



# The Economics Of Fulfilment: Affective Processes, Work-Life Balance, And Subjective Well-Being

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## Abstract

This work encapsulates a comprehensive review of four decades of economic research involving highly relevant concepts with applications of fields like subjective well-being and happiness of individuals within the broad domain of behavioural economics. The idea is to bridge the gap between the traditional theories of economics and those relevant in the contemporary economic applications. The study draws from traditional economics to contemporary aspects like the mediating role of pleasure, subjective well-being, work-life balance, and establishing a relationship between happiness and entrepreneurial intention. The study also goes into coping strategies during pandemics, the influence of socioeconomic status on mental health, and gene-environment interactions in subjective well-being. The review's conclusion highlights the necessity for national accounts of subjective well-being to guide community and societal policy decisions. It also discusses future research possibilities and policy implications.

Keywords: Happiness economics, Subjective well-being, Affective processes, Emotional intelligence, Work-life balance

## 1. Introduction

The traditional studies of economics emphasise on rational deliberations. This overview summarises forty years of research showing that economic behaviour is essentially shaped by emotive and deliberative processes, with subjective well-being acting as a crucial consequence in a variety of areas. The literature expands from animal spirits, well-being, work-life balance, mental health and Subjective well-being. There are vast cultural diversity and variety while discussing the Indian context of the concerned economic theorizing (Loewenstein & O'Donoghue, 2004). The literature includes those relevant for the present scenario of Indian lifestyle and the sustainable future as well.

The reviews are segregated into various sections as per the themes they belong to. The first theme includes the details of animal spirits and how emotion plays a crucial role in the economic decision-making of the individual. The second section is about the role of entrepreneurial spirit and whether happiness really matters in a business decision. The third part is an extension of the first and second parts which is about comparison and satisfaction of the individual and how it affects their economic decision-making. The economics of need satisfaction section is the fourth part, which discusses whether technological advancement translates to satisfaction for individuals. The fifth part is mainly a post-pandemic event where the culture of work from home and work-life balance for mental wellness has been discussed. The Gene-Environment interaction for the well-being of the individual is considered as a part of the review section. The effect of the pandemic on the mental health of the people is also a part of the study. The last section of the review section is about the advancements in the well-being research in this particular field. This comprehensively gives a larger picture of the entire scenario.

## 2. Theoretical Foundation: Animal Spirits

The animal spirits framework incorporates affective processes into the analytic framework, they have shown it is able to explain the mechanisms of time preference and self-control dynamics, risk perception and misallocation of hazard avoidance, and biases in benevolent inclinations that lead to the suboptimal targeting of charitable behaviour (Loewenstein & O'Donoghue, 2004). Besides these well-established domains, however, the proposed framework has much broader theoretical and empirical applicability across the behavioural sciences.

The long-term dynamics of willpower may be more relevant than the consequences of short-term fluctuations in willpower strength. It means that there are many instances where the future self is a stranger to us, and the present expenditure that we are making gives us instant happiness. The analytical framework helps in explaining why human beings are miscalculating their danger in certain circumstances and end up in undesirable situations.

### 3. Entrepreneurial Intention and how Happiness Matters

The development of entrepreneurial intentions is essential in business. It provides the psychological analysis of the benefits that are generated in the business (Diener & Seligman, 2004). It clarifies how, according to entrepreneurship scholars, a thorough examination of psychological factors may enhance the creation of entrepreneurial intention.

Kruger et.al. (2005), in their research, make a positive contribution to the understanding of how entrepreneurial intention develops over time. It explains how the explicit investigation of psychological elements may, as indicated by entrepreneurship academics, enrich the formulation of entrepreneurial intention. In particular, it shows that the relationship between business success and SEI is mediated by pleasure, a favourable psychological characteristic. Previous studies on entrepreneurship that included psychological elements looked at their effects on entrepreneurial performance and behaviour.

### 4. Satisfaction, Comparison Income and Wealth

This paper aims to investigate the idea that happiness is influenced by wealth in relation to a "comparison." or the benchmark. It yields two conclusions. First, employees' reported levels of satisfaction are observed to be in ordered probits; their comparison earnings levels are negatively correlated. The second finding is that, while maintaining the same level of income, contentment is falling with educational level, possibly because education encourages higher goals, but there is no assurance (as a referee has noted) that this understanding is correct. More broadly, the paper suggests that economists have yet to fully realise the potential of reported satisfaction numbers as utility data via proxy.

Duesenbery's research on the effects of relative income showed that satisfaction is dependent on income compared to others rather than absolute income. This result has been confirmed in several cultures and eras. The comparison income theory was supported by Twenge et al. (2010), who demonstrated that although average income has significantly increased in developed countries, average happiness has either stagnated or decreased.

In a broader sense, the article argues that economists have not yet completely grasped the potential of reported satisfaction figures as proxy utility data. Important affective aspects of well-being may be overlooked by traditional utility metrics focused on spending decisions.

### 5. The economics of needs satisfaction

The extent to which change made possible by technological advancement will actually occur is often determined by the elites. They use the value system to gain an additional layer of defence for their specific interests. The elites themselves may get stuck, to a greater or lesser extent, in compliance with those negative values because they frequently create values through system manipulation that suppress or distort the enhanced satisfaction of wants made possible by technical advancement.

Although Norman's research shows that institutional arrangements and power structures ultimately determine whether technological capabilities translate into actual well-being, this perspective contradicts the traditional idea that technological advancement automatically promotes social wellbeing.

In particular, a number of widespread social phenomena can be explained by the systematic manipulation of consumer value systems to stifle true demand satisfaction. These include broad political opposition to redistributive measures that may otherwise improve overall welfare, the overconsumption of hazardous commodities despite healthier alternatives, and the continuation of ineffective practices in the face of superior technical options.

## **6. Work from Home: Measuring Satisfaction between Work–Life Balance and Work Stress during the COVID-19 Pandemic in Indonesia and Hong Kong**

Rarely is the idea of work-life balance discussed in a collectivist environment. In this study, the concept of work-life balance was viewed favourably by the participants as they became closer to their families. On the one hand, this may have increased their job satisfaction, but on the other, work stress needs to be taken into consideration.

In a typical work environment, work stress can have an impact on job satisfaction; however, in this study, when participants were required to work from home, work stress had a detrimental effect on job satisfaction. The research makes clear that, even though telecommuting is uncommon among Indonesian workers, productivity can still increase with the right laws in place. According to the survey, working from home has become customary for Indonesian workers, and it is anticipated that they will be focused to their jobs and finish them.

The survey claims that working from home has become the new norm for Indonesian employees, who are expected to stay dedicated and complete tasks to a high standard. This aligns with global COVID-19 trends.

Chen et al. (2021) found comparable trends in several nations, demonstrating that while work-from-home arrangements enhanced family time, they also raised work stress because of the blurring of boundaries between professional and household responsibilities.

Researchers who are interested in the interactions between work-related stress, SES, and demographic features in a sample of working individuals in Hong Kong can learn from this study. There were three categories of working people recognised, and each had unique traits. The workers were employed in a more oppressive environment, as evidenced by their extended work hours, high effort-to-reward imbalance, and poor relational justice. They are less likely to seek help despite their bad mental health.

The established leaders were the most successful, but they also experienced the greatest bullying. They have a mixed view about workplace resources for mental health. The research findings broadly support intersectionality theory by confirming that work-related stressor patterns and mental health outcomes are influenced differently by crossing social identities. For instance, older participants with higher jobs are

more mentally healthy, but not younger individuals with higher positions, and younger participants with higher positions are more ambivalent than older participants in their attitudes about mental health services.

Another study on working adults in Hong Kong investigated whether the relative benefit of higher subjective social class for life satisfaction would vary depending on whether it is consistent with one's objective social class. Drawing on a recent perspective that inconsistent class identities can hurt psychological outcomes.

Higher subjective social class predicted higher life satisfaction more significantly among those high in objective social class but less strongly among those low in objective social class in Study 1's two independent samples from Singapore ( $n = 1,045$ ) and the United States ( $n = 492$ ). These trends appeared to be driven by greater subjective social class views among participants in high objective social class in Study 2, where they were repeated in a second large U.S. sample ( $n = 1,030$ ). It is explained how conceptions of class identity play a part in the explanation of differences between social classes in subjective well-being.

## **7. Gene- Environment Interaction in Subjective Well-Being**

The notion that certain genes have been linked to subjective well-being in recent studies does not imply that happiness is predetermined. The significance of gene-environment interactions has been highlighted by research. Consider simply that there are genotypes that are more and less advantageous (Norman,2010). Low well-being is not vulnerable to people with a more favourable genotype; it is only possible for people with a less favourable genotype to develop it after adverse circumstances.

A correlation between genotype and subjective well-being will be found through empirical analysis. However, this is not a fixed impact that is unique to each person; rather, it is the result of the interaction between a person's genes and their environment. In this straightforward instance, the less-favourable genotype would be prevented from playing a role by legislation that prevented the occurrence of bad events (perhaps unemployment or poverty), essentially switching off any observable association between genes and pleasure.

## **8. Pandemic as a Challenge to Subjective Well-Being: Anxiety and Coping**

The findings also imply that the degree of happy feelings is currently lower than in prior years (perhaps because the reduction occurred gradually over the preceding two years). It should be emphasised that unpleasant emotions become less severe as we mature. Future research may reveal a rise in negative feelings in a pandemic situation that we did not notice since the 2020 sample (during the pandemic) was a little older. Results from similar samples collected at various times (2017, 2019) corroborate the idea that respondents who are self-isolating had lower levels of happy feelings. Pandemic anxiety is related with negative emotions rather than life satisfaction and happy feelings. Positive reformulation and personal growth, acceptance, planning, active coping, and humour were the most often reported coping

mechanisms in pandemic situations. Less frequently: conversion to a new religion, denial, use of "sedatives," especially alcohol.

In a study based upon the EI of Adolescent Clarity had the strongest significant associations with the well-being indicators among the trait EI components, reflecting earlier findings (Palmer et al., 2002; Salovey et al., 1995). In line with Vergara et al. (2015) and Petrides et al. (2016), this study demonstrated the benefit of using the TMMS variables individually as opposed to a single general factor. Finally, it is important to take into account some study limitations. The causation direction is still unknown because all of the correlations between the variables were correlational. Second, the data were exclusively gathered through self-report methods, which poses a risk to internal validity. Despite the fact that kids are the most accurate and direct indicators of their subjective well-being.

## 9. Advances in subjective well-being research

Higher levels of subjective well-being have been linked to longer lifespans, better social interactions, better work output, and more creative thinking. The levels of well-being that communities and societies value vary between cultures, as do the kinds of subjective well-being that are most important to each culture. Additionally, there are factors that predict subjective well-being in different communities that are both universal and particular. Currently, national accounts of subjective well-being are being considered and implemented to assist in informing policy choices at the community and societal levels.

To help guide policy decisions at the community and societal levels, national accounts of subjective well-being are being taken into consideration and put into practice. This signifies a paradigm shift from GDP-centric measurement to an all-encompassing evaluation of well-being. The OECD's Guidelines for Measuring Subjective Well-Being (2013) set international standards for measuring well-being, which enable cross-national comparisons. Iceland, the UK, and New Zealand are among the countries that have established well-being budgets that use subjective measures to inform policy decisions.

## 10. Conclusion and Discussion

The animal spirits paradigm, which demonstrates how emotional processes impact time decisions, risk-taking, and entrepreneurial aspirations, suggests that pleasure mediates the relationship between business performance and entrepreneurial intention. The education-satisfaction paradox highlights how aspirational disparities impair well-being even in the face of objective improvements, but empirical data consistently demonstrates that relative income and comparison effects have a major impact on satisfaction, supporting the relative income hypothesis across cultural boundaries. Demographic traits, socioeconomic status, and workplace stress interact through intersectionality mechanisms, according to research on work-life balance, with class identification discrepancies leading to psychological distress independent of absolute income levels. Genetic determinism is challenged by gene-environment interaction findings, which demonstrate that policy actions aimed at poverty and unemployment can reduce genetic risks to well-being.

Longer lifespans, better social connections, increased productivity at work, and improved creative thinking are all reliably predicted with higher subjective well-being. A paradigm change from GDP-centric measurement to human wellbeing assessment is represented by the field's evolution toward national well-being accounts. Neuroeconomic integration, cross-cultural examination of universal vs culture-specific predictors, and the identification of causal processes using experimental techniques should be the main areas of future research. Affective processes are included into economic theory to make economics a more evidence-based, compassionate discipline that values both traditional economic results and actual well-being. This enhances our knowledge of human behaviour and provides workable solutions for laws that genuinely enhance the welfare of people.

## 11. Policy Suggestions

### a) Work-life balance and Flexible Work Policy

The introduction of a flexible work policy for people is mandatory. There is a need to make certain changes to the laws if required so that employees are capable of keeping a healthy work-life balance. Mandatory establishment of on-site child-care facilities so that women do not have to take a career break to stay back with their babies. Formalizing work from home permanently will be much appreciated if done with strict working hours, overtime payment and a boundary protection.

### b) Mental Health care

Introduction of training in mental health first aid and peer counselling will bring about tremendous changes in workspaces. There has to be mandatory Employees Assistance Services for offices operating with 100+ employees. There has to be facilities for mental health leaves apart from the sick leaves that are provided to the employees.

### c) Equality and balance between citizens

Targeted policy measures must be put into place at both the institutional and governmental levels to alleviate systemic workplace stressors and class disparities. First, by guaranteeing that minimum salaries appropriately reflect both real labour demands and inflation, fair wage laws can directly reduce effort-to-reward disparities. Second, in order to decrease subjective-objective class inconsistencies structurally, organizations should set clear, merit-based advancement processes and transparent promotion criteria.

### d) Establishing Subjective Well-being Indicators

The government should create a thorough subjective well-being dashboard in addition to GDP, serving as the country's Gross National Happiness index, in order to change India's development paradigm beyond conventional economic growth. Life satisfaction measurements, emotional well-being measures, work-life balance indicators, mental health prevalence rates, and social connection indices must all be systematically included in this multifaceted tracking system. By adopting New Zealand's effective public finance approach, India may lead the way in state-level well-being budgets and operationalise these

measures into meaningful governance. By putting this proposal into practice through experimental well-being budgets in at least five progressive states—Delhi, Kerala, Tamil Nadu, Maharashtra, and Karnataka—fiscal priorities would be structurally shifted from raw economic output to the population's overall well-being.

These policies will make India a wholly developed country and not make it a quantitatively developed one. It will bring happiness and prosperity in the state by establishing a work-life balance, mental health improvements and all-around development.

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