537*** (0.0002)
Female	0.440*** (0.0669)
Married	0.782*** (0.0840)
Public sector employee	-0.139* (0.0807)
Are you satisfied with your health?	0.463*** (0.0467)
Are you satisfied with your job?	0.301*** (0.0479)
Are you satisfied with your income?	0.278*** (0.0321)
Are you satisfied with your social life?	0.283*** (0.0431)
Are you satisfied with your free time for yourself?	0.291*** (0.0420)
Are you satisfied with your relatives?	0.274*** (0.0533)
Are you satisfied with your friends?	0.0608 (0.0767)
Are you satisfied with your neighbours?	0.0709 (0.0522)
Are you satisfied with your office mates?	0.126* (0.0671)
Constant cut1	10.67*** (0.398)
Constant cut2	8.594*** (0.376)
Constant cut3	6.272*** (0.363)
Constant cut4	3.091*** (0.356)
Observations	4,303
LR chi2(14)	1125.70
Prob > chi2	0.0000
Pseudo R-squared	0.1099

Note: Standard errors in parentheses   *** p<0.01, ** p<0.05, * p<0.1

Moreover, this study focuses on the impact of satisfaction obtained through social relations on happiness. We confirm a positive relationship between health satisfaction and happiness. People who are satisfied with their jobs are happier. Similarly, income satisfaction is associated with happiness. Satisfaction from social life and relations with relatives increases the happiness level of individuals. Also, having free time would add to the happiness of the Turkish people. Lastly, satisfaction with office mates also

makes people happier in Turkey. We find no relation between happiness and satisfaction with friends and neighbors.

5. Conclusion

In this study, we test the hypothesis that the social environment also affects happiness among other well-known variables such as income and age. By constructing an ordered logistic regression model employing a micro dataset sourced from the TURKSTAT, we find that people who have close relationships in their working environment are happier than their counterparts. Furthermore, individuals who are more satisfied with their relatives are happier in life.

Some policy recommendations could be drawn from these results. The social environment is crucial for individuals to be happy. Improvements should be made to keep employees satisfied in business life. Spending time on intangible consumption, such as entertainment, cultural, and sporting activities will positively affect the well-being of people by reducing the inevitable stress of modern business life. Since we also highlighted that public employees are less happy than private-sector workers, we suggest that the reasons for this fact should be investigated. Once the factors affecting work satisfaction are discovered, productivity and wages in the public sector will also increase. In a simple economic model, the relationship between labor productivity growth and the growth of product wages (labor compensation per hour worked, deflated with an output price deflator) is mediated by changes in the share of national income going to labor (Sharpe et al., 2008).

Finally, we show that income plays a vital role in the happiness of individuals in Turkey. Therefore, we concluded that, with policies designed to increase the revenue of individuals, higher levels of satisfaction might be reached.

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