

Globalization and Happiness Across World Countries

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Abstract

Globalization encompasses interaction and interdependence among nations which may result in greater happiness through multiple channels such as socialization, access to global products, international peace and security attained through collaboration between governments, sustainable development through international organizations, and much more. The current study investigates the impact of globalization on happiness by taking data from eighty countries worldwide and covering the period of all seven waves of the World Values Survey (1981-2022). The impact of economic, political, and social dimensions of globalization on happiness are analysed separately. In addition, GDP per capita, Inflation, Democracy, Human Capital, Life expectancy, and Employment are additional regressors in the model. The uniqueness of this study lies in the fact that it is not only one of the few studies on the topic using longest span of panel data but also in furnishing regional analysis of globalization and happiness for Asia, Africa, Europe and Latin America, and Caribbean. Results of the Fixed Effects model estimation support the evidence that globalization fosters happiness across the sample of world countries and social globalization has largest impact as compared to economic and political dimensions. Regional analysis confirms that globalization has robust impact on happiness of Asian and Latin American regions but insignificant impact on African and European regions. Besides globalization, GDP per capita and human capital are found to have a positive and significant impact on Happiness. The study recommends development of those strategies aimed at maximizing the positive impacts of globalization while mitigating its potential negative consequences on well-being.

JEL classification: I31; F60; D60

Keywords: Human Capital; Happiness; Fixed Effects Model; Globalization; Panel Data

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1. INTRODUCTION

A core aim of every economy is to make its population skilled, promote education, overcome poverty & unemployment, control corruption, and

terrorism and maintain international peace and security. To meet these standards every country tries its fullest by integrating with the global economy. Not only economies but international organizations and markets are equally involved in this process. The world today is more connected than ever before. Economies differ in terms of natural endowments and thus are highly dependent on each other. These dependencies had led to the foundation of the highly debated term “The Global village.” Globalization reflects a scenario where states are economically, socially, culturally, and politically interconnected. “Globalization is conceptualized as a process that erodes national boundaries, integrates national economies, cultures, technologies, and governance and produces complex relations of mutual interdependence” (Dreher, 2006, p. 1842) as cited in Lin, Lahiri and Hsu, 2017).

Globalization is attributed for bringing diversity and competition all over the globe. It helps nations in making effective use of their natural endowments resultantly making them a competitor in the international market. Globalization is usually encapsulated across three dimensions namely, economic, social, and political globalization. Economic globalization majorly covers capital flows across countries (Shangquan, 2000). Social globalization, on the other hand, refers to sharing of information, ideas, and thoughts. Technological advancements that are a fruit of globalization have converted hours and days into minutes and seconds (Barker, 1999). Finally, political globalization is more related to the political relationships between economies. Greater political involvement leads to international peace. However, there may be some negative implications for states and humans. Continuous increase in the level of globalization may have resulted in threats like westernization, cultural proximity, loss of national identities and moral codes.

There has been a lot of debates regarding the effects of globalization and numerous studies are available that connect globalization with various aspects. One of them is the impact of globalization on happiness. Before moving towards the possible relationship that might exist between globalization and happiness, it is pertinent to explain the term happiness. Dr Ruut Veenhoven in his book “Conditions of happiness” has taken happiness as “the degree to which an individual judges the overall quality of his life as a whole favourably” (Veenhoven, 1984, p. 30). Globally, two components of happiness are identified, namely the cognitive and affective component of happiness. The cognitive component is determined by cultural wants and the affective component is determined by universal human needs. There are multiple channels through which globalization might affect happiness. There is this

popular argument which connects globalization with quality of life that “Globalization brings good and bad news” (Henderson, 2002 as cited in Lin, Lahiri and Hsu, 2017).

In the present world, social media has become a hegemon which is shaping our lives and daily routines. People of every age tend to use social media. Different websites & social media apps are available that not only connect people round the world also share their daily life experiences in the form of pictures and videos. On the other hand, social media usage might have negative effects in terms of decreased family time, lessened social interactions and much more (Wright, 2000). Trade brings competition and provides a diverse range of production enhancing consumer choices, but foreign influence may not be appreciated and accepted by everyone. There are people that are not satisfied with the changes and want to return to the “good old days” that existed before industrial revolution (Veenhoven & Berg, 2013). When neighbours were fully aware of the problems of the person living next door. So, one needs to assess how globalization is affecting us and our daily life routines.

As far as happiness ranking of countries is concerned, world happiness report provides a comprehensive overview of global happiness rankings based on numerous factors including economic prosperity, social support, good health, freedom of choices, generosity etc.as per the report Northern European countries like Finland, Denmark, Norway, Sweden, and Iceland have been consistently ranked happiest among all world countries. Besides, northern European countries some western European countries like Switzerland, the Netherlands, and Germany have performed well in the ranking. There are some variations across Latin American countries on happiness rankings. Countries like Costa Rica and Uruguay are often ranked high while other countries like Argentina and Brazil have fluctuations in rankings. Similarly, Asian countries exhibit a wide range of happiness rankings. Southeast Asian countries such as Singapore, Japan, Taiwan, South Korea performed well in happiness ranking as compared to Middle east and South Asian countries. Few middle east countries with high happiness ranking include Qatar and UAE owing to their wealth and infrastructure.

Happiness levels in Sub-Saharan Africa countries tend to be more diverse. Some countries, like Mauritius and Ghana, demonstrate relatively high happiness scores attributed to factors such as improvements in living standards. However, other nations in the region face significant challenges such as poverty, disease, and conflict, resulting in lower happiness scores.

The study aims at analysing the impact of globalization and its different dimensions, namely, economic, social, and political, across different countries of the world. It analyses the direction and the extent to which globalization affects happiness at the country level and compares the impact across different dimensions. Wright (2000) posed an important question which is being addressed by this study. In Wright's words "Thanks to Globalization human beings are wealthier and freer than at any time during our long climb from the top of the evolutionary food chain to the highest rung of the corporate ladder. But are we happier? Put down that cell phone, ignore the incoming email, and consider the evidence" (Wright, 2000, p. 55). In the existing literature, few other studies have particularly focused on the topic of globalization and happiness, but these studies are either based on cross-sectional data or considered a particular region such as Asia or Africa and spans over a shorter period of 2006-2016.

The major contribution of this study is conducting both the global and regional analysis of impact of globalization and its different dimensions on happiness utilizing panel regression techniques. Sample covers eighty countries for the period 1981-2022. For this purpose, the study uses data of happiness from the World Value Survey (WVS), which is one of the pioneering data sources on happiness and subjective wellbeing with a much longer time span of over 40 years. Furthermore, the study also provides regional analysis for globalization's impact on happiness for Asia, Africa, Latin America & Caribbean, and Europe. Regional analysis may provide a different dimension to the relationship between globalization and happiness within certain geographical boundaries. Regional analysis is conducted for Asia, Africa, Latin America & Caribbean and Europe.

2. LITERATURE REVIEW

As far as the theoretical plausibility is concerned, there are multiple theories available. Beginning with the *Objective list theory* that considers objective things that are valuable in real life as source of happiness. These objective things include career, friendship, beauty, freedom, love, family, education, material comforts of life, good science, value etc. This theory is instrumental in explaining the relationship between globalization and happiness because most of the factors of the objective list are related to globalization. But there are some conditions where people with an ideal happy settled life as per objective list theory may not be happy (Martin, Seligman & Royzman, 2003). Therefore, according to the *Set Point Theory of Happiness*, human beings are

programmed to experience certain degree of happiness irrespective of how life is going because happiness is an inner feeling (Veenhoven, 2009). Adaptation and habituation are the two channels stabilizing the happiness level in the long run (Gerstorff and Hular, 2018). On the contrary, there is *Liveability theory* which puts forward the argument that there is a series of objective goals like income, education and health that affect the level of happiness of individuals. According to this theory, happiness of individuals is not fixed; rather, can be enhanced over some periods.

Besides these theories, proponents and opponents of globalization have put forward certain arguments such as: globalization leads to an increased gap between the rich and the poor. However, in absolute terms income growth at least improves their absolute living standards (Wright 2000). Therefore, globalization is believed to bring freedom of choice through increased income resulting in individuals having increased access to a variety of products without worrying about the budget (Uchida & Ogihara (2012). Globalization is believed to be positively related to happiness both in absolute and relative terms due to its spillover effects. No matter how poor the population might be, if that population is surrounded by poorer countries, their happiness level will be higher because they consider themselves rich in relative terms (Lin, Lahiri and Hsu, 2016). Furthermore, Veenhoven et al. (2013) also concluded that the level of modernity that the world is enjoying today is positively influencing the world population. Wright (2000) argued that once a society attains a fair living standard, further money will not bring happiness. Wright (2000) further argued that workers living abroad are earning high, but their level of happiness is low because of being away from their families and homes.

The impact of globalization on the quality of life of individuals may be negative because it leads to loss of national identity but some of the people appreciate the freedom that is offered due to globalization (Starr, 2005). Finally, Sirgy *et al.*, (2004) is of the view that impact of globalization on happiness can be either positive or negative that may offset each other; therefore, it is difficult to conclude about the direction of overall impact.

In economics, there is limited empirical literature on the impact of globalization on happiness. The determinants of happiness or the happiness functions on the other hand have been widely studied using both the panel and the cross-sectional data. Three recent studies in this context are worth mentioning. Firstly, Stéphane and Nounba (2024) has analysed the impact of globalization and its different dimensions on 34 African countries for the period 2006-2019. Overall, globalization and its economic and political dimensions

have positive impact on happiness while social globalization lowers happiness in the study. Furthermore, the study has shown that the effects of globalization on happiness is conditional on democratization, level of human development and natural resources. Secondly, Kumari *et al.*, (2022) in their analysis of socio-economic conditions on happiness of twenty-one emerging market economies have concluded a negative impact of globalization on happiness for the period 2006-2019. Thirdly, Kumari *et al.*, (2021) has confirmed a positive long-run and negative short-run relationship between globalization and happiness for Asian lower middle-income countries for the period 2006-2016. Authors have utilized Westerlund co-integration technique and Pooled Mean Group Estimator for the analysis.

Retrospectively, Di Tella and MacCulloch (2006) argued that globalization leads to changes in macrocosmic variables and these changes affect the happiness of the economies. Lin, Lahiri and Hsu (2016) examined the impact of widespread globalization on happiness using data from 145 nations. The results of two stage least squares (2SLS) regression with spatial lag confirmed a positive relationship between the two variables. Further, they found an inverted U-shaped relationship between average happiness and happiness inequality, and they named it as the *Happiness Kuznets curve*.

Veenhoven *et al.* (2013) incorporated industrialization, size of services sector, globalization, democracy, market economy, education, urbanization, and per capita income as independent variables while capturing both the cognitive and affective part of happiness. All the variables except the size of the services sector were found to foster happiness. Uchida & Ogihara (2012) in their study for Japan have indicated that globalization can only affect happiness by bringing more freedom of choice and that is possible through increase in wealth. While Sirgy *et al.* (2004) identified that globalization has both a positive and negative impact on happiness and these opposite forces make it arduous to analyse the overall impact. Finally, using the data of around 125 countries, Sajjad *et al.* (2019) analysed the relationship between globalization, happiness, and entrepreneurship. Authors concluded that happier and globalized nations produced more entrepreneurs. In a country study for China, Bianjing (2016) showed that areas with relatively high globalization levels are less happy.

Tsai (2007) investigated the impact of globalization on human well-being. Focusing on results of different dimensions of globalization; economic and social globalization have a negligible impact on the Human development Index (HDI); while political globalization has a significant positive impact on Human well-being. Globalization fosters human development and contributes

to poverty reduction too. Each economic, social, and political dimension contributes towards the overall positive impact of globalization.

The literature comprises of several studies analysing the impact of globalization on subjective wellbeing measured through either life satisfaction or happiness. Most of the studies are panels in nature but focus on a particular region or have used a shorter time span of data. This study's primary contribution lies in conducting a comprehensive analysis, both globally and regionally, of the impact of globalization and its various dimensions on happiness, employing panel regression techniques. The sample encompasses eighty countries spanning from 1981 to 2022. To achieve this goal, the study utilizes happiness data from the World Value Survey (WVS), a pioneering source of data on happiness and subjective wellbeing with a time span exceeding 40 years. Additionally, regional analyses are provided for Asia, Africa, Latin America & the Caribbean, and Europe. These regional analyses offer insight into how the relationship between globalization and happiness varies within specific geographical boundaries.

3. METHODOLOGY AND DATA

Different studies have analysed the impact of different socio-economic variables on happiness/life satisfaction using the country level data. Together with globalization, other commonly used plausible determinants of happiness are GDP per capita, inflation, employment, democracy, human capital, and life expectancy. Adapting from studies of, Stéphane and Noumba (2024), Kumari *et al.*, (2022) and Perovic and Golem (2010), the specific model of the study takes the following form:

$$Hap_{it} = \alpha_{oi} + \beta_1 G_{it} + \beta_2 PCI_{it} + \beta_3 Inf_{it} + \beta_4 Emp_{it} + \beta_5 Dem_{it} + \beta_6 LE_{it} + \beta_7 HC_{it} + \mu_{it} \quad \dots(1)$$

where, Hap_{it} is happiness measured through the percentage of people in a country who are either very happy or quite/rather happy. G_{it} is globalization measured through KOF index, PCI_{it} is per capita income growth, Inf_{it} is inflation rate, Emp_{it} is the employment in millions, Dem_{it} is the democracy measured by polity index, LE_{it} is life expectancy and HC_{it} is human capital. It is worth mentioning that Globalization is measured across three dimensions namely economic, political, and social (Dreher & Axel, 2006). Equation 1 is estimated separately for overall globalization, economic globalization, social

globalization, and political globalization. The study also encapsulates regional analysis of different continents of the world by estimating equation 1 for four different regions.

The focused variable in this study is globalization. Happiness level in a country is believed to be impacted by the level and extent of globalization. On the one hand, globalization is believed to improve freedom of choice through increased income and resulting in better access to a variety of products. On the other hand, globalization leads to an increased gap between the rich and the poor leading to a negative impact on their wellbeing. Sirgy *et al.*, (2004) have termed the relationship between well-being and globalization as a “*double-bladed*” phenomenon encapsulating both the positive and negative forces offsetting each other, which makes it difficult to determine the aggregate effect.

Per capita income is one of the control variables and is believed to be instrumental for happiness and subjective wellbeing because money is the core factor that helps people meet their basic needs. Income facilitates consumer choices and freedom resulting in better living standards and happiness. Thus, income and happiness are believed to be positively related, but they reach a certain level of income after which more income may not bring any happiness (Wright 2000). At the core of income happiness relationship is the *Easterlin Paradox* (Hernandez-Murillo 2010). Easterlin utilized happiness surveys of almost nineteen countries and concluded that people who earn more or belong to higher income groups are likely to report higher levels of happiness. On the contrary, at the international level, average happiness does not increase with an increase in country’s average per capita income.

The next regressor is inflation rate; controlling inflation is the core aim of every economy because a higher level of inflation reduces the purchasing power of individuals, resultantly affecting the living standards and have welfare consequences. Shiller (1996) is of the view that inflation leads to a simultaneous decline in happiness as people perceive a rise in inflation as a fall in their lifestyle. Further, inflation brings bad news for the people with fixed wages as compared to the higher income groups, therefore, the poor are more concerned about inflation as compared to the rich (Easter & Fischer, 2001).

As far as employment as an explanatory variable is concerned, work plays a key role in shaping our lives and routines. It makes up such an important part of our lives. Firstly, jobs are a source of income and thus jobs are conducive to happiness (Neve and ward, 2017). Employment affects a person’s happiness not only through the salary attached to it but also some non-monetary benefits

associated with employment. Having a job can indeed play a significant role in shaping one's social circle and daily routine and can have a positive impact on overall well-being and happiness. The sense of being employed also keeps the individuals satisfied, thus people with jobs identify their quality of life more favourably than the unemployed persons (Clark and Oswald, 1994).

The next explanatory variable in the model is the democracy index. Democracies are attributed to ensure happiness of the public because such governments are elected on the willingness of individuals. Democratic governments are believed to be more answerable to the public. Democracies have the potential to enhance individuals' satisfaction and happiness through larger investments in social welfare and the social sector of the economy. (Frey & Stutzer, 2000). The model also includes Human Capital as an explanatory variable measured through years of schooling and returns to education. A direct explanation for the positive relationship between education and income is the impact of education on income. Moreover, education influences happiness by fostering the development of personality traits and boosting individuals' self-esteem and confidence levels. Individuals with higher education are likely to be happier because of extensive interaction and involvement with the modern world (Chen, 2012). Alternatively, Crocker (2002) explained that in the modern era human capital is equally important as physical and financial capital and the author emphasized on the importance of ideas and innovations for subjective well-being and happiness.

In equation (1), life expectancy is used as a proxy for health and health is rendered as one of the key determinants of happiness. The statement money cannot buy happiness fits here. Good physical health contributes to happiness because healthy people are more likely to engage in activities they enjoy (Gerdtham and Johannesson, 2001). On the other hand, poor physical health causes discomfort and reduced ability to enjoy life leading to lower happiness.

Data for empirical analysis is of pooled cross-sectional nature. Data covers eighty countries and encompasses all the seven waves (1981-84, 1990-94, 1995-98, 1999-2004, 2005-09, 2010-14, and 2017-2022) of WVS as seven time-series observations. Since World Values Survey (WVS) is most common source of data for happiness and subjective wellbeing and has gained great importance due to its credibility and open availability for research

purpose.² Sample is selected based on the data availability. Its data is especially useful for analysis because it covers most of the countries in the world including developed, developing, emerging and less developed countries. Considering the variation in the countries included in every wave of WVS and the availability of data for control variables, the sample is unbalanced. The data description and sources for each variable is given in Table 1 and Table 2 presents brief descriptive statistics of the sample. The sample includes a total of 222 observations.

Table 1. Variables and Data Sources

Variable	Indicators	Data Sources
Happiness (Hap_{it})	Respondent's perceived level of happiness, 4 for very happy, 3 for quite happy/rather happy, 2 for not very happy, and 1 for not at all happy.	World Values survey (A008)
Economic Globalization (EG_{it})	Actual flows and restrictions	KOF Globalization index
Political Globalization (PG_{it})	Number of embassies, memberships in international organizations, participation in UN missions and international treaties	KOF Globalization index
Social Globalization (SG_{it})	Personal contact, information flows and cultural proximity.	KOF Globalization index
Overall Globalization (G_{it})	Overall globalization	KOF Globalization Index
Per capita income (PCI_{it})	Annual % growth of GDP per capita	World Development Indicators by World Bank
Democracy (Dem_{it})	Polity II index	Polity V project 2015
Human Capital (HC_{it})	Human capital index, based on years of schooling and returns to education.	Penn World tables 9.1
Employment (Emp_{it})	Number of persons engaged (in millions)	Penn World tables 9.1
Life Expectancy (LE_{it})	Life expectancy (in years)	World Development Indicators by World Bank
Inflation (Inf_{it})	Consumer price Index (% annual)	World Development Indicators by World Bank

² The aim is to capture variations in beliefs, attitudes, and values around the world. Furthermore, it also includes personal finances, happiness feeling, satisfaction with life, satisfaction with the political conditions and much more.

As mentioned in Table 1, WVS measures happiness on an ordinal scale through the question: “*Taking all things together, would you say you are 1) very happy, 2) quite happy/rather happy, 3) not very happy, 4) not at all happy*”³. WVS measures happiness at the individual level, however, to aggregate it at the country level, the cumulative percentage frequency of the first two categories of the scale, that is, very happy and quite happy/rather happy, are taken. The data for globalization is taken from KOF Index (Dreher, 2010) which covers the economic, political, and social dimensions of globalization. The data for inflation, GDP Per capita, and life expectancy is sourced from World Development Indicators (WDI). Data for employment and human capital index is retrieved from Penn World Tables (PWT). Democracy data is measured using the polity IV variable which ranges from -10 (strongly autocratic) to +10 (strongly democratic) (Marshall and Gurr 2020). Averages of each control variable have been taken for time intervals as per the WVS wave.

³ Earlier versions of WVS include the 2nd response as ‘*quite happy*’ while the later versions replace the option ‘*quite happy*’ with ‘*rather happy*’.

Table 2. Descriptive Statistics

Variables	PCI _{it}	INF _{it}	LE _{it}	Dem _{it}	OG _{it}	EG _{it}	SG _{it}	PG _{it}	Hap _{it}	Emp _t	HC _{it}
Number of Obs.	222	222	222	222	222	222	222	222	222	222	222
Std. deviation	2.6	120.6	7.2	5.9	13.0	15.4	18.2	13.2	12.5	134.5	1.5
Maximum	10.9	1667.1	84.2	10	89	94	89	98	98.1	791.7	22.8
Minimum	-8.8	-0.5	45.9	-12	34	17	15	31	33.4	0.02	1.13
Mean	2.6	20.6	72.5	5.2	64.9	56.1	60.2	78.3	81.5	52.1	2.7

4. RESULTS AND DISCUSSIONS

Table 3 gives the estimation results of the fixed effects model. The study uses the Hausman test to determine the use of fixed effects model. Chi square value for the Hausman test is 39.17 which is significant at one percent level of significance favouring the use of fixed effects model. Equation 1 is separately estimated for overall globalization and its each dimension, economic, social, and political and results are reported accordingly. Column 1 in Table 3 presents all the explanatory variables in the analysis. Column 2 shows the results of the estimation of impact of overall globalization on happiness. Column 3 shows the regression results for economic globalization while columns 4 and 5 show the results for social and political dimensions of globalization, respectively. The coefficients for each variable for all the four regressions are reported in their respective columns along with the standard errors in parenthesis. The coefficient of overall globalization is positive and is statistically significant at 1% level of significance. It implies that, keeping other variables constant, one unit increase in overall globalization will increase happiness by 0.54 percent. The results of this study are in line with the relationship identified by Lin, Lahiri and Hsu (2016) and Veenhoven et al. (2013). Starting from the initial stages of trade to the complex international trade system, there are multiple channels that explain the positive relationship between globalization and happiness. It not only brings technology but is a source of movement and transportation of knowledge across boundaries. It brings diversity in cultures, introduces newer traditions and civilizations. It generates employment opportunities by increasing the demand for goods and services resulting in betterment of subjective well-being of humans. Besides, globalization if succeeds in bringing happiness will pave ways for integration in the neighbouring countries through its spillover effects.

Table 3. Impact of Globalization on Happiness: A Global Analysis

Variables	Overall Globalization	Economic Globalization	Social Globalization	Political Globalization
OG _{it}	0.5492*** (0.1802)	-	-	-
EG _{it}	-	0.3012*** (0.1098)	-	-
SG _{it}	-	-	0.3788*** (0.1657)	-
PG _{it}	-	-	-	0.3337*** (0.1261)
PCI _{it}	0.9059*** (0.3425)	1.0503*** (0.3630)	0.9886*** (0.3545)	1.1117*** (0.3699)
DEM _{it}	0.1058 (0.1554)	0.1422 (0.1782)	0.1652 (0.1638)	0.1063 (0.1632)
HC _{it}	0.5281*** (0.1007)	0.5520*** (0.1089)	0.5347*** (0.1063)	0.5173*** (0.1002)
EMP _{it}	-0.0361 (0.0416)	-0.0036 (0.0497)	-0.0436 (0.0359)	-0.0053 (0.0421)
LE _{it}	0.0394 (0.5608)	0.6482 (0.4180)	0.0951 (0.6572)	0.6637 (0.4173)
INF _{it}	-0.0091 (0.0015)	-0.0022 (0.0016)	-0.0024 (0.0016)	-0.0019 (0.0018)

Note: Standard errors are reported in (). ***, ** and * show 1%, 5% and 10% level of significance, respectively. Results are estimated using linear regression with fixed effects model. The model is tested for cross-sectional dependence and heteroskedasticity. There was no problem of cross-sectional dependence while panel corrected standard errors for heteroskedasticity are reported.

Economic globalization also shows a positive impact on happiness with a coefficient value of 0.30 indicating that one unit increase in economic globalization in an economy will increase happiness of individuals by 0.3%. These results are in line with the study of Dluhosch & Horgos (2012) and Tsai (2007). Economic globalization majorly refers to the movement of capital in and out of the country along with international trade. The benefits of economic globalization are that it contributes to the movement of technology and skills in the developing world. Further, economic globalization leads to the creation of

employment opportunities in foreign countries that contribute to human capital and is a source of flow of foreign exchange in the economy. Trade leads to the availability of a variety of products as well as increase in the efficiency levels of domestic industries as they want to compete with their products in the international market. Economic globalization is believed to provide a source of earnings to every individual and from the aerial view it benefits the economy as well. Economic globalization facilitates individuals with diverse range of varieties at different prices. These aforementioned factors contribute towards betterment of living standards through the income channel and thus making people more and more satisfied and happy with the life they are living.

Inventions like the internet has made people of every age active on social media but the question here is that, is this social globalization favourable for happiness. In estimating the impact of social globalization on happiness, results indicated a positive and significant impact of social globalization on happiness. The coefficient shows that one unit increase in social globalization will increase happiness by 0.37%; a value that is higher than the coefficient for economic globalization. Tsai (2007) has also confirmed the positive relationship between social globalization and happiness. In a world where people are connected without any wires or visible electronic equipment, voices, text messages and graphics are travelling in the form of signals through air without any interruptions; and thus, the world has become more connected than ever. These are all the fruits of social globalization the entire world is enjoying today. Sharing daily life experiences over the internet is a source of satisfaction according to Wright (2000). Social globalization is a source of introduction to new cultures. The products, magazines, brands, and social media apps that are popular around the world create a demonstration effect and people feel a sense of satisfaction from consumption or usage of those goods. Instagram, Facebook, twitter all these platforms have led to increase the interactions between humans. People often spend hours and feel satisfied in sharing their happiness with others. These are some of the channels through which social globalization can contribute to happiness.

The third dimension under study is political globalization. The results indicate a strong positive relationship between political globalization and happiness. The coefficient is positive and is statistically significant at 1% level of significance. Results indicate that a unit increase in political globalization will increase happiness by 0.33%. These results prove the evidence provided by Tsai (2007) that political engagement or political globalization contributes significantly towards happiness. Politics play a key role in shaping the lives of human beings. The policies and steps taken by the government of economies affect the lives of the public on another level. Today governments are collaborating and are working for collective good. The best examples can be the sustainable development goals (SDGs) and the Millennium development goals (MDGs) that are the core policy targets on individual as well as global level. Through the collective efforts made by the economies, we see improvements around the world. However, some economies (less developed) are quite short of the target than other economies (developed), but the United Nations is continuously making efforts to cover the gap. Political collaboration leads to the development of strong ties between economies fostering economic activities across borders and affecting the lives of people in both the economies. It is a major source of maintaining international peace and security. Politics in the international arena and collective struggle for common benefits will lead to higher happiness because of social globalization.

Moving towards other regressors in Table 1, the coefficient for GDP per capita growth is positive and statistically significant at 1% level of significance. This shows that a 1% increase in GDP per capita growth will lead to an increase in happiness of the country by 0.9%. Income is a source of higher living standards as it facilitates the consumer with good health facilities, nourishment, education, sanitation, and housing facilities. These are all the things most individuals wish for and the basic factors which might contribute to a person's satisfaction with his or her life. Results of this study are supported by previous evidence on the relationship identified by Galletta (2015); Hussien & Heshmat (2010); Abounoori & Asgarizadeh (2013); Frey and Stutzer (1999)

and Ribeiro & Marinho (2016). Some studies have confirmed that poorer nations report lower levels of happiness, but income might not be the sole reason behind this lower level of happiness. Relative condition of government stability and law and order might be some other factors contributing towards higher happiness in developed nations (Diener et al. 1995).

Human Capital in this study has been taken as a proxy for education whose coefficient has a positive sign and is statistically significant at 1% level of significance. The value of the coefficient is 0.52 indicating that one unit increase in human capital index will increase happiness by 0.52%. Many other studies have confirmed the positive relationship between happiness and education (Blanchflower and Oswald, 1994; Albert and Davia 2005). Education according to scholars and theorists is a major force for moving the imperfect man closer to perfectness in their life. Being educated makes you independent and helps create your own identity and repute within society. A doctor, engineer, economist, banker, socialist, preacher, teacher, botanist whatever it is, it gives people an identity that they have earned on their own. The positive relationship between human capital and happiness is also furnished by the studies of Chen (2012) and Cunado and Gracia (2012). Coefficients for democracy, life expectancy, inflation and employment are insignificant in Table 3.

As mentioned earlier, regional level analysis for the impact of Globalization on happiness has also been conducted and the results are reported in Table 3. For the sake of brevity and focus being the impact of globalization, only the coefficients for globalization and its different dimensions are reported for each region in Table 4.⁴

Starting from the left side of the column we see Asian economies being significantly positively affected by globalization. The coefficient of overall globalization is quite high indicating the fact that Asian population undoubtedly enjoying the fruits of globalization incidence. Though, coefficient of economic

⁴ STATA output of results is reported in an appendix as proof.

globalization is statistically insignificant; but both social and political dimensions of globalization are fostering the happiness of Asian population.

Table 4. Impact of Globalization on Happiness: Regional Analysis

Variables	(1) Asia	(2) Africa	(3) Latin America & Caribbean	(4) Europe
Overall Globalization	0.7398*** (0.2985)	0.5289 (0.3804)	0.9729*** (0.4399)	-0.0099 (0.3939)
Economic Globalization	0.1984 (0.1444)	0.3591 (0.2662)	0.6723*** (0.3659)	-0.2230 (0.2153)
Social Globalization	0.4698*** (0.2147)	0.0208 (0.3973)	1.0148*** (0.5656)	0.1982 (0.2831)
Political Globalization	0.5882*** (0.2230)	0.6589 (0.4278)	0.2713 (0.2461)	0.0987 (0.2051)

Note: Standard errors of coefficients are reported in (). ***, ** and * show significance at 1%, 5% and 10% level of significance, respectively. Results are estimated using linear regression with fixed effects model.

However, the coefficient of political globalization is higher than social globalization with the value of 0.5882. Moving on to the next column we see the continent of Africa for which the coefficient of globalization and the dimensions are positive, yet the regression coefficients are all insignificant. For Latin American and Caribbean region, the coefficients of globalization are significant except for coefficient of political globalization. Overall globalization is having a robust positive and significant impact on happiness in this region with the coefficient value of 0.9729. This coefficient is the highest among all regions. As is clear from Table 4, regression results indicated comparatively greater impact of social globalization on happiness for Latin American region where the coefficient value of social Globalization is highest in the whole analysis. Its value is 1.0148 which shows that every time social globalization increases in Latin American Economies, the region experiences an increase of happiness by 1.041%. The coefficient value of political globalization is positive but statistically insignificant. Surprisingly for

European economies no significant relationship between happiness and globalization is found in Table 3. It is worth mentioning that regions where most and least globalized economies are located did not show any significant results as both Africa and Europe ended up with insignificant coefficients.

5. CONCLUSIONS

Subjective well-being has been gaining increasing attention, primarily due to its significant impact on an overall human's well-being, as it encompasses emotions, values, and personal experiences. Globalization, on the other hand, is a complex process fostering interconnectedness and mutual reliance among nations through various means such as social interaction, access to global products, international collaborations for fostering peace and security, initiatives by International Organizations (IOs) for sustainable development, and economic interdependence among nations.

Growing interest of economists and researchers in the field of happiness economics has led to the development of various measures of calculating self-reported happiness. The focused independent variable of this study is globalization, a concept that was first introduced by Theodore Levitt. The success stories like that of China motivated the governments of different countries to integrate into the global system and get benefitted. The current study is aimed at analysing the impact of globalization on self-reported happiness of the individuals.

Estimation of the model depicts a positive and significant relationship between happiness and overall globalization with a coefficient of 0.54. The first dimension of globalization is economic globalization, and it is also positively related with happiness with the coefficient value of 0.30. Social intrapersonal relationships among individuals are also found to be a stimulating force towards happiness and its coefficient value is 0.37. In the end political engagement in the international system also Favors the happiness of individuals in the countries. One of the main objectives of the study was to see that which dimension of globalization relatively high influence on happiness has so the

coefficients suggest that out of the three dimensions, social globalization is the one, which is affecting happiness at the highest level followed by political and surprisingly economic globalization in the end. Results of the study imply that in the current era technology and communication advancements are so influential that its effects are surpassing those of income and economic factors.

The study concludes that globalization has been a major driving force behind harmonizing cultures, higher integration of economies in the international market and finally in fostering happiness. Regional analysis of globalization and happiness have shown that happiness levels of Asian and Latin American and Caribbean economies are highly positively impacted by globalization. On the other hand, African economies did not show any significant results for the impact of globalization on happiness. This might be due to the reason that this region is not as integrated as compared to rest of the world, so the globalization incidence has negligible impact on individuals in this region. Similar insignificant results were seen for Europe. The only explanation that can be given is that these economies have reached a certain limit of happiness that is derived from globalization incidence so now there's minimal effect of any changes in globalization on lives of people in Europe. Furthermore, the results of the fixed effects model provide evidence that per capita income growth and human capital are significantly positively related with happiness.

Keeping in mind the undeniable importance of happiness in the global world crucial steps are required in this direction. In the light of empirical results of this study, for a better future and wellbeing of individuals and societies the study suggests the following policy recommendations.

- Every Government should appoint officials for happiness goal.
- Governments should reserve a certain amount of expenditure for investment in education and health.
- Regions that are lagging in terms of economic development, such as Africa, should be given proper attention so that the situation might improve.

Future work on the topic can be extended by incorporating different types of globalization such as de jure and de facto or by analysing the mediating role of other variables in the relationship between globalization and happiness.

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