

Bayesian Analysis of Happiness with Individual Heterogeneity

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Received: date / Accepted: date

Abstract This study proposes a new Bayesian approach to estimating a univariate ordered probit model with individual heterogeneity. The method is applied to happiness data on Australia, Canada, and the United States. The data is taken from the World Values Survey, Wave 5, conducted from 2005 to 2009. The empirical results indicate that the models with individual heterogeneity perform better than the models without individual heterogeneity do. Furthermore, the effects of individual heterogeneity vary among these three countries.

Keywords Bayesian analysis · Markov chain Monte Carlo (MCMC) · Ordered probit model · World Values Survey

JEL Classification C11, I31

The work of the second author was supported in part by a Grant-in-Aid for Scientific Research (No.16K03589) from the Japan Society for the Promotion of Science (JSPS).

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