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IZA DP No. 15669

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ABSTRACT

A Measure of Well-Being Efficiency Based on the World Happiness Report*

We estimate a measure of well-being efficiency that assesses countries' ability to transform inputs into subjective well-being (Cantril ladder). We use the six inputs (real GDP per capita, healthy life expectancy, social support, freedom of choice, absence of corruption, and generosity) identified in the World Happiness Reports and apply Data Envelopment Analysis to a sample of 126 countries. Efficiency scores reveal that high ranking subjective well-being countries, such as the Nordics, are not strictly the most efficient ones. Also, the scores are uncorrelated with economic efficiency. This suggests that the implicit assumption that economic efficiency promotes well-being is not supported. Subjective well-being efficiency can be improved by changing the amount (scale) or composition of inputs and their use (technical efficiency). For instance countries with lower unemployment, and greater healthy life expectancy and optimism are more efficient.

JEL Classification: I31, E23, D60, O47, O15

Keywords: subjective well-being, World Happiness Report, efficiency, Data Envelopment Analysis

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1 Introduction

Traditional economic thinking elevated GDP per capita to the single-most important indicator of quality of life. However, evidence has accumulated over recent decades that demonstrates economic growth does not necessarily improve people's lives and, when prioritized and mismanaged, it may even contribute negatively (Sarracino and O'Connor, 2021a,b). This evidence invites us to expand the focus, from the singular dimension of economic output towards a more holistic concept of quality of life. Indeed, it has now been more than a decade since international institutions, backed by authoritative thinkers, have called upon us to go "beyond GDP" to conceptualize and measure well-being (e.g., Fleurbaey (2009); Stiglitz et al. (2009)). Which measures could support such a shift? Which output should be maximized? We use subjective well-being (SWB), a single measure summarizing the many economic and non-economic aspects of what makes a life worth living. Numerous studies make the case for SWB (e.g., Helliwell et al. (2013); OECD (2013), but too little is known about how to efficiently promote it. Efficiency analysis is important to steer the debate towards what matters for well-being, and to inform decision-makers about how to use their scarce resources to promote well-being.

Our aim is to provide a measure of subjective well-being efficiency that goes beyond income.[1] Such a measure has significant advantages over traditional efficiency measures: it indicates how well countries transform inputs into SWB. SWB is a valid and reliable tool to capture how people fare with their lives as a whole; it reflects more than just economic concerns and predicts outcomes of interest such as health, longevity, income, employment, social behavior, and political outcomes (De Neve et al., 2013).

The idea that SWB can be produced more or less efficiently, and that this efficiency can be measured is relatively novel. We apply Data Envelopment Analysis (DEA), a technique used frequently to compute economic efficiency, to macro data from 126 countries to check whether it is possible and meaningful to compute subjective well-being efficiency scores. The scores can inform policy-makers about how well their countries transform available resources into SWB, and could help identify sources of inefficiency. Current SWB policy advice generally discusses the amount of inputs, not how well they are used. This knowledge is necessary to inform policy makers seeking to efficiently mobilize resources to improve well-being.

The paper is organized as follows. In the next section we review previous

[1] We use the term well-being efficiency interchangeably with subjective well-being efficiency for brevity. We always refer to subjective well-being when discussing well-being in the text.

literature and clarify our contribution. In section 3 we describe the data used in the analysis, whereas in Section 4, we detail the methods adopted. Section 5 reports our findings: we first describe the efficiency scores, then provide initial explanations of score differences across countries, compare our scores with third-party measures of SWB and usual productivity measures, and lastly, decompose total efficiency scores into technical and scale efficiency. Section 6 details three sets of robustness tests and their results. The last section summarizes our findings, discusses the limitations of present work, and offers some suggestions about the usefulness of measures of well-being productivity.

2 Background and contribution

Much of the economics of happiness literature has focused on the determinants of SWB. In the series of World Happiness Reports (WHRs), six factors explain about three-quarters of the variation in SWB around the world (real GDP per capita, healthy life expectancy, having someone to count on, perceived freedom to make life choices, perceived absence of corruption, and generosity) (Helliwell et al., 2013). The residual 25% is not well explained. We do know certain groups of countries have higher or lower than expected SWB, given their observable characteristics – for instance, Latin America and post-communist states – but little is known about why. Perhaps there are important omitted variables, or perhaps Latin American countries are more efficient in transforming their inputs into well-being? For the purposes of this paper, we rely upon the WHR framework, and focus on answering the latter question.

We compare 126 countries based on the relative efficiency in which they turn inputs into SWB. To compute efficiency, we use as inputs the six determinants of SWB identified in the WHRs, and Data Envelopment Analysis (DEA). DEA is a non-parametric frontier technique that is widely used to compute productive efficiency and total factor productivity in management and economic studies (see, for instance, Lafuente et al. (2016)). Relative efficiency is then measured as the "distance" in output from a best-practice frontier (or efficient frontier). This allows us to identify under-performing countries and leading examples.

DEA allows researchers to model production activities without the need to specify the functional form of the production process; thus, allowing the data to reveal how different countries combine their inputs more or less efficiently to generate SWB. Typical regression approaches assume inputs are additively separable, and do not test for interactions or thresholds. Regression residuals, for Latin America for instance, mechanically represent an unknown input that enters additively. On the other hand, a minimum level of GDP per capita and healthy life expectancy are plausibly necessary to enjoy social relations; that is, input importance is non-linear and co-dependant (Binder and Broekel, 2012). As specifying a correct functional form is problematic, parametric methods can lead to errors including wrongly identifying countries as efficient (Ravallion, 2005).

DEA emerged as a widely used method to measure efficiency in various disciplines (Emrouznejad and Yang, 2018; Rostamzadeh et al., 2021). It has been applied to study efficiency across sectors including, for instance, banking, health care, agriculture, transportation, education, energy, the environment, and finance (Liu et al., 2013). The application of DEA in well-being research is rather new. Several studies used DEA to produce synthetic indicators of quality of life (see, for instance, Murias et al. (2006), Bernini et al. (2013), Guardiola and Picazo-Tadeo (2014), Mariano et al. (2015), and Nissi and Sarra (2018). DEA also helped establishing whether SWB is an input or an output of economic production DiMaria et al. (2020). The results indicate that, in most cases, SWB can be regarded as an input to production, but it is seldom an output in a sample of European countries.

Closely related to well-being efficiency, the term "happiness efficiency" was coined by Binder and Broekel (2012) in a seminal work about individuals' ability to convert resources into SWB in Britain. Cordero et al. (2017) also assesses individuals subjective well-being efficiency, though in a sample of 26 member states of the Organization for Economic Cooperation and Development (OECD). Individual differences are partially explained by socio-demographic characteristics, such as gender, age, religiosity, and marital and parental status, while international differences are due more to social expenditures, unemployment rates, and institutional quality. Carboni and Russu (2015) used DEA to compute how efficiently Italian regions transform their inputs into SWB.

The three mostly closely related studies instead assess the cross-country differences in efficiency (Debnath and Shankar, 2014; Cordero et al., 2021; Nikolova and Popova, 2021). Debnath and Shankar (2014) studied how four indicators of good governance translate into happiness efficiency using DEA and a cross-sectional dataset comprised of 130 countries. Cordero et al. (2021) and Nikolova and Popova (2021) both studied country efficiency in transforming a set of inputs (income, education, and health) into SWB using similar but distinct approaches to DEA. Cordero et al. (2021) used a novel method (stochastic semi-nonparametric envelopment of data) on a sample of 82 counties over time, and found greater SWB efficiency was associated with higher social expenditures, civil liberties, and quality of government, and lower unemployment and inequalities. Nikolova and Popova (2021) used a partial frontier approach and panel data for 91 countries. Similar to Cordero et al. (2021), they found greater SWB efficiency was associated with greater social support, freedom, and the rule of law and negatively associated with unemployment and involuntary part-time employment.

A limitation of these studies is the choice of SWB inputs and the contextual variables that might affect the production process. Cordero et al. (2021) and Nikolova and Popova (2021) use the same inputs and similar but distinct contextual variables, e.g., gender and income inequality and labor market characteristics beyond unemployment. It is not clear, however, why the contextual variables are not also inputs. Unemployment, for instance, has one of the most robust relationships with SWB (Clark, 2018). Unemployment directly affects income (one of the SWB inputs) and personality (Clark et al., 2001). The aggregate variables, pertaining to inequality and governance, also directly affect SWB, for instance, through perceived fairness (Oishi et al., 2011) and procedural utility (Frey and Stutzer, 2010). Indeed, Debnath and Shankar (2014) used quality of governance as an input, not as a contextual variable.

Our main contribution with respect to these works is to introduce a measure of subjective well-being efficiency that is based upon the commonly accepted and often cited WHR subjective well-being equation (Helliwell et al., 2013), which uses the Cantril Ladder to measure SWB and the six inputs mentioned above. This aspect is not trivial as we need an agreed yardstick to select which output and inputs to consider. The WHRs provides an authoritative reference to measure well-being and select the inputs. The WHR inputs cover two (GDP and health) of the three used by Cordero et al. (2021) and Nikolova and Popova (2021), education is left out. Two of the other WHR inputs cover social characteristics that are often related to social capital (having someone to count on, and generosity), which is in turn strongly related to SWB (see Helliwell et al. (2009) for an explanation and evidence). The last two inputs pertain to important aspects of the societal and institutional context (freedom to make life choices, and absence from corruption). For an explanation of the inputs, see Layard et al. (2012). We also test the robustness of the WHR framework for estimating well-being efficiency and find our results are not sensitive to the exclusion or inclusion of particular inputs, such as GDP, education, and unemployment.

The WHRs also make their data freely available to the public, which makes it easy for future practitioners and researchers to apply and expand upon the procedure developed here. Their data also cover a broader range of countries than in similar papers, except Debnath and Shankar (2014).

Another contribution of present work is to decompose efficiency scores into technical and scale efficiency (previously only conduced by Debnath and Shankar (2014)), which provides finer information about how to improve efficiency. Technical efficiency pertains to how a country uses their inputs. As an example, one can imagine a country that spends its GDP on aspects that are not strongly associated with aggregate SWB (e.g., positional consumption). Low efficiency may also occur when health is poor because poor health makes it difficult to enjoy other factors. Likewise, government programs are less efficient in the presence of corruption. On the other hand, scale efficiency pertains to the quantity of inputs. Our results indicate that most countries have too few inputs. Expanding the amount of inputs would increase SWB directly and increase the benefits derived from existing inputs.

We also assess the relationships between the inputs and well-being efficiency. It is clear that various levels of inputs affect efficiency, but it is not always clear how. The correlations we obtain between inputs and well-being efficiency can reveal likely factor complementarities or inefficient scale use due to one particular input or another. For instance, as suggested above, health and corruption are likely to affect SWB directly and also technical efficiency.

Finally, we contrast our measures of well-being efficiency with measures of economic efficiency and of sustainable well-being. It is taken for granted that promoting economic efficiency is a good thing. Seldom is it asked, to what end. The implicit assumption is that economic efficiency contributes to economic growth, thus paving the road to better lives. We test this assumption by checking whether well-being efficiency correlates with economic efficiency (calculated using GDP, capital, and labor), and find they are negatively correlated. Countries that are economically more efficient are not better able to convert resources into well-being. We also correlate well-being efficiency with a measure of sustainable well-being, the Happy Planet Index, to assess the validity of our measure, and find a strong positive correlation

2.1 Illustrative findings

The ranking based on efficiency scores reveals sometimes surprising success stories. The typically high ranking SWB countries, such as the Nordics, are not strictly the most efficient in transforming inputs into well-being. The most efficient countries include Finland, but also, Algeria, Belgium, Italy, Costa Rica, Slovakia, and Switzerland for a total of 19 fully efficient countries out of 126. The results also reveal the countries that could improve, such as India, Afghanistan, Tanzania and Zimbabwe. In general, efficiency scores are correlated with the level of SWB – e.g. Zimbabwe experiences the lowest efficiency and SWB – but there are other contrasting examples. Estonia and

Hungary report a similar level of SWB, but the latter is more efficient and has lower inputs. High efficiency, however, does not strictly mean high well-being: a country characterized by low levels of well-being may still use its inputs efficiently or vice versa.

The input-correlation analysis reveals GDP per capita, social support, and healthy life years correlate positively and significantly with well-being efficiency, in particular health, according to subsequent regression analysis. As expected, populations with better health are indeed better able to exploit their inputs. This result implies, policy makers should consider investing in health, not only for the direct benefits it brings for SWB, but also for the indirect effects that result from a more efficient use of inputs. On the other hand, perceived corruption was not correlated to efficiency as expected. Among the wider list of variables, we find more optimistic and fully employed populations are more well-being efficient.

3 Data

Aggregate SWB data are available for approximately 150 countries in the WHRs. The particular measure of SWB is the Cantril Ladder obtained from the Gallup World Poll, which is similar to life satisfaction. We use the data associated to the most recent report, released in 2021 (Helliwell et al., 2021). The WHRs also provide data on the six inputs, which in turn originate from various sources: GDP per capita (constant international dollars of 2017, converted in logarithm) is drawn from the World Development Indicators. Healthy life expectancy at birth is from the World Health Organization's Global Health Observatory data. The four remaining variables are based on survey questions from the Gallup World Poll: social support (or having someone to count on in times of trouble) is the national share of people answering positively to the question: "if you were in trouble, do you have relatives or friends you can count on to help you whenever you need them, or not?"; freedom of choice is the national share of people answering positively to the question: "are you satisfied or dissatisfied with your freedom to choose what you do with your life?"; absence of corruption is the negative of the average of the national shares of people answering positively to two questions: first, "is corruption widespread throughout the government or not?", and second, "is corruption widespread within businesses or not?" Whenever data for government corruption are missing, only the perception of business corruption is used. Finally, generosity is the residual of regressing the national average of responses to the question "have you donated money to a charity in the past month?" on GDP per capita. Therefore, it reflects people's generosity independently from the wealth of the country they reside in. Being a residual, generosity takes both positive and negative values. However, the DEA model we use can not handle negative values. Therefore, we transformed generosity by subtracting from each score the minimum value of generosity. This transformation shifts the variable to start on zero without altering the original scale of the variable. The variables Social Support, Freedom of Choice, Generosity, and Absence of Corruption were also multiplied by ten to harmonize scales a bit more across inputs.

Table 1 provides summary statistics for the variables included in present study. Our final sample consists of 126 countries with complete information on inputs and output.

Table 1: Descriptive statistics

Variable	*mean*	*sd*	*min*	*max*	*obs*
Cantril ladder	5.56	1.13	2.38	7.78	126
GDP per capita PPP US$ 2011	9.42	1.15	6.97	11.65	126
Social support (x 10)	8.11	1.22	4.200	9.64	126
Healthy life expectancy at birth	64.89	6.87	48.70	77.10	126
Freedom of choice (x 10)	7.94	1.18	3.85	9.70	126
Generosity (x 10)	2.68	1.53	0.00	8.50	126
Absence of corruption (x 10)	2.76	1.88	0.37	9.30	126
Country	–	–	–	–	126

4 Method

To compute well-being efficiency, we use Data Envelopment Analysis (DEA), a technique that uses non-parametric linear programming to measure the relative performance of a group of organizational units, such as countries. Compared to other methods to compute efficiency, such as stochastic frontier analysis or ratio analysis, DEA requires no specific functional form, accommodates multiple inputs, and is not affected by problems of multicollinearity and heteroscedasticity (Tigga and Mishra, 2015). The aim of DEA models [2] is generally to compute an envelopment, best practice, or efficient frontier such that all countries lie on or below it. Countries located on the frontier receive an efficiency score equal to 1 and are regarded as efficient units. Countries located below the frontier receive a score relative to their distance from the frontier. The further they are, the lower the score, and less efficient they are considered.

[2] The two basic ones are the CCR model (Charnes et al., 1978) and the BCC model (Banker et al., 1984).

Charnes et al. (1978) define efficiency as: "the maximum of a ratio of weighted outputs to weighted inputs subject that the similar ratios for every decision making unit (DMU) be less or equal to unity". Efficiency can be described as follows:

$$TE_k = \frac{\sum_{r=1}^{s} u_r y_{rk}}{\sum_{i=1}^{m} v_i x_{ik}} \tag{1}$$

where:

TE_k is the technical efficiency of country k using m inputs to produce s outputs;

y_{rk} is the quantity of output r produced by country k;

x_{ik} is the quantity of input i used by country k;

u_r is the weight of output r;

v_i is the weight of input i;

n is the number of countries included in the analysis;

s is the number of outputs (in present case, SWB);

m is the number of inputs.

Efficiency of country k is maximized subject to the following constraints: first, the weights applied to inputs and output of country k cannot generate an efficiency score greater than unity (see eq. 2); second, the weights are strictly positive (see eq. 3).

$$\frac{\sum_{r=1}^{s} u_r y_{rk}}{\sum_{i=1}^{m} v_i x_{ik}} \leq 1 \qquad j = 1, \ldots, n \tag{2}$$

$$u_r, v_i > 0 \quad \forall r = 1, \ldots, s; i = 1, \ldots, m. \tag{3}$$

We assume that the aim of a country is to maximize output, i.e. SWB, given the available level of inputs. Thus, we solve the linear program above using the output-orientated DEA model.

We estimate total efficiency and its two components: technical and scale efficiency. Total efficiency is also known as constant returns to scale technical efficiency. A common assumption in DEA models is that DMUs operate under constant returns to scale (CRS) (Charnes et al., 1978), i.e., increasing inputs yield a proportional increase in the output. As a result, differences in constant returns to scale technical efficiency can be due to differences in technical efficiency and scale. To estimate 'pure' technical efficiency we allow countries to operate under variable returns to scale (VRS) (Banker et al., 1984) and various levels of scale efficiency (SE). The VRS model produces measures of TE – known as variable returns to scale technical efficiency (VRSTE) – that are not confounded by scale efficiencies (Coelli et al., 2005), and estimates of scale efficiency.

The primary equation of the output-orientated VRS model is as follows:

$$Minimize \qquad \sum_{i=1}^{m} v_i x_{ik} - c_k \tag{4}$$

where c_k is a measure of returns to scale for country k.
Subject to:

$$\sum_{i=1}^{m} v_i x_{ij} - \sum_{r=1}^{s} u_r y_{rj} - c_k \geq 0 \qquad j = 1, \ldots, n \tag{5}$$

$$\sum_{r=1}^{s} u_r y_{rk} = 1 \tag{6}$$

$$u_r, v_i, c_k > 0 \qquad \forall r = 1, \ldots, s; i = 1, \ldots, m. \tag{7}$$

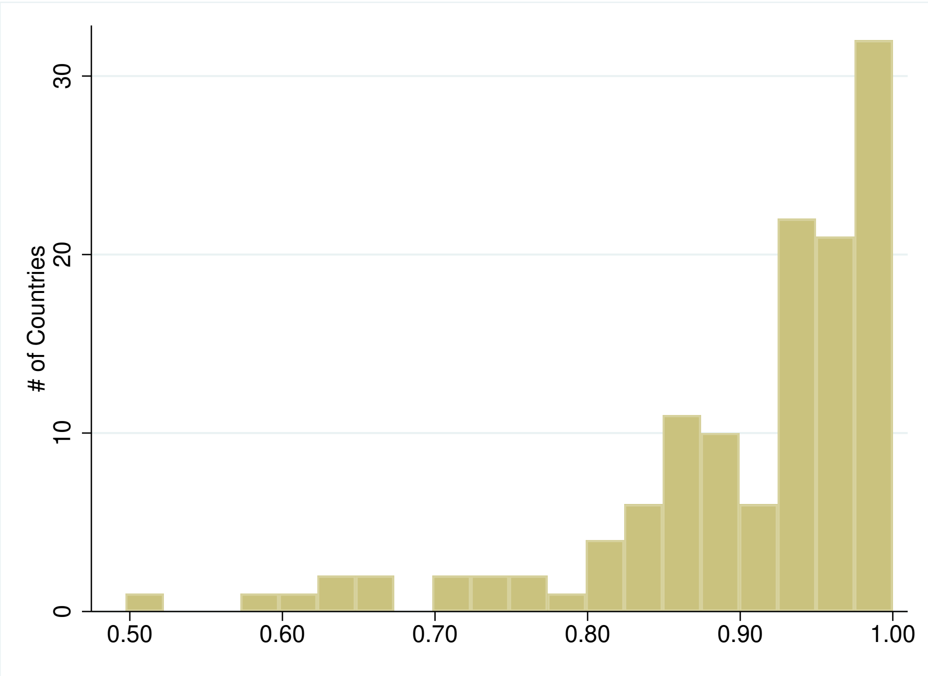
Comparing countries against a common frontier of best-practices is possible under the assumption that countries have similar "production technologies" to transform resources into SWB. It is difficult to test this assumption. Studies using various sources of data showed that happiness equations are strikingly similar across country types and country histories (Helliwell et al., 2009; Powdthavee, 2010; Sarracino, 2013). This evidence lends support to the assumption that production technologies of well-being are internationally comparable. However, as the research on the comparability of reported well-being across countries is still growing, future research should assess whether differences in production technologies exist, and how important they are in determining efficiency scores.

5 Well-being efficiency around the world

Efficiency scores indicate that 19 of the 126 considered countries are fully efficient; another 13 are 97.5% or more efficient. The distribution of efficiency scores is presented in figure 1, and detailed by country in table 8 in Appendix A. Altogether, more than half of the countries (81) are at least 90%

efficient, which might suggest we should not worry about efficiency. However, Cameroon – which is 90% efficient – gets 10 percent less SWB from its inputs compared to a fully efficient country, and the remaining countries benefit even less. The least efficient country in our list is Zimbabwe, which is 50% efficient. Increasing efficiency from 50% to 75% would have an effect on SWB comparable to increasing inputs by 50%, ceteris paribus. Such low-efficiency countries need to critically assess how they use their inputs.

Figure 1: Distribution of well-being efficiency around the world.

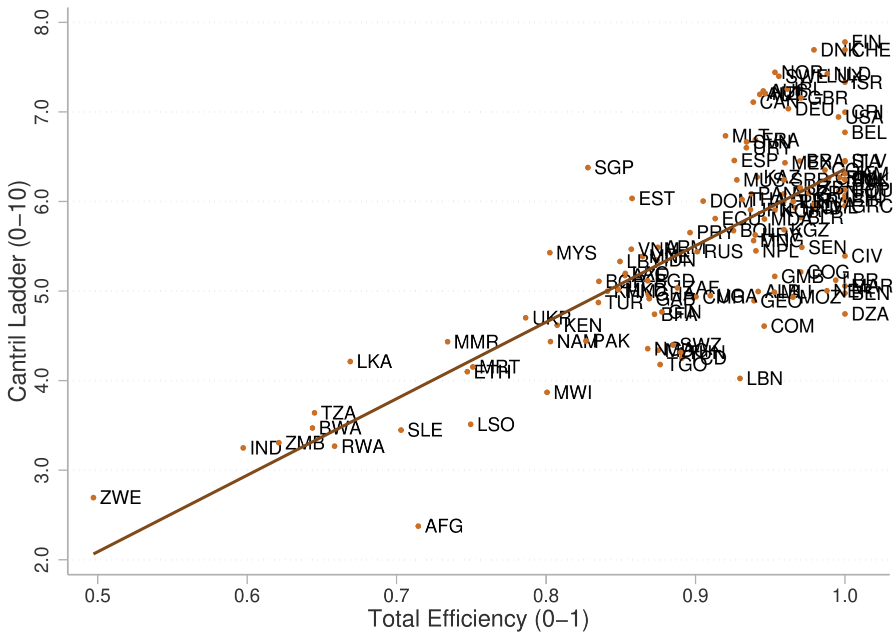


Note: the chart shows efficiency scores. Countries receive a score ranging from 0 to 1, where higher scores indicate higher efficiency.
Source: authors' own elaboration on data sourced from WHR 2021.

Well-being efficiency scores correlate positively with levels of well-being. However, the rankings of the two variables are distinct. Figure 2 shows that more efficient countries report higher SWB, but there are many exceptions. Lebanon (LBN) and Spain (ESP) are both 93% efficient, but Spain reports nearly 2.5 more Cantril Ladder points. Efficiency matters, but Lebanon has lower inputs across the board (as presented in table 8, Appendix A). The Nordic countries report high Cantril Ladder scores, but they also have high inputs. They could score even higher SWB if they were more efficient.

Among them, only Finland is fully efficient. The data indicate efficiency can at least partially make up for low inputs too. For instance, Germany (DEU) is only slightly happier than Costa Rica (CRI) even though Germany has a GDPpc of more than two times that of Costa Rica's, and greater values for each of the other inputs except Social Support and Freedom of Choice.

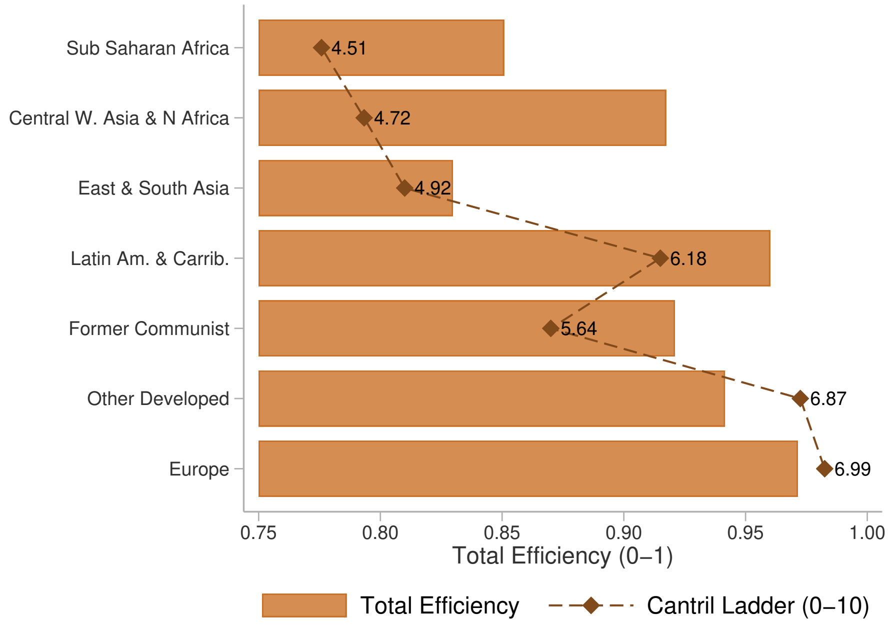
Figure 2: Relation between well-being efficiency and well-being.



Note: the chart shows efficiency scores. Countries receive a score ranging from 0 to 1, where higher scores indicate higher efficiency. Countries are labeled with ISO3 codes, included in the table 8, Appendix A.
Source: authors' own elaboration on data sourced from WHR 2021.

Post-communist countries rank often among the least happy countries in Europe, whereas Latin American countries score frequently high in the international ranking of well-being (Helliwell et al., 2021). These stylized facts are often based on regressions of life satisfaction on common macro controls and region dummies, which are negative for post-communist countries and positive for Latin American countries. Such dummy variables are analytically distinct from efficiency. Yet, they may still reflect the differences in efficiency across regions, which yields the question: are Latin American countries more efficient and post-communist less? The results indicate that the above-mentioned stylized facts may be due in part to differences in efficiency across countries. Figure 3 indicates that Former Communist countries (identified in table 8 in Appendix A) do indeed exhibit lower efficiency than the European, other Developed Countries, and Latin American countries. They are, however, at least as efficient as the three least happy groups. In the Latin American case, the results are consistent with expectations. They are among the most efficient, though not quite as high as European countries.

Figure 3: Well-being efficiency and Cantril Ladder by region



Note: the chart shows average efficiency scores by regions. Countries receive a score ranging from 0 to 1, where higher scores indicate higher efficiency.
Source: authors' own elaboration on data sourced from WHR 2021.

The region with the lowest average Cantril Ladder score, Sub Saharan Africa, is not the least efficient. This indicates that, as expected, this region has low inputs as well. The least efficient set of countries are in East and South Asia.[3] The range, however, is fairly broad within regions: East and South Asia include low efficiency countries such as Afghanistan and India, but also the highly efficient countries Thailand and Nepal.

[3]Regions are indicated for each country in table 8 in Appendix A.

5.1 The correlates of well-being efficiency

The previous section shows how efficiency varies around the world, which countries are doing well, and which could do better, but not how to promote efficiency. If well-being is taken to be at least as important as economic production, then the well-being efficiency scores are valuable in their own right, as in the traditional productivity literature. In this section, we provide some initial exploration of the correlates of well-being efficiency. We use the same inputs to well-being as potential contextual variables that affect efficiency. This was done because we believe the variables represent inputs, as discussed in the Introduction, and contextual variables. Health, for instance, will affect the efficiency in which other inputs can be used.

Simple bivariate correlations indicate GDPpc, Social Support, and Healthy Life Expectancy at Birth are each correlated to well-being efficiency at about 40%, as presented in table 2. On the other hand, Freedom of Choice, Generosity, and the Absence of Corruption are uncorrelated with efficiency. An additional variable, *Resid*, is also included, which we will address in the next section.

Table 2: Correlates of total efficiency.

	Cantril Ladder	Resid	Total Efficiency	GDP per capita	Social Support	HLE	Freedom of Choice	Generosity	Corruption (absence)
Resid	0.51	1.00							
p-value	0.00								
Total Efficiency	0.75	0.80	1.00						
p-value	0.00	0.00							
GDP per capita	0.76	0.00	0.39	1.00					
p-value	0.00	1.00	0.00						
Social Support	0.75	0.00	0.41	0.78	1.00				
p-value	0.00	1.00	0.00	0.00					
HLE at Birth	0.77	0.00	0.44	0.86	0.70	1.00			
p-value	0.00	1.00	0.00	0.00	0.00				
Freedom of Choice	0.57	0.00	0.13	0.40	0.42	0.46	1.00		
p-value	0.00	1.00	0.14	0.00	0.00	0.00			
Generosity	0.00	0.00	−0.14	−0.21	−0.10	−0.16	0.16	1.00	
p-value	0.98	1.00	0.11	0.02	0.28	0.08	0.07		
Corruption (absence)	0.44	0.00	0.08	0.35	0.22	0.37	0.44	0.22	1.00
p-value	0.00	1.00	0.39	0.00	0.01	0.00	0.00	0.01	

Source: authors' own elaboration of data sourced from WHR 2021.

The correlations suggest that promoting GDP per capita, Social Support, or Healthy Life Expectancy would increase well-being directly (as direct inputs to well-being), but also through greater well-being efficiency. This is probably because a certain amount of economic development (GDP per capita) is necessary to enjoy other inputs, such as freedom of choice, for instance. Greater social support can also improve the effectiveness of one's inputs – having close friends and family can enhance positive activities (e.g., social) and mitigate negative ones (e.g., economic hardship). Likewise, better health improves everything from non-economic activities to productivity in wage-work (Strauss, 1986). It is a bit surprising that the absence of corruption is not correlated with efficiency. Corruption has many pernicious effects (Bardhan, 1997), and likely reduces the effectiveness of government programs and diminishes trust at all levels in society.

Table 2 also reveals a significant amount of correlation between the inputs, especially between GDP per capita, Social Support, and Healthy Life Expectancy. Many of the correlations across all inputs are statistically significant and positive, except Generosity. Generosity is negatively correlated with GDP per capita and Healthy Life Expectancy; however, this is due to the method in which generosity is calculated, as a residual to remove the influence of GDP (see Section 3).

Regressions are necessary to separate out the influence of one input from that of the others. In the following, we perform regressions of efficiency on the inputs and additional variables that plausibly affect efficiency. The additional variables we consider include: the unemployment rate (World Development Indicators), quality of governance (Worldwide Governance Indicators), social expenditures (ILO) as a proxy for the generosity of the welfare state when also including the population dependency ratio (O'Connor, 2017), the Gini Coefficient (Standardized World Income Inequality Database), optimism (Gallup World Polls), and years of education (Barro et al., 2021). Unemployment affects subjective well-being directly, but can also have lasting effects on personality (Clark et al., 2001). The quality of governance was found to be important in Helliwell and Huang (2008); Helliwell et al. (2018); Nikolova and Popova (2021), and the generosity of the welfare state covers a similar concept, but one that more immediately affects individuals' well-being (O'Connor, 2017). Income inequality, measured using the Gini Coefficient, proxies for the distribution of inputs in a country, which may influence the effectiveness of outputs (e.g., through diminishing returns) and individuals' feelings of fairness and trust (Oishi et al., 2011). Optimism reflects one characteristic that affects how people perceive the world and respond to different inputs. Likewise, education also affects how individuals perceive the world.

The results reveal Healthy Life Expectancy is the most important input (as presented in Table 3). It is positively and statistically associated with total efficiency, which is consistent with the correlation analysis. The full set of inputs explains about 23% of the variation in efficiency. However, only Social Support, HLE, and Freedom of Choice are necessary to explain 22% of the variation. Due to the collinearities in inputs, we sequentially dropped the variable with the lowest t-stat to arrive at the model in column 2, which maintains all variables with a t-stat above 1. Through this process, GDP per capita and the absence of corruption are dropped – two variables that intuitively support efficiency. Somewhat surprisingly, only one input is correlated with efficiency when simultaneously accounting for the other variables.

Table 3: Regressions of total efficiency on well-being inputs and additional variables.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ln(GDPpc)	−0.014		−0.012	−0.022	−0.008	−0.015	−0.011	0.013
	(0.020)		(0.019)	(0.019)	(0.021)	(0.020)	(0.020)	(0.030)
Social Support	0.022	0.018	0.022	0.023	0.019	0.020	0.018	0.028
	(0.016)	(0.012)	(0.015)	(0.015)	(0.015)	(0.015)	(0.014)	(0.017)
HLE at Birth	0.006**	0.005***	0.006**	0.006**	0.006**	0.005**	0.008***	0.009***
	(0.003)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)
Freedom of Choice	−0.008	−0.010	−0.010	−0.009	−0.006	−0.004	−0.032***	−0.008
	(0.008)	(0.008)	(0.009)	(0.008)	(0.009)	(0.009)	(0.009)	(0.011)
Generosity	−0.004		−0.007	−0.004	−0.006	−0.005	−0.012**	−0.006
	(0.005)		(0.006)	(0.005)	(0.006)	(0.005)	(0.005)	(0.006)
Corruption (absence)	−0.002		−0.001	−0.003	−0.004	−0.004	−0.003	−0.004
	(0.005)		(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.006)
Unempl. Rate			−0.003*		−0.002			
			(0.001)		(0.002)			
Qual. Of Gov.				0.015				
				(0.013)				
Social Exp.					0.001			
					(0.001)			
Pop. Dep. Ratio					0.003			
					(0.002)			
Gini						−0.002		
						(0.001)		
Optimism							0.004***	
							(0.001)	
Years of School								−0.020**
								(0.008)
Constant	0.531***	0.522***	0.595***	0.621***	0.386	0.681***	0.453***	0.254
	(0.107)	(0.090)	(0.123)	(0.145)	(0.247)	(0.147)	(0.103)	(0.184)
Observations	126	126	126	126	120	126	126	111
R-Squared	0.231	0.221	0.249	0.236	0.269	0.250	0.351	0.303
Adj. R-Squared	0.192	0.202	0.204	0.190	0.209	0.205	0.312	0.256

Note: robust standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.
Source: authors' own elaboration on data sourced from WHR 2021.

Three of the added variables help to explain efficiency. Countries with greater unemployment are less efficient. This is consistent with the findings by Binder and Broekel (2012). Full employment should benefit well-being directly and also through efficiency. More optimistic populations are also more efficient. Again this result is plausible – for instance, optimistic people live longer (O'Connor and Graham, 2019) and respond to adverse shocks better (e.g., they recover from surgery quicker (Mahler and Kulik, 2000)). However, countries with more highly educated people have less well-being efficiency (controlling for the other inputs, which may act as mediators, i.e., GDP per capita and healthy life expectancy). This result is surprising. However, it is worth noting that the direct relation between education and subjective well-being when similarly accounting for mediating variables is ambiguous in the literature. The other variables are statistically insignificant. It is not too surprising that the quality of government or social expenditures are insignificant when similar inputs are already included (i.e. the absence of corruption and social support). The Gini Coefficient, although not statistically significant, shows the anticipated negative sign.

The definition of efficiency can lead to some counter intuitive relations at first glance. Each of the inputs inherently have positive and negative effects on efficiency, because they affect the output and comprise the inputs. If we think of efficiency as a simple ratio, then for an input to have a positive relationship with efficiency, it needs to have a greater effect on the numerator than the denominator. This aspect may explain why two of the inputs, Freedom of Choice and Generosity, become statistically and negatively related to efficiency when optimism is added. It is plausible that optimism, which is highly correlated with both inputs (at 60% and 40% respectively), picked up the positive associations between Freedom of Choice and Generosity with the Cantril Ladder. If so, then their positive effects on the efficiency numerator are attenuated, while still affecting the denominator. Inputs that have little benefit reduce efficiency.

Altogether, the results indicate governments should invest in Healthy Life Expectancy, reduce unemployment, and promote optimism, not only for their direct benefits on subjective well-being but also because of their effects on efficiency. A healthier, more optimistic, and fully employed[4] population seemingly better mobilizes the inputs at their disposal.

5.2 Measurement and validity of well-being efficiency

In this section we check whether well-being efficiency correlates meaningfully with both economic efficiency and a measure of sustainable well-being, and then clarify its difference from regression residuals. These tests allow us to shed some light on the relationship between economic and well-being efficiency, and to check the validity of our measure.

Economic efficiency attracts a lot of attention based on the assumption that efficient economic production leads to better lives.[5] Is this actually the case? The correlation between well-being efficiency and a standard measure of economic efficiency reveals that the two measures are not statistically

[4] Among those seeking employment.

[5] There is now considerable evidence that economic growth per se does not lead to lasting improvements in subjective well-being (Mikucka et al., 2017; Easterlin and O'Connor, 2022).

related. Figure 4 plots well-being efficiency (on the x axis) against economic efficiency (on the y axis). The Pearson correlation test reveals that the two measures are not correlated, yielding a correlation coefficient of 0.02, with a p-value = 0.80. Consistent with the view that the quality of growth matters for well-being (Helliwell, 2016), countries that are better equipped to transform capital and labor into GDP are not necessarily better equipped to transform their resources into well-being.

Our measure of economic efficiency was calculated by applying DEA to measures of input and output issued from the Penn World Tables v. 10 (Feenstra et al., 2015). We use Real GDP at constant 2017 national prices (in mil. 2017US$) as a measure of output; capital stock at constant 2017 national prices (in mil. 2017US$), and number of persons engaged (in millions) as measures of inputs. Present results do not change if we replace our measure of economic efficiency with Total Factor Productivity (coeff. = 0.10, p-value = 0.34, N = 90), as computed in the Penn World Tables.[6]

From the subjective well-being literature, there are two measures that might be considered similar to well-being efficiency: residuals from well-being equations, and the Happy Planet Index. We first address the Happy Planet Index and then residuals.

5.2.1 Well-being efficiency compared to the Happy Planet Index

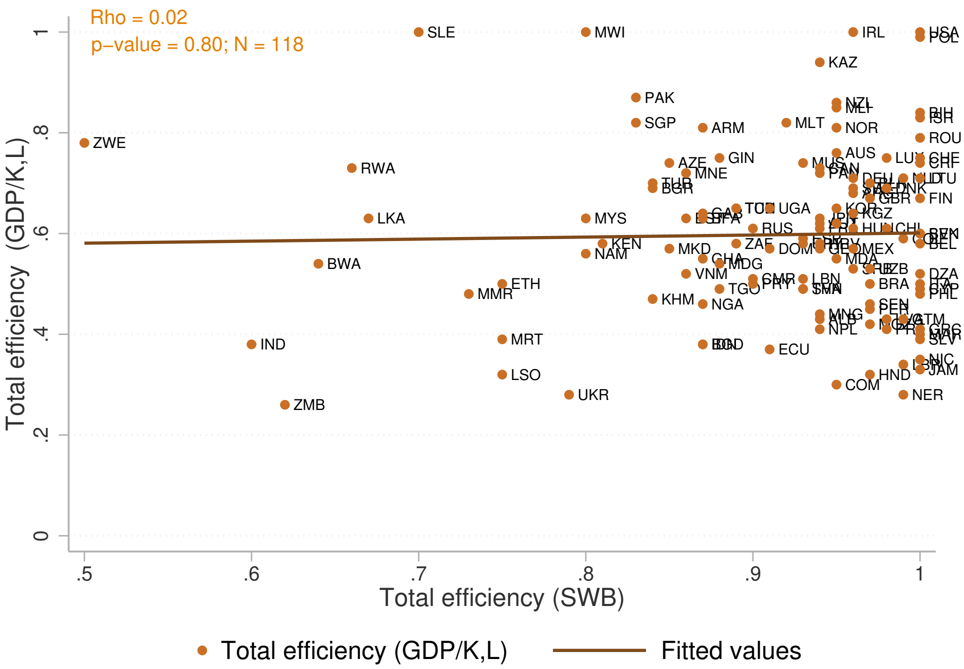
The Happy Planet Index (HPI) is intended to represent sustainable well-being. It is also analogous to well-being efficiency, and as such, can be contrasted with our well-being efficiency scores to assess their validity. Stated simply, the HPI is happy life years per unit of environmental input. More specifically, it can be approximated by life expectancy multiplied by the Cantril ladder, and divided by the ecological footprint (Happy Planet Index, 2021). According to the authors, the HPI can be regarded as a measure of efficiency as the numerator is an output, and the denominator includes the inputs provided by the natural environment. It thus measures efficiency as a function of different inputs than those used in the present analysis, but nonetheless the concepts are similar. HPI data are freely available online and cover a broad sample of countries in recent years.[7]

Figure 5 shows the correlation between our measure of well-being efficiency (on the x axis) and the HPI (on the y axis). Higher efficiency scores correlate positively (0.54) and significantly (p-value = 0.00) with the HPI,

[6]We computed our own measure of economic efficiency because TFP is available for 90 countries in our sample. Our measure of economic efficiency correlates with TFP at 20%, significant at 0.027, N = 118.

[7]Please, visit the website: `https://happyplanetindex.org/hpi/`.

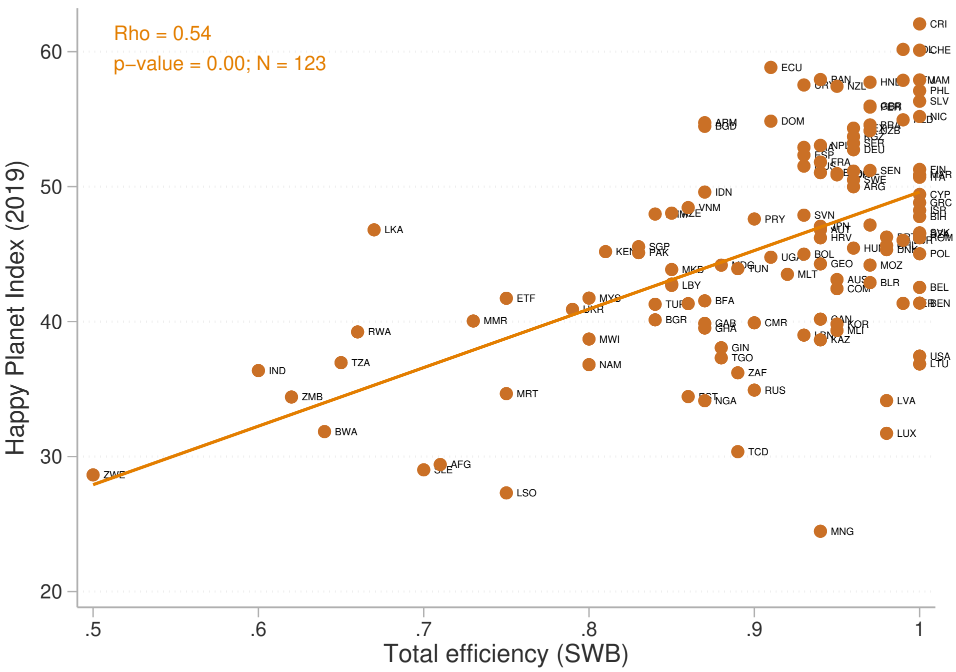
Figure 4: Correlation between well-being and economic efficiency scores.



Note: the chart shows efficiency scores. Countries receive a score ranging from 0 to 1, where higher scores indicate higher efficiency.
Source: authors' own elaboration of data sourced from WHR 2021 and PWT v.10.

which indicates that our measure of well-being efficiency correlates meaningfully with a third party variable of sustainable well-being. This result is only in part driven by the fact that both measures share the same output (HPI uses the Cantril Ladder from 2019 and multiplies it by life expectancy). To test the robustness of our finding, we ran a simple OLS regression of well-being efficiency on the Cantril ladder and the HPI. Results confirm the statistically significant association between our measure of efficiency and the HPI (regression results are available in table 9 in Appendix B). This finding lends some support to the hypothesis that our measure of well-being efficiency is valid.

Figure 5: Correlation between well-being and HPI efficiency scores.



Note: the chart shows efficiency scores. Countries receive a score ranging from 0 to 1, where higher scores indicate higher efficiency.
Source: authors' own elaboration of data sourced from WHR 2021 and HPI 2021.

5.2.2 Well-being efficiency compared to well-being residuals

If we regress Cantril ladder over the set of inputs, residuals represent well-being that is unexplained by a country's set of inputs. Residuals are not necessarily independent and identically distributed (iid). For instance, the average residual in Latin America is typically positive, while it is negative in post-communist countries. This is why residuals can be interpreted as region dummies to represent something more than an error term, such as the influence of culture. Mechanically they adjust the level of subjective well-being that is predicted by the inputs, and in this way, they might be interpreted like well-being efficiency.

Residuals are distinct from efficiency for many reasons. First, by definition, residuals are unrelated to the inputs, which is not true of efficiency (e.g., diminishing returns or factor complementarities). Empirically, the residuals obtained from the standard WHR regression, presented in table 4 column 1, are uncorrelated by definition with the inputs (also shown in table 2); this is important, because it means it would not be possible to conduct the analysis in the previous sections using residuals.

Second, residuals augment the well-being function in an additively separable form, while efficiency does not: it augments the influence of the inputs. As such, efficiency corresponds more closely with regression coefficients, although the two remain distinct both in theory and in practice. In theory, coefficients cannot be interpreted like efficiency as they reflect a range of influences, including preferences for instance. In practice, estimating coefficients by country requires additional data. In contrast, DEA is used across numerous fields to estimate efficiency scores that are economically interpretable.

Moreover, the non-parametric approach of DEA is particularly useful when it is not clear what functional form should be used to estimate subjective well-being. For instance, subjective well-being is non-linear in age (Morgan and O'Connor, 2017) and relates more closely to log income than absolute income (Veenhoven, 1991; Easterlin, 2015). We also know some variables interact with each other, as either mediators or moderators. Misspecifying a regression model could lead to bias in the coefficients. In the present case, table 2 shows our inputs are strongly correlated with each other. DEA allows us to overcome the limits of parametric methods by allowing inputs to interact with each other and to relate to the output in nonlinear ways.

To illustrate the benefits of a non-parametric approach we augment the traditional subjective well-being regression with sets of interaction terms, which allow the inputs to interact with each other in relation to subjective well-being. This adjustment increases the model's explanatory power by six percentage points, changes the magnitude and significance of the marginal effects, and changes the residuals.

The model in table 4 column 1 replicates the traditional approach used in the literature using the same data used to estimate efficiency. In contrast to the WHR, not all of the inputs are statistically significant; however, that could be due to the sample size or the level of data analysis. In the WHR 2020 (Chapter 2), the authors obtain significant relations for each of the inputs using a larger sample that includes more countries and all of the available years (Helliwell et al., 2020), and in the WHR 2021 (Chapter 2) the authors perform analysis on individual level subjective well-being (Helliwell et al., 2021), not aggregate. The present analysis should be expanded in future work to include more data. Nonetheless, our findings demonstrate that the inputs are related to subjective well-being in non-linear forms.

Table 4: Regression of Cantril Ladder on well-being inputs and interactions.

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) OLS	(9) OLS	(10) Margins
ln(GDPpc)	0.125	−1.494**	0.022	−0.967	0.169	0.190	−0.301	−1.003	−1.001	0.169
	(0.121)	(0.610)	(0.112)	(0.588)	(0.124)	(0.118)	(0.226)	(0.696)	(0.669)	(0.111)
Social Support	0.316***	0.323***	−1.120	0.318***	−0.376	0.000	0.210	−1.126*	−1.130*	0.406***
	(0.094)	(0.092)	(0.765)	(0.093)	(0.300)	(0.110)	(0.130)	(0.648)	(0.615)	(0.070)
HLE at Birth	0.051***	−0.087	−0.101	−0.181**	0.049***	0.070***	0.114***	−0.119	−0.119	0.033*
	(0.018)	(0.091)	(0.089)	(0.089)	(0.017)	(0.026)	(0.032)	(0.082)	(0.074)	(0.020)
Freedom of Choice	0.164***	−0.450	0.201***	−0.553	−0.181	0.533***	0.303**	0.505	0.512***	0.174***
	(0.061)	(0.466)	(0.060)	(0.569)	(0.337)	(0.123)	(0.119)	(0.387)	(0.118)	(0.053)
Generosity	0.038	0.022	−0.312	0.028	0.849***	0.949***	−0.029	0.183	0.181	0.057*
	(0.039)	(0.035)	(0.346)	(0.034)	(0.241)	(0.339)	(0.059)	(0.278)	(0.270)	(0.033)
Corruption (absence)	0.073*	0.021	−0.248	0.020	0.538*	0.028	0.511	1.131**	1.129**	0.096**
	(0.040)	(0.040)	(0.204)	(0.040)	(0.283)	(0.071)	(0.493)	(0.496)	(0.473)	(0.044)
GDP X HLE		0.016*		0.016*				0.011	0.011	
		(0.009)		(0.009)				(0.010)	(0.010)	
GDP X Free		0.071								
		(0.049)								
Ab Corr X GDP							0.153**	0.161***	0.161***	
							(0.059)	(0.042)	(0.040)	
Support X HLE			0.020*					0.019	0.019**	
			(0.011)					(0.012)	(0.009)	
Support X Free					0.091**			0.001		
					(0.040)			(0.047)		
Support X Gen			0.040			0.130***		0.108***	0.109***	
			(0.040)			(0.045)		(0.033)	(0.033)	
Support X AB Corr			0.033				0.037			
			(0.024)				(0.035)			
HLE X Free				0.012						
				(0.009)						
HLE X Gen						−0.013				
						(0.008)				
HLE X Ab Corr							−0.026**	−0.039***	−0.039***	
							(0.012)	(0.010)	(0.010)	
Free X Gen					−0.098***	−0.148***		−0.126***	−0.126***	
					(0.029)	(0.037)		(0.036)	(0.036)	
Ab Corr X Free					−0.054		−0.060			
					(0.033)		(0.038)			
Ab Corr X Gen						0.020	0.022			
						(0.020)	(0.021)			
Constant	−3.074***	10.990**	8.606	11.907**	−1.028	−5.270***	−3.341**	10.411**	10.415**	
	(0.653)	(5.276)	(6.147)	(5.660)	(2.579)	(1.196)	(1.306)	(4.839)	(4.822)	
Observations	126	126	126	126	126	126	126	126	126	126
R-Squared	0.741	0.760	0.767	0.760	0.775	0.777	0.770	0.807	0.807	*na*
Adj. R-Squared	0.728	0.744	0.749	0.744	0.757	0.758	0.748	0.785	0.786	*na*

Note: robust standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.
Source: authors' own elaboration on data sourced from WHR 2021.

We then proceeded by allowing one input to interact with each of the others, sequentially dropping insignificant interactions with t-stats below one, and then moved to the next input. For brevity, table 4 only presents models after dropping the pertinent interaction terms. As an example, GDP was interacted with each of the other five inputs, and of these interactions, only the ones with HLE and Freedom of Choice were maintained, as presented in column 2. There were three relevant interactions for Social Support (col. 3), two for HLE (col. 4), and so forth. The model in column 8 includes all of the previously significant interaction terms, while column 9 builds upon this model by dropping the low t-stat interaction between Social Support and Freedom of Choice.

The result in column 9 is a model that explains more than 80% of the variation in the Cantril Ladder, six percent more than the standard model without adding any inputs, just by allowing them to interact with each other. Column 10 presents the marginal effects of each input based on the model in column 9. The magnitudes of coefficients change some after allowing for interactions. Notably, the relationship for Generosity increases in size and is now statistically significant.

Allowing for interactions between the inputs changes the models predictive power, input relations, and residuals. Subjective well-being is non-linear in inputs, and the specific functional form is as yet not well identified in theory or empirically. Non-parametric methods, such as DEA, allows us to overcome such challenges, and to estimate efficiency scores that are not biased by parametric choices. We emphasize that our example is data driven, thus the relevant interactions may change for different years or samples of countries. Also, we do not advocate using this approach broadly. However, it helps us to clarify the distinction between residuals and well-being efficiencies computed using DEA.

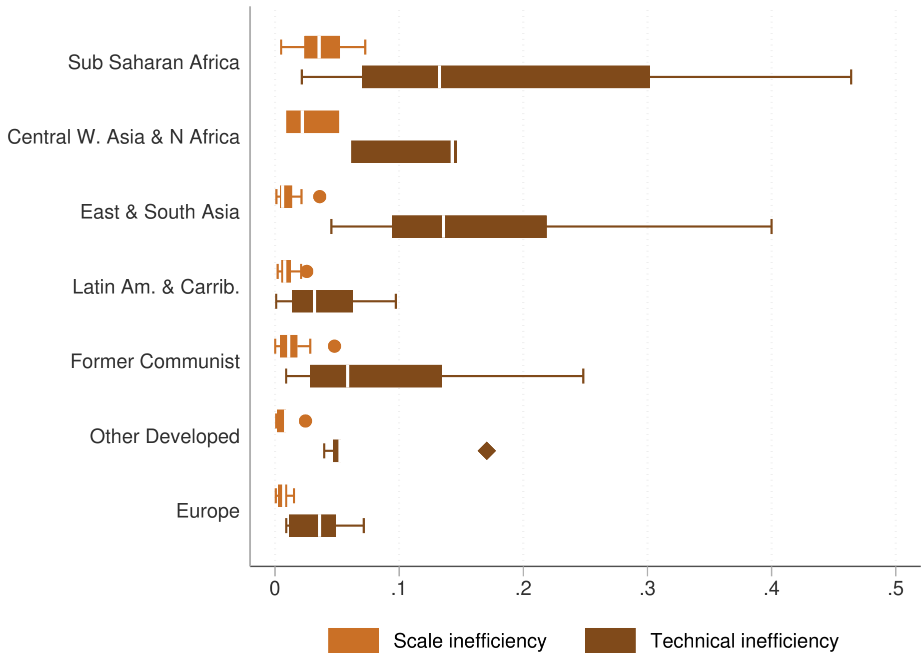
5.3 Total, technical and scale efficiency

So far the analysis has focused on total efficiency. However, it is possible to decompose total efficiency into technical and scale efficiency. Technical or 'pure' efficiency reflects a country's ability to transform inputs into well-being given the current set of inputs. Scale efficiency reflects whether a country is operating at the optimal scale. Countries facing constant return to scale operate at an optimal scale; countries with increasing return to scale have too few inputs, hence they could increase efficiency by expanding their scale; countries with decreasing return to scale have too many inputs, hence they would be more efficient if they reduced their scale.

In the data, 19 countries are totally efficient, i.e. they operate at the optimal scale and the inputs are utilized efficiently; an additional 15 countries are technically efficient, but they should adjust their scale; another two countries are scale efficient, but technically inefficient; the remaining 90 countries are both scale and technically inefficient. In total, 105 countries are scale inefficient. Of these, 100 exhibit increasing returns to scale (IRS), and the remaining 5 exhibit decreasing returns to scale (DRS). Those experiencing increasing returns to scale are also more scale inefficient on average, at about 2.5 percent inefficient compared to 1 percent for the DRS. The results are intuitive, more countries suffer from too few inputs (experience IRS) than too many (DRS). Table 8 in Appendix A presents the three efficiency scores for each country.

Technical inefficiencies are typically greater than scale inefficiencies. Figure 6 presents the distributions of the two types of inefficiency by region. In each group technical inefficiency is larger than scale inefficiency. However, on average, scale inefficiency is higher in Sub Saharan Africa; Central and West Asia, and North Africa; and East and South Asia, than technical inefficiencies observed in Europe. In the latter case, technical inefficiency is below 10%, and scale inefficiency is very close to zero. Averages also hide considerable amount of heterogeneity within regions. Sub-Saharan Africa, for instance, includes countries with levels of technical efficiency comparable to European ones (this is the case in Mozambique, Uganda, Burkina Faso) as well as extreme values, such as those observed in Botswana, Zambia, and Zimbabwe. The disaggregation of total (in)efficiency into its technical and scale components reveals that more countries suffer from too few resources than too many, finding themselves on the increasing returns to scale portion of the frontier.

Figure 6: Technical and scale inefficiency by region.



Note: the chart shows inefficiency scores. Countries receive a score ranging from 0 to 1, where higher scores indicate higher inefficiency.
Source: authors' own elaboration of data sourced from WHR 2021.

6 Robustness of total efficiency scores

Our contribution depends in part on the robustness of the WHR framework. As discussed in Section 2, it is difficult to determine which variables should be used as inputs. Previous authors have subjectively chosen their own sets, which often overlap, but not completely. We argue that one can use the WHR framework to address this issue and in this section test the robustness of our results to alternative sets of inputs, first by dropping variables, and second by adding.

We also test the robustness of our efficiency scores to outlying countries. DEA methods are sensitive to outliers. Recall that the estimated efficiency scores are relative, which means outliers could have a strong influence on the set of scores.

6.1 Excluding inputs

We start our robustness checks by dropping our current inputs one at a time from the baseline model. Our aim is to check whether models with a partial set of inputs from the WHR framework provide significantly different results.

The results indicate that our well-being efficiency scores do not depend on the inclusion of one input or another, they are remarkably robust to dropping inputs. Table 5 reports the coefficients of Spearman's rank test between the scores from the baseline model, and those from the trimmed models. The Spearman's rank test checks whether the ranking of countries resulting from two variables are statistically related. We find that in the worst case scenario, when we omit freedom of choice, the coefficient is 0.914 (significant at 1%). In all other cases the coefficients range between 93% and 97%. We also estimated the correlations between trimmed models and found the coefficients are still above 83% (this part of the correlation matrix has been omitted for brevity).

The results are similar when we use the standard Pearson's correlation test: the correlation coefficients are all above 96 % (significant at 1%), except when we exclude freedom of choice (model CRS_TE_3) for which the correlation coefficient is 92 % (significant at 1%). In sum, the well-being efficiency scores are stable to variations in inputs.

6.2 Additional inputs

Although the WHR framework provides empirical guidance to identify relevant variables to explain subjective well-being worldwide, the list may be incomplete: after all, 25% of the variance of subjective well-being remains

Table 5: Spearman's rank test and Pearson's correlations between the results of the baseline model and trimmed models.

Omitted inputs	Correlation coefficients		Observations
	Spearman	Pearson	
GDP per capita	0.932	0.968	126
Social support	0.937	0.970	126
Healthy life expectancy	0.970	0.980	126
Freedom of choice	0.914	0.921	126
Generosity	0.945	0.972	126
Absence of Corruption	0.948	0.967	126

Note: Note: All coefficients are statistically significant at 1%.
Source: authors' own elaboration. Data sourced from WHR 2021 and HPI 2021.

unexplained in the WHR regression model. Omitted variables, such as inequality, optimism, unemployment, and education, could contribute meaningfully. Education in particular was included in both Cordero et al. (2021) and Nikolova and Popova (2021).

To account for this possibility, we check how total efficiency changes when we expand the baseline model with additional variables one at time. The additional variables are those used in section 5.1 in which we study the correlates of well-being efficiency.

Table 6: Sensitivity of well-being efficiency scores to the inclusion of additional inputs.

Added inputs	Correlation coefficients		Observations
	Spearman	Pearson	
Unemployment rate	0.89	0.96	126
Gini	0.97	0.99	126
Years of School	0.98	0.99	111
Optimism	0.99	0.99	126
Quality of Governance	0.81	0.92	126
Social Expenditures	0.72	0.90	120

Note: All coefficients are statistically significant at 1%.
Source: authors' own elaboration. Data sourced from WHR 2021 and HPI 2021.

The results indicate that adding inputs does not significantly affect our well-being efficiency ranks or scores. Table 6 reports the coefficients of Spearman's rank test and Pearson's correlation between the baseline well-being efficiency scores and new scores produced with additional inputs (listed in rows). Both tests provide fairly high coefficients. The smallest coefficient of the Spearman's rank test is 72 % when we include social expenditures and the population dependency ratio in the model. All coefficients are statistically significant at 1%. The number of observations used to compute efficiency scores changes because of missing data. In those cases, we recomputed the baseline well-being efficiency scores in order to compute correlations on the same set of observations.

6.3 Excluding outliers

A potential pitfall of DEA is that extreme values in the data can have large impacts on the computed scores. To address this concern we repeat our analysis after dropping outlying values.

We analyse two cases in which we consider first the middle 98% and then the middle 80% of the distributions of each considered variable. In the first case, we drop all observations with values in the top or bottom 1% of any of the variables. This is why the sample reduces from 126 to 115 observations. In the most conservative case, we drop all the observations with values in the top or bottom 10% of any of the variables. Consequently, the sample available for the analysis drops to 39 countries. Further cuts are not possible because this would lead to samples that are too small.

The results are not sensitive to dropping outlying countries. The correlation between well-being efficiency before and after excluding outliers is remarkably high (see table 7). In the most conservative case (dropping the top and bottom 10%), the Pearson correlation coefficient is 97 % (significant at 1%), and Spearman's correlation is 99 % (significant at 1%). When we restrict the analysis to the middle 98%, the Pearson coefficient is 95 % (significant at 1%), and the Spearman's is 96 % (significant at 1%).

Table 7: Sensitivity of the results to outlying values.

	Spearman's rank test		Pearson's correlation test	
	Coefficient	Obs.	Coefficient	Obs.
middle 98%	0.96	115	0.95	115
middle 80%	0.99	39	0.97	39

Note: All coefficients are statistically significant at 1%.
Source: authors' own elaboration. Data sourced from WHR 2021 and HPI 2021.

7 Conclusion

Numerous studies make the case for subjective well-being (SWB) – a single measure summarizing the many economic and non-economic aspects of what makes a life worth living – as a measure of economic and social development (Fleurbaey, 2009; OECD, 2013; Easterlin, 2019). The aim of our work is to provide a measure of subjective well-being efficiency to go beyond economic efficiency. We assess countries' well-being efficiency using non-parametric techniques, the determinants identified in the series of World Happiness Reports (WHRs) as inputs, and SWB as a measure of output.

We believe that a measure of well-being efficiency has significant advantages over traditional economic efficiency for government policy. For instance, our efficiency scores indicate how well countries transform their inputs into the Cantril Ladder; unlike economic output, the Cantril Ladder is a valid and reliable measure of how people fare with their lives as a whole.

The idea that SWB can be produced more or less efficiently – and that this efficiency can be measured – is fairly recent in the literature. Current SWB policy advice generally discusses the amount of inputs, not how well they are used. The Nordic countries generally rank among the highest SWB countries in the world, but they also have high inputs. Without well-being efficiency scores, it appears as though the only path to greater well-being is through greater inputs. Efficiency reveals an additional path. By identifying less-efficient countries and leading examples we provide insights into well-being efficiency that may help policy makers promote well-being in their country.

We utilize the WHR framework to guide our choice of inputs and output. In the WHRs, six factors (real GDP per capita, healthy life expectancy, social support, freedom of choice, absence of corruption, and generosity) explain about three-quarters of the variation in SWB around the world (Helliwell et al., 2013). Historically, it has been difficult to determine which inputs to use. Various authors used different inputs and contextual variables to explain differences in efficiency (Debnath and Shankar, 2014; Cordero et al., 2021; Nikolova and Popova, 2021), while many of the contextual variables affect SWB directly. Using the WHR framework eliminates this subjectivity, and at the same time, makes it possible for future scholars to easily expand upon our analysis. The data are freely available and cover the largest sample of countries to date, more than 150 countries (across all years, we rely on the data for 2019, but future research could use additional years). We also test the robustness of our measure of well-being efficiency to various combinations of the six considered inputs, and find our results are not sensitive to the exclusion or inclusion of additional variables.

Our findings indicate that 19 countries, out of the 126 observed in 2019, are on the efficient frontier, that is they use their inputs as effectively as the other most efficient countries and operate at an optimal scale. Efficiency is scored in relative terms; in our case, relative to the 19 countries on the frontier. The remaining 107 countries are not fully well-being efficient. The top 50% of countries have efficiency scores of at least 90%, and the bottom 10% have scores between 50% and 75%. The disaggregation of total (in)efficiency into its technical and scale components reveals technical inefficiencies are larger than scale ones. Also many more countries suffer from too few resources than too many, finding themselves on the increasing returns to scale portion of the frontier.

Two aspects are worth emphasizing. The first is that countries on the efficient frontier can still improve their SWB. They can expand their inputs and or become more efficient still. Frontiers can expand as countries become more well-being efficient in time. The second is that high efficiency does not necessarily imply high SWB: a country characterized by high efficiency may have low levels of SWB due to low inputs. However, high efficiency can partially compensate for low inputs. For instance, Costa Rica reports nearly the same SWB as Germany, but with much lower inputs. Similarly, the Nordic countries often top the international rankings of well-being, yet only Finland is fully well-being efficient. In other words, the Nordic countries could be happier given the resources they have.

Our results also provide some insight into how countries might become more well-being efficient. For instance, countries with greater productive capacity and better health are more efficient. This finding implies policy makers might want to invest in better health not only for the direct benefits it brings for SWB, but also for the indirect effects that result from a more efficient use of inputs.

To identify the relevant factors for increasing well-being efficiency, we assessed correlations and performed regressions of the efficiency scores on the well-being inputs and an extended set of variables. Well-being efficiency correlates positively and significantly with GDP per capita, social support, and healthy life years at birth, while the regression analysis reveals that healthy life years is the single most important correlate of well-being efficiency. This result is probably because a healthy life is necessary to enjoy the other components of a happy life. Among the wider list of variables used to explain well-being efficiency, we found that more optimistic and fully employed populations are more efficient.

The correlation of well-being efficiency with third party measures of sustainable well-being, and economic efficiency provides interesting insights. We found that countries' efficiency in transforming inputs into SWB correlates positively and significantly with the Happy Planet Index. This finding supports the hypothesis that our measure of well-being efficiency is valid. In contrast, well-being and economic efficiency are not correlated. This result suggests that the countries which are more effective at turning capital and labor into GDP are not better at transforming their inputs into SWB, which contradicts the common belief that greater economic efficiency necessarily leads to better lives. We consider this result as further evidence that production per se does not promote well-being. The quality of economic growth matters for SWB (Helliwell, 2016).

Future analysis should expand and refine the analysis of total efficiency correlates by looking, for instance, into the correlates of technical and scale efficiency separately as they are likely to differ. At the same time, it is not likely that a country will change its technical efficiency without changing the composition or amount of inputs (affecting scale efficiency); nor is a country likely to decrease its inputs, given they directly contribute positively to SWB. The determinants of total efficiency are therefore most relevant. Researchers should also assess additional data, additional variables, and apply more refined empirical techniques to identify the determinants of well-being efficiency. Another limitation of our work has to do with causality. Although we adopted the well-established WHR framework, and tested its robustness, we can not disregard the evidence suggesting that SWB contributes to many of the variables we include among the inputs. For instance, happier people live longer and healthier lives. Another possible extension of our model could include a measure of positive affect among the inputs. Finally, we emphasize that DEA assumes substitutability of inputs, i.e. it is possible to compensate a decrease of input x by increasing input z. This is a strong assumption considering that some of our inputs cannot be adjusted instantly. Future work could consider to use DEA with quasi-fixed inputs to address this issue.

We regard the present work as a proof-of-concept. The combined interpretation of our results provides insights about different countries' efficient or inefficient use of inputs, the correlates of efficiency, and the validity of our measure. There are, however, various methods to improve the analysis and inferences drawn from well-being efficiency scores. Nonetheless, the present work responds to the growing desire to better understand well-being and how to promote it. The result is a set of well-being efficiency scores and a framework for their estimation, both of which could be built upon and further assessed by researchers and practitioners.

A Detailed set of results

Table 8: Sample of countries, Cantril Ladder, efficiency scores, and input values.

	Country	ISO3	Cantril Ladder	Log(GDP) p.c.)	HLE at Birth	Social Supp.	Freedom of Choice	Genero-sity	Corruption (absence)	Total Eff.	Tech. Eff.	Scale Eff.	Scale	Region
1	Finland	FIN	7.78	10.79	72.00	9.37	9.48	2.37	8.05	1.00	1.00	1.00	crs	Europe
2	Switzerland	CHE	7.69	11.14	74.40	9.49	9.13	3.25	7.06	1.00	1.00	1.00	crs	Europe
3	Israel	ISR	7.33	10.60	73.50	9.46	8.34	3.74	2.57	1.00	1.00	1.00	crs	Other Dvlp.
4	Costa Rica	CRI	7.00	9.89	71.50	9.06	9.27	1.43	1.64	1.00	1.00	1.00	crs	Latin Am. & Carrib.
5	Belgium	BEL	6.77	10.85	72.20	8.84	7.76	1.17	3.28	1.00	1.00	1.00	crs	Europe
6	El Salvador	SLV	6.45	9.08	66.40	7.64	8.77	1.80	3.18	1.00	1.00	1.00	crs	Latin Am. & Carrib.
7	Italy	ITA	6.45	10.66	73.80	8.38	7.09	2.07	1.34	1.00	1.00	1.00	crs	Europe
8	Jamaica	JAM	6.31	9.19	67.50	8.78	8.91	1.52	1.15	1.00	1.00	1.00	crs	Latin Am. & Carrib.
9	Slovakia	SVK	6.24	10.40	69.20	9.33	7.71	1.60	0.74	1.00	1.00	1.00	crs	Former Communist
10	Poland	POL	6.24	10.41	69.70	8.78	8.83	0.58	3.04	1.00	1.00	1.00	crs	Former Communist
11	Cyprus	CYP	6.14	10.59	73.90	7.76	7.40	2.81	1.35	1.00	1.00	1.00	crs	Europe
12	Romania	ROU	6.13	10.31	67.50	8.42	8.48	0.67	0.46	1.00	1.00	1.00	crs	Former Communist
13	Lithuania	LTU	6.06	10.52	67.90	9.18	7.80	0.37	2.17	1.00	1.00	1.00	crs	Former Communist
14	Bosnia and Herz.	BIH	6.02	9.61	68.10	8.73	7.22	3.68	0.37	1.00	1.00	1.00	crs	Former Communist
15	Greece	GRC	5.95	10.32	72.60	8.91	6.14	0.00	1.52	1.00	1.00	1.00	crs	Europe
16	Ivory Coast	CIV	5.39	8.56	50.10	6.79	7.36	2.71	2.01	1.00	1.00	1.00	crs	Sub Saharan Africa
17	Morocco	MAR	5.06	8.92	66.20	5.35	7.57	0.44	2.43	1.00	1.00	1.00	crs	Central W. Asia & N Africa
18	Benin	BEN	4.98	8.10	54.70	4.42	7.70	2.73	3.02	1.00	1.00	1.00	crs	Sub Saharan Africa
19	Algeria	DZA	4.74	9.34	66.10	8.03	3.85	2.94	2.59	1.00	1.00	1.00	crs	Central W. Asia & N Africa
20	Philippines	PHL	6.27	9.09	62.00	8.45	9.10	2.06	2.52	1.00	1.00	1.00	irs	East & South Asia
21	Nicaragua	NIC	6.11	8.60	67.80	8.74	8.83	3.18	3.78	1.00	1.00	1.00	irs	Latin Am. & Carrib.
22	United States	USA	6.94	11.04	68.20	9.17	8.36	4.33	2.93	1.00	1.00	1.00	drs	Other Dvlp.
23	Liberia	LBR	5.12	7.26	56.90	7.12	7.06	3.39	1.72	0.99	1.00	0.99	irs	Sub Saharan Africa
24	Guatemala	GTM	6.26	9.06	65.10	7.74	9.01	2.26	2.27	0.99	1.00	0.99	irs	Latin Am. & Carrib.
25	Netherlands	NLD	7.43	10.95	72.40	9.41	8.86	5.01	6.40	0.99	0.99	1.00	irs	Europe
26	Niger	NER	5.00	7.11	54.00	6.77	8.31	3.15	2.71	0.99	1.00	0.99	irs	Sub Saharan Africa
27	Colombia	COL	6.35	9.60	68.00	8.73	8.22	1.17	1.46	0.99	1.00	0.99	irs	Latin Am. & Carrib.
28	Luxembourg	LUX	7.40	11.65	72.60	9.12	9.30	2.44	6.10	0.98	0.99	0.99	drs	Europe
29	Latvia	LVA	5.97	10.34	67.10	9.36	6.98	0.95	2.11	0.98	0.99	0.99	irs	Former Communist
30	Denmark	DNK	7.69	10.95	72.70	9.58	9.63	3.09	8.26	0.98	0.99	0.99	irs	Europe
31	Chile	CHL	5.94	10.10	70.00	8.69	6.59	1.86	1.40	0.98	0.99	0.99	irs	Latin Am. & Carrib.
32	Portugal	PRT	6.10	10.46	72.60	8.76	8.82	0.55	0.85	0.98	0.99	0.98	irs	Europe
33	Senegal	SEN	5.49	8.13	60.00	6.88	7.59	2.70	2.04	0.97	1.00	0.97	irs	Sub Saharan Africa
34	United Kingdom	GBR	7.16	10.75	72.50	9.43	8.54	5.59	5.15	0.97	0.97	1.00	irs	Europe
35	Belarus	BLR	5.82	9.86	66.40	9.17	6.57	1.03	4.54	0.97	0.99	0.98	irs	Former Communist
36	Congo (Brazzaville)	COG	5.21	8.10	58.50	6.25	6.86	2.43	2.59	0.97	1.00	0.97	irs	Sub Saharan Africa

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Table 8 – *Continued from previous page*

	Country	ISO3	Cantril Ladder	Log(GDP) p.c.)	HLE at Birth	Social Supp.	Freedom of Choice	Genero-sity	Corruption (absence)	Total Eff.	Tech. Eff.	Scale Eff.	Scale	Region
37	Uzbekistan	UZB	6.15	8.85	65.40	9.15	9.70	5.93	4.89	0.97	0.97	1.00	irs	Former Communist
38	Brazil	BRA	6.45	9.59	66.60	8.99	8.30	2.27	2.38	0.97	0.98	0.99	irs	Latin Am. & Carrib.
39	Honduras	HND	5.93	8.65	67.40	7.97	8.46	3.51	1.85	0.97	0.97	0.99	irs	Latin Am. & Carrib.
40	Peru	PER	6.00	9.46	68.40	8.09	8.15	1.59	1.26	0.97	0.99	0.98	irs	Latin Am. & Carrib.
41	Mozambique	MOZ	4.93	7.15	55.20	7.42	8.70	3.61	3.18	0.97	0.98	0.99	irs	Sub Saharan Africa
42	Germany	DEU	7.04	10.89	72.50	8.86	8.85	3.46	5.38	0.96	0.96	1.00	irs	Europe
43	Ireland	IRL	7.25	11.37	72.40	9.44	8.92	3.62	6.27	0.96	0.96	1.00	irs	Europe
44	Mexico	MEX	6.43	9.89	68.60	8.52	9.03	1.48	1.91	0.96	0.97	0.99	irs	Latin Am. & Carrib.
45	Serbia	SRB	6.24	9.81	68.60	9.03	7.53	2.49	1.87	0.96	0.97	0.99	irs	Former Communist
46	Kyrgyzstan	KGZ	5.69	8.57	64.40	8.77	9.20	2.86	1.15	0.96	0.98	0.97	irs	Former Communist
47	Argentina	ARG	6.09	10.00	69.00	8.96	8.17	0.78	1.70	0.96	0.97	0.99	irs	Latin Am. & Carrib.
48	Hungary	HUN	6.00	10.39	68.00	9.47	7.98	0.94	1.16	0.96	0.96	1.00	irs	Former Communist
49	Sweden	SWE	7.40	10.88	72.70	9.34	9.42	3.80	7.50	0.96	0.96	1.00	irs	Europe
50	Norway	NOR	7.44	11.06	73.30	9.42	9.54	3.99	7.29	0.95	0.96	0.99	irs	Europe
51	South Korea	KOR	5.90	10.66	73.90	7.83	7.06	2.33	2.82	0.95	0.95	1.00	drs	East & South Asia
52	Gambia	GMB	5.16	7.70	55.30	6.94	6.77	6.99	2.02	0.95	1.00	0.95	irs	Sub Saharan Africa
53	Mali	MLI	4.99	7.75	52.20	7.55	6.70	2.51	1.54	0.95	1.00	0.95	irs	Sub Saharan Africa
54	New Zealand	NZL	7.21	10.67	73.40	9.39	9.12	4.45	7.66	0.95	0.95	1.00	irs	Other Dvlp.
55	Moldova	MDA	5.80	9.48	65.70	8.09	7.84	1.96	1.16	0.95	0.97	0.98	irs	Former Communist
56	Comoros	COM	4.61	8.03	57.50	6.32	5.38	3.66	2.38	0.95	1.00	0.95	irs	Sub Saharan Africa
57	Australia	AUS	7.23	10.81	73.90	9.43	9.18	4.09	5.70	0.95	0.95	0.99	irs	Other Dvlp.
58	Austria	AUT	7.20	10.94	73.30	9.64	9.03	3.48	5.43	0.94	0.95	0.99	irs	Europe
59	Albania	ALB	5.00	9.54	69.00	6.86	7.77	1.89	0.86	0.94	0.99	0.95	irs	Former Communist
60	Kazakhstan	KAZ	6.27	10.18	65.20	9.51	8.52	2.34	2.92	0.94	0.94	1.00	irs	Former Communist
61	Nepal	NPL	5.45	8.14	64.60	7.72	7.90	4.56	2.88	0.94	0.94	1.00	irs	East & South Asia
62	France	FRA	6.69	10.74	74.00	9.58	8.27	1.56	4.32	0.94	0.95	0.99	irs	Europe
63	Croatia	HRV	5.63	10.26	70.80	9.36	7.39	1.51	0.68	0.94	0.95	0.99	irs	Former Communist
64	Georgia	GEO	4.89	9.62	64.30	6.75	8.11	0.29	3.53	0.94	0.94	1.00	irs	Former Communist
65	Mongolia	MNG	5.56	9.42	62.50	9.46	7.11	4.38	1.27	0.94	0.95	0.98	irs	Former Communist
66	Canada	CAN	7.11	10.80	73.80	9.25	9.12	4.00	5.64	0.94	0.95	0.99	irs	Other Dvlp.
67	Panama	PAN	6.09	10.36	69.70	8.86	8.83	0.90	1.31	0.94	0.94	1.00	irs	Latin Am. & Carrib.
68	Japan	JPN	5.91	10.63	75.10	8.78	8.06	0.34	3.83	0.94	0.96	0.98	irs	Other Dvlp.
69	Slovenia	SVN	6.67	10.56	71.40	9.49	9.45	1.87	2.15	0.93	0.94	0.99	irs	Former Communist
70	Uruguay	URY	6.60	9.98	69.10	9.33	9.03	1.93	4.01	0.93	0.94	1.00	irs	Latin Am. & Carrib.
71	Thailand	THA	6.02	9.82	67.40	9.03	8.98	5.98	1.23	0.93	0.93	1.00	irs	East & South Asia
72	Lebanon	LBN	4.02	9.60	67.60	8.66	4.47	2.08	1.10	0.93	1.00	0.93	irs	Central W. Asia & N Africa
73	Mauritius	MUS	6.24	10.04	66.70	9.13	8.93	2.36	1.90	0.93	0.94	0.99	drs	Sub Saharan Africa

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Table 8 – *Continued from previous page*

	Country	ISO3	Cantril Ladder	Log(GDP) p.c.)	HLE at Birth	Social Supp.	Freedom of Choice	Genero-sity	Corruption (absence)	Total Eff.	Tech. Eff.	Scale Eff.	Scale	Region
74	Spain	ESP	6.46	10.62	74.70	9.49	7.78	2.40	2.70	0.93	0.93	1.00	irs	Europe
75	Bolivia	BOL	5.67	9.07	63.90	7.84	8.81	2.03	1.43	0.93	0.95	0.97	irs	Latin Am. & Carrib.
76	Malta	MLT	6.73	10.68	72.20	9.22	9.24	3.76	3.11	0.92	0.93	0.99	drs	Europe
77	Ecuador	ECU	5.81	9.34	68.80	8.08	8.30	1.74	1.61	0.91	0.93	0.98	irs	Latin Am. & Carrib.
78	Uganda	UGA	4.95	7.69	56.10	8.05	7.04	4.27	1.74	0.91	0.95	0.96	irs	Sub Saharan Africa
79	Dominican Rep.	DOM	6.00	9.82	66.10	8.84	8.77	1.66	2.54	0.91	0.91	0.99	irs	Latin Am. & Carrib.
80	Russia	RUS	5.44	10.21	64.70	9.10	7.15	1.73	1.52	0.90	0.91	0.99	irs	Former Communist
81	Cameroon	CMR	4.94	8.20	53.50	7.11	7.12	2.81	1.83	0.90	0.93	0.97	irs	Sub Saharan Africa
82	Paraguay	PRY	5.65	9.45	65.90	8.92	8.76	3.17	1.18	0.90	0.90	0.99	irs	Latin Am. & Carrib.
83	Chad	TCD	4.25	7.36	48.70	6.40	5.37	3.44	1.68	0.89	1.00	0.89	irs	Sub Saharan Africa
84	Tunisia	TUN	4.32	9.28	67.20	6.10	6.59	0.80	1.11	0.89	0.94	0.95	irs	Central W. Asia & N Africa
85	South Africa	ZAF	5.03	9.43	56.90	8.48	7.38	1.55	1.80	0.89	0.92	0.96	irs	Sub Saharan Africa
86	Swaziland	SWZ	4.40	9.07	51.27	7.59	5.97	0.98	2.76	0.89	1.00	0.89	irs	Sub Saharan Africa
87	Guinea	GIN	4.77	7.85	55.50	6.55	6.91	3.85	2.44	0.88	0.93	0.94	irs	Sub Saharan Africa
88	Togo	TGO	4.18	7.38	55.10	5.39	6.17	3.53	2.63	0.88	0.92	0.95	irs	Sub Saharan Africa
89	Madagascar	MDG	4.34	7.41	59.50	7.01	5.50	2.76	2.80	0.88	1.00	0.88	irs	Sub Saharan Africa
90	Armenia	ARM	5.49	9.52	67.20	7.82	8.44	1.16	4.17	0.87	0.89	0.98	irs	Former Communist
91	Indonesia	IDN	5.35	9.38	62.30	8.02	8.66	8.44	1.39	0.87	0.88	0.99	irs	East & South Asia
92	Burkina Faso	BFA	4.74	7.69	54.40	6.83	6.78	2.85	2.71	0.87	0.94	0.93	irs	Sub Saharan Africa
93	Gabon	GAB	4.91	9.61	60.20	7.63	7.36	0.86	1.54	0.87	0.92	0.94	irs	Sub Saharan Africa
94	Ghana	GHA	4.97	8.60	57.60	7.46	7.87	4.05	1.43	0.87	0.90	0.97	irs	Sub Saharan Africa
95	Bangladesh	BGD	5.11	8.47	64.80	6.73	9.02	2.37	3.44	0.87	0.88	0.99	irs	East & South Asia
96	Nigeria	NGA	4.36	8.54	50.10	7.34	7.29	3.21	1.27	0.87	0.87	1.00	crs	Sub Saharan Africa
97	Montenegro	MNE	5.39	9.97	68.70	8.32	6.94	1.84	1.80	0.86	0.88	0.99	irs	Former Communist
98	Estonia	EST	6.03	10.51	68.80	9.34	8.87	1.93	4.24	0.86	0.86	1.00	irs	Former Communist
99	Vietnam	VNM	5.47	8.99	68.10	8.48	9.52	1.63	2.12	0.86	0.87	0.98	irs	East & South Asia
100	Laos	LAO	5.20	8.97	59.10	7.29	9.06	3.50	3.80	0.85	0.86	0.99	irs	East & South Asia
101	Azerbaijan	AZE	5.17	9.58	65.80	8.87	8.54	0.75	5.43	0.85	0.87	0.98	irs	Former Communist
102	Libya	LBY	5.33	9.63	62.30	8.27	7.62	2.16	3.14	0.85	0.86	0.99	irs	Central W. Asia & N Africa
103	North Macedonia	MKD	5.02	9.71	65.47	8.15	7.25	3.13	0.77	0.85	0.86	0.99	irs	Former Communist
104	Cambodia	KHM	5.00	8.39	62.00	7.59	9.57	3.02	1.72	0.84	0.87	0.97	irs	Former Communist
105	Bulgaria	BGR	5.11	10.05	67.00	9.48	8.22	1.80	0.57	0.84	0.84	1.00	irs	Former Communist
106	Turkey	TUR	4.87	10.25	67.20	7.92	6.31	1.53	2.40	0.84	0.85	0.98	irs	Central W. Asia & N Africa
107	Singapore	SGP	6.38	11.49	77.10	9.25	9.38	3.16	9.30	0.83	0.83	1.00	irs	Other Dvlp.
108	Pakistan	PAK	4.44	8.45	58.90	6.17	6.85	4.12	2.24	0.83	0.86	0.96	irs	East & South Asia
109	Kenya	KEN	4.62	8.37	60.70	6.76	8.18	5.99	2.06	0.81	0.83	0.98	irs	Sub Saharan Africa
110	Namibia	NAM	4.44	9.17	56.80	8.45	7.39	1.15	1.21	0.80	0.84	0.96	irs	Sub Saharan Africa

Continued on next page

Table 8 – *Continued from previous page*

	Country	ISO3	Cantril Ladder	Log(GDP) p.c.)	HLE at Birth	Social Supp.	Freedom of Choice	Genero-sity	Corruption (absence)	Total Eff.	Tech. Eff.	Scale Eff.	Scale	Region
111	Malaysia	MYS	5.43	10.25	67.20	8.42	9.16	4.12	2.18	0.80	0.81	0.99	irs	East & South Asia
112	Malawi	MWI	3.87	6.97	58.30	5.49	7.65	2.92	3.20	0.80	0.83	0.96	irs	Sub Saharan Africa
113	Ukraine	UKR	4.70	9.46	64.90	8.83	7.15	2.08	1.15	0.79	0.80	0.98	irs	Former Communist
114	Mauritania	MRT	4.15	8.56	57.30	7.98	6.28	1.87	2.57	0.75	0.80	0.93	irs	Sub Saharan Africa
115	Lesotho	LSO	3.51	7.93	48.70	7.90	7.16	1.58	0.85	0.75	0.75	1.00	crs	Sub Saharan Africa
116	Ethiopia	ETH	4.10	7.71	59.00	7.48	7.54	3.41	2.68	0.75	0.75	0.99	irs	Former Communist
117	Myanmar	MMR	4.43	8.55	59.30	7.63	8.99	8.50	3.18	0.73	0.75	0.98	irs	East & South Asia
118	Afghanistan	AFG	2.38	7.70	52.40	4.20	3.94	1.80	0.76	0.71	1.00	0.71	irs	East & South Asia
119	Sierra Leone	SLE	3.45	7.45	52.40	6.11	7.18	3.63	1.26	0.70	0.73	0.97	irs	Sub Saharan Africa
120	Sri Lanka	LKA	4.21	9.48	67.40	8.15	8.24	3.40	1.37	0.67	0.67	1.00	irs	East & South Asia
121	Rwanda	RWA	3.27	7.71	61.70	4.89	8.69	3.53	8.32	0.66	0.67	0.98	irs	Sub Saharan Africa
122	Tanzania	TZA	3.64	7.89	58.00	6.87	8.50	3.89	4.11	0.65	0.66	0.97	irs	Sub Saharan Africa
123	Botswana	BWA	3.47	9.79	59.60	7.74	8.33	0.50	2.08	0.64	0.65	1.00	irs	Sub Saharan Africa
124	Zambia	ZMB	3.31	8.15	55.80	6.38	8.11	3.66	1.68	0.62	0.64	0.97	irs	Sub Saharan Africa
125	India	IND	3.25	8.82	60.50	5.61	8.76	4.00	2.48	0.60	0.60	1.00	irs	East & South Asia
126	Zimbabwe	ZWE	2.69	7.95	56.20	7.59	6.32	2.25	1.69	0.50	0.54	0.93	irs	Sub Saharan Africa
	min		2.38	6.97	48.70	4.20	3.85	0.00	0.37	0.50	0.54	0.71		
	max		7.78	11.65	77.10	9.64	9.70	8.50	9.30	1.00	1.00	1.00		
	median		5.64	9.56	66.50	8.42	8.17	2.43	2.21	0.94	0.95	0.99		
	average		5.56	9.42	64.89	8.11	7.94	2.68	2.76	0.91	0.92	0.98		

B Association between well-being efficiency and Happy Planet Index scores

Table 9: Association between HPI and total inefficiency controlling for life ladder.

	Happy Planet Index			
	without Cantril ladder		with Cantril ladder	
well-being efficiency	0.522***	(8.46)	0.202**	(2.45)
Cantril ladder			0.421***	(4.23)
Constant	0.122	(1.64)	0.113	(1.62)
Observations	123		123	
R-squared	0.292		0.373	
Adj. R-squared	0.287		0.362	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The table reports the coefficients of standardized variables for ease of comparison.
Source: authors' own elaboration. Data sourced from WHR 2021 and HPI 2021.

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