

Life satisfaction

Introduction

There is an emerging international consensus on the need to go beyond gross domestic product (GDP) per capita as a proxy measure of the wellbeing and progress of societies.¹¹⁰ The OECD is developing indicators of social and environmental outcomes that can be used to complement the GDP per capita measure. These include indicators of “subjective wellbeing” – an umbrella term for measures that tap people’s own opinions and feelings about their lives.

Measures of subjective wellbeing have long been used in psychology where a number of different scales have been developed.¹¹¹ Political scientists and sociologists have used these scales in global surveys to show variations in life satisfaction or happiness between countries.¹¹² In the last decade, economists have become interested in the potential of measures of subjective wellbeing to provide insights into the determinants of wellbeing or “utility”.¹¹³ Subjective wellbeing measures challenge the conventional economics approach of using income as a proxy for wellbeing because of the choices and opportunities it provides. Another widely accepted economics approach that has received global attention recently looks at people’s capacity to meet their needs, using both objective and subjective measures.¹¹⁴

A great deal of research has been done to find out what determines life satisfaction or happiness – how it relates to demographic factors such as age and sex, or other aspects of people’s lives such as health, education, work status and income. The research has established that subjective wellbeing measures themselves are sufficiently reliable and valid for wider use, despite some shortcomings.¹¹⁵ Self-reported life satisfaction measures can provide insights into what matters to people. However, because of the human tendency to adapt to circumstances, these measures are not a reliable reflection of people’s actual conditions of life.¹¹⁶ To be meaningful for policy, measures of subjective wellbeing must go together with measures of objective conditions.

The social report has a number of subjective indicators, including satisfaction with work-life balance, satisfaction with leisure time, perceived discrimination, fear of crime, contact with family and friends, trust in others and loneliness. These measures complement the objective indicators in the report, such as life expectancy, obesity, adult literacy skills in English, market income per person, telephone and internet access in the home and assault mortality.

In this year’s report, we include a new indicator of overall life satisfaction, using data from the 2008 New Zealand General Social Survey (NZGSS). It is a measure of people’s perceived satisfaction with their lives overall. We make no claim that it sums outcomes across other domains. However, studies of subjective wellbeing have consistently found that the determinants of life satisfaction include good health, stable employment, income security and positive family and social relationships. These findings give credibility to the social report’s domain framework.

The initial picture from this new indicator is consistent with findings elsewhere: reported life satisfaction is very high overall, is slightly lower among people in late middle age, and is much lower among unemployed people and those in sole parent families. A common finding from longitudinal studies is that losses (of jobs, income, health or partners) tend to have a greater impact on life satisfaction than gains and, although people tend to bounce back from adversity, some losses have long-lasting effects.

Overall life satisfaction

Definition

The proportion of the population aged 15 years and over who reported that they were “very satisfied” or “satisfied” with their life overall, in the New Zealand General Social Survey.

Relevance

Overall life satisfaction is an indicator of subjective wellbeing. A number of circumstances may influence overall life satisfaction, such as health, education, employment, income, personality, family and social connections, civil and human rights, levels of trust and altruism, and opportunities for democratic participation.¹¹⁷

Current level

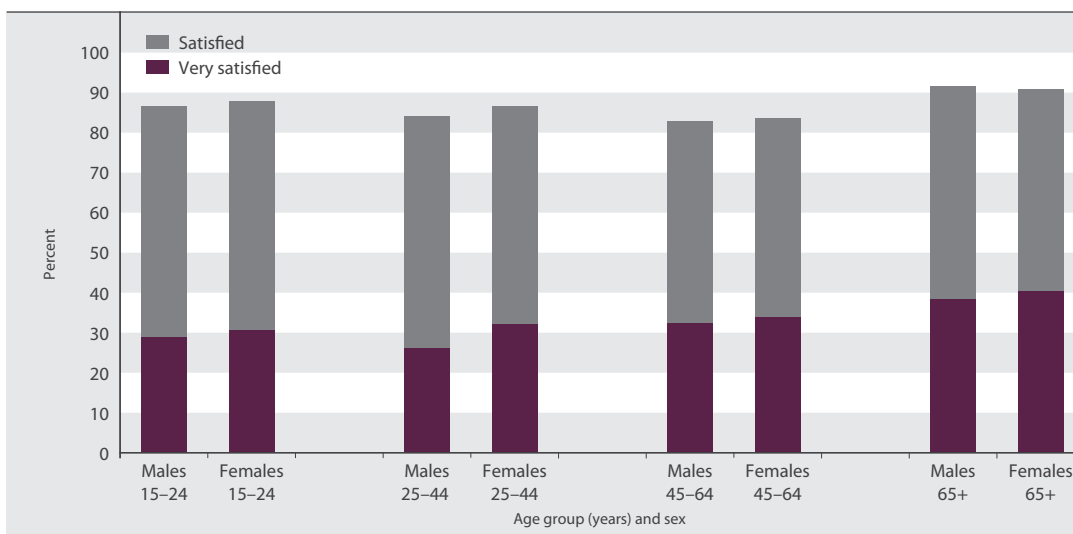
In 2008, 86 percent of New Zealanders aged 15 years and over said they were satisfied with their life overall. Almost one-third (32 percent) were very satisfied, and just over half (54 percent) were satisfied.

Age and sex differences

While the proportion of people very satisfied or satisfied with life overall was high across all age groups, people aged 65 years and over (91 percent) were more likely to be very satisfied or satisfied than people aged 45–64 years (83 percent).

Males (85 percent) and females (86 percent) reported very similar rates of overall life satisfaction. Among people aged 25–44 years, females were more likely than males to be very satisfied with their life overall (32 percent and 26 percent, respectively).

Figure LS1.1 **Proportion of people satisfied with their life overall, by age group and sex, 2008**



Source: Statistics New Zealand, New Zealand General Social Survey

Ethnic differences

While at least four in every five people in each major ethnic group were very satisfied or satisfied with life overall, Asian people, Pacific people and Māori were significantly less likely to be very satisfied than other (mainly European) people.

Table LS1.1 **Proportion (%) of people satisfied with their life overall, by ethnic group, 2008**

| | European/MELAA/ Other | Māori | Pacific peoples | Asian | Total |
|-----------------|--------------------------|-------|-----------------|-------|-------|
| Very satisfied | 34.4 | 28.3 | 25.2 | 22.2 | 32.2 |
| Satisfied | 52.5 | 53.2 | 55.0 | 61.9 | 53.6 |
| Total satisfied | 86.9 | 81.5 | 80.3 | 84.1 | 85.8 |

Source: Statistics New Zealand, New Zealand General Social Survey

Notes: (1) MELAA stands for Middle Eastern, Latin American and African. (2) Other includes the category "New Zealander".

Family type differences

Across family types, people living in one-parent families were the least likely (74 percent) to be very satisfied or satisfied with life overall, followed by those not living in a family (81 percent). People not living in a family includes people living alone or with flatmates. The rates for couples with at least one dependent child (87 percent) and couples without children (90 percent) were significantly higher than those for both other family types.

Socio-economic differences

There were significant differences in overall life satisfaction between the unemployed (67 percent) and the employed (87 percent), and between people living in rented housing (79 percent) and those living in owned housing (88 percent). People with no qualifications (81 percent) had significantly lower levels of overall life satisfaction than those with a qualification: Levels 1–4 certificate, 86 percent; Levels 5–6 diploma, 87 percent; bachelor's degree or a higher qualification, 90 percent.

People with personal incomes of \$70,000 or more reported the highest levels of satisfaction with life overall (93 percent). This was significantly higher than the levels for people in the lower personal income bands of \$30,000 or less (84 percent) and \$30,001–\$70,000 (86 percent).

Regional differences

Across the regions, people reported very similar levels of overall life satisfaction, ranging from 83 percent in Northland to 87 percent in Wellington and Canterbury.

International comparison

Information on life satisfaction in OECD countries is available from the 2006 Gallup World Poll. The measure is a country's average score on an 11-point scale from 0–10 (with 0 being the lowest and 10 being the highest levels of satisfaction), derived from individual respondents' scores. Denmark topped the list with a score of 8.0. In the Gallup World Poll, New Zealand ranked sixth equal (with Australia and Canada) with a score of 7.4. This was above the median of 6.9 for 30 OECD countries. New Zealand's score was slightly above the average scores of the United States (7.3) and the United Kingdom (7.0), and well above that of Ireland (6.0). High life satisfaction is associated with higher national income and lower inequality. In high income countries (including Australia, Canada, the United States, the United Kingdom and New Zealand), life satisfaction is higher at older ages.¹¹⁸