

## **Impact of Institutional Trust on Subjective Well-being in Selected Asian Countries**

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The level of happiness is comparatively low in Asian countries. This study aims to check the impact of institutional trust on the subjective well-being and examine the relationship between social capital, institutional trust and subjective well-being in selected Asian countries.<sup>1</sup> Data is taken from sixth wave of the World Values Survey 2010-14. The results of multinomial logistic model show that age, health, marital status, income level, financial satisfaction, trust on neighbours, membership in labour union political parties and charity had a significant impact on life satisfaction and happiness. It is evident that there is an association between confidences on Government, police, Army, charitable organisation with life satisfaction and happiness. Gender, education level, employment level, trust on people you meet first time, trust on another religion, confidence on TV, parliament, press, universities and court is not significant in some countries. There is a low level of social trust and confidence on some public and political institutions, which decrease the well-being of the people.

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### **1. INTRODUCTION**

The aim of public policy is to exploit the social welfare function that is based on the most important characteristic, such as “utility” for individual, which measures satisfaction, and happiness that is an interchangeable term of wellbeing. Over the last few decades, economists change their concentration towards measuring subjective well-being [Diener, *et al.* (1997); Kahneman and Krueger (2006); Veenhoven (2002)].

Subjective well-being is a term used in place of happiness and life satisfaction. Theorist and economist use this term to measure happiness and individual life satisfaction. There are two magnitude of subjective well-being, first is called cognitive known as life satisfaction and another is called affective which is known as happiness. Different studies used satisfaction and happiness separately; however, in many previous

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<sup>1</sup>Pakistan, India, China, Japan, Taiwan, Singapore, Malaysia, South Korea, Philippines and Iraq.

studies subjective wellbeing was used as synonyms in term of happiness and life satisfaction [Argyle (2013); Duncan (2010); Frey and Stutzer (2001); Lucas, Diener, and Suh (1996)]. Happiness, as an affective counterpart of subjective well-being regarded as a short term indicators of subjective well-being as if negative and positive effects, such as moods and emotions, while satisfaction with life or with specific domains of life reflect long-term evaluation [Diener, Suh, and Lucas (1997)].

The second dimension of subjective well-being is life satisfaction defined as; the qualities and conditions of life like relationship, wealth, participation in community, level of employment and accomplishment, in the result of all these factors a person's satisfaction and dissatisfaction can be evaluated [Argyle (2013); Duncan (2010)].

Social capital is gaining attention because it builds and maintains individual's well-being and happiness [Helliwell and Hadler (2006); Putnam (1995)]. According to Bjornskov (2003) social capital is an important factor that described why some countries are happier than others. The relationship between social capital and happiness can be described in various ways. Social capital has been increasingly involved in happiness research [Oswald (1997); Frey and Stutzer (2002); Layard (2005)]. At the aggregate level, social capital has a positive impact on subjective happiness at the individual level, social capital measured by trust includes generalised trust and interpersonal trust, reciprocity volunteering, and civic involvement for the aggregate level [Ghamari (2012); Haller and Halder (2006)].

Institutions are that means by which individual tackle with the essential needs and to cope with the problems that they faced in life from the environment, and they have the ability to protect themselves from the enemies, to solve order [Turner (2000)]. Institutional trust and political trust are also important factors that improve trust among peoples. Social trust includes the trust of individual person but institutional trust located in public [Uslaner (2000)].

Institutional trust shows mixed effects on happiness. However, in literature institutional trust shows positive impact on happiness. Literature showed that performance of institutions has an effect on trust. If the performance of Government is good and fair, the trust of citizens would increases. Subjective well-being has a positive impact on both general and institutional trust on happiness [Halliwell and Putnam (2004); Helliwell (2006); Bjornskov (2008)]. Life satisfaction is an interpreter of political trust and trust in Government [Brehm and Rahn (1997); Baltatescu (2005)]. The people not having trust on government their level of life satisfaction and happiness will be decline.

Arrow (1972) claims that the trust shows a substantial portion in the process of economic systems. He constructs his postulation upon the hypothesis of exchange and explains that the development of exchange involves or is significantly simplified trust. According to Fukuyama (1996) that state's well-being and its aptitude to strive depend upon the level of trust intrinsic in a society. This claim is developed upon his opinion that economic activity itself is part of the social life and comprises itself according to the rules, norms and moral conditions of a society. Putnam (1995) concluded that higher social capital stocks in an economic region boost the institutional, political and economic performance, rather than move retrograde it.

Happiness inequality and low level of subjective well-being is the main problem of the Asian countries. Political institutions and trust on institutions increase the well-being

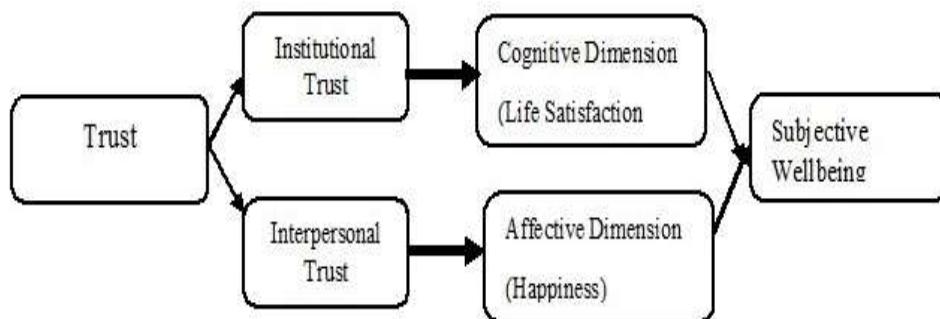
of the people. For the development and for making the economy effective, institutions are indispensable in each field, such as economics, social and institutions. Institutions necessitate confidence of people in order to activate efficiently [Sztompka (1999)].

Half of the countries of the world face happiness inequality. Presence of corruption, lower level of interpersonal and social support, Absence of freedom to make a decision, low GDP, poor health and lack of generosity are the reasons that declines the level of happiness. The level of happiness is comparatively low as compared to other happiest countries [Helliwell, *et al.* (2017)]. The level of trust, which can be measured, in form of interpersonal trust and institutional trust has also been decline. Inequality of happiness, having low trust on institutions and social trust ultimately decrease subjective well-being.

Therefore, this study aims to check the relationship between institutional trust and Life Satisfaction. This study also aims to check the relationship concerning institutional trust and happiness. This study also aims to check the impact of institutional trust on the two dimensions of subjective well-being and examine the relationship between social capital, institutional trust and subjective well-being in selected Asian countries (Pakistan, India, China, Japan, Taiwan, Singapore, Malaysia, South Korea, Philippines and Iraq).

General model used in the present research depicted in Figure 1.

**Fig. 1. A General Model of Influence of Interpersonal Trust and Trust in Institutions on Both Dimensions of Subjective Well-Being.  
The Wide Arrows Denote a Strong Relationship**



Source: Author's Own Conceptual Framework.

## 2. DATA AND METHODOLOGY

### 2.1. Data and Data Source

The data set used in this study is cross-sectional microeconomic data, which had been taken from World Value Survey (WVS). World value survey is a largest database that is established out a network of researcher and scientist from the big universities from all around the world. The data of world value survey were used by all over the world. It is also used for academic and intuitional purpose. In this study the data of wave six (2010-2014) is used which means that this survey was conducted between the era of 2010 and 2014.

## 2.2. Variables Description

The happiness level of individuals is measured by the World Value Survey (WVS) question; the survey inquired question in the following way: "considering all things together, would you say that you are: very happy, quite happy, not very happy, and not at all happy?"

In empirical analysis it was rescaled from 1= "Not happy" to 3= "Very happy". Life satisfaction is measured by the world value survey question too: "all things considered, how much satisfied are you with your life as a whole these days"? The answer is ranging from 1 to 10 from dissatisfied to satisfy, While in the empirical analysis it was rescaled from 1= Very Satisfied, 2= Quite Satisfied and 3= Dissatisfied.

**Independent Variables Used in the Study for Happiness and Life Satisfaction Model**

Group	Variables	Variables Description
Demographic Indicators.	Age (Years)	15-29
		30-49
		Above 50
	Gender	Male
		Female
	Health	Very Good
		Good
		Fair/Poor
	Marital status	Married/living together as married
		Divorced/Widowed
		/Separated
Economic Variables	Educational level	Uneducated
		Middle Education
		Higher Education
	Employment Level	Unemployed
		Retired/Student/
		Housewife
	Income Scale	Employed
		Lower Income
		Middle Income
Social Capital and Social Support	Financial Satisfaction	Higher Income
		Dissatisfied
		Quite Satisfied
	Active/ Inactive Membership-labour Union	Very Satisfied
		Not a Member
		Inactive Member
	Active/ Inactive Membership-Politics	Active Member
		Not a Member
		Inactive Member
	Active/ Inactive Membership-Charity	Active Member
		Not a Member
		Inactive Member
	How Much Trust-Neighbours	Active Member
		Trust
		Do Not Trust
	How Much Trust-People	Trust
		Do Not Trust
		Trust
	How Much Trust-People meet first time	Do Not Trust
		Trust
		Do Not Trust
	How Much Trust-Another Religion	Trust
		Do Not Trust

*Continued—*

Table—(Continued)

Institutional Trust	Confidence on government	Confident	1
		Not confident	2
	Confident on Parliament	Confident	1
		Not confident	2
	Confident on political system: Army rule	Confident	1
		Not confident	2
	Confidence-On Police	Confident	1
		Not confident	2
	Confidence- On Press	Confident	1
		Not confident	2
	Confidence- On TV	Confident	1
		Not confident	2
	Confidence-On Political Parties	Confident	1
		Not confident	2
Political Preferences	Confidence-On University	Confident	1
		Not confident	2
	Confidence- On Charitable Organisation	Confident	1
		Not confident	2
	Confidence-On Court	Confident	1
		Not confident	2
	Political system: Having no Government	Very Good	1
		Fairly Good	2
		Bad/very Bad	3
	Political system: Having the army rule	Very Good	1
		Fairly Good	2
		Bad/very Bad	3
Political system	Political system: Having a democratic political system	Very Good	1
		Fairly Good	2
		Bad/very Bad	3
Political system	Political system: Having a strong leader who does not have to bother with parliament and elections	Very Good	1
		Fairly Good	2
		Bad/Very Bad	3

### 2.3. Multinomial Logistic Regression Analysis

When the endogenous variable is in categorical nature and is continuous in manipulative the explanatory variables; they were either continuous or dichotomous, then the logit model is used in such scenario. When the dependent variable consisted on different independent variables, to estimate and calculate the probability of categorical substitute multi-nominal logistic model is used.

As outcome variable used in this study is an ordinal categorical variable, the common statistical model used for this purpose is ordinal logistic regression that is an extension of the model for binary data [Scott, *et al.* (1997)]. An important assumption of ordinal logistic regression is the proportional odds assumption, which involves the cumulative odds ratio for any two values of the predictor being invariant across response categories. Unfortunately, this assumption is violates in this research and ordinal logistic regression is inapt here. An alternative analytical approach is to handle the ordinal outcome variable as a nominal one therefore, multinomial logistic regression model was used [Hu (2012)].

In this study, Multinomial Logistic Regression used to observe the impact of happiness and life satisfaction and check the impact of institutional and political trust on the two dimensions of subjective well-being. All other categories are defined and explained in the perspective of this reference category [Calvo, *et al.* (2012)]. For all N categories N-1 equations are estimated. Multinomial logit model with dependent and explanatory variables can be presented in equation form as:

$$Y_{(a,b)i} = \ln \frac{Pr(Y=a,b)}{Pr(Y=c)} = a_{a,b} + \sum_{j=1}^J \beta_{(a,b)j} (Z)_{ij} \dots \dots \dots \quad (1)$$

Where

$Y$ = dependent variable and

$N=a, b, c$  are three different categories of happiness and life satisfaction.

Here the probability of  $i$ th individual is determined who is facing one of the  $j$ th outcomes i.e. of being not too happy, quite happy or very happy in the happiness model. For life satisfaction and happiness models

Where

$Y$ =dependent variable life satisfaction and happiness

$N=a, b, c$  are the categories of life satisfaction and happiness.

Here the probability of  $i$ th individual is determined who is facing one of the  $j$ th outcomes i.e. of being dissatisfied, quite satisfied and very satisfied in the life satisfaction model and very happy, quite happy and not/not at all happy in happiness model.

The log odd ratio estimated by multinomial logit model.

$$\ln \frac{pr(\text{life satisfaction}=\text{Very Satisfied})}{pr(\text{life satisfaction}=\text{Disatisfied})} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k \dots \quad (2)$$

$$\ln \frac{pr(\text{life satisfaction}=\text{Quite Satisfied})}{pr(\text{life satisfaction}=\text{Disatisfied})} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k \dots \quad (3)$$

$$\ln \frac{pr(\text{Happiness}=\text{Very Happy})}{pr(\text{Happiness}=\text{No/Not all happy})} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k \dots \quad (4)$$

$$\ln \frac{pr(\text{Happiness}=\text{Quite Happy})}{pr(\text{Happiness}=\text{No/Not all happy})} = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k \dots \quad (5)$$

The coefficients of multinomial logistic regression represent that a unit change ( $\beta_i < 0$ , decrease) and ( $\beta_i > 0$ , increase) in independent variable cause alterations in the log-odds of explanatory variable, all other variables keeping constant [Hoffmann (2004)]. The exponential coefficient of  $\beta$  ( $\text{Exp}\beta$ ) shows change in the odd-ratio of the endogenous variable in a specific category of the reference category associated with unit change in the subsequent independent variable. The positive sign of the coefficient specifies that the higher probabilities of that category than the reference category. While the negative sign shows less probability of that category than the reference category.

### 3. RESULTS AND DISCUSSIONS

Table 1 shows the results of happiness and life satisfaction models. Life satisfaction can be categorised into very satisfied, quite satisfies and dissatisfies. In first step result of very satisfied with the reference category of dissatisfied is discussed while quite satisfied with reference to dissatisfied is discussed in next step. The next part contained the results of happiness (Very happy, Quite happy) which are discussed with the reference category of Not/Not at all happy.

Table 1

*Socioeconomic and Demographic, Political, Intuitional Trust and Social Capital Variables, Affecting Life Satisfaction and Happiness in Selected Asian Countries*

Group	Independent Variables	Very Satisfied	Quite Satisfied	Very Happy	Quite Happy
Demographic Variables	Age				
	15-29=1	.875^	.875^	.839^	.819*
	30-49=2	.935	.935	.727*	.777*
	Above 50=3				Reference Category
	Gender				
	Male=1	.792*	.792*	.685*	.743*
	Female=2				Reference Category
	Health				
	Very good=1	1.182^	1.182^	15.8*	3.69*
	Good=2	1.655*	1.655*	3.72*	3.09*
	Fair/Poor=3				Reference Category
	Marital Status				
Economic Variables	Married/living together as married=1	1.004	1.004	1.85*	1.29*
	Divorced/Widowed/Separated=2	.678*	.678*	.892	.758^
	Single=3				Reference Category
	Education Level				
	Uneducated=1	.725*	.725*	.622*	.632*
	Middle Education=2	1.076	1.076	1.063	.905
	Higher Education=3				Reference Category
	Employment Level				
	Unemployed=1	.784*	.784*	1.138^	.845^
	Retired/Student/Housewife=2	.824*	.824*	1.30*	1.14^
	Employed=3				Reference Category
	Income Scale				
Social Trust and Social Participation	Lower Income=1	.708*	.708*	.438*	.674*
	Middle Income=2	1.474*	1.474*	.749*	.979
	Higher Income=3				Reference Category
	Financial Satisfaction				
	Dissatisfied=1	.103*	.227*	.274*	.351*
	Quite Satisfied=2	.280*	1.035	.448*	.697*
	Very Satisfied=3				Reference Category
	Active/ Inactive Membership-labour Union				
	Not a Member=1	.103*	.772*	.872	.956
	Inactive Member=2	.280*	1.049	1.150	.855
	Active Member=3				Reference Category
	Active/ Inactive Membership-Politics				
	Not a Member=1	.742*	.888	.922	.923
	Inactive Member=2	.853	.877	.759^	.762*
	Active Member=3				Reference Category
	Active/ Inactive Membership-Charity				
	Not a Member=1	.673*	.721*	.920	.669
	Inactive Member=2	.786*	.709	1.003	1.395
	Active Member=3				Reference Category
	How Much Trust-Neighbours				
	Trust=1	1.089	.986	1.269*	1.130*
	Do Not Trust=2				Reference Category
	How Much Trust-People				
	Trust=1	1.179^	1.052	1.159*	.892
	Do Not Trust=2				Reference Category
	How Much Trust-People meet first time				
	Trust=1	.764*	.751*	.936	.961
	Do Not Trust=2				Reference Category
	How Much Trust-Another Religion				
	Trust=1	.904	1.041	.792*	1.100
	Do Not Trust=2				Reference Category

*Continued—*

Table 1—(Continued)

<b>Institutional Trust</b>	Confident=1	<b>Confidence-Army</b>	1.196*	1.076	1.361*	.808
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-Government</b>	1.093	.994	.874^	.602 <sup>t</sup>
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-Parliament</b>	1.183 <sup>t</sup>	1.086	1.213^	1.351
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-Police</b>	1.239*	1.118^	1.552*	1.379*
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-Press</b>	1.155*	1.201*	1.295*	1.190*
	Not Confident=2	Reference Category				
<b>Political Preferences</b>	Confident=1	<b>Confidence-TV</b>	.927	.872*	1.094	1.014
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-Political Parties</b>	1.141^	1.128^	1.163^	1.003
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-University</b>	1.176^	1.056	1.120^	1.165*
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-Charitable Organisation</b>	1.046	1.001	1.111^	.935
	Not Confident=2	Reference Category				
	Confident=1	<b>Confidence-Court</b>	1.098	1.118^	.130	1.160*
	Not Confident=2	Reference Category				
<b>Political system: Having a strong leader who does not have to bother with parliament and elections</b>						
Very Good=1						
Fairly Good=2						
Bad/very Bad=3						
Reference Category						
<b>Political system: Having experts, not government, make decisions according to what they think is best for the country</b>						
Very Good=1						
Fairly Good=2						
Bad/very Bad=3						
Reference Category						
<b>Political system: Having the army rule</b>						
Very Good=1						
Fairly Good=2						
Bad/very Bad=3						
Reference Category						
<b>Political system: Having a democratic political system</b>						
Very Good=1						
Fairly Good=2						
Bad/very Bad=3						
Reference Category						

Author's Own Computations (WVS, 2010-14).

The reference categories are dissatisfied and not/not at all happy.

\* Shows 1 percent level of significant.

^ Shows 5 percent level of significant.

t shows 10 percent level of significant.

In this study, life satisfaction is measured which covered the long term component of individual explained by Gamble and Garling (2012) as they examined that life satisfaction is a better measure than happiness because happiness measures current situation of individual behaviour and mood. Social capital, institutional trust and political trust are also continual [Putnam (2000)]. So it is very interesting to check the impact of these factors on happiness and life satisfaction separately.

It is evident from the results of life satisfaction (see Table 1) that the demographic factor influenced subjective well-being. In the demographic variables, age is considered important factor that influenced life satisfaction. Results shows that age has a significant but negative association on life satisfaction which indicate that the lower age group have a less chance of very satisfied and more chance of dissatisfied as compared to old age. However, there is significant negative effect of age on life satisfaction [Ekici and

Koydemir (2014)]. The base group comprises those aged 15-29 and the group comprises those aged 30-49 are less satisfied than those aged 50 and above. Results are consistent with previous studies [Blanchflower and Oswald (2004a); Delhy and Newton (2003); Ferreri, Carbonell, and Gowdy (2007); Hooghe and Vanhoutte (2011); Wang, *et al.* (2011); Yuan and Golpelwar (2012)].

Gender occupy different positions in all societies, in some societies men have a higher position as compared to women. The results show that male has a less chance to be very satisfied and more chance of dissatisfied as compared to female. It seems that women are satisfied than men and gender shows significant but negative effect on life satisfaction. Results are consistent with previous research [Blanchflower and Oswald (2004b); Clark and Oswald (1994); Tufan and Koydemir (2013)].

Health is the most important indicator that observes significantly on life satisfaction in Asian countries proved by the literature. Health is an important factor that prescribed life satisfaction. It is evident from the above tables that health shows positive and strongly related to life satisfaction. A person with very good and fair health have more chance to be very satisfied and quite satisfied and less chance to be dissatisfied. Results proved with previous researches [Blanchflower (2008); Cid, *et al.* (2007); Dolan, *et al.* (2008); Frey and Stutzer, (2000); Gredtham and Johannesson (2001); Graham (2008); Hussien and Heshmat (2009)].

Results of marital status shows that married people are more satisfied as compared to single, divorced, widowed and separated people that means married people are more satisfied with their lives as compared to other categories of marital status. Results are reliable with previous studies [Hayo and Seifert (2003); Haller and Hadler (2006); Myers (2000)].

Educational level is also an important factor that describes a person's well-being. It is evident from above table that the uneducated have less chance to be satisfied and more chances to be dissatisfied [Dolan, *et al.* (2008); Hayo and Seifert (2003); Pose and Maslauskaite (2012)]. Results are consistent with previous studies [Haller and Hadler (2006); Hooghe and Vanhoutte (2011)].

For a satisfying life and self-identity, work and employment status is an important factor. Results of economic variables such as employment status shows that unemployed had less chances of being very satisfied and less chance as compared to employed. The unemployed are not as happier as employed and less satisfied with their lives as compared to employed [Haller and Halder (2006); Hellwell (2003)].

Income level of individual is a key determine of how much a person is satisfied. It is observed in above table that lower income group and middle-income group seems to less satisfy as compared to higher income group while in quite satisfied model, people are less chance to be quite satisfied and middle-income group have more chances to be quite satisfied as compared to higher income group. Results are consistent with previous studies [Clark and Oswald (1994); Di Tella, MacCulloch, and Oswald (2001); Frey and Stutzer (2000); Oswald (1997); Kahneman and Krueger (2006)].

Financial satisfaction is an important factor that describes a person's satisfaction towards his financial situation. Result shows that people who are dissatisfied and quite satisfied with their financial satisfaction they had a less chance of very satisfied [Haller and Hadler (2006); Helliwell (2006)].

The results of social capital that include membership trust and confidence on institutions and political institution shows that membership in a labour union had a significant but negative association which means the people who are not a member of labour union have less chances to be very satisfied as compared to those people who have a membership in labour union. The chances of being satisfied are more when the people are not participate and involve in political parties. People having participated in political parties have less chance to be very satisfied and the coefficient of membership in political parties is significant but negatively associated to life satisfaction.

Participation in the charitable organisation shows positive and significant effect on life satisfaction. To help others with the help of charity gives the warm glow effect of participation. Results show that inactive membership and not a member have less chance to be more satisfied than the people having members of charitable organisation. It is proved by the previous studies [Chang (2009); Calvo, *et al.* (2012); Leung, *et al.* (2013)].

The level of trust is decline in the Asian countries shows in the results. The level of trust on people, neighbour, and another religious is decline. Result shows that if the people trust those people meat first their level of satisfaction decline, the coefficient of people meat first time has a negative effect on life satisfaction.

Confidence on institutions shows that people have confidence on police, press, political parties, court, parliament, army and university. These institutions have positive and significant effect on life satisfaction. Results are consistent with the previous studies [Leung, *et al.* (2013); Robinson and Jackson (2001); Rothstein and Stolle (2007); Brehm and Rahn (1997); Putnam (2000); Paxton (1999)].

The results of political preferences and political system that are governing in Asian countries show that democracy has a positive and significant effect on life satisfaction. People having democratic state feels free and they are more satisfied. The result of having army rule is negatively associated with life satisfaction which means the countries having army rule, the level of very satisfied is low and the chances of dissatisfied is high. The results of the political system (the political leader dose not bothers the parliament and elections) that shows dictatorship have significant but negative association with life satisfaction.

The results of very happy and quite happy with reference to not happy shows young and middle age seems to be less happy as compared to old and middle age group shows positive and significant effect on happiness which means the chances of being very happy increases for young and middle age group. Results are consistent with previous studies [Blanchflower and Oswald (2008); Clark and Oswald (1994); Clark (2002); Helliwell (2003); Frey and Stutzer (2000)].

Gender has insignificant effect on happiness. Satisfaction with the health status has a positive impact on individual's happiness in all the countries. The positive and significant effect of health on happiness shows that the people having a person with good health enjoy his or her life more happily [Cid, *et al.* (2008); Dolan, *et al.* (2008); Eyunni (2011); Frey and Stutzer (2000); Gill and Feinstein (1994); Hooghe and Vanhoutte (2011); Headey, *et al.* (1984); Fuentes and Rojas (2001); Michalos, *et al.* (2001)].

Marital status is significant in significant effect on happiness that shows that married people having more chances of happiness as compared to widowed, separated and divorced. Results are consistent with previous studies [Blanchflower and Oswald (2008); Di Tella, *et al.* (2001); Stutzer and Frey (2006)].

There is some evidence that education has more of a positive impact on low-income countries [Fahey and Smyth (2004); Ferrer-i-Carbonell (2005)]. It seemed that those who attain higher education were less happy than those with lower educated were. Primary and high school educated people in particular appear to have higher levels of happiness. It reported that highly educated individuals showed greater distress or less satisfaction and happiness than others are [Clark and Oswald (1994); Clark, *et al.* (1996)].

It is evident from the above table that education level and employment status had a positive and significant effect on happiness. Income scale shows that people having low income having less chances of happiness as compared to middle and higher income group. Financial satisfaction is an important factor to determine individual's happiness. Financial satisfaction shows that people having quite satisfied and dissatisfied had less chance of happiness as compared to satisfied people. Results were consistent with the findings of [Blanchflower and Oswald (2004); Clark and Oswald (1994); Easterlin (1995); Headey, *et al.* (2008); Hussien and Heshmat (2009)].

Participation in social activates seems to be had a significant effect on happiness of a person. The positive and negative results of membership shows the degree of a persons' involvement in these activates. The results of membership in politics, charity and labour union had no significant effect on happiness.

Social trust is an important factor that defines why some countries are happier. However, in Asian countries the social trust is decline among people. As far as concerned to the trust, people having trust on neighbours and people have higher level of happiness as compared to others. It is evident from the results that trust on neighbours and people are significantly and positively associated to the happiness [Brehm and Rahn (1997); Putnam (2000); Smith (1997); Paxton (1999); Robinson and Jackson (2001)].

It is evident from the above results that people have confidence on parliament, press, army, charitable organisation, university. The coefficient of these variables significantly associated to happiness. The results of trust in these countries are weak which shows that lower level of trust decease the trust on institutions that leads to decrease the subjective well-being of the people.

As concerned to the political system, in some countries people think about dictatorship, while in some countries because of the shortcoming of democracies people think about army rule and no government. The results confirmed that democracy is the best type of government according to the people's perception level. A leader who does not bother parliament and elections also had a positive effect on happiness. The people having confidence on having no government show that they have less happiness if they trust on no government.

#### 4. CONCLUSION

Subjective well-being is becoming the most important object of serious research in 21st century economics after having been unnoticed for a long time by economists. Hence, this study aims to find the factor that effect life satisfaction and happiness in selected Asian countries.

The study revealed that that satisfaction with health states, satisfaction with life, satisfaction with financial situations, income level, democracy, and confidence on police,

army and charitable organisation, trust on neighbour, membership in charity had significant positive effect on the level of happiness and life satisfaction.

The results showed that there was a positive relationship between income level and happiness. Individuals with higher income levels were satisfied with their financial situations had more probability of being happy and satisfied with life.

Confidence in parliament, court, universities, TV, press had not a significant impact on life satisfaction and happiness. In life satisfaction and happiness results confidence on police, army, government, parliament, charitable organisations, and political parties had a significant effect on life satisfaction and happiness.

As far as concerned to the political systems that are governing in these countries, democracy is the famous type of government according to the results. The coefficient of democracy is positively significant to subjective well-being. Having army rule is significant but negative effect on subjective well-being that means people having confidence on army rule the level of subjective well-being is low. Dictatorship also had a negative effect on subjective well-being. Having expert and no government also had a significant effect on both dimensions of subjective well-being such as life satisfaction and happiness.

Therefore, this paper concluded that demographic factors significantly correlated with subjective well-being. There is a strong relationship between subjective well-being and trust.

Some variables of membership significantly related with subjective well-being as the variables of confidence on institutions, there are some variables that are positively correlated with subjective well-being but it seems that people have less confidence on these institutions as well as their preference about political system is also weak.

It found from the results that preferences for democracy, confidence in police, army, and government associated with higher level of happiness and life satisfaction. Satisfaction with democracy and confidence in government enhance the feelings of safety and prevents disorders.

Social trust and social participation in Asian countries were low as compared to the happiest countries which results the lowest happiness level in selected Asian countries. There should be create political stability, and improve the condition of law and order, in order to attract institutions to improve their quality this will improve the confidence and trust of individuals on institutions and hence subjective wellbeing. Achieving good health is top ranked in achieving subjective wellbeing. It also easily expected that healthy people should be happier than their less healthy counterparts should. In that regard, the government should expand healthcare Government should expand healthcare services. Moreover, basic health awareness should be provide to communities, So that they can protect themselves and provide basic care when needed. Subjective wellbeing was associated with high level of education. Therefore, programs that emphasis on causing improved education system alone may not be very effective in enhancing general subjective wellbeing. Effective policies shall not ignore the approaches of reducing the stresses of highly educated individuals, as they are likely to be suffer from more job stresses.

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