Introduction

Life satisfaction is a complex, multifaceted concept significantly influenced by various socio-economic, demographic, and psychological factors. The ability to measure and predict life satisfaction is crucial for policymakers, businesses, and individuals to enhance well-being and target interventions effectively. This project aims to utilize econometric models to predict life satisfaction based on a diverse set of predictors ranging from individual demographics to economic conditions and lifestyle choices.

Literature Review

Research in the field of life satisfaction typically revolves around understanding which factors most significantly influence an individual's perception of their well-being. Previous studies have identified various determinants, such as income (Stevenson & Wolfers, 2013), employment status (Clark & Oswald, 1994), physical health (Diener & Chan, 2011), and social relationships (Helliwell & Putnam, 2004).

In the article "Subjective Well-Being and Income: Is There Any Evidence of Satiation?"[1] Betsey Stevenson and Justin Wolfers explored whether higher incomes consistently boost life satisfaction or if there's a point where more income ceases to add happiness. Their findings, drawn from multiple datasets, reveal no definitive satiation point, emphasizing the necessity of including income variables in econometric models without presuming limits on their effects.

In "Unhappiness and Unemployment,"[2] Andrew E. Clark and Andrew J. Oswald (1994) analyzed the profound impact of unemployment on individual well-being. Their research, published in *The Economic Journal*, provides empirical evidence that unemployment significantly increases unhappiness. This relationship is vital for projects aiming to predict life satisfaction, highlighting the need to consider employment status as a key variable. Understanding this dynamic can guide interventions focused on employment to enhance overall life satisfaction, illustrating the direct link between job security and personal well-being.

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[1] Stevenson, B., & Wolfers, J. (2013). Subjective Well-Being and Income: Is there any evidence of satiation? *Â˜the ÂœAmerican Economic Review*, *103*(3), 598â€"604. https://doi.org/10.1257/aer.103.3.598

[2] Clark, A. E., & Oswald, A. J. (1994). Unhappiness and unemployment. *Â˜the ÂœEconomic Journal/ Economic Journal*, *104*(424), 648. https://doi.org/10.2307/2234639

In "Happy people live longer: Subjective well-being contributes to health and longevity,"[3] Diener and Chan (2011) argued that subjective well-being significantly impacts health outcomes and longevity. Their study consolidates extensive research showing that happiness leads to longer lifespans, primarily through protective health behaviors and physiological benefits. This article aligns with the goals of your project by underscoring the importance of including subjective well-being measures in predictive models of life satisfaction and health outcomes, suggesting that higher levels of perceived happiness might predict better health and increased lifespan. This connection emphasizes the potential for interventions aimed at boosting psychological well-being to contribute to longer, healthier lives.

In "Marital Status and Happiness: A 17-nation study"[4] by Stack and Eshleman (1998), the researchers explore the correlation between marital status and happiness across various cultural contexts. Their findings suggest that being married is generally associated with higher levels of happiness compared to being single, divorced, or widowed. This study is particularly relevant to your project on predicting life satisfaction, as it underscores the significance of including marital status as a variable in your econometric model. Understanding how marital status influences life satisfaction can help in designing more targeted social policies and interventions to enhance well-being.

Research Objective

The primary objective of this project is to develop an econometric model that predicts life satisfaction using a wide array of variables. These variables include, but are not limited to, age, gender, marital status, educational attainment, employment status, income, and health status.

Anticipated Outcomes and Predictions

Our hypotheses about how the variables might affect an individual's satisfaction:

Age (age): Older individuals might report higher satisfaction due to accumulated life experience and potentially greater financial stability, while younger individuals might report lower satisfaction due to uncertainties in career and personal life.

Gender (sex): Satisfaction levels could differ by gender, potentially influenced by interactions with other variables such as age, education, income, and marital status. For example, the societal roles

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[3] Diener, E., & Chan, M. Y. (2011). Happy people live Longer: Subjective Well-Being Contributes to health and Longevity. *Applied Psychology. Health and Well-being*, *3*(1), 1â€"43. https://doi.org/10.1111/j.1758-0854.2010.01045.x

[4] Stack, S., & Eshleman, J. R. (1998). Marital status and happiness: A 17-nation study. *Journal of Marriage and the Family, 60*(2), 527–536. https://doi.org/10.2307/353867

and expectations specific to men and women might influence their perceived quality of life differently depending on their economic status, employment, health, or family dynamics. This interaction suggests that the impact of gender on satisfaction is not straightforward but is moderated by various life circumstances and personal achievements.

Education Level (educ): Higher educational attainment is often associated with better job opportunities and higher income, which can lead to greater satisfaction.

Marital Status (mar_st): Those who are married or in stable relationships might report higher satisfaction compared to those who are single, divorced, or widowed, due to the support systems that relationships often provide.

Current Main Activity (occupation): Employment status can significantly affect satisfaction, with employed individuals likely feeling more financially secure and purposeful compared to those who are unemployed.

Paid Leave in the Last 12 Months (vacation): Access to paid leave could lead to higher satisfaction by providing security and balance between work and personal life.

Income in the Last 30 Days (money): Higher personal income is typically associated with higher satisfaction due to the ability to meet basic needs and pursue leisure activities.

Change in Family Financial Situation in the Last 12 Months (fin_state_change): Improvement in financial status could lead to increased satisfaction, whereas deterioration could decrease satisfaction.

Financial Behavior (fin_resp): Engaging in savings or investment activities like putting money in the bank could correlate with higher satisfaction through financial security.

Desire for New Job (change_job): Those seeking new employment might be less satisfied with their current job situation, indicating a desire for better opportunities or conditions.

Use of Social Networks (social_media): Frequent use of social networks can negatively impact life satisfaction through social comparisons, information overload, reduced face-to-face interactions, sleep disruption, cyberbullying, addictive behaviors, and privacy concerns.

Pregnancy (preg): Pregnancy could affect satisfaction through factors such as health concerns, life changes, and emotional impact.

Physical Activity (physical_activity): Regular physical activity is often correlated with higher satisfaction due to the positive effects on health and mood.

Alcohol Consumption (alcohol): Excessive alcohol consumption could lead to lower life satisfaction since it courage problems with. heslth and alcohol addiction.

Smoking Status (smoker): Smokers might report lower satisfaction due to health issues or social stigma compared to non-smokers.

Mental Health (depression): Experiencing serious nerve disorders or depression is likely to significantly lower satisfaction due to the profound impact on overall well-being.

Self-rated Health (health): Individuals rating their health as good are likely to report higher satisfaction, reflecting the importance of health in quality of life.

Trust in Others (level_of_trust): Higher levels of trust in others can lead to increased satisfaction by fostering a sense of security and community.

Number of Children (num_of_children): We assume that the number of children up to 4 will have a positive effect on life satisfaction; if the number of children is more than 4, then it will have a negative effect. It will also probably greatly depend on the level of income of the individual.

Religious Affiliation (is_religios): We assume that religious will be more satisfied with life compared to non-religious.