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INCOME, SOCIAL COMPARISONS AND HAPPINESS IN TÜRKİYE: FINDINGS FROM 2024 LIFE SATISFACTION SURVEY

Türkiye'de Gelir, Sosyal Karşılaştırmalar ve Mutluluk: 2024 Yaşam Memnuniyeti Araştırması'ndan Bulgular

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Keywords:
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Abstract

Standard economic theory has long assumed that individual well-being and happiness are determined solely by income levels. However, insights from behavioral approaches in economics demonstrate that individual happiness is also shaped by relative comparisons, past experiences, and expectations about the future. Building on this perspective, the present study examined the relationship between income, social comparisons, and happiness in Türkiye using data from the 2024 Life Satisfaction Survey. To capture both absolute and relative positions, factors were grouped into four categories, and a novel social comparison indicator, termed "lifestyle comparison," was developed using principal component analysis. The effects of these factors on happiness were estimated through a generalized ordered logit model. The findings suggest that relative position exerts an influence on happiness comparable to that of absolute income. Distinct from much of the existing literature, the external comparison variable "lifestyle comparison" indicates that individuals' attention to the living standards of others significantly affects their happiness. In addition, both future economic expectations and economic changes experienced over the past year were found to play a role in shaping well-being. Overall, the study highlights that economic indicators in Türkiye influence happiness not only through objective income levels but also via subjective perceptions and social comparisons.

Anahtar Kelimeler:
Sosyal Karşılaştırmalar, Gelir, Türkiye'de Mutluluk

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Öz

Standart iktisat teorisi, bireylerin refah ve mutluluğu üzerinde sadece mutluk gelir seviyelerinin etkili olduğunu varsaymıştır. İktisatta davranışsal yaklaşımlarım etkisiyle bireysel mutluluğun başkalarının sahip olduklarına, geçmiş deneyimlere ve gelecekti beklentilere de bağlı olduğu ortaya çıkmıştır. Buradan hareketle çalışmada, 2024 Yaşam Memnuniyeti Araştırması veri seti kullanılarak, Türkiye'de gelir, sosyal karşılaştırmalar ve mutluluk arasındaki ilişki incelenmiştir. Bu amaç için bireylerin mutlak ve nispi konumunu gösteren faktörler dört kategoride sınıflandırılmış ve temel bileşenler analizi kullanılarak "yaşam biçimi karşılaştırması" adlı bir sosyal karşılaştırma ölçütü oluşturulmuştur. Bu faktörlerin mutluluğa etkisi genelleştirilmiş sıralı logit model ile tahmin edilmiştir. Bulgular, Türkiye'de bireysel mutluluğun belirleyicileri arasında göreli konumun, mutlak gelir düzeyi kadar güçlü bir etkiye sahip olduğunu göstermektedir. Literatürden farklı olarak, dışsal karşılaştırma ölçütü olarak tanımlanan "yaşam biçimi karşılaştırması" değişkeni ile başkalarının yaşam koşullarına verilen önemin bireylerin mutluluğu için önemli olduğu görülmüştür. Ayrıca bireylerin geleceğe dair ekonomik beklentileri ile son bir yıl içinde yaşadıkları ekonomik değişimlerin mutluluk üzerinde etkili olduğu ortaya çıkmıştır. Genel olarak bu çalışma, Türkiye'de ekonomik göstergelerin hem nesnel hem de öznel etkilerle bireylerin iyi oluşunu şekillendirdiğini ortaya koymaktadır.

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1. Introduction

Standard economic theory traditionally assumes that higher income leads to greater benefits and enhanced individual well-being. In this view, increased income expands the opportunity set available to individuals and societies, enabling higher levels of consumption (Frey and Stutzer, 2002: 73). According to the "more is better" axiom, an increase in income is inherently desirable from an individual's perspective. Technically, higher income allows an insatiable consumer to reach a higher indifference curve (Ferrer-i-Carbonell, 2005: 998). Hence, individual benefit or well-being is assumed to be directly proportional to the extent to which personal preferences are satisfied. If individuals are presumed to behave rationally, possess full information, and seek to maximize their benefits, then their choices should, by definition, lead to the highest attainable level of happiness (Dolan et al., 2007: 95).

With the rise of behavioral approaches in economics, however, it has become evident that consumers often misjudge the benefits of their actions and struggle with self-control. Individuals frequently hold inaccurate intuitive beliefs about the determinants of happiness, overestimating the impact of particular life events on their future well-being (Frey, 2018: 47). The systematic over- or underestimation of choice options reflects the limits of bounded rationality. Because psychological, emotional, and non-rational factors influence decision-making, individuals tend to rely on mental shortcuts and are shaped by their social environment. This dependence distances them from rational optimization and often results in suboptimal decisions (Graham, 2005: 202; Bruni and Porta, 2005: 16). Consequently, an individual's sense of well-being, the utility derived from a given consumption set, is shaped not only by rational calculation but also by past experiences and social comparisons. Thus, individuals with relatively high living standards may not necessarily achieve greater prosperity or happiness, even when acting rationally (Easterlin, 2005: 55).

The first economists to empirically demonstrate that improvements in objective life conditions, such as income or wealth, do not have a lasting effect on personal well-being were Richard Easterlin (1974) and Tibor Scitovsky (1976). Scitovsky argued that a high level of wealth ensures constant comfort, which diminishes the pleasure derived from the intermittent and incomplete satisfaction of desires. Easterlin (1974), in his seminal contribution to happiness economics, showed that while individuals with higher incomes within a country tend to report greater happiness than those with lower incomes, this relationship does not persist across countries or over time.

Easterlin's pioneering research prompted economists to focus intensively on the relationship between income and happiness. Supporters of his view contend that raising everyone's income does not increase overall happiness, since what matters is not absolute income but income relative to others (e.g., Easterlin, 1974, 1995, 2015; Clark et al., 2008; Di Tella et al., 2010; Rojas, 2019; Ugur, 2021; Becchetti et al., 2024). In contrast, Veenhoven and a group of researchers argue that happiness depends on both absolute and relative income, though the effect of absolute income diminishes considerably in high-income countries (see Hagerty and Veenhoven, 2003; Stutzer, 2004; Veenhoven and Hagerty, 2006; Veenhoven and Vergunst, 2014; Slag et al., 2019; Dumludag and Gokdemir, 2022). Thus, contrary to conventional economic assumptions, absolute income levels are not the primary determinant of individual well-being (Dumludag, 2013).

The relative income hypothesis, which emphasizes the role of comparisons in shaping the effect of income or consumption, highlights that individuals continually measure themselves against various benchmarks. Accordingly, happiness is influenced less by absolute income and more by changing preferences shaped through social comparisons, past consumption, or future income expectations (Frey and Stutzer, 2002: 85; Easterlin, 2005: 56). Social comparisons take two main forms: external benchmarks, where individuals evaluate their income relative to others, and internal benchmarks, involving comparisons with one's own past income, future expectations, or consumption patterns. The processes of income adaptation and habituation stem primarily from these internal comparisons (Senik, 2009: 408).

Research on relative income and happiness has largely focused on developed economies. However, with the growing availability of survey data on well-being, there has been a significant rise in studies examining subjective well-being in developing economies and the role of social comparisons in shaping these assessments. Türkiye has also been part of this trend. For example, Caner (2015) and Dumludag et al. (2016) used individuals' positions on the economic ladder as an external comparison criterion to explore the impact of income comparisons on happiness. Similarly, Önemli and Potter (2021) and Kamilçelebi and Burger (2024) treated individuals' comparisons of their own income with that of others as a form of relative income, analyzing its significance for individual happiness. Other scholars, including Dumludag (2013), Eren and Aşıcı (2017), and Ugur (2021), investigated the role of social comparisons by focusing on internal benchmarks, namely comparisons with one's own past and anticipated future. Caner (2015) also highlighted the role of future income expectations as an internal benchmark within the broader framework of social comparison. Collectively, these studies examined how social comparisons, whether through external reference groups, retrospective evaluations, or forward-looking expectations, affect individual happiness.

Building on this literature, the present study takes a different approach than the existing studies in the national literature by focusing on Turkish individuals' perceptions of others' lifestyles as a form of social comparison and analyzing how such perceptions influence happiness. To this end, a social comparison index was developed using principal components analysis, designed to measure the importance individuals attach to the living conditions of those around them. Defined as an external reference measure, this index provides a novel way to examine how lifestyle- and socio-economic-based comparisons shape subjective well-being. In addition, factors reflecting individuals' absolute and relative income status were categorized into four groups. The relationship with happiness was then analyzed using data from the 2024 Life Satisfaction Survey (LSS) conducted by the Turkish Statistical Institute (TurkStat), applying generalized ordered logistic regression. In this way, the study offers a comprehensive and multidimensional evaluation of the income-happiness relationship in Türkiye, grounded in the most recent available dataset.

2. Relative Income, Absolute Income, and Happiness

According to traditional economic theory, an individual's well-being is influenced by changes in their own income, but not by changes in the incomes of others. Within the happiness literature, this perspective is known as the "absolute income hypothesis" (Rojas, 2019: 109). At first glance, higher income appears to provide individuals with greater resources to attain their desired living standards. Beyond expanded opportunities for material consumption, income growth also facilitates the acquisition of social prestige and status. In this sense, rising income is

expected to enhance individual well-being (Frey and Stutzer, 2002: 81; Easterlin, 2005: 56). This assumption rests on the idea that one's own income increases while others' incomes remain unchanged. In reality, however, as total economic output expands, most individuals experience income growth simultaneously. Consequently, the positive impact of higher income on happiness remains largely limited (Graham, 2005: 204; Easterlin, 2021: 26).

The "relative income hypothesis," first articulated by James Duesenberry (1949), offers an alternative explanation. It posits that individuals continuously compare themselves with others, and these comparisons shape their decisions, a dynamic often described as "keeping up with the Joneses." According to this view, consumption is not determined solely by absolute income but also by differences between one's own income and that of others. Thus, the utility derived from consumption depends also on relative position, not merely absolute resources (Bruni and Porta, 2005: 13; Rojas, 2019: 110). Since the individual's preference set incorporates the consumption patterns of others, increases in income and therefore consumption do not necessarily translate into a higher level of well-being. From this perspective, happiness is shaped not only by personal circumstances but also by one's relative standing within the social structure (Ferrer-i-Carbonell, 2005: 1001).

Recent empirical studies provide strong evidence supporting the relative income hypothesis in relation to individuals' subjective well-being. McBride (2001), for instance, analyzed data from the 1994 General Social Survey using an ordered probit regression and found that relative income negatively affects happiness: individuals whose financial situation was lower than their family's standard of living reported lower happiness. Similarly, Ferrer-i-Carbonell (2005), employing the 1992-1997 wave of the German Socio-Economic Panel (GSOEP), tested the impact of relative income on life satisfaction econometrically. The ordered probit estimation revealed a negative correlation between relative income and happiness. Focusing on transition economies, Senik (2009) used ordinary least squares (OLS) regression and showed that when individuals' incomes were lower than those of their school or work peers, their happiness declined.

Comparable findings emerged from other contexts. Paul and Guilbert (2013), using data from the Household Income and Labor Force Dynamics Survey (2001-2005) in Australia, applied an ordered probit model and concluded that individuals' happiness decreases when compared to higher incomes in their reference group. Rojas (2019), analyzing 2007 Gallup Survey data from 19 Latin American countries with OLS methods, found that life satisfaction increases with one's own income but decreases with the income of others. Becchetti et al. (2024) studied European countries using the 2012-2016 wave of the European Social Survey and demonstrated that changes in relational life had an effect on life satisfaction three times greater than changes across income deciles.

Research conducted in Türkiye points in the same direction. Dumludag (2013), using the 2010 Life in Transition Survey dataset and an ordered logit model, found that individuals reporting higher positions on the welfare ladder were more satisfied with life, while those reporting lower positions were less satisfied. Caner (2015), using TurkStat's LSS data from 2003-2011, confirmed with OLS estimations that higher self-reported positions on the 11-step welfare ladder were positively associated with happiness. Dumludag et al. (2016), analyzing data from 7368 individuals in the 2011 LSS with ordered logistic regression, confirmed the hypothesis that relative income is as important as absolute income in determining individual happiness. Finally,

Ugur (2021), using LSS data from 2003-2007, showed that the positive effect of an increase in absolute income on happiness decreases as the average income of the city of residence rises.

Önemli and Potter (2021), examining the role of income distribution among comparison groups, analyzed data from the 2013 LSS of 7956 individuals. Their findings showed that inequality in the income distribution of others negatively affects individual happiness. In a subsequent study of 1100 individuals, Kamilçelebi and Burger (2024) applied ordered probit regression and found that individuals who placed greater importance on income comparisons with others reported lower levels of subjective well-being. Similarly, Karakaş Aydınbakar (2024), using the Family Structure Survey Micro Data Sets for 2016 and 2021, investigated the effect of relative income on the happiness of spouses in dual-income households in Türkiye. OLS estimations revealed that an increase in the spouse's share of total household income reduced men's happiness but had no significant effect on women's happiness.

In these studies on relative income, the individuals against whom one evaluates their living standards are conceptualized as a "reference group." Typically, these groups include neighbors, coworkers, family members, and relatives. Such comparisons are referred to as "external reference points." For instance, McBride (2001) and Paul and Guilbert (2013) defined external reference points as individuals belonging to the same age groups, while Rojas (2019) considered people of the same age, gender, and nationality. Stutzer (2004) and Ugur (2021) assumed that individuals compare themselves with others living in the same region. Other studies defined reference groups as those sharing similar socioeconomic characteristics (Ferrer-i-Carbonell, 2005; Önemli and Potter, 2021; Kamilçelebi and Burger, 2024; Karakaş Aydınbakar, 2024). Many studies have operationalized individuals' self-assessed position on the welfare ladder as an external comparison criterion, reflecting material conditions relative to others (Senik, 2009; Dumludag, 2013; Caner, 2015; Dumludag et al., 2016; Ugur, 2021; Becchetti et al., 2024). Overall, these studies consistently demonstrate that social comparisons significantly influence happiness.

Beyond comparisons with others, individuals also evaluate their living standards in relation to their past experiences and future expectations. These are termed in the literature as "internal reference points." Here, happiness depends on how individuals position their current standard of living relative to their remembered past conditions and anticipated future income levels. Empirical findings indicate that expectations regarding future living standards significantly influence happiness. For example, Liu and Shang (2012), using data from the 2002 Chinese Household Income Project (CHIP), found that optimistic income expectations positively affected happiness in China, based on OLS estimation results. Knight and Gunatilaka (2022), using CHIP's 2013 data, similarly concluded that positive expectations about the national economic outlook increase happiness. Kraft and Kraft (2023), in a study of 1200 individuals in Norway, further demonstrated empirically that retrospective assessments of past living standards play an important role in shaping happiness.

Among studies conducted in the Turkish context, Caner (2015) and Dumludag et al. (2016) used LSS data to show that individuals' positive expectations for the future increase happiness. Similarly, Eren and Aşıcı (2017), employing sequential logit analysis on LSS data from 2004-2013, found that positive assessments of the past enhance happiness, while negative retrospective evaluations diminish it. Kanlıoğlu and Dumludağ (2022) extended this line of research by examining Turkish individuals' labor market expectations using LSS data from 2003-2018. Their

OLS estimates revealed that optimism about employment prospects positively influences happiness, whereas pessimism exerts the opposite effect.

Social comparison theory provides a useful framework for interpreting these findings, highlighting the psychological dimension of subjective well-being (Frey and Stutzer, 2002: 78; Gokdemir and Dumludag, 2012: 411). According to this perspective, individuals quickly adapt to improvements in their own living standards, especially when those around them experience similar changes. As a result, the happiness gains from higher income are often less than expected (Easterlin, 2001: 481). This dynamic of continuous adaptation generates ever-rising aspirations: as income grows, so do desires. When these expanding desires are not fully satisfied, overall happiness levels remain unchanged (Stutzer, 2004: 93). This process, often described as the "hedonic treadmill," suggests that individuals tend to return to a relatively stable baseline, or "set-point" of happiness over time, regardless of changes in circumstances (Bruni and Porta, 2005: 10).

Empirical research provides mixed evidence regarding this adaptation process. One of the earliest contributions, Di Tella et al. (2010), analyzed the GSOEP data from 1984-2000 and found that individuals adapted to income gains within four years, returning to their initial happiness levels. Clark et al. (2016), using an extended GSOEP dataset from 1984-2012, similarly observed that Germans adapted to poverty within five years, with life satisfaction reverting to baseline. By contrast, Slag et al. (2019), analyzing the Korean Labor and Income Panel Survey for the 2009-2014 period, showed that income increases in South Korea produced lasting improvements in happiness, suggesting limited adaptation. Likewise, Luo (2022), drawing on data from Switzerland and Germany, concluded that individuals adapted to poverty after five years, with measurable implications for overall well-being in both countries.

3. Income and Happiness in Türkiye

Türkiye, classified as an upper-middle-income developing country, ranked 99th out of 144 countries in the 2024 World Happiness Report (WHR), prepared with the contribution of the United Nations. Its average happiness score was 4.975 out of 10. In contrast, Finland ranked first with a score of 7.741, while Afghanistan ranked last with a score of 1.721. Türkiye, together with countries such as Iraq, Georgia, Azerbaijan, and Iran, is positioned among countries with a medium level of happiness, that is, between those with high happiness scores (above 6 points) and those with low happiness scores (below 4.5 points). As shown in Table 1, Türkiye's happiness level has remained in the medium range consistently over the past decade (2013-2023), showing little variation from the 2024 figure.

Table 1. Income and Happiness in Türkiye, 2013-2023

Year	World Happiness Index	World Happiness Ranking	GDP per Capita (Constant 2015 US$)
2013	5.345	77	10196
2015	5.332	76	11050
2016	5.389	78	11265
2017	5.500	69	11954
2018	5.483	74	12148
2019	5.373	79	12074
2020	5.132	93	12180
2021	4.948	104	13450
2022	4.744	112	14055
2023	4.614	106	14714

Source: Created with data from the WHR by Gallup (2024) and the Word Bank (2025).

According to the data presented in Table 1, while per capita GDP in Türkiye has shown a steady upward trend, the average level of happiness (measured on a 0-10 scale) has declined over time. In 2013, per capita GDP stood at $10196, rising to $14714 by 2023. In contrast, average happiness remained around 5 points between 2013 and 2020, but experienced a sharp decline of nearly 2 points by 2021. The decline can largely be attributed to the COVID-19 pandemic, which emerged in China in late 2019 and quickly evolved into a global crisis. Quarantine measures implemented to control the spread of the pandemic brought economic disruptions, social isolation, and heightened mental health issues, which collectively reduced perceptions of happiness in Türkiye, as in many other countries. The 2023 WHR notes that during the 2020-2022 period, negative emotions such as anxiety, stress, and sadness increased in more than one-third of countries. Specifically, the report highlights that 2021, marked by rapidly rising case numbers, was the period when happiness levels were most adversely affected. Türkiye's trajectory in the WHR rankings reflects this pattern. In 2019, the country ranked 79th, but it dropped to 93rd in 2020 and further to 112th in 2022. A modest recovery was observed in 2023, when Türkiye rose to 106th place. These findings underscore the divergence between economic growth and subjective well-being: while GDP per capita improved, perceived happiness declined, demonstrating the limits of economic indicators in capturing quality of life. Based on the values in Table 1, the relationship between Türkiye's average happiness scores and per capita GDP in US dollars is illustrated in Figure 1.

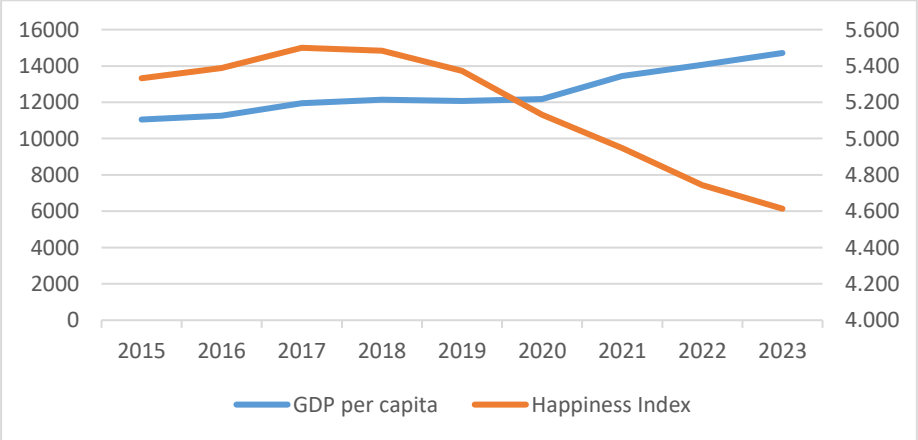

Figure 1. The Trend of Income and Happiness in Türkiye, 2015-2023
Source: Created with data from the WHR by Gallup (2024) and the World Bank (2025).

Figure 1 illustrates that while the average level of happiness in Türkiye fluctuated between 2015 and 2020, GDP per capita remained relatively stable. However, after 2020, GDP per capita increased, whereas the average level of happiness declined. This non-linear relationship between income and happiness, characterized by divergence rather than parallel growth, may be partly explained by the effects of the COVID-19 pandemic, which globally reduced subjective well-being despite economic recovery in certain contexts. Moreover, the decline may reflect individuals' heightened tendency toward social comparison and rising expectations, which can diminish perceived happiness even amid improved material conditions. This observation underscores the importance of subjective and non-material determinants, such as social comparisons and future expectations, in shaping happiness in Türkiye, complementing the material dimension of income.

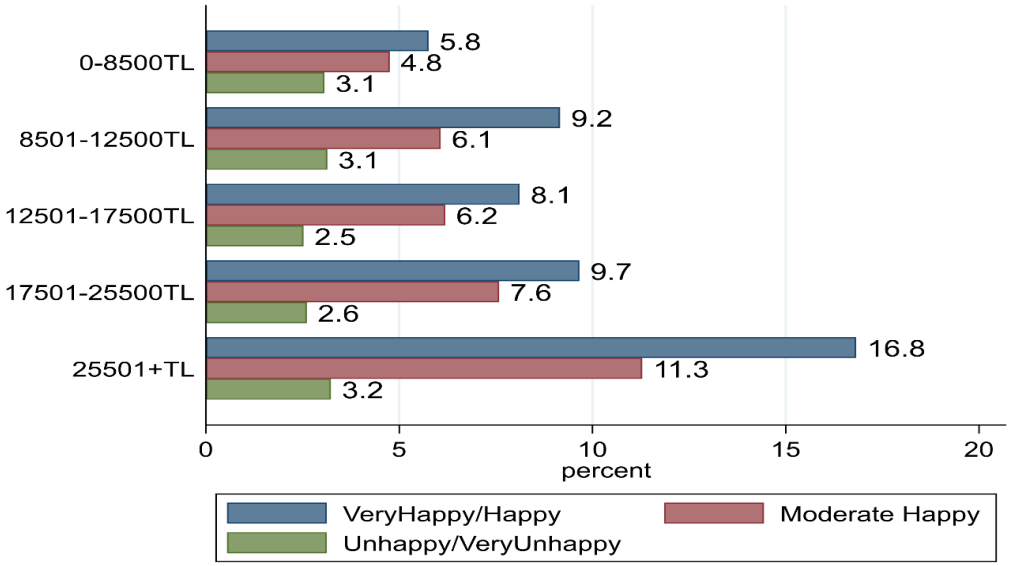

Figure 2. The Relationship between Income and Happiness in Türkiye, 2024
Source: Created with data from the LSS collected by TurkStat (2024).

Figure 2 illustrates the relationship between income levels and happiness in Türkiye. The data reveal a clear positive correlation between higher income and higher self-reported happiness. For instance, while only 5.8% of individuals with an income between 0 and 8500 TL report a high level of happiness, this figure rises to 16.8% among those with an income of 25501 TL and above. A similar upward trend for moderate happiness: only 4.8% of individuals in the lowest income group describe themselves as moderately happy, compared to 11.3% in the highest income group. By contrast, low levels of happiness appear relatively stable across income groups. Specifically, the share of individuals who report being unhappy or very unhappy stands at 3.1% for the 0-8500 TL income group, 2.5% for the 12501-17500 TL income group, and 3.2% for the 25501 TL and above income group. These figures suggest that while higher income is associated with a greater likelihood of reporting high or moderate happiness, low happiness levels are largely unaffected by absolute income differences.

4. Empirical Analysis

4.1. Data

This study utilizes the 2024 LSS conducted by TurkStat. The year 2024 represents a particularly challenging period for individuals in Türkiye, resulting from the interaction of global and national economic dynamics. In addition to economic difficulties within the country, rising geopolitical tensions and regional conflicts may have exerted negative influences on individual well-being. Under such conditions, individuals are likely to evaluate their past experiences, future expectations, and social comparisons more cautiously. For this reason, examining the effects of social comparisons on happiness in 2024 offers timely insights. Furthermore, since the 2024 LSS constitutes the most recently published dataset, it provides an opportunity to capture the most current trends in subjective well-being in Türkiye.

The LSS, first launched in 2003, aims to measure Turkish citizens' social values, overall perceptions of happiness, satisfaction with public services, and levels of well-being in key life domains, while also monitoring changes in these domains over time. Conducted annually, the survey collects information on individuals' behavioral patterns, social structure, and living conditions. Data are obtained through household and individual questionnaires, generally administered in face-to-face interviews with household members aged 18 and above. Between 2003 and 2012, the sample was designed to produce estimates at the national, urban, and rural levels. In 2013, provinces were incorporated into the sampling design for the first time. For the years 2014-2024, the survey sample size has been structured to provide estimates at the national level.

The 2024 LSS covered 4626 households and 9462 individuals. The questionnaire, based on Likert-scale items, is revised annually to meet national and international requirements, with items added to or removed according to topical priorities. Broadly, the survey includes questions on various topics such as happiness, satisfaction with personal circumstances, perceptions of environmental safety, hopes and self-assessments, expectations over 5-year horizons, perception of social pressure, and importance assigned to the well-being of others in one's environment.

4.2. Variables

The variables used in the empirical analyses of the relationship between income and happiness in 2024 are grouped into multiple dimensions reflecting different aspects of the survey. Table 2 presents a detailed overview of these variables, including the field of inquiry, survey questions for each variable, response categories, and measurement scales.

Table 2. Descriptions of the Variables

Variable Classification	Variables	Scale/Descriptions
Dependent Variable	Happiness Levels	Likert Scale, 3 categories: 1. Very Happy/Happy, 2. Moderate Happy, 3. Unhappy/Very Unhappy
Income Status Variables	Absolute income	Likert Scale, 5 categories: 1. 0 - 8500 TL, 2. 8501-12500 TL, 3. 12501 - 17500 TL, 4. 17501 - 25500 TL, 5. 25501+ TL
	The sufficiency of income to meet household's needs	Likert Scale, 5 categories: 1. Very easily, 2. Easily, 3. Neither hardly, nor easily, 4. Hardly, 5. Very hardly
	Satisfaction with household monthly income	Likert Scale, 5 categories: 1. Very satisfied 2. Satisfied, 3. Moderate satisfied, 4. Unsatisfied, 5. Very unsatisfied
Social Comparison Variables	Comparison with the past	Dummy variable: Developed, Remained same, Deteriorated (the omitted category), No idea
	Comparison with the future	Dummy variable: Will develop, Will remained same, Will deteriorate (the omitted category), No idea
	Lifestyle comparisons	Numerical variable
	Income ladder	Dummy variable: Low welfare level, Middle welfare level (the omitted category), High welfare level
Economic Expectation/Hope Variables	Economic condition be next year in Türkiye	Dummy variable: Will be better, Will remain same, Will be worse (the omitted category), No idea
	Household's financial status be next year	Dummy variable: Will be better, Will remain same, Will be worse (the omitted category), No idea
	Hopeful about the future	Likert Scale, 4 categories: 1. Very hopeful, 2. Hopeful, 3. Not hopeful, 4. Not hopeful at all
Economic Situational Changes in the Past Year Variables	Income decreased	Dummy variable: Yes, No (the omitted category), Not related
	Lost job	Dummy variable: Yes, No (the omitted category), Not related
	Started saving	Dummy variable: Yes, No (the omitted category)
Control Variables	Age	Numerical variable
	Marital status	Dummy variable: Married, Single (the omitted category)
	Gender	Dummy variable: Female, Male (the omitted category)
	Employment status	Dummy variable: Worked, Did not worked (the omitted category)
	Satisfaction with health	Likert Scale, 5 categories: 1. Very satisfied 2. Satisfied, 3. Moderate satisfied, 4. Unsatisfied, 5. Very unsatisfied
	Education	Likert Scale, 11 categories, completion of a level of education
	Satisfaction with social life	Likert Scale, 5 categories: 1. Very satisfied 2. Satisfied, 3. Moderate satisfied, 4. Unsatisfied, 5. Very unsatisfied
	Satisfaction with the time allocated	Likert Scale, 5 categories: 1. Very satisfied 2. Satisfied, 3. Moderate satisfied, 4. Unsatisfied, 5. Very unsatisfied

4.3. Comparison Variables: Lifestyle Comparison Indicator

In line with the methodological framework, comparison variables were analyzed under two categories as internal benchmarks and external benchmarks. Internal benchmarks capture individuals' subjective evaluations of their current living standards relative to their past experiences and future expectations. To measure their effect, this study drew on two LSS survey

items. The first, coded as "Comparison with the past" in Table 2, is based on responses to the question: "How do you see your present situation (material or spiritual) compared to 5 years ago?" The second, coded as "Comparison with the future," derives from responses to: "When you think about the next 5 years, how do you expect your situation to be in general?" These indicators reflect how retrospective and prospective self-assessments shape current perceptions of happiness.

External benchmarks, by contrast, are based on individuals' comparisons of their present circumstances with those of their social reference groups. To operationalize this dimension, the income ladder question was employed to determine participants' perceived relative income level: "When you think of '0' as the lowest level and '10' as the highest level in the level of welfare of people living in Türkiye, what level do you see yourself?" Responses provide a self-assessed relative welfare position. Based on this, as presented in Table 2, three categorical variables were constructed: low welfare level (positions below the 5th rung), middle welfare level (5th rung), and high welfare level (positions above the 5th rung). These measures thus capture how individuals' perceived well-being and happiness are influenced not only by their absolute income but also by the economic status of others, their reference group.

Within the Turkish literature, this distinction is well established, with comparisons based on individuals' past experiences and future expectations defined as internal benchmarks, while income ladder positioning is defined as external benchmarks. Caner (2015), Eren and Aşıcı (2017), and Ugur (2021) classified questions comparing current living standards with those of five years ago and with expectations for five years ahead as internal benchmarks. Similarly, Dumludag (2013) conceptualized participants' positioning on the 10-step income ladder in the Life in Transition Survey (LITS) over time as an internal reference measure. By contrast, Caner (2015), Dumludag et al. (2016), and Dumludag and Gokdemir (2022) evaluated the income ladder question as an external benchmark, since it measures one's relative standing in comparison to others. Likewise, Önemli and Potter (2021) and Kamilçelebi and Burger (2024) treated income comparisons as external reference points within the framework of relative income.

Research in the national literature has primarily examined social comparisons in relation to individuals' perceived relative income positions, past experiences, and future expectations. However, existing studies have not systematically analyzed the impact of comparisons made on the basis of others' lifestyles on subjective well-being. Yet, the significance attributed to others' lifestyles, and consequently their social and financial status, can play a decisive role in shaping such comparisons. When individuals evaluate their own lives in relation to the lifestyles and socioeconomic positions of others, these comparisons directly influence how they construct their perceptions of personal well-being and social reality. In this sense, the degree of importance placed on others' lifestyles may be regarded as an external comparison criterion that helps shape subjective well-being.

The LSS provides relevant data by asking respondents to assess the importance they attribute to various aspects of others' lifestyles and socioeconomic conditions. These include others' clothing, family lifestyle, home and personal belongings, circle of friends, children's achievements, jobs, income levels, and education levels. In the survey, responses were grouped on a three-point scale with the categories: "1. Important, 2. Moderately Important, and 3. Not Important." In this study, participants' responses to these eight questions serve as the primary data for evaluating perceptions of others' material conditions and living standards.

To analyze the impact of lifestyle-based comparisons on happiness, it was necessary to reduce these multidimensional measures into fewer, analytically tractable dimensions. For this purpose, principal component analysis (PCA) was employed. PCA is a statistical technique that uses correlations between multiple observed variables to develop a small number of component sets that empirically summarize them (Linting et al., 2007: 337). To do this, first, the number of principal components is determined. An eigenvalue greater than one is considered the number of significant principal components. Component loadings are then calculated to obtain the weights of the variables on the principal component (Bulut, 2023: 304).

Table 3 presents the PCA results for the eight external reference criteria. The analysis shows that these items converge into a single principal component with an eigenvalue greater than one. Accordingly, component weights were calculated for the variables displaying significant loadings on this component.

Table 3. Principal Component Analysis

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	4.5632	3.69397	0.5704	0.5704
Comp2	0.869238	0.182462	0.1087	0.6791
Comp3	0.686776	0.207175	0.0858	0.7649
Comp4	0.479601	0.0429747	0.0600	0.8249
Comp5	0.436626	0.0425313	0.0546	0.8794
Comp6	0.394095	0.0928411	0.0493	0.9287
Comp7	0.301254	0.0320468	0.0377	0.9663
Comp8	0.269207	.	0.0337	1.0000

Table 4 presents the component loadings for the "Lifestyle Comparison" variable after varimax rotation. The PCA results indicate that the questions representing external reference criteria regarding others' lifestyles converge onto a single factor. Based on this factor, a social comparison index reflecting individuals' perceptions of others' lifestyles was constructed.

Table 4. Component Loadings

Variable	Lifestyle Comparison
Important others' clothes	0.3428
Important others' family life forms	0.3602
Important others' household and personal items,	0.3249
Important others' circle of friends	0.3664
Important others' children's achievements	0.3579
Important others' works	0.3685
Important others' income levels	0.3567
Important others' education levels	0.3491

4.4. Methodology

Happiness, considered a valid and empirically reliable indicator of individual well-being, can be modeled as a microeconometric happiness function. In its most basic form, the microeconometric model for happiness can be expressed as follows:

$$H_i = \alpha + \beta X_i + \theta I_i + \gamma C_i + e_i \quad (1)$$

In the equation 1, H_i represents the happiness declared by individual i, X_i represents control variables, I_i represents income-related variables, C_i represents internal and external comparison benchmarks, and e_i represents the error term.

In the LSS, responses to the happiness question have an ordered category of "1. Very happy, 2. Happy, 3. Moderate happy, 4. Unhappy, 5. Very unhappy." In accordance with the frequency distribution of the data, options 1 and 2 were combined to form "Very happy/Happy," and options 4 and 5 were combined to form "Unhappy/Very unhappy." Since the categories of the happiness variable have an ordered structure after this adjustment, an ordered logistic regression model can be used as the analysis method.

The fundamental assumption in ordered models is the parallel regression assumption, meaning that the coefficient estimators are constant for each category. This assumption implies that the effects of the explanatory variables should be constant across all categories of the dependent variable. If this assumption is violated, the parallelism of the categories is disrupted because the slope will differ (Özkoç, 2021: 267). In this case, the results of the ordered logistic regression model are unreliable. Alternatively, a multinomial logit model can be applied for estimation. However, in this application, the structure of the dependent variable is ignored and assumed to be solely categorical, leading to inaccurate results. Therefore, the generalized ordered logit model, which does not require the parallel regression assumption that takes into account the ordered structure of the dependent variable, is used as an alternative model (Kiren Güler, 2021: 133).

In the case where the dependent variable Y_i has M ordered categories, the generalized ordered logit model can be written as follows (Williams, 2006: 59):

$$P(Y_i > j) = g(X\beta_j) = \frac{exp\,(\alpha_j + X_i\beta_j)}{1 + \{exp\,(\alpha_j + X_i\beta_j)\}}, \quad j = 1,2,\dots,M-1 \qquad (2)$$

In the equation 2, X_i represents the vector of predictors, and β_j represents the vector of coefficients to be estimated. For example, if the outcome variable has three possible values, the logit model will have two sets of coefficients; that is, two equations are estimated simultaneously (Williams, 2006: 60). In other words, the effect of the explanatory variable on the dependent variable is different in each logit. In the logit comparing category 1 of the dependent variable with categories 2 and 3, the effect of the explanatory variable is represented by the vector β_1, and in the logit comparing categories 1 and 2 with category 3, the effect of the explanatory variable is represented by the vector β_2 (Kiren Güler, 2021: 134).

The parallel regression assumption was tested to apply the generalized ordered logit model in the analyses. The results are shown in Table 5. It is seen that the parallel regression assumption is not met because p<0.001 is found in all tests in Table 5. Therefore, the generalized ordered logit model, which does not require the parallel regression assumption, was used as an alternative to the ordered logit model.

Table 5. Test Results of the Parallel Regression Assumption

	Chi2	d.f	Prob > Chi2
Wolfe Gould	121.7	26	0,000
Brant	121.9	26	0,000
Score	119.7	26	0,000
Likelihood ratio	122.1	26	0,000
Wald	120.5	26	0,000

4.5. Results

Two separate models were created to examine the relationship between income, social comparisons, and happiness in Türkiye. The first model included control variables along with the baseline variables, while the second model included only the variables focused on in the study. This allows for a clearer assessment of the impact of social comparisons on happiness. The estimation results from the models are reported in Table 6.[1]

Table 6. Estimation Results of Generalized Ordered Logistic Regression Coefficients

	Model 1		Model 2	
	Very Happy/Happy	Moderate Happy	Very Happy/Happy	Moderate Happy
Variables	**Coefficient**	**Coefficient**	**Coefficient**	**Coefficient**
Absolute Income	0.076***	-0.046	0.070***	-0.071***
	(0.020)	(0.029)	(0.018)	(0.025)
Satisfaction with Monthly Income	-0.155***	-0.201***	-0.333***	-0.364***
	(0.030)	(0.043)	(0.027)	(0.039)
Income Sufficiency	0.202***	0.235***	0.213***	0.240***
	(0.032)	(0.046)	(0.030)	(0.044)
Low Welfare Level	0.063	0.429***	0.146**	0.517***
	(0.059)	(0.084)	(0.057)	(0.081)
High Welfare Level	-0.380***	-0.149	-0.421***	-0.231**
	(0.060)	(0.113)	(0.058)	(0.110)
Lifestyle Comparison	0.021*	0.008	0.018*	0.002
	(0.011)	(0.016)	(0.011)	(0.015)
Comparison with the Past: Developed	-0.217***	-0.369***	-0.273***	-0.426***
	(0.079)	(0.139)	(0.077)	(0.136)
Comparison with the Past: Same	-0.133**	-0.290***	-0.138**	-0.291***
	(0.067)	(0.102)	(0.064)	(0.100)
Comparison with the Future: Develop	-0.040	-0.004	-0.001	0.013
	(0.089)	(0.142)	(0.087)	(0.139)
Comparison with the Future: Same	-0.060	-0.103	-0.057	-0.105
	(0.069)	(0.099)	(0.066)	(0.096)
Hopeful about the Future	-0.585***	-0.710***	-0.719***	-0.827***
	(0.040)	(0.049)	(0.039)	(0.047)
Household financial status will be Better	0.017	0.037	-0.035	-0.040
	(0.092)	(0.141)	(0.089)	(0.137)
Household financial status will be Same	-0.025	-0.320***	-0.046	-0.337***
	(0.064)	(0.086)	(0.061)	(0.083)
Economic Conditions will be Better	-0.291***	-0.448***	-0.311***	-0.431***
	(0.086)	(0.159)	(0.082)	(0.156)
Economic Conditions will be Same	-0.079	-0.062	-0.073	-0.033
	(0.062)	(0.096)	(0.060)	(0.093)
In the Last Year, Income Decreased	0.075	0.168**	0.082	0.191***
	(0.054)	(0.071)	(0.052)	(0.068)
In the Last Year, Lost Job	0.263**	0.215	0.292**	0.190
	(0.119)	(0.137)	(0.114)	(0.130)
In the Last Year, Started Saving	-0.206***	-0.306**	-0.174**	-0.254**
	(0.073)	(0.130)	(0.070)	(0.126)
Constant	5.064***	3.059***	2.173***	0.524*
	(0.281)	(0.367)	(0.200)	(0.278)

[1] For analyses to be conducted, there must be no multicollinearity among the independent variables. The presence of multicollinearity was tested using the variance inflation factor (VIF) criterion, and no such problem was found (see Appendix Table A1).

Table 6. Continued

Observations	9,462	9,462	9,462	9,462
Pseudo R-squared	0.190	0.190	0.150	0.150
LR chi2	3578	3578	2838	2838
Prob > chi2	0.000	0.000	0.000	0.000
Control Variables	Yes	Yes	No	No

Note: *** p<0,01, ** p<0,05, * p<0,1. Figures in brackets refer to standard errors.

Table 7. Marginal Effect Results of Generalized Ordered Logistic Regression

	Model 1		**Model 2**	
	Very Happy/Happy	**Moderate Happy**	**Very Happy/Happy**	**Moderate Happy**
Variables	**Marginal Effects**	**Marginal Effects**	**Marginal Effects**	**Marginal Effects**
Absolute Income	-0.019***	-0.003	-0.017***	-0.006***
	(0.005)	(0.002)	(0.004)	(0.002)
Satisfaction with Monthly Income	0.039***	-0.014***	0.083***	-0.029***
	(0.007)	(0.003)	(0.007)	(0.003)
Income Sufficiency	-0.050***	0.017***	-0.053***	0.019***
	(0.008)	(0.003)	(0.008)	(0.003)
Low Welfare Level	-0.016	0.031***	-0.037**	0.041***
	(0.015)	(0.006)	(0.014)	(0.007)
High Welfare Level	0.095***	-0.011	0.105***	-0.018**
	(0.015)	(0.008)	(0.015)	(0.009)
Lifestyle Comparison	-0.005*	0.001	-0.005*	0.000
	(0.003)	(0.001)	(0.003)	(0.001)
Comparison with the Past: Developed	0.054***	-0.026***	0.068***	-0.034***
	(0.020)	(0.010)	(0.019)	(0.011)
Comparison with the Past: Same	0.033**	-0.021***	0.035**	-0.023***
	(0.017)	(0.007)	(0.016)	(0.008)
Comparison with the Future: Develop	0.010	-0.000	0.000	0.001
	(0.022)	(0.010)	(0.022)	(0.011)
Comparison with the Future: Same	0.015	-0.007	0.014	-0.008
	(0.017)	(0.007)	(0.017)	(0.008)
Hopeful about the Future	0.146***	-0.051***	0.180***	-0.065***
	(0.010)	(0.004)	(0.010)	(0.004)
Household financial status will be Better	-0.004	0.003	0.009	-0.003
	(0.023)	(0.010)	(0.022)	(0.011)
Household financial status will be Same	0.006	-0.023***	0.011	-0.027***
	(0.016)	(0.006)	(0.015)	(0.007)
Economic Conditions will be Better	0.073***	-0.032***	0.078***	-0.034***
	(0.021)	(0.011)	(0.021)	(0.012)
Economic Conditions will be Same	0.020	-0.004	0.018	-0.003
	(0.015)	(0.007)	(0.015)	(0.007)
In the Last Year, Income Decreased	-0.019	0.012**	-0.020	0.015***
	(0.013)	(0.005)	(0.013)	(0.005)
In the Last Year, Lost Job	-0.066**	0.015	-0.073**	0.015
	(0.030)	(0.010)	(0.029)	(0.010)
In the Last Year, Started Saving	0.052***	-0.022**	0.043**	-0.020**
	(0.018)	(0.009)	(0.018)	(0.010)
Observations	9,462	9,462	9,462	9,462
Control Variables	Yes	Yes	No	No

Note: *** p<0,01, ** p<0,05, * p<0,1. Figures in brackets refer to standard errors.

The coefficients obtained from the generalized ordered logit model estimation in Table 6 cannot be interpreted directly because they represent the logit value. Therefore, coefficient

interpretations will be made by obtaining the marginal effects. Marginal effects indicate the contribution of a one-unit change in the independent variable to the probability of happiness occurring in the relevant category of the variable. The marginal effect results are presented in Table 7.

Considering the results of the variables indicating absolute income status in Table 7, Model 1 shows that as total monthly household net income increases, the probability of being very happy/happy decreases by 1.9%. This effect is slightly lower in Model 2, at 1.7%. By contrast, as satisfaction with monthly household income increases, the probability of being very happy/happy rises by 3.9% in Model 1 and by 8.3% in Model 2. In both models, however, a corresponding decrease is observed in the probability of being moderately happy. Furthermore, when individuals report greater difficulty in meeting their household’s basic needs, the probability of being very happy/happy decreases by 5% in the model with control variables and by 5.3% in Model 2, with both models also showing a reduction in the moderately happy category. These findings suggest that having an income sufficient to cover basic needs significantly supports the likelihood of higher happiness levels.

Turning to external comparison criteria, individuals reporting high welfare levels are 9.5% more likely to be very happy/happy in Model 1 compared to those living in a moderately welfare level; this effect rises to 10.5% in Model 2. In Model 2, high welfare decreases the probability of being moderately happy by 1.8%. Conversely, low welfare in Model 2 reduces the probability of being very happy/happy by 3.7% while increasing the probability of being moderately happy by 4.1%. In Model 1, these effects are statistically insignificant in the very happy/happy category but amount to 3.1% in the moderately happy category. Regarding the lifestyle comparison variable, both models indicate that as individuals attach greater importance to the lifestyles and socio-economic status of others, the probability of being very happy/happy decreases by 5%. However, this variable’s effect on the moderately happy category is not statistically significant.

Evaluations of internal comparisons reveal that individuals who report their current situation as improved compared to five years ago are 5.4% more likely to be very happy/happy than those who report a decline in Model 1, and 6.8% more likely in Model 2. In both models, the effect is negative for the moderately happy category. Similarly, compared to those who report a decline, individuals whose situation has remained the same are 3.3% (Model 1) and 3.5% (Model 2) more likely to be very happy/happy. However, in neither model are personal expectations for the next five years found to have a statistically significant effect on happiness.

Regarding future economic expectations, which reflect individuals’ predictions about living conditions and household/national financial situations for 2025, Model 1 shows that as hope for the future increases, the probability of being very happy/happy rises by 14.6%, while the probability of being moderately happy decreases by 5.1%. Model 2 yields similar results. In Model 1, those who expect their household’s financial situation to remain the same in 2025 are 2.3% less likely to be moderately happy than those expecting a worse outcome, while this rate is 2.7% in Model 2. Expectations about household finances, however, have no significant effect on the probability of being very happy/happy. In Model 2, individuals who expect Türkiye’s economic situation in 2025 to be better are 7.8% more likely to be very happy/happy than those expecting it to be worse; in Model 1, this effect is slightly smaller, at 7.3%.

Finally, changes in individuals’ economic situations over the past year significantly affect happiness. In Model 1, job loss in 2024 reduces the probability of being very happy/happy by

6.6% compared to those who did not lose employment, with this figure rising to 7.3% in Model 2. By contrast, individuals who began saving in the last year are 5.2% (Model 1) and 4.3% (Model 2) more likely to be very happy/happy than those indifferent to saving, although in both models, saving reduces the likelihood of being moderately happy. Additionally, a decline in income in 2024 increases the probability of being moderately happy by 1.2% in Model 1 and 1.5% in Model 2.

5. Discussion

The findings of this study indicate that, in Türkiye, satisfaction with monthly household income and its adequacy to meet basic needs are among the determinants of individual happiness. Previous studies in Turkish context support this result. Servet (2017) and Karaaslan and Çalmaşur (2023) show that the ability of income to meet needs plays a decisive role in shaping happiness, while Eren and Aşıcı (2017) similarly find that income satisfaction is a significant predictor of well-being. When income is insufficient to cover household needs, individuals are likely to experience economic pressure and financial stress, which in turn reduce happiness. In the international literature, these negative effects have also been empirically demonstrated by Stutzer (2004) and Luo (2022) in their studies on Germany, as well as by Tao and Chiu (2009) in their study on Taiwan. As Nikolova and Graham (2021) argue, adequate income not only secures the fulfillment of basic physical needs but also enhances psychological and social well-being.

The study also found that absolute income exerts a statistically significant effect on happiness in Türkiye. Consistent with cross-sectional studies (e.g., Easterlin, 1974, 1995, 2015; Frey and Stutzer, 2002; Slag et al., 2019; Knight and Gunatilaka, 2022; Becchetti et al., 2024), happiness levels generally rise as individuals move from lower- to higher-income groups. However, the analysis also revealed that advancing to a higher income category does not necessarily increase the likelihood of being very happy/happy. This finding suggests that non-material factors play a substantial role in shaping happiness in Türkiye. As Senik (2009) emphasizes, frequent social comparisons and reference-dependent evaluations can diminish the positive impact of rising income on subjective well-being.

In line with prior research, this study also confirmed that individuals' comparisons with their past experiences and future expectations exert significant influence on happiness (e.g., Senik, 2009; Caner, 2015; Dumludag et al., 2016; Eren and Aşıcı, 2017; Ugur, 2021; Kraft and Kraft, 2023). Specifically, perceiving one's current situation as improved relative to five years ago was found to significantly increase the likelihood of reporting high happiness levels. By contrast, expectations regarding material and spiritual conditions over the next five years did not have a statistically significant effect. While positive outlooks on the future are theoretically expected to enhance happiness, this discrepancy may reflect Türkiye's contemporary economic difficulties, which unfold in parallel with global financial instability. Furthermore, intensifying geopolitical tensions and regional conflicts are likely to reinforce perceptions of uncertainty and risk, thereby muting the otherwise positive effect of optimistic future expectations on happiness.

The results based on the external comparison criterion demonstrate that positioning oneself higher on the income ladder significantly increases the probability of being very happy/happy, whereas placing oneself on the lower rungs of the ladder reduces this likelihood. This outcome confirms the relevance of the "keeping up with the Joneses" scenario, rooted in Duesenberry's

(1949) relative income hypothesis, within the Turkish context. Previous studies based on LSS data also support this conclusion: Dumludag et al. (2016) and Ugur (2021) found that individuals' perceived relative position on the income ladder directly influences their happiness levels in Türkiye. Similar patterns have been observed beyond the Turkish context. For example, Dumludag and Gokdemir (2022) reported comparable findings among Turkish immigrants in the Netherlands, while Gül (2023) documented the same relationship for immigrant populations in Türkiye. At a broader level, Senik (2009), analyzing 28 post-transition countries, Rojas (2019) for 19 Latin American countries, and Lous and Graafland (2022) for 22 European countries all provide further empirical evidence that relative income positioning significantly shapes happiness.

Lifestyle comparison, another form of external benchmarking, was also found to have a measurable impact on happiness. The results suggest that the higher the importance individuals in Türkiye attach to others' lifestyles, the lower their likelihood of being very happy/happy. This indicates that social reference points, such as family lifestyle, clothing, personal belongings, income, and education level, can undermine subjective well-being, even when absolute income is sufficient. The finding supports the argument advanced by Gokdemir and Dumludag (2012), who note that an individual may be satisfied in absolute terms but still experience diminished happiness due to unfavorable comparisons with their social environment. Such comparisons may be grounded in tangible observations of others' material conditions or in broader social perceptions. Empirical evidence from diverse contexts confirms this dynamic: McBride (2001) in the United States, Ferrer-i-Carbonell (2005) in Germany, and Knight and Gunatilaka (2022) in China all show that financial comparisons play a decisive role in subjective well-being. More recent studies focusing on Türkiye, such as those of Önemli and Potter (2021), Kamilçelebi and Burger (2024), and Karakaş Aydınbakar (2024), reinforce the conclusion that individuals' evaluations of their income relative to others significantly shape their happiness.

Positive economic expectations for 2025 appear to have translated into favorable outcomes for happiness. As Bruni and Porta (2005) argue, individuals' subjective well-being is shaped not only by current material and social conditions but also by their beliefs about the future. Optimistic expectations can reinforce motivational and psychological resources such as hope, thereby enhancing how individuals perceive their present circumstances. Empirical studies confirm this relationship: De Juan et al. (2014), focusing on Spain, and Bartolini and Sarracino (2018), in a cross-national study covering 80 countries, found that positive economic expectations were associated with higher levels of subjective well-being. In the Turkish context, Caner (2015) and Kanlıoğlu and Dumludağ (2022) similarly demonstrated that expectations of improved economic conditions are among the strongest predictors of happiness. The findings of this study also support earlier evidence presented by Eren and Aşıcı (2017), Alkan and Kavalcı (2023), and Çomaklı Duvar et al. (2025), all of whom highlight that higher levels of hope regarding the future significantly enhance happiness. As Nikolova and Graham (2021) emphasize, hopeful expectations can act as a buffer against challenges and foster resilience, which in turn contributes positively to subjective well-being.

Furthermore, the analysis of 2024 data revealed that changes in individuals' economic circumstances had significant consequences for their happiness. Positive developments, such as the ability to start saving, were found to enhance happiness, while negative experiences—particularly job loss—led to marked declines. These findings are consistent with broader literature on the detrimental effects of unemployment, which increases individuals' economic insecurity,

exacerbates future-related anxieties, and fosters relative deprivation by diminishing social status. In Türkiye, Kanlıoğlu and Dumludağ (2022) empirically demonstrated that employment difficulties negatively affect happiness, while Timur and Akay (2017) showed that the ability to accumulate savings within a given year significantly raises reported happiness levels, regardless of gender. Taken together, these results underscore the dual importance of both economic security and the capacity to build financial resilience for sustaining higher levels of subjective well-being.

6. Conclusion

Since the mid-20th century, the behavioral turn in economics has placed increasing emphasis on measuring subjective well-being through surveys, thereby uncovering the role of factors beyond absolute income in shaping happiness. Building on this approach, the present study employed data from the 2024 LSS to empirically analyze the interplay between absolute income, economic expectations, changes in economic circumstances, and social comparisons in shaping happiness in Türkiye.

This study demonstrates that happiness levels in Türkiye are shaped not only by economic comparisons with others but also by individuals' reflections on their own past experiences and expectations for the future. The findings indicate that well-being is significantly influenced by both personal economic outlooks and broader perceptions of the national economy, including assessments of economic changes experienced over the past year. Thus, in the Turkish context, happiness appears to be determined not solely by current economic conditions but also by individuals' hopes and expectations regarding the future. Moreover, the study identifies "lifestyle comparison" as a meaningful determinant of well-being, highlighting the role of how individuals evaluate and attach importance to the lifestyles of others. In contrast to much of the existing literature, the results suggest that lifestyle-based social comparisons represent a distinctive factor in shaping happiness in Türkiye. This underscores that the determinants of well-being in the Turkish case extend beyond economic indicators, requiring attention to cultural and societal dynamics as well.

This study provides important insights for policymakers aiming to enhance individual happiness in Türkiye. First, to reduce inequalities in happiness across income groups, economic and social policies that promote fairer income distribution are crucial. For instance, progressive taxation can be applied to high-income groups, while tax exemptions or reductions may be extended to low-income households. Moreover, setting the minimum wage in line with the cost of living, particularly by considering regional disparities, can increase the purchasing power of low-income groups and reduce economic stress.

Second, in order to mitigate the negative effects of social comparisons on well-being, regulatory measures and content restrictions may be taken regarding advertising and media content that promote luxury consumption and unrealistic lifestyles. Education and awareness programs can further play a preventive role. For example, incorporating media literacy into school curricula could help individuals critically evaluate the media content they encounter, reducing the psychological pressure of social comparisons and enabling them to establish healthier benchmarks for living standards.

Third, fostering hope and security about the future requires macroeconomic stabilization policies. Expanding monetary and fiscal measures to combat inflation—one of Türkiye's most

persistent economic challenges—could strengthen individuals’ economic confidence. During downturns, direct financial support for households facing job loss or income shocks, alongside targeted assistance for basic needs such as food, rent, and energy, may also buffer declines in happiness. In addition, programs to generate employment opportunities for young people and new graduates—such as skill-development initiatives tailored to emerging professions—could promote both economic resilience and long-term well-being.

Despite these contributions, the study has certain limitations. Because the analysis is based on cross-sectional data, causal inferences cannot be drawn. For example, while positive expectations may increase happiness, it is also possible that happier individuals are more likely to hold optimistic expectations. Thus, the findings should be interpreted as correlations rather than definitive causal relationships. In addition, the dataset does not include psychological traits or personality characteristics, which may strongly mediate how individuals engage in social comparisons. Nevertheless, this study makes a valuable contribution by highlighting the interplay between absolute income, relative income, and lifestyle-based comparisons in shaping happiness in Türkiye. By drawing attention to the overlooked role of lifestyle comparisons, the findings enrich the national literature on happiness economics and provide a foundation for both policymaking and future research.

Declaration of Research and Publication Ethics
This study which does not require ethics committee approval and/or legal/specific permission complies with the research and publication ethics.

Researcher’s Contribution Rate Statement
I am a single author of this paper. My contribution is 100%.

Declaration of Researcher’s Conflict of Interest
There is no potential conflicts of interest in this study.

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APPENDIX

Table A1. VIF Criterion for Independent Variables in Analyses

Variables	VIF
Age	1.45
Female	1.24
Married	1.11
Education	1.22
Worked	1.51
Satisfaction with Health	1.28
Satisfaction with Social Life	2.08
Satisfaction with the Time Allocated	1.87
Absolute Income	1.52
Satisfaction with Monthly Income	1.68
Income Sufficiency	1.49
Low Welfare Level	1.58
High Welfare Level	1.51
Lifestyle Comparison	1.02
Comparison with the Past: Developed	2.00
Comparison with the Past: Same	1.74
Comparison with the Future: Develope	2.51
Comparison with the Future: Same	1.96
Hopeful about the Future	1.46
Household's financial status will be Better	2.42
Household's financial status will be Same	1.88
Economic Conditions will be Better	1.62
Economic Conditions will be Same	1.47
In the Last Year, Income Decreased	1.17
In the Last Year, Lost Job	1.08
In the Last Year, Started Saving	1.10
Mean VIF	1.58

The VIF values of the independent variables being below 5 indicates that there is no multicollinearity problem in Table A1.