



Research Article

Volume-02|Issue-01|2022

Relationship between Happiness Index and Income on the Example of Georgia

Keti Chokheli*¹, Saba Jilandze¹, Keti Okradze¹

¹Undergraduate, The University of Georgia, Georgia

Article History

Received: 01.02.2022

Accepted: 19.02.2022

Published: 28.02.2022

Citation

Chokheli, K., Jilandze, S., & Okradze, K. (2022). Relationship between Happiness Index and Income on the Example of Georgia. *Indiana Journal of Economics and Business Management*, 2(1), 13-15.

Abstract: Within the framework of the quantitative research, 154 people were interviewed throughout Georgia, in different cities. A qualitative research was also conducted in which experts from three fields of economics were interviewed and they were given answers to important questions posed in the research.

Based on the results of the study, the hypothesis was confirmed. The results of the quantitative research showed that high income has a great impact on the subjective happiness of the population, however, topics related to the level of crime were identified. Comparison of crime rates in Georgia and Sweden has revealed that the overall reduced crime rate makes people happier is wrong, and that this variable is given less priority than other variables such as the rule of law and freedom of speech.

Keywords: Population, Economics, Happiness Index and Income.

Copyright © 2022 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0).

INTRODUCTION

The topicality of the topic: The happiness index and the standard of social status are two key items that are closely linked to each other because both are a matter of discussion in the social sciences. The Happiness Index is one of the tools to determine and perceive the status of individuals, their happiness, social well-being, economic equality, and all the indicators used to calculate the Happiness Index.

The research issue was interesting because the question arose as to why there is a pandemic of depression in high-income countries.

Subject and Object of Research

The object of the research is the world population, including the citizens of Georgia. The subject of the research is the growth of income and the level of human happiness and the relationship between them.

THEORETIC AND METHODOLOGY

The research process mainly uses already existing and recognized researches, papers, articles, the theoretical material contained in them is considered with the research interests. Existing statistics are used as well as independently conducted quantitative and qualitative studies on the example of the Georgian population.

The following methods are used in the research process:

- Desk-Research - Recognized studies and articles have been found that have been used to discuss and apply existing theoretical material to achieve the aims and objectives of the research topic, which is to clarify the relationship between economic status and happiness than ever before.
- Quantitative research - 150 people in different age groups were interviewed throughout Georgia.
- Qualitative research - interviews were conducted with three experts.

Problem research status: There has always been a great deal of interest in this issue, this provision is reinforced by the fact that not only is there a sea of theoretical material about it but also, in isolation, there is a happiness index that contributes greatly to the findings of existing research.

Aims and Objectives of the Research

The main goal of the research is to find a practical goal after the completion of the research, which will be adapted to the specific situation in Georgia and offer changes and reforms to the responsible bodies that are as relevant, feasible, thorough and accelerate the solution of existing problems. More specifically, the paper aims to study the correlation between happiness index and income level in the example of Georgia.

To achieve the established goal, it is necessary to perform the following tasks:

- Select and implement research methodology
- To study the theoretical aspects of the happiness index
- Analyze the relationship between the happiness index and income levels
- Analysis of the situation in Georgia in terms of the happiness index
- Analysis of the situation in Georgia in terms of income redistribution
- Underline and confirm the relevance of problems through various indicators
- Study of people's attitudes towards happiness according to income levels.
- Defining the role of the happiness index in modern society and the world.

LITERATURE REVIEW

The paper uses Georgian and foreign studies and scientific articles, which turned out to be quite valuable for the research, as each of them discusses issues that are key to the issue and necessary for the proper conduct of the research.

- Kakhniashvili (2016) Inequality of income distribution in Georgia, business and legislation. The main purpose of this article is to get acquainted with the current situation in the world, to consider the distribution of income using the Gini index in the case of Georgia, to compare it with other major countries in the world, and to draw its conclusions.
- Silagadze (2018). Gini Index - Wealth Distribution in the Post-Soviet Countries The article discusses issues related to the Gini index and focuses on how the Soviet world affected the post-Soviet countries and how this influence manifests itself in the distribution of wealth among the countries, as well as discusses the errors and how this can be reflected in existing statistics.
- Easterlin & Angelescu (2009). Happiness and Growth the World Over: Time Series Evidence on the Happiness-Income Paradox. This paper discusses the paradox of happiness, shows the relationships between research variables (happiness index, and gross domestic product) and examines them on the example of countries in Latin America and South Africa.
- Musikanski *et al.* (2017). Happiness Index Methodology This paper discusses the essence of the Happiness Index, how it is calculated, what it is used for, and other important issues related to this index.
- Easterlin *et al.* (2010) The happiness – income paradox revisited. Department of Economics, University of Southern California, Los Angeles, CA 90089-0253 This research is of great importance because it is produced through all the usable and necessary information in the research process. The main essence of the research is that the sustainable development of the economic situation, in the long run, does not lead to a significant increase in happiness.

Hypothesis: Based on modern studies, it is a well-known fact that a person's happiness is closely dependent on his income. The higher the income the higher the degree of human happiness. The relationship between these two variables is positive. The relationship between wealth and subjective well-being is a major issue in social science research. Large-scale studies have established a complex relationship between income and happiness. For example, there is evidence that money does not always buy happiness. Once material wealth reaches a certain level, its further growth no longer contributes to happiness. For example, studies in the United States have shown that prosperity does not increase or decrease the growth rate above \$ 75,000 per year. Hence it reinforces the fact that happiness is individual and increased income does not necessarily increase the degree of happiness. (Killingsworth, 2021)

Happiness index in Georgia

With an average score of 4,673, Georgia has the most unhappy citizens compared to neighboring countries, and it is not about the money that can not buy happiness, it is about at least six other factors that are crucial for nations to have happiness people. According to the UN World Happiness 2020 report, which includes 153 countries surveyed by Gallup World Poll, Georgia ranks 117th in the global Happiness Rankings worldwide.

The UN report says that quality of life can be reliably measured by various measures of well-being, income is only among them and not necessarily the most important. The other five key variables are freedom to make life choices, trust in social and political institutions, healthy longevity, level of support from friends and loved ones when needed, and generosity as a sense of positive community involvement. Compared to neighboring countries, Georgia lags behind Armenia in 116th place, Turkey in 93rd place, Azerbaijan in 89th place, and Russia in 73rd place. As for the leaders of the happiest nations, Finland has continued to occupy first place for the third year in a row and with a score that is now significantly ahead of other countries in the top ten. Denmark and Switzerland also increased their average scores from the last period's ranking. Denmark continued to take second place. Switzerland jumped from 6th to 3rd place with its big growth. Last year, the third-ranked country, Norway, is now in 5th place with a moderate decline in average scores, most of which were recorded in 2017-2018. Iceland was in 4th place; His new poll in 2019 did not change his 3-year average score. The Netherlands dropped to 6th place, one place behind the last period's ranking. The following two countries in the list were the same as last year, Sweden and New Zealand ranked 7th and 8th, respectively, with a slight change in the average scores of both. In 9th and 10th places were Austria and Luxembourg.

The Gini index

The Gini index is a significant issue in the current debate because the current statistics, such as the average per capita income in Georgia, do not accurately reflect the real picture. The second reason for its urgency is the presence of Georgia in the list of countries with economies in transition, given that one of the main focuses of the study is Georgia. If we look at the available statistics, it is easy to see that the countries with the highest Gini index are: Russia, Lithuania, and Georgia (including the post-Soviet countries), and the countries with the lowest Gini index are: Ukraine and Moldova. This fact indicates that the situation of income distribution in the first group of countries is bad compared to other countries and the three countries are in the worst situation (Silagadze, 2018). As already mentioned, the available statistics on the fact that the average salary is not so low do not reflect the real situation. Finally, this segment highlights another variable that has a very large impact on the quality of human happiness, and we can say in advance that the unfavorable situation in Georgia in terms of happiness index is due in large part to the reasons for this variable. The Maslow Pyramid, which sets the levels of human self-realization, is also essential to the problem at hand. After meeting these criteria, a person's chances of being happier than average increase, and financial capabilities are needed to meet these criteria (and many other finances focus on context). The variable (Satisfaction of the components of the Maslow pyramid, happiness index, financial capabilities of the person) is strongly, closely related to each other.

The Level of Crime and the Rule of Law

In addition, such statistics were used as indicators to achieve the objectives of the research topic such as: The level of crime in Georgia and Sweden. More specifically, Sweden, one of the countries with the highest happiness index, compares the situation in Georgia, which sheds light on the problems that exist. A review of these statistics revealed a paradox which is that although Sweden has an index of happiness it also has a high level of crime. Which makes the proposition that the overall level of reduced crime makes people happier, and this variable is given less priority than other variables such as the rule of law and freedom of speech.

CONCLUSION

Two independent studies were conducted to test the hypothesis. Within the framework of the

quantitative research, 154 people were interviewed throughout Georgia, in different cities. A qualitative research was also conducted in which experts from three fields of economics were interviewed and they were given answers to important questions posed in the research.

Based on the results of the study, the hypothesis was confirmed. The results of the quantitative research showed that high income has a great impact on the subjective happiness of the population, however, topics related to the level of crime were identified. Comparison of crime rates in Georgia and Sweden has revealed that the overall reduced crime rate makes people happier is wrong, and that this variable is given less priority than other variables such as the rule of law and freedom of speech.

As for the qualitative research, the answers of the surveyed experts show that the most obvious correlation is the direct correlation between happiness and income, and they think that integrating the happiness index into the economy will be useful, they consider it a good complementary indicator and say it will be a good tool to assess economic development.

REFERENCES

1. Killingsworth M.A. (2021) Experienced well-being rises with income, even above \$75,000 per year. *PNAS*, 118(4), 1-6
2. Musikanski, L., Cloutier, S., Bejarano, E., Briggs, D., Colbert, J., Strasser, G., & Russell, S. (2017). Happiness index methodology. *Journal of Social Change*, 9(1), 2.
3. Easterlin, R. A., & Angelescu, L. (2009). Happiness and growth the world over: time series evidence on the happiness–income paradox. IZA Discussion Papers 4060. *Institute for the Study of Labor (IZA)*.
4. Silagadze, A. (2018). Gini Index–wealth distribution in the post-Soviet Countries. *Bulletin of the Georgian National Academy of sciences*, 12(3).
5. Ortiz-Ospina E. & Roser M. (2017) *Happiness and Life Satisfaction*. Our World in Data
6. National Statistic Office of Georgia (2022). Criminal Justice Statistics - National Statistics Office of Georgia (geostat.ge)
7. Statista (2022) Number of committed crimes in Sweden from 2010 to 2020. Sweden: number of committed crimes 2020 | Statista