

# Unpacking the determinants of life satisfaction: a survey experiment

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- In economic policy, measures of well-being focus mainly on objective and measurable economic factors, such as income and wealth.
- But money is not enough to make people happy...
- Renewed interest in measures of subjective well-being.

- How satisfied are you with your life in general?

1	2	3	4	5	6	7	8	9	10
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Very dissatisfied

Very satisfied

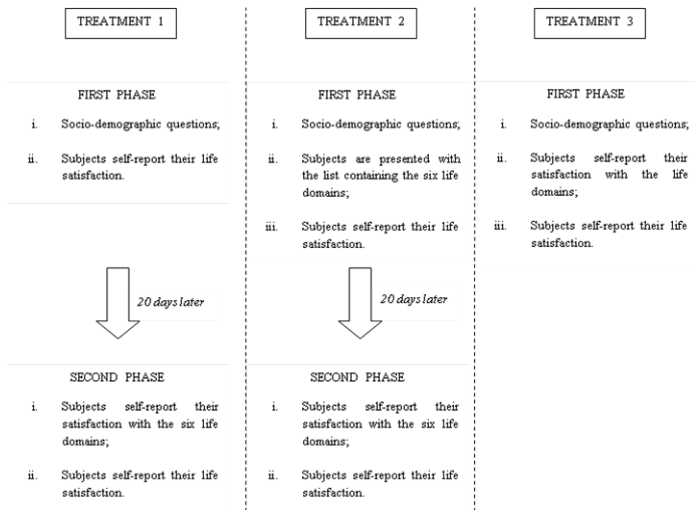
- Assumptions:
  - Respondents consciously and correctly report subjective information.
  - The information is interpersonally comparable (Angelini et al., 2014).

- Evaluating life satisfaction is a complex task.
- Self-reports of life satisfaction can be subject to **context effects**.
- Format elements (framing, number and order of questions, the information inferred from preceding tasks) exert strong psychological effects on subjects' responses and influence their informative content.

- Survey experiment to assess the context effects of raising awareness of fundamental life domains:
  - Income.
  - Family.
  - Job.
  - Friends.
  - Sentimental relationships.
  - Health.
- We compare overall life satisfaction evaluations from a benchmark questionnaire with no reference to life domains to those reported in two different versions of the questionnaire:
  - 1 Before reporting their life satisfaction, subjects are presented with a list of the six life domains.
  - 2 In the second variant subjects are also asked to evaluate their satisfaction with each single life domain.

- The survey was administered in January and February 2013 by using Qualtrics.
- Subjects are mainly students of economics from three different universities in Northern Italy.
- They were recruited by email after advertising the experiment through Facebook university groups.
- Each subject was randomly and anonymously assigned to (only) one treatment.

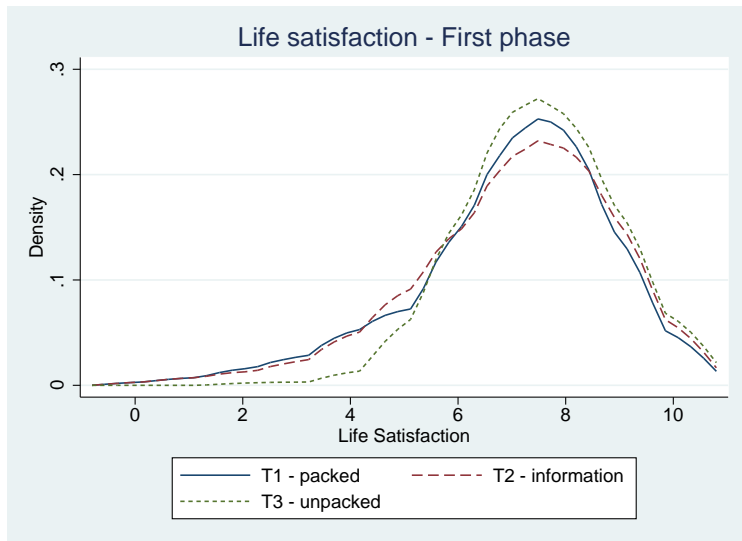
Figure: The Experimental Design



**Table:** Life satisfaction across treatments and phases

	Treatment 1	Treatment 2	Treatment 3
Phase 1	Mean: 7.020 Stand. dev.: 1.726 Obs.: 101	Mean: 7.079 Stand. dev.: 1.747 Obs.: 101	Mean: 7.521 Stand. dev.: 1.249 Obs.: 140
Phase 2	Mean: 7.655 Stand. dev.: 1.001 Obs.: 58	Mean: 7.768 Stand. dev.: 1.178 Obs.: 69	





- We start by exploiting the variation in treatment assignment between treatments within the first phase of the experiment.
- We analyze the effects of the questionnaire manipulations both on the mean and on the variance of life satisfaction.
- For the variance, we exploit Recentered Influence Function (RIF) regressions, as introduced by Fortin et al. (2009) to estimate treatment effects on the unconditional variance of LS.
- We then exploit the longitudinal variation between-phases and within-treatments.

Table: Unpacking life satisfaction

	Mean	Mean	Variance	Variance
Information	0.282 (0.221)	0.059 (0.244)	-0.313 (0.657)	0.050 (0.654)
Unpacked	0.627*** (0.203)	0.502** (0.202)	-1.923*** (0.670)	-1.373** (0.607)
Covariates	Yes	No	Yes	No
Observations	342	342	342	342
R-squared	0.234	0.022	0.104	0.022

- 1 Unpacking effect: Evaluating life domains increases overall life satisfaction.
- 2 Making sense of the question asked: Evaluating life domains reduces the variance of the distribution of life satisfaction.

Table: Longitudinal analysis

	Mean	Mean	Variance	Variance
Second phase	0.512*** (0.146)	0.512*** (0.143)	-1.786*** (0.573)	-1.786*** (0.591)
Covariates	Yes	No	Yes	No
Observations	254	254	254	254
R-squared	0.210	0.034	0.135	0.035

- Placebo test: No differences in the mean and the variance of the distribution when comparing the second phase of T1 and T2 with T3.

**Table:** Overall life satisfaction and satisfaction with domains

	Phase 1	Phase 1	Phase 2	Phase 2
Satisfaction with income	0.026 (0.081)	0.050 (0.104)	0.103*** (0.039)	0.104*** (0.038)
Satisfaction with family	0.131 (0.081)	0.140* (0.084)	0.159*** (0.039)	0.167*** (0.037)
Satisfaction with work or study	0.069 (0.099)	0.144 (0.103)	0.107** (0.050)	0.110** (0.047)
Satisfaction with friends	0.137 (0.103)	0.136 (0.111)	0.149*** (0.053)	0.152*** (0.051)
Satisfaction with partner	0.124** (0.056)	0.075 (0.060)	0.048* (0.027)	0.046* (0.026)
Satisfaction with health	0.093 (0.085)	0.074 (0.088)	0.165*** (0.054)	0.162*** (0.053)
Covariates	Yes	No	Yes	No
Observations	127	127	127	127
R-squared	0.261	0.174	0.594	0.591

- We study how raising awareness of six specific life domains affects subjects' self-reported life satisfaction.
- We find evidence of important context effects.
- Raising awareness of specific life domains increases the levels, precision and accuracy of self-reported life satisfaction.
- This is done in some surveys, not in others:
  - BHPS, SOEP, HILDA(2nd w): Life domains before LS;
  - ESS (6th w), WVS (6th w): No life domains.
- We also detect heterogeneity in the effect of the unpacking manipulation on the basis of individuals' baseline characteristics. The unpacking effect is smaller for the youngest, parents, healthy and members of social associations.