

Impact of Socio-Economic Factors On Life Satisfaction In Iran

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Abstract:

The subject of the life satisfaction is one of the important issues in development economics literature. In this paper, the main determinants of life satisfaction such as economic factors have been considered. For data analysis, the indices of life satisfaction have been collected among 400 people in Tehran and neighbouring provinces by applying stratified random sampling method. Then, data field method and questionnaire have been used for data analysis. The empirical results of this paper reveal that GDP and HDI index have positive and other explanatory variables such as income inequality, population growth have positive and negative significant impact on the life satisfaction in Iran respectively.

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1. Introduction

The life satisfaction can be defined as an understanding of lives and feeling about the future, a kind of measuring well-being. Initially, The model was forwarded by Adrian G. White and analysis of the political scientists at the university of Leicester. The theory are very diverse in areas of life satisfaction as well, to the extent of the objective factors and impacts and how to improve the material conditions of people's satisfaction levels. The results of their studies have shown the objective conditions had a decisive role on the level of people's satisfaction.

Widespread discrimination, wealth and income disparities, and the pursuit of machine life, affects satisfaction and happiness in unclear age. In fact, wealth is assumed to increase with the increase of happiness and satisfaction. The results of research on the satisfaction of living in the different scientific disciplines in the new phase of the changes: to get away from thinking of economic growth, thinking to a better life. Better life means not only to increase revenue, but also the means to increase quality of life. That, in fact, tends to increase the satisfaction of the individual's life or well-being is forwarded to the higher, and both of these two things are completely different.

The subject of the economic satisfaction pays attention to the economic objective indexes, which lead to wellbeing and economic productivity, associated with human's subjective indexes. So the concept of sustainable development and life satisfaction has significant compatibility by changing the people's consumption model and the change in government policy. According to this theory, suggesting gross domestic product, the human development index and reducing inequalities in income distribution had a positive effect on life satisfaction. With regard to the effect of economic prosperity on the consent of the life of these factors should be considered as the economic condition of the State plan.

2. Theoretical Framework

The American economist Richard Easterlin years ago, in 1974, paid his attention to the phenomenon of life satisfaction and attractive revenue. Today we may call it as so called Easterlin economic paradox. Easterlin not only in America but also in other industrial nations also observed that though today's generation of very wealthy parents, compared to the past, are not more satisfied and happy. According to the findings of the Easterlin and other researchers, in poor countries only in the general life satisfaction along with the average revenue growth increases. As soon as a person's income level reaches a minimum livelihood, positive correlation quickly disappears. The latter is an important factor for explaining the paradox there is Easterlin to this thread mentions that each person gradually to anything including higher life satisfaction level will to be used. Along with the increased income, in accordance with the needs and demands of its perceptual time increases. In this way, say such wealth is health, the absence of it misery and unhappiness.

After explaining the concept of life satisfaction and the necessity of measuring it and the mutual relation between people's satisfaction with income during the various hypothesis and theory, the theoretical basics are some of the economic factors affecting the satisfaction of living . we 'll pay attention according to the hypothesis of this research the positive and negative impact on the life satisfaction of individuals :

2.1- GDP: The theoretical basis of a person's life or community consent should be assessed using the compliance functions, but compliance is a subjective concept that does not the ability to measure. Therefore, in order to calculate the level of well-being of the individual and the community can use the realization of the income from the production.

The first part of the research on the life satisfaction i.e. GDP considered a valuable target. This is especially true for developed countries that most of the population's living standards high . In the poorest countries life satisfaction of human quality and revenues is different. This study is an analysis of the relationship between gross domestic product and the satisfaction of life in Iran . It also will show that the use of more precise results in a sensitive indicator of satisfaction will be presented.

2.2- Human development index (HDI): Combined human development index to gauge success in any country in three basic criteria of human development: Long and healthy life, access to knowledge and wisdom and the appropriate level of life. A development index measure of life expectancy, literacy, education and the standards of living of a country. This is a standard for measuring the well-being and life satisfaction.It is also used to measure the impact of economic policies on quality of life. These indicators are relying on this simple but powerful concept that development and life satisfaction something beyond making money. Creative in the field of speculative advances sparked.

2.3- The cost of health: .However, there are a number of issues that dispose of in creating health and affect on life satisfaction. Health expenditure is one of the things that people with life satisfaction index will affect. For improving health and wellness and to keep them healthy, they have to pay the cost. If these costs increased or with the status of the person are not receiving adequate income, People will feel discontent. In fact, part of the purpose of this study was to demonstrate it This topic is that the rising costs of health care will make health the people's discontent and will appear dissatisfaction in the life of society.

2.4- The cost of families: The question that will be discussed here this is to what extent the costs and The level of consumption and the template is determined by household income compared with other household combined variables, family type and where to stay or the status of the employment of family members as the structural description of the factors determining the satisfaction of living costs. This study intends to show that households that have limitations in terms of the budget ,

2.5- Unequal income distribution (Gini coefficient): Many analysis shows that income inequality and life satisfaction are significantly negative correlated . This is the result of a strong and estimation of choice and as well as in different income groups across the country in the midst of a variety of different countries .

2.6- Population growth: The relationship between the populations of each country with the amount of economic prosperity and social security is a usual attention of free world and democratic governments . If we prepare a table of countries and population figures, the density of population, annual population growth,national production, the national per capita production and attention human development index countries, we notice immediately that there is a negative relationship between the demographic indicators and development indicators and life satisfaction . With the explosion of the population , limited natural resources will be in shortages.

3. Empirical Studies

The relationship between GDP And the life satisfaction in the EU,It has been done in an article by Mindaugas Degutis,Sigitas Urbonavičius,Algis Gaižutis, at the University of Vilnius Lithuania, this article is about the relationship between GDP and life satisfaction analysis. And claims that the national wealth in the form of increasing the level of life satisfaction remain constant. Results shows that the in the process of regression analysis the level of gross domestic product a positive communication with the consent of the person's life.

Tobias Pfaff, Johannes Hirata (2013) in an article entitled the relationship dynamic between the life satisfaction and economic growth in Germany and the United Kingdom when to test the hypothesis of Easterlin at the level of the countries examined. The innovation of this research in the use of the fixed effects estimates data combination and the individual in the long run. The results of this study indicate that the happy and life satisfaction and national income are affiliated to each other at some point during that time this dependence on it.

The paradox relationship between the income and the satisfaction in article Eduardo Lora, Juan Camilo Chaparro (2008) has been reviewed. According to the findings of this research is relationship the lack of satisfaction with the growth.On an individual level although the process of with high earnings is reflected more satisfaction, but, an increase in revenue of social groups that the person belongs to creates the opposite effect.

4. Research hypothesis

4.1- Increase in GDP and human development index a positive effect on the life satisfaction.

4.2- Increase the cost of Iranian family and health costs have a negative impact on the life satisfaction.

4.3- Reducing coefficient of gini positive effect on life satisfaction.

4.4 - Population growth further reduced the life satisfaction.

5. Model Specification and Empirical Results

In this research, we used of the six variable explanation. The structure of this study is a cross-sectional study.All variables affecting the function were confirmed at the possible level of 95 percent .in the model,(LS) life satisfaction,(GDP) gross domestic product (welfare

indicators), (HDI) human development,(HEL) the cost of health,(GINI) gini coefficient (income inequality),(POP) population growth rate.

$$LS = \alpha_0 + \alpha_1GDP + \alpha_2HDI + \alpha_3FEXP + \alpha_4HEL + \alpha_5GINI + \alpha_6POP \quad (1)$$

The above model has been estimated by Eviews software within the framework of data cross-sectional (In the year 2012)

Table 1. The results of Unit Root Test for Variables

LS	GDP	HDI	HEL	FEXP	GINI	POP
-4.877088	-6.295368	-4.988058	-6.763848	-6.26480	-5.336166	-6.927113

Source: Authors Calculations

Table 2. Results of Model Estimation

Method: Least Squares			
Sample: 1 50			
Included observations: 50			
Variable	Coefficient	t-Statistic	Prob.
C	2.331342	3.921784	0.0003
GDP	2.84E-05	2.431704	0.0188
HDI	6.083648	4.422638	0.0001
HEL	-0.286044	5.743027	0.0000
FEXP	-0.014585	-4.641653	0.0000
GINI	-0.026596	-2.417671	0.0199
POP	-0.150624	-2.852497	0.0048
R-squared		0.65	
F-statistic		9.143142	
Prob (F-statistic)		0.000002	
Durbin-Watson stat		2.182281	

Source: Authors Calculations

The results of model estimation reveal that, GDP and human development index have positive and other explanatory variables such as cost of health, the cost of household, income inequality and population growth have negative and significant impact on the life satisfaction. But it should be noted that does not exist any relationship unconditional between changes in the variable and life satisfaction. Although most countries indicate a strong relationship between this variable, but there are also exceptions.

6. Discussion

In some countries, can be seen clearly the existence of a positive relationship between GDP (welfare indicators) and life satisfaction. But some other countries show against this

event and perfectly the emphasis on Easterlin theory. Countries such as, Panama, Mexico, Thailand among the countries are that with the increase in the level of GDP the satisfaction rate is also increasing. Serbia, Tunisia, Bolivia are countries that despite the negative GDP growth substantial satisfaction level. Iran, Qatar, Yemen and Iraq despite the positive growth in gross domestic product could not be seen increased dramatically, at the level of their satisfaction. Only with the increase of GDP or increase revenue, do not increase.

Life satisfaction levels. In view of the Economic outlook life satisfaction other than GDP It depends as well to other factors.

One of the other factors that impact on the life satisfaction, the human development index. According to the estimation of the model there is a strong relationship between the HDI and the life satisfaction. With a little rise in the human development index, increased the level of satisfaction in developing countries including Iran are significantly. Human development index of positive communication and significant effect for many developing countries that shows enhancement potential opportunities for health, educational range and income distribution is necessary in order to prevent any inequality.

The cost of health a negative relationship and meaningful with life satisfaction. Countries where less health costs on society, there are also considerable satisfaction.

In this study, we find that the relationship significant and negative between life satisfaction index and there is a cost of households. This claim, according to the report obtained in the table expression. Can be used to point out that the countries that have less household spending, in view of the higher level of satisfaction. For example, the State of Qatar in selected countries between research, the lowest level of the household expenses in your home country; this is while it is in the level of life satisfaction in between the same countries of higher rank. The main part of the income are spent on basic needs and living expenses. In most of the developing countries and relatively poor the cost of living members of society more than the actual income for them. The main problem is taking over the size of the people in these communities that need to change people's consumption model. Because excessive consumption the source of the debt of the state. With proper planning and the right pattern of governments for the people we can reverse the trend of rising costs and boost the level of satisfaction of life in developing countries.

Our findings show negative effect on the income inequality on life satisfaction in selected countries including Iran. There is emphasis on this subject that countries that have a more fair income distribution entitled are to a high satisfaction level among selected countries. Is also more increase the welfare gap between rich and poor in developed countries it seems that should pay more attention to this truth and will be considered as a relationship between income and life satisfaction. The effects of income distribution described on how to convert the welfare benefits. Enhancing the life satisfaction aims to expedite economic growth policies in a country with a total income distribution.

The structure of the population age groups representing the general status of any country or territory. The high percentage of children in between other age groups, indicating the lack of development of the countries and in terms of the age group cost and in terms of non-productive economy, can devour a significant amounts of national income and hinder its progress. So increase volumes manpower when the economic benefit that the necessary economic conditions for their use are provided. If no plan encountered with the increasing

population rates indiscriminate there will be the existing sources are unfairly between people. We know that inequalities in terms of will reduce the satisfaction.

7. Conclusion

In this paper, the effects of economic factors on life satisfaction in developing countries like Iran have been investigated. The results of model estimation show that the growth on the affect of life satisfaction and in some developing countries, including Iran, increases the GDP has a significant impact on life satisfaction. In this research we discovered that income inequality has a negative effect on life satisfaction index; because their income compared with other people. Local experiences, transnational and national, shows that population growth does not lead to an increase in ability to the countries. More population growth and especially the state intervention in this matter will increase the social and economic problems that increase all these problems will be reduces the life satisfaction of population. Also in this study, we found that increase human development index amount a significant of will be increased life satisfaction index. Because increasing the opportunities potential for health of people, educational range and income distribution is necessary to prevent any for gender inequality. The importance of changing would be way people consume model for reduction cost of households and also planning to reduce the costs of members of society in the context of health will smoothly the track to increase life satisfaction index. Increased life satisfaction society, will rise life expectancy and with the right investments countries in order to support sustainable development.

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Appendix: The HDI value of selected developing countries

Rating	country	HDI*(0-1)	Rating	country	HDI*(0-1)
1	Qatar	0.834	29	Macedonia	0.652
2	Hungary	0.831	30	Philippines	0.652
3	Chile	0.819	31	Syria	0.648
4	Argentina	0.811	32	Indonesia	0.648
5	Belarus	0.793	33	Kyrgyzstan	0.622
6	Uruguay	0.792	34	Tajikistan	0.622
7	Russia	0.788	35	Vietnam	0.617
8	Panama	0.780	36	Iraq	0.590
9	Mexico	0.775	37	Ghana	0.558
10	Malaysia	0.769	38	India	0.554
11	Serbia	0.769	39	Butane	0.538
12	Venezuela	0.748	40	Swiss	0.536
13	Iran	0.742	41	Bangladesh	0.515
14	Peru	0.741	42	Pakistan	0.515
15	Ukraine	0.740	43	Madagascar	0.483
16	Azerbaijan	0.734	44	Nigeria	0.471
17	Brazil	0.730	45	Nepal	0.463
18	Armenia	0.729	46	Yemen	0.458
19	Turkey	0.722	47	Zambia	0.448
20	Colombia	0.719	48	Malawi	0.418
21	Tunisia	0.712	49	Sudan	0.414
22	Republic Dominican	0.702	50	Mali	0.344
23	Jordan	0.700			
24	China	0.699			
25	Thailand	0.690			
26	Bolivia	0.675			
27	Egypt	0.662			
28	Moldova	0.660			