

▪ The Economics of Happiness Beyond Traditional Economic Growth

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ABSTRACT

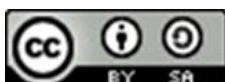
Economic growth, measured by Gross Domestic Product (GDP), has long been the primary measure of a country's development success. However, recent studies have shown that increases in GDP do not always translate directly into improvements in people's subjective well-being, a phenomenon known as the Easterlin Paradox. This article aims to comprehensively examine the development of the economics of happiness as an alternative paradigm for measuring well-being beyond traditional economic growth, while simultaneously reconstructing a more holistic indicator of well-being. The method used is a narrative literature review of thirty internationally indexed scientific articles published between 2021 and 2026, analyzed using a thematic approach. The results indicate that the determinants of happiness are multidimensional, encompassing economic factors such as income, employment, and inflation; social factors such as social support, social capital, and trust; and factors such as health, freedom of choice, the environment, and sustainability. The novelty of this study lies in its integrative framework, which maps the paradigm shift from growth-centered economics to well-being-centered economics, and the proposed composite well-being index model, which is relevant for public policy formulation, including in developing countries like Indonesia. This article recommends that policymakers integrate subjective well-being indicators into national development planning so that development policies are no longer solely oriented towards growth figures, but rather towards the overall quality of life of the community.

Keywords: economics of happiness; subjective well-being; beyond GDP; welfare indicators; public policy

INTRODUCTION

For more than seven decades, Gross Domestic Product (GDP) has been the single most dominant indicator used by governments, international institutions, and academics to measure a nation's progress. The basic assumption underlying GDP is that increased economic output will automatically lead to increased social welfare. This assumption has proven to be flawed. Since Richard Easterlin first proposed in 1974 that increases in national income do not necessarily translate into long-term increases in happiness levels, a phenomenon known as the Easterlin Paradox, economists have begun to question the validity of GDP as the sole measure of social progress. Nikolova and Graham (2021) assert that the economics of happiness emerged as a scientific response to this limitation, integrating subjective life satisfaction data into conventional economic analysis to understand the real determinants of human well-being.

Criticism of GDP intensified after the 2008 global financial crisis, when the Stiglitz-Sen-Fitoussi Commission was formed to evaluate the fundamental weaknesses of GDP in capturing dimensions of social welfare, income distribution, and environmental



sustainability. This momentum gave birth to a global movement known as "Beyond GDP," which encouraged countries to develop a more comprehensive framework for measuring progress. Agrawal, Sharma, Agrawal, Iazzolino, and Bruni (2025) explain that this movement has evolved into a triple helix framework involving governments, international organizations, and academics in formulating strategies towards a happiness economy. In line with this, international initiatives such as the OECD's Better Life Index, Bhutan's Gross National Happiness (GNH), and the annual World Happiness Report compiled by the UN's Sustainable Development Solutions Network have become important references in encouraging the transformation of the development paradigm from one solely oriented towards growth to one oriented towards holistic human well-being.

The development of the literature on the economics of happiness over the past decade has shown an increasingly rapid and multidisciplinary trend. Agrawal, Sharma, Bruni, and Iazzolino (2023), through a systematic review of hundreds of publications, found that research in this field has evolved beyond the simple correlation between income and happiness to more complex studies, encompassing dimensions of health, freedom, social support, institutional trust, and ecological sustainability. Bruni, De Rosa, and Smerilli (2021) added that the philosophical roots of the concept of happiness in economics date back to classical economic thought, but only gained a strong empirical foundation after the development of more valid and reliable methods for measuring subjective well-being (SWB) in the late 20th century. Özveren, Gürpınar, and Karagöz (2021) even trace the historical roots of criticism of economic materialism back to the thinking of Karl Polanyi, who emphasized the importance of economic embeddedness in social relations as the basis of human well-being.

Although the literature on the economics of happiness continues to grow, several research gaps remain of significant concern. First, most empirical studies still focus on the context of developed countries with more comprehensive life satisfaction survey data available, while comparative studies integrating the context of developing countries, including Indonesia, are still relatively limited. Second, although various alternative indicators have been proposed, such as the Genuine Progress Indicator (GPI), the Human Development Index (HDI), and the Better Life Index, there is no single framework that consistently integrates economic, social, health, and environmental dimensions into a composite model that can be adapted across policy contexts. Kamińska, Dionísio, Infante, and Carrilho (2025) show that the relationships between the determinants of happiness are non-linear and interacting, so conventional linear analytical approaches often fail to capture the complexity of the phenomenon. Third, research that explicitly reconstructs well-being indicators based on cross-disciplinary synthesis, taking into account post-pandemic policy dynamics and the challenges of climate change, is still rare and integrated within a single analytical framework.

Theoretically, the economics of happiness rests on two traditions of well-being thinking: the hedonic approach (hedonic well-being) and the eudaimonic approach (eudaimonic well-being). The hedonic approach emphasizes measuring life satisfaction and the balance of positive and negative affect as primary indicators of happiness, while the eudaimonic approach focuses on the meaning of life, self-actualization, and the fulfillment of full human potential. Tenhunen (2025) explains that integrating these two approaches into an economic framework requires more sophisticated measurement instruments, given that happiness is multidimensional and strongly influenced by a country's cultural context, institutions, and stage of development. The latest guidelines from the Organization for Economic Co-operation and Development (OECD, 2024) on measuring subjective well-being emphasize the importance of standardizing these three

components, while Abdallah and Mahoney (2024) offer updated methods for measuring the eudaimonic component to improve cross-country comparability in national statistical data collection. Hassan (2025) through a case study in Qatar showed that the integration of subjective well-being data into public policy evaluations can provide a more accurate picture of the real impact of a policy on people's lives, compared to only relying on conventional macroeconomic indicators.

In the empirical realm, advances in data analysis methods have enriched the study of the economics of happiness. Sharma, Mahajan, and Kapse (2025) applied a machine learning approach to identify non-linear patterns between GDP, health, social support, and emotional factors on subjective well-being across countries, and found that socio-emotional factors often have predictive power equal to or even exceeding that of income alone. Meanwhile, Lee, Kim, and Tavakoli (2023) revealed that in addition to economic growth, inflation and unemployment rates have a significant influence on people's subjective financial satisfaction, with different patterns between high-income and lower-middle-income countries. These findings confirm that the determinants of happiness are contextual and cannot be generalized uniformly across countries without considering their local socio-economic characteristics.

The Indonesian context is also relevant for discussion within this background framework. Since 2014, the Central Statistics Agency (BPS) has developed a national Happiness Index, which measures three key dimensions: life evaluation, affect, and eudaimonia, as a complement to GDP-based development indicators and the Human Development Index. This initiative reflects a growing awareness among Indonesian policymakers that development success cannot be measured solely by economic growth but must also consider the subjective well-being of the population. However, integrating these happiness indicators into cross-sectoral national development planning still faces significant methodological and institutional challenges, making academic studies supporting the strengthening of this framework increasingly relevant.

Based on these gaps, the novelty of this article lies in three main aspects. First, this article provides a recent thematic synthesis of the economics of happiness literature for the period 2021-2026, a timeframe encompassing the post-COVID-19 pandemic dynamics and the growing global attention to the climate crisis—two factors that significantly influence the structure of contemporary happiness determinants but have not been elaborated in an integrated manner in previous studies. Second, this article proposes a framework for reconstructing well-being indicators that charts the gradual shift from a growth-centered model to a well-being-centered model, identifying policy transition points that developing countries can adopt. Third, unlike previous studies that tend to focus on a single dimension of determinants (e.g., income or health), this article integrates economic, social, psychological, and ecological determinants into a more comprehensive and relevant composite analytical framework for formulating development policies in Indonesia and other developing countries.

Casau, Dias, and Mota (2024) emphasize that the interrelationships between economics, happiness, and climate change are an increasingly urgent area of research to explore, given that conventional measures of progress fail to capture the social and ecological costs of unsustainable economic growth. Conversely, Miñarro, Reyes-García, Aswani, Selim, Barrington-Leigh, and Galbraith (2021) demonstrate the compelling finding that even societies with low levels of economic monetization can exhibit high levels of subjective well-being, a finding that further strengthens the argument that happiness cannot be reduced solely to monetary measures. These findings reinforce the urgency of reframing the perspective on well-being indicators to better reflect the multidimensional reality of human life.

Taking into account the background and gaps, this article is structured to answer three main research questions, namely: (1) how is the theoretical and empirical development of the economics of happiness as an alternative paradigm to traditional economic growth; (2) what are the economic and non-economic determinants that consistently influence people's subjective well-being based on the current literature; and (3) how can the welfare indicator framework be reconstructed to support the formulation of development policies that are more oriented towards the quality of human life holistically. Through these three questions, this article is expected to provide academic and practical contributions to the development of welfare policy frameworks in the future.

METHODS

This article was written using a narrative literature review approach, which aims to synthesize, compare, and integrate findings from various previous studies on the economics of happiness. This narrative approach was chosen because the topic under study is interdisciplinary, encompassing economics, psychology, sociology, and public policy, thus requiring a flexible conceptual synthesis compared to a strictly quantitative systematic review.

The reference collection process was conducted through searches of reputable scientific databases, including Scopus, Springer, SAGE, Elsevier, PLOS ONE, and the academic search engine Google Scholar, with the help of the Consensus.app aggregation platform to efficiently map relevant articles. The search keywords used included "economics of happiness," "subjective well-being," "beyond GDP," "happiness economy," and "well-being indicators," with publication years limited to 2021 to 2026 to ensure data up-to-dateness and relevance to post-COVID-19 pandemic dynamics.

A total of 30 articles served as the basis for analysis in this study, consisting of journal articles, conference proceedings, and book chapters, all of which have active Digital Object Identifiers (DOIs) and are accessible through Google Scholar and official publisher databases. Article selection was conducted through three stages: initial identification based on keywords, screening based on title and abstract relevance, and final feasibility assessment based on the theme's suitability to the study's focus, namely the determinants and measurement of welfare beyond GDP.

The collected data were then analyzed using a thematic analysis approach, namely by grouping the findings from various articles into large theme clusters: (1) criticism of GDP as a single indicator of well-being; (2) economic determinants of happiness; (3) non-economic determinants (social, psychological, and environmental); (4) alternative indicator frameworks and models; and (5) policy implications. The results of these theme groupings were then synthesized to formulate a framework for reconstructing well-being indicators, which is the main contribution of this article. The complete stages of the research method are presented in Figure 1..

Figure 1. Research Method Flow: Narrative Literature Review (Narrative Review)

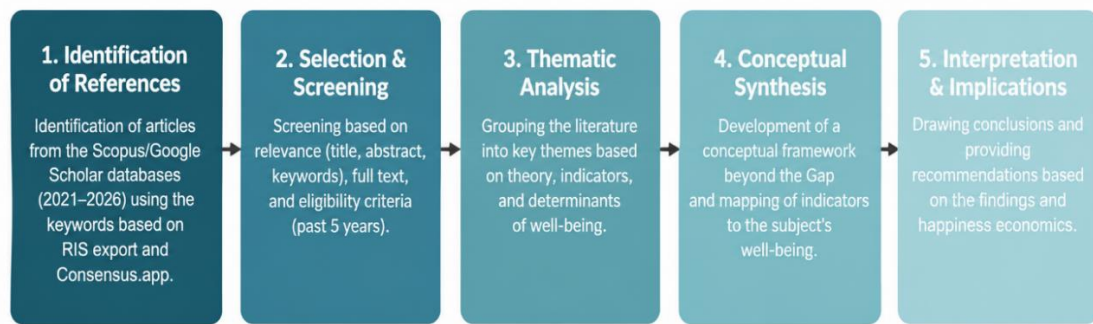


Figure 1. Stages of the Narrative Literature Review Process on the Economics of Happiness: Identification, Screening, Feasibility Assessment, Thematic Analysis, and Reconstruction of Well-Being Indicators.

RESULTS AND DISCUSSION

Limitations of GDP as a Single Indicator of Welfare

A literature synthesis demonstrates a strong consensus that GDP, while still relevant as a measure of economic activity, is inadequate to fully represent human well-being. Nikolova and Graham (2021) assert that GDP measures only the value of market transactions and ignores important aspects such as income distribution, environmental quality, mental health, and social capital. Danielyan (2021) reinforces this argument by stating that factors beyond traditional economics, such as social relationships, leisure time, and security, contribute significantly to happiness but are often overlooked in GDP calculations. A study by Jansen, Wang, Behrens, and Hoekstra (2024), which synthesizes over 65 alternative metrics, shows that the "Beyond GDP" movement has grown rapidly over the past five decades, but its implementation into global public policy remains hampered by a lack of cross-disciplinary consensus on a uniform measurement framework.

Economic Determinants of Happiness

Although GDP alone is insufficient, economic factors remain important determinants in explaining variations in subjective well-being across countries and individuals. Lee, Kim, and Tavakoli (2023) found that economic growth, inflation, and unemployment consistently influence subjective financial satisfaction, with inflation having a greater negative impact on well-being than the positive impact of GDP growth alone. This finding is consistent with the results of Connolly and Gärling (2023) who examined the relationship between income, life satisfaction, and emotional well-being across European countries with varying levels of prosperity, and found that the effect of income on life satisfaction tends to weaken (diminishing returns) once basic needs are met, in line with the principle of diminishing marginal utility.

Huang, Ding, Han, Li, and Zhu (2024) found a similar pattern through an eleven-year panel data analysis, namely that material wealth has a positive relationship with happiness only up to a certain point, after which non-material factors such as social relationships and meaningful activities become more dominant in explaining variations in well-being. Meanwhile, Su and Muhammad (2023) who analyzed the conditions before and after the Covid-19 pandemic showed that economic shocks such as recession and mass layoffs have a long-term effect on decreasing life satisfaction, even after

macroeconomic conditions have recovered, indicating a psychological hysteresis effect of the economic crisis on subjective well-being.

Non-Economic Determinants: Social, Psychological, and Environmental

In addition to economic factors, the literature consistently demonstrates the significant role of non-economic factors in determining levels of happiness. Kamińska, Dionísio, Infante, and Carrilho (2025) used a necessary and sufficient condition analysis approach and found that social support and freedom to make life choices are important prerequisites that must be met before economic factors can optimally contribute to happiness. Sharma, Mahajan, and Kapse (2025) used a machine learning approach to confirm that social support and health variables have equal predictive weight, even exceeding the predictive weight of GDP per capita in some models, in explaining cross-country variations in subjective well-being.

Kim, Delaney, Tay, Chen, Diener, and VanderWeele (2021) add another important dimension by showing that life satisfaction in adulthood is strongly correlated with later physical, behavioral, and psychosocial health outcomes, indicating a reciprocal relationship between subjective well-being and long-term health. This finding strengthens the argument that welfare policy cannot be separated from public health policy. Furthermore, a study by Miñarro, Reyes-García, Aswani, Selim, Barrington-Leigh, and Galbraith (2021) of communities with low levels of economic monetization revealed a surprising finding: communities with minimal access to cash can still achieve high levels of subjective well-being if social cohesion, access to natural resources, and cultural autonomy are maintained. These findings provide strong empirical evidence that happiness is not solely a function of the accumulation of material wealth.

Cross-National Evidence: The Nexus of Economics and Happiness

Cross-national comparative evidence further enriches our understanding of the relationship between economic well-being and subjective happiness. Lee and Goh (2023), using global panel data analysis, found that the relationship between economic well-being and happiness is not unidirectional, but rather reciprocal, with high levels of societal happiness also boosting productivity and ultimately contributing to long-term economic growth. This finding is important because it reverses the conventional assumption that economic growth is an absolute prerequisite for improving well-being, suggesting instead that investing in societal happiness can be a development strategy in itself. Kompaneet (2026) reinforces this finding by showing that the correlation between economic well-being and subjective happiness varies significantly across countries, influenced by the level of income inequality and the quality of available social safety nets. Jahan (2023) adds that in developing countries, conventional economic indicators such as per capita income remain important predictors of happiness, but their explanatory power declines sharply once people's basic needs are met. Therefore, development policies need to gradually transition from a focus on meeting basic needs to improving the quality of non-material life.

Research Trends and Future Directions in the Economics of Happiness

Mapping research trends is a crucial element in formulating the future direction of well-being indicator reconstruction. Agrawal, Sharma, Bruni, and Iazzolino (2023) identified that the future direction of research in the economics of happiness will increasingly shift toward integrating big data, artificial intelligence, and real-time data from social media to monitor people's well-being more dynamically, rather than relying on periodic surveys that tend to have significant time lags. This aligns with the findings of Economies (2026), which applied a decision tree approach and necessary conditions

analysis to identify the complex interactions between determinants of happiness, and found that the combination of adequate GDP per capita and low levels of corruption is the most consistent condition that differentiates countries with high and low levels of happiness.

From a methodological perspective, Jansen, Wang, Behrens, and Hoekstra (2024), using the comprehensive Beyond-GDP database published in Scientific Data, recommend the use of a multi-metric approach that integrates current well-being indicators, the distribution of well-being across social groups, and the conditions influencing the sustainability of well-being in the future, as the three main pillars of a holistic measurement framework. Bruni, De Rosa, and Smerilli (2021) also emphasize that the future direction of the study of the economics of happiness requires strengthening the dialogue between economics, positive psychology, and moral philosophy to ensure that the well-being indicators developed are not merely technocratic but also reflect underlying human values. Özveren, Gürpınar, and Karagöz (2021) add a critical perspective based on the thinking of Karl Polanyi, who cautions that efforts to measure happiness should not be trapped in the logic of market quantification alone, but must also consider the embeddedness of the economy within broader social structures and institutions.

Reconstruction of the Welfare Indicator Framework

As the main contribution of this article, the results of the literature synthesis are summarized into a comparative framework of welfare indicators as presented in Table 1. This comparison shows that each indicator has different advantages and limitations, so that the reconstruction of an ideal welfare indicator needs to integrate the best elements from various existing models, rather than relying on a single indicator.

Table 1. Comparison of Alternative Welfare Indicators Beyond GDP

Indicator	Main Dimensions	Excess	Limitations	Application Examples
GDP	Economic output / market transaction value	Easy to measure, data is widely available, can be compared over time	Ignoring distribution, social, environmental, and subjective well-being	Global standards (World Bank, IMF)
Human Development Index (HDI)	Income, education, health	Capturing the basic non-monetary dimensions	Does not include environmental and subjective dimensions	UNDP, annual human development report
Genuine Progress Indicator (GPI)	Economic, social, environmental	Covering the socio-environmental costs of growth	Complex methodology, environmental data is difficult to standardize	Some US states, Canada
Gross National Happiness (GNH)	Psychological, cultural, governance, environmental	Holistic, based on local cultural values	Difficult to replicate across cultures	Bhutan

OECD Better Life Index	11 dimensions of life (housing, income, employment, etc.)	Flexible, can be weighted according to user preferences	Subject to availability of OECD member country data	OECD member countries
World Happiness Report / SWB Index	Life evaluation, affect, GDP per capita, social support, freedom	Annual data, wide global coverage	Depending on the Gallup survey, the potential for cultural bias	PBB SDSN (global)
BPS Happiness Index	Life evaluation, affect, eudaimonia	Relevant for national policy planning	The scope of environmental dimensions is still limited	Indonesia

Source: Synthesized by the authors from various literatures (2021-2026), including Agrawal et al. (2024), Jansen et al. (2024), and Liu et al. (2024).

Based on the comparison in Table 1, it can be identified that the current global trend is towards the use of composite indicators (composite well-being index) that combine objective data (GDP per capita, life expectancy, education level) with subjective data (evaluation of life satisfaction, affect, and meaning of life). Agrawal, Sharma, Dhayal, and Esposito (2024) confirmed this trend through a systematic review of 257 publications, which found that the Genuine Progress Indicator (GPI) is one of the most comprehensive models because it is able to cover fourteen of the seventeen targets of the Sustainable Development Goals (SDGs), making it a strong candidate as a future well-being indicator framework.

Proposed Composite Well-Being Index (CWBI): Structure, Dimensions, and Indicative Weights

To operationalize the novelty claimed in the Abstract and Introduction, this article proposes a Composite Well-Being Index (CWBI) that concretely integrates the economic, social, health, and environmental dimensions identified through the thematic synthesis in Table 1. Unlike the existing indicators compared above, the CWBI is formulated as a weighted linear aggregation of four normalized sub-indices, expressed as:

$$CWBI = w1(Economic) + w2(Social) + w3(Health) + w4(Environmental), \text{ where } w1 + w2 + w3 + w4 = 1$$

Each dimension is first normalized to a 0-1 scale using the min-max method to allow comparability across indicators measured in different units (e.g., income in currency units versus life expectancy in years). The indicative weights presented in Table 2 were derived through a synthesis of the relative emphasis given to each dimension across the reviewed literature (see the 'Economic Determinants of Happiness' and 'Non-Economic Determinants' sub-sections above), giving the largest share to the economic dimension in line with Lee, Kim, and Tavakoli (2023) and Connolly and Garling (2023), followed by equal weighting for the social and health dimensions consistent with Kaminska, Dionisio, Infante, and Carrilho (2025) and Sharma, Mahajan, and Kapse (2025), and a comparatively smaller but non-negligible weight for the environmental dimension reflecting its emerging but still less consistently measured role (Casau, Dias, & Mota, 2024; Lakocai, 2022). These weights are indicative rather than fixed; as a

narrative review without primary data collection, this article recommends that the weights be empirically validated and recalibrated using expert elicitation (e.g., Analytic Hierarchy Process) or statistical weighting methods (e.g., principal component analysis) when the CWBI is applied to a specific national or regional dataset, as outlined further in the Conclusions.

Table 2. Proposed Composite Well-Being Index (CWBI): Dimensions and Indicative Weights

Dimension	Indicative Weight	Component Indicators	Data Source / Basis for Weighting	Measurement Scale
Economic	0.30	Income per capita, employment rate, inflation stability	Lee, Kim, & Tavakoli (2023); Connolly & Gärling (2023)	Normalized 0-1 (min-max)
Social	0.25	Social support, institutional trust, social capital	Kaminska, Dionisio, Infante, & Carrilho (2025); Kompaneet & Golovataia (2026)	Normalized 0-1 (min-max)
Health	0.25	Life expectancy, mental health status, healthcare access	Kim, Delaney, Tay, Chen, Diener, & VanderWeele (2021); Sharma, Mahajan, & Kapse (2025)	Normalized 0-1 (min-max)
Environmental	0.20	Environmental quality, resource sustainability, climate resilience	Casau, Dias, & Mota (2024); Lakocai (2022); Barrington-Leigh (2021)	Normalized 0-1 (min-max)

Source: Synthesized by the authors from the thematic review (2021-2026).

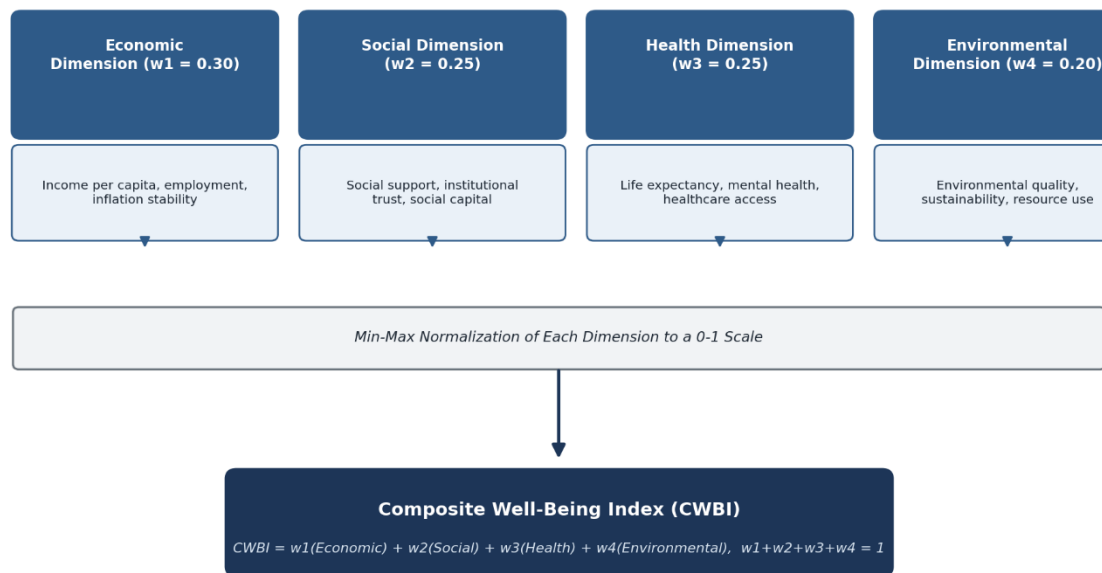


Figure 2. Structure of the Proposed Composite Well-Being Index (CWBI), Showing the Aggregation of Four Normalized Dimensions into a Single Weighted Index.

Applied at the country or regional level, the CWBI in Figure 2 allows policymakers to track a single headline figure for cross-country or cross-period comparison, while the four underlying sub-indices remain available for diagnostic purposes, consistent with the dashboard approach recommended by Jurcisinova and Stiblarova (2022).

Regional Evidence and Policy Implications

Empirical evidence from various regions reinforces the urgency of reconstructing these indicators. Karadjova, Dichevska, Trajkov, Korunovski, and Angelevska-Najdeska (2025), who examined the determinants of happiness in Europe and Central Asia, found that, in addition to economic factors, institutional quality and levels of corruption significantly influence variations in happiness across countries in the region. Kompaneet and Golovataia (2026) showed a similar pattern in European Union countries, where social factors such as trust in public institutions were no less important predictors than conventional economic indicators. Meanwhile, Casau, Dias, and Mota (2024) emphasized the importance of integrating climate change dimensions into well-being measurements, given that environmental degradation has the potential to threaten the sustainability of long-term well-being even if short-term economic indicators show positive trends. Choon, Yong, Tan, and Tan (2022) proposed an integrated happiness framework linking happiness to the achievement of sustainable development goals, while Lakócai (2022) showed that countries with high sustainability scores do not necessarily have high happiness scores, indicating a trade-off that policymakers need to carefully manage between achieving environmental sustainability targets and fulfilling short-term subjective well-being. Barrington-Leigh (2021) offered a policy framework that integrates life satisfaction with sustainability, emphasizing the importance of indicators that can guide policies across generations, not just oriented towards the well-being of the current generation.

At the technical measurement level, Efimov and Kudryavtseva (2025) highlight the shift from classical measurement approaches to digital social scoring approaches that utilize big data and artificial intelligence to monitor socio-economic well-being in real time. This approach offers significant potential for improving the accuracy and speed of monitoring,

but also raises new challenges related to data privacy and algorithmic fairness that need to be addressed in future policy design. Jurčišinová and Štiblárová (2022), through an analysis of alternative well-being indicators in 28 European Union countries, conclude that any single indicator, whether GDP or a composite index, still has limitations, thus a multi-indicator approach (dashboard approach) that presents several indicators in parallel is considered more appropriate to support holistic policy decision-making.

The policy implications of these findings emphasize that governments, particularly in developing countries like Indonesia, need to consider more systematically integrating subjective well-being indicators into national development planning frameworks. This can be achieved through strengthening regular subjective well-being surveys, integrating happiness data into regional development program evaluations, and developing a well-being indicator dashboard that simultaneously combines economic, social, health, and environmental data, as recommended by Trajkov (2022) in his study on basic economic indicators and economic well-being.

Overall, the synthesis of the findings above confirms that the reconstruction of welfare indicators is not merely academic discourse, but rather an urgent need that must be addressed through concrete institutional changes. The government needs to establish a cross-ministerial statistical unit specifically responsible for integrating economic, social, health, and environmental data into a single, transparent, publicly accessible national welfare dashboard. Furthermore, the involvement of academics and civil society organizations in the indicator formulation process needs to be strengthened so that the resulting indicators truly reflect the aspirations and real conditions of society, rather than simply a top-down technocratic construct. This way, the transition from growth-centered economics to well-being-centered economics can be more participatory, measurable, and sustainable in the long term

CONCLUSIONS

This article comprehensively examines the development of the economics of happiness as an alternative paradigm for measuring well-being beyond traditional economic growth. Based on a synthesis of thirty recent literature from 2021 to 2026, three key findings can be drawn. First, GDP has proven inadequate as a sole measure of well-being because it ignores distributional, social, health, and environmental dimensions that have been empirically shown to contribute significantly to people's subjective happiness. Second, the determinants of happiness are multidimensional and interact non-linearly, encompassing economic factors such as income, inflation, and unemployment, as well as non-economic factors such as social support, institutional trust, freedom of choice, health, and environmental quality, with varying weights depending on the socio-economic context of each country. Third, efforts to reconstruct well-being indicators need to be directed toward developing a composite indicator model that simultaneously integrates objective and subjective data, as reflected in the indicator comparison framework proposed in this article.

The novelty of this article lies in its integrative framework, which maps the paradigm shift from growth-centered economics to well-being-centered economics, and its recommendations for a dashboard model for well-being indicators relevant to the development policy context of developing countries, including Indonesia. Practically, this article recommends that the government strengthen regular subjective well-being surveys, integrate happiness indicators into development program evaluations, and establish cross-sectoral institutions specifically designed to manage multidimensional well-being data in a transparent and participatory manner.

This study has limitations due to its narrative literature nature and the lack of empirical testing of primary data. Therefore, the synthesis results are more conceptual than quantitative. Future research is recommended to empirically test the proposed composite indicator framework in real-world contexts, particularly in developing countries, and to further explore the role of digital technology and artificial intelligence in supporting real-time and inclusive monitoring of community well-being.

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