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**Happiness, Economic Processes and Wellbeing  
Integration: A Comparative Analysis on Beijing,  
Guangdong, Hong Kong and Taiwan**

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# **Happiness, Economic Processes and Wellbeing Integration: A Comparative Analysis on Beijing, Guangdong, Hong Kong and Taiwan**

W.K. Yuen and Mark Greene

## **1. INTRODUCTION**

Hong Kong, Guangdong, Beijing and Taiwan are four different areas with economies in different stages of development. Hong Kong is an international financial centre where over 89 percent of the economy relies on the service sector. Guangdong is an export-led growth economy made up largely of an industrial sector. Beijing is the political and cultural centre of China while Taiwan is an economy transitioning from an industrial orientation to one characterized primarily by services.

The economic integration among China, Hong Kong and Taiwan has generated huge economic benefits for all three areas. Increases in trade volume, capital flow and service transactions are reflected in each area's GDP—the commonly used economic growth measurement. An interesting question to ask, therefore, is whether the respective wellbeing measures of the people in China, Hong Kong and Taiwan have exhibited similar patterns in the process of economic integration especially after the subprime financial crisis of 2008. The majority of the respective populations of Hong Kong, Guangdong, Beijing and Taiwan are Chinese. Although they share similar traditions, for example the first day of Chinese lunar New Year is still one of the most important days of the year in all four of the areas comprising this study, their respective states of economic development are quite different among the four areas. If a high integration in happiness were to be found, this would imply that social and cultural factors tend to dominate in influencing happiness rather than economic factors. On the other hand, a difference in happiness measures among the four areas would imply that economic benefits do relate to the happiness of a people. For the purpose of measuring happiness, also known as subjective wellbeing, this paper focuses on four major

representative urban centres in the areas of study: Beijing, Guangdong, Hong Kong and Taiwan.

## **2. LITERATURE**

The literature on integration among major Chinese societies (China, Hong Kong, Macau and Taiwan) mainly approaches the issue from economic, social, legal and cultural viewpoints. Chia (2007) found evidence of low technological progress in Hong Kong manufacturing from 1976 to 1997 thus providing an explanation for slow economic growth during that period with a loss of skilled labour resulting from manufacturing relocating to Mainland China. Huang and Sharif (2009) analysed the economic integration between Guangdong, Hong Kong, Macau, and Taiwan. They showed that companies in Guangdong are dominated by parent companies from Hong Kong. Innovative policy actions in both Hong Kong and Guangdong province tend to be the underlying force. Leil and Yao (2008) used both parametric and non-parametric techniques to investigate the convergence on per capita income in Hong Kong, Macau and the Chinese provinces over the past 40 years. The authors found strong evidence of both absolute and conditional convergence in the post-reform period. Cheung (2009) investigated four interactions: integration, interdependence, identity and independence to review integration in terms of economic, social and cultural elements among China, Hong Kong and Taiwan. Shen (2008) reviewed the economic integration of China and Hong Kong before and after 1997 in terms of cross-border investments and foreign trade patterns, the growth of the logistics and tourism industries, and the challenges posed by changing economic relations. Li (2007) argued that governmental planning and strengthened economic integration between China and Hong Kong can evolve into a form of symbiotic economic growth. The author posited that increased governmental integration, increased fluidity of immigration and travel is necessary to ensure a smooth

transition. Tsang (2007) found that the integration process between the economies of Hong Kong and China seems to be heading towards structural dissolution rather than structural transformation. The article attributed the dissolution of the Hong Kong economy to the lack of quality manpower and an inability to maintain a local competitive advantage. Leyda (2007) examined Mainland China, Hong Kong and Taiwan integration from a legal point of view and concluded that the specific legal framework for the recognition and enforcement of Mainland China awards in Hong Kong and Taiwan is not fully reliable.

One way to investigate economic integration is to consider a recent hot topic in economics: “happiness”. A growing number of economic studies point out that money is not the only thing that can make a person happy, especially for people who live in rich cities such as Hong Kong (Oswald, 1997). Recent economic literature shows that self-reported subjective happiness correlated with a number of variables. Borooah (2006) showed that the determinants of happiness are broadly the same all over the world; faith in a deity, a reasonable standard of living, a job, a good family, a satisfying social life, a good neighbourhood and good health. Ferrer-i-Carbonell and Gowdy (2005) related happiness to an individual’s attitude to his or her environment. Alesina, Di Tella and MacCulloch (2004) discussed the effects of the prevailing level of social inequality to the happiness of an individual. Baker (2004) revealed a relationship between health and happiness. Stutzer (2004) argued that happiness is related to a person’s aspirations. Layard (2004) related happiness to employment status. Liao, Fu and Yi (2005) examined quality of life differences at both societal and individual levels between Taiwan and Hong Kong. Their results suggest that subjective perceptions of fairness produce a significant effect on happiness. Lu and Shih (1997) identified and compared perceived sources of happiness among 18 - 60 year old community residents in Kaohsiung, Taiwan, and in the west. Their qualitative analysis showed that harmony

of interpersonal relationships is one of the sources of happiness. Demir and Weitekamp (2007) used a sample of 423 young adults and found that friendship qualities can predict people's happiness. Wong and Tang (2003) explored life satisfaction among 187 Chinese gay men in Hong Kong. Their results showed that there was no interaction effect between personality and psychosocial variables that affected life satisfaction. This paper proposes to examine the effect of economic integration on happiness in four different geographic areas.

### **3. SURVEY AND STATISTICAL SUMMARY**

The usual way to collect subjective wellbeing data is through a questionnaire or survey (Frey and Stutzer, 2002; Sidell, 2000; Sasao and Chun, 1994; Tourangeau, Rasinski, and Bradburn, 1991). Data in this paper were collected by means of survey conducted by the Economic and Wellbeing Project at Hong Kong Shue Yan University in the last two weeks of February, 2009. Using email and phone calls, 3,301 respondents were successfully interviewed in Hong Kong, 108 respondents in Guangdong, 245 respondents in Beijing and 17 respondents in Taiwan. Surveys in Hong Kong were carried out mainly by randomly selecting telephone numbers from residential telephone directories. Surveys outside Hong Kong were carried out by email with email addresses provided by Shue Yan University students from Mainland China. Since the majority of the population surveyed is Chinese speaking, the original questionnaire was administered verbally in Chinese.

The questionnaire consisted of three parts, the first of which was concerned with collecting data on self-reported happiness. To collect happiness data, the usual practice for many international institutions is to simply ask respondents "Are you very happy, pretty happy, or not very happy?" (Tella & MacCulloch, 2006). Following the general method described in the literature, the first question was designed to elicit self-reported

happiness data by asking respondents directly about their happiness. Table 1 lists the questions and summarizes the data collected.

**Table 1: Happiness**

Area	How happy is your life?			
	Certainly not happy	Not quite happy	Quite happy	Certainly happy
Hong Kong	4%	19%	61%	16%
Guangdong	3%	19%	57%	21%
Beijing	5%	22%	43%	30%
Taiwan	0%	24%	65%	12%

Table 1 shows that, in general, respondents from all four areas of study were quite happy. Indeed, over 70 percent of the respondents reported that they are either quite happy or certainly happy. Considering the ranking of ‘certainly happy,’ Taiwan exhibited the lowest percentage (just 12 percent), followed by Hong Kong and Guangdong. Finally, respondents from Beijing exhibited the highest percentage of ‘certainly happy’ responses (30 percent). The self-reported happiness data between Hong Kong and Guangdong are similar with the ‘certainly happy’ figures being larger in Guangdong than in Hong Kong. It turns out that happiness integration between Hong Kong and China largely occurs in areas of greater geographical proximity, like Hong Kong and Guangdong. Geographical factors seem to dominate self-reported happiness integration.

Adding a psychological dimension to the subjective wellbeing survey, the core component of second part of the questionnaire ranks respondents’ various positions on a model resembling Maslow’s Hierarchy of Human Needs. The subjective wellbeing variables in the model can be categorized into needs related to physical survival,

security, love/relationship, self-esteem and self-realization, respectively. Since the survey was conducted partially by email, it was assumed that those who are able to access the Internet have fulfilled their physical survival needs. Therefore, the questions in the second part began by addressing security needs. The final part of the questionnaire collects the demographic factors. Table 2 shows the statistical results concerning security needs.

**Table 2: Security needs**

Are you confident that you are protected from violence and crime in your neighbourhood?				
Area	Certainly not confident	Maybe not confident	Maybe confident	Certainly confident
Hong Kong	2%	11%	53%	34%
Guangdong	4%	15%	52%	30%
Beijing	2%	10%	28%	60%
Taiwan	0%	53%	35%	12%

Table 2 shows that, except for Taiwan, respondents are generally confident with their fulfilment of security needs. Over 80 percent of the respondents in Hong Kong, Guangdong and Beijing are confident (replying ‘may be’ and ‘certainly confident’) that they are protected from violence and crime. Data from Beijing indicates the greatest feeling of security with Taiwan respondents feeling the least secure with over 50 percent of those questioned indication no confidence that their security needs are being met.

**Table 3: Love/ Relationship needs**

If you were seriously ill at home, is there anyone you could count on to take care of you?	
--------------------------------------------------------------------------------------------	--



Area	Certainly no one	Maybe no one	Maybe someone	Certainly someone
Hong Kong	2%	8%	32%	58%
Guangdong	2%	7%	31%	60%
Beijing	0%	4%	9%	87%
Taiwan	0%	12%	24%	65%

Table 3 shows that most of the respondents from all areas (about 90 percent, when taking into account the top two possible answers) feel that they are loved and in a positive supportive relationship with others. An old famous Chinese saying advise to “first, cultivate your life; second, harmonize with your family and you will have thus contributed to the country and finally will bring peace to the world.” It is traditional for Chinese people to put high priority on the care and loving of their families. Since the majority of the population in the four areas of this study are ethnic Chinese, the results of this section can be explained for this reason. Among the four areas, Beijing which arguably embodies and symbolizes the greatest degree of Chinese cultural cohesion, reports the highest certainty regarding the fulfilment of love and relationship needs.

**Table 4: Self-esteem**

Do you see yourself in a positive light?				
Area	Certainly not	Maybe not	Maybe	Certainly
Hong Kong	2%	14%	52%	32%
Guangdong	2%	9%	52%	37%
Beijing	1%	17%	74%	8%
Taiwan	6%	18%	47%	29%

Table 4 shows that respondents in Hong Kong, Guangdong and Taiwan tend to view themselves more positively than those respondents in Beijing. Since Hong Kong,

Guangdong and Taiwan are open economies, and as such, highly dependent on export, it may follow that respondents in these areas are influenced by certain aspects of western culture which encourage outspoken and direct styles of self expression. The respondents in Beijing, dominated as they are by traditional Chinese customs and mores, express themselves in a more humble manner. Instead of responding ‘certainly’, a very high percentage (over 70 percent) selected the term ‘maybe’ regarding viewing themselves in positive light

**Table 5: Self-Realization**

Are you on track to realizing your full inner potential?				
Areas	Certainly not	Maybe not	Maybe	Certainly
Hong Kong	5%	25%	52%	18%
Guangdong	5%	22%	52%	21%
Beijing	2%	16%	61%	22%
Taiwan	6%	12%	71%	12%

Table 5 shows that respondents from Hong Kong, Guangdong and Beijing exhibit similar percentages of certainty regarding being on track to realizing one’s full potential whereas respondents in Beijing demonstrate the highest percentage of certainty of self-realization with Taiwan ranking lowest in this grouping.

These results directly parallel and bear distinct similarity to the responses of the direct happiness questions. Here, the questions aligned with Maslow’s Hierarchy of Human Needs show that, again, Hong Kong and Guangdong seem to have a higher degree integration than the other two areas.

#### **4. DIFFERENCES IN SUBJECTIVE WELLBEING**

Since the data collected are ordinal, this paper used a non-parametric test to check for the independence of the samples. The Kruskal-Wallis test checks the null hypothesis to determine whether the subjective wellbeing measures are the same in the four areas. Rejecting the null hypothesis implies that the samples of subjective wellbeing reported in the four areas are indeed different.

**Table 6:**  
**Difference in the subjective wellbeing in the four areas (Kruskal-Wallis tests)**

Questions on subjective wellbeing	Chi-Square	Significance level
How happy is your life now?	5.333	0.149
Are you confident that you are protected from violence and crime in your neighbourhood?	58.868*	0.000
If you were seriously ill at home, is there anyone you could count on to take care of you?	76.335*	0.000
Do you see yourself in a positive light?	40.104*	0.000
Are you on track to realizing your full inner potential?	12.927*	0.005

Note: \* represents the subjective wellbeing among the four areas are not the same at 5 percent significance level.

Table 6 shows that the happiness of the respondents in the four areas comes from the same sample implying that the four areas have similar levels of happiness. Regarding the other subjective wellbeing variables, however, the test shows they come from a different sample. Thus, apart from happiness, the four areas report different subjective feelings regarding the fulfilment of their respective security, love/relationship, self-esteem and self-realization needs.

To test for the independence between any two areas, this paper used the Mann-Whitney U tests to test the null hypothesis that the subjective wellbeing reported in any two areas are the same. Rejecting the null hypothesis indicated that the wellbeing between the two areas are different from each other.

**Table 7:**

**Difference in the subjective wellbeing in any two areas (Mann-Whitney U tests)**

Questions on subjective wellbeing	HK/GD	GD/BJ	BJ/TW	HK/BJ	HK/TW	GD/TW
How happy is your life now?	-1.165	-0.251	-0.674	-2.033*	-0.228	-0.642
Are you confident that you are protected from violence and crime in your neighbourhood?	-1.652	-4.821*	-4.457*	-6.507*	-3.617*	-2.641*
If you were seriously ill at home, is there anyone you could count on to take care of you?	-0.445	-5.691*	-2.603*	-8.731*	-0.443	-0.254
Do you see yourself in a positive light?	-1.589	-5.451*	-1.044	-6.016*	-0.557	-1.083
Are you on track to realizing your full inner potential?	-0.805	-1.320*	-0.705	-3.529*	-0.323	-0.036

Note:

1. \* represents the subjective wellbeing among the four areas are not the same at 5 percent significance level.
2. The number provided is the Z statistic
3. HK (Hong Kong); GD (Guangdong); BJ (Beijing); TW (Taiwan)

Table 7 shows that, in the case of Hong Kong and Guangdong, the null hypothesis that the subjective wellbeing between the two areas is the same cannot be rejected. This

indicates a high degree of integration between Hong Kong and Guangdong in terms of subjective wellbeing measures. In contrast, Table 7 also shows that the subjective wellbeing variables come from different populations in the case of Hong Kong and Beijing indicating that the subjective wellbeing integration between the two areas is still at a very low level. Similar results are found in the relationship between Guangdong and Beijing. In sum, all subjective wellbeing variables, except the direct happiness question, come from different samples. With the exception of the variable inquiring into 'security', Table 7 shows that all subjective wellbeing variables come from the same population in the comparison of data between Hong Kong and Taiwan with the same result appearing between Guangdong and Taiwan.

In comparing the data between Beijing and Taiwan, it can be seen that two out of five subjective variables are independent while the three subjective wellbeing variables tend to come from the same population. This would indicate that, from the point of view of subjective wellbeing, Beijing and Taiwan tend to exhibit a higher similarity than Beijing and Hong Kong.

## **5. GROSS NATIONAL REALIZATION MEASURE (GNR)**

The authors believe that the extent to which the individual reports his or her needs are being met functions in microcosm as an indicator of a given society's overall collective *self-realization*. For the benefit of analysis and comparison amongst nations, this measure can be expressed numerically as the Gross National Realization Measure. One benefit of using the GNR is that it takes the focus off of agreeing on a definition for the terms 'happy' and 'happiness' in subjective wellbeing studies. Clearly, consulting a variety of dictionaries to fathom the myriad assumptions that accompany the word 'happiness' will eventually lead to a dead end although some indicators include the term in them such as Gross National Happiness coined by the former King of Bhutan in

1972. In contrast, the GNR measures satisfaction along a vertical dimension with those necessities required for survival at the bottom. The degree to which a society's citizens feel they are on track towards realizing their full potential indicates a society's progress in achieving the collective goal of self-realization. In pursuing this goal, located at the top of the axis, implies that those other needs (not necessarily linked to levels of income) are implicitly being met. It is hoped the GNR measure will aid governments by providing an accurate picture of its citizens' aggregate state of subjective wellbeing on a needs-met basis.

The following weighted average formula is used to calculate the GNR:

$$GNR = \sum_{i=1}^4 W_i C_i \quad (6)$$

where  $C_i$  represents the percentage of certainty of the four 'Needs' questions;

$C_1=Need\ for\ Security$ ,  $C_2= Love/Relationship$ ,  $C_3=Self-Esteem$  and  $C_4=Self$

*Realization*.  $W_i$  is the distributed weighting;  $W_1=0.1$ ,  $W_2=0.2$ ,  $W_3=0.3$ ,  $W_4=0.4$

Our survey assigned the numerical weighting indicated above after taking into account

only those positive responses of which the respondent was certain: security = 1;

love/relationship = 2; self-esteem = 3 and self-realization = 4. Applying the formula

above to our data allows us to determine GNR value for the four areas.

**Table 8**

Areas	Gross National Realization Measure
Hong Kong	0.318
Guangdong	0.345
Beijing	0.346
Taiwan	0.277

Note: The maximum possible value is 1

Although, the per capita GDP of both Hong Kong and Taiwan are higher than that of Guangdong and Beijing, from the point of view of realization Hong Kong and Taiwan fall below Guangdong and Beijing. Since GNR emphasis on realization and places higher weight on the questions of self-esteem and self-realization, it seems that respondents in high income areas tend to be less satisfied with their self-esteem and self-realization. High income areas like Hong Kong and Taiwan have lower economic growth and higher competition than developing areas like Guangdong and Beijing. Both Hong Kong and Taiwan economy is well developed; the market has been occupied by well-developed or large corporations. There is not much room for new comers to penetrate the market. Additionally, it is tradition for the Hong Kong government to emphasis on economic growth and put less effort in the development of other social aspects such as culture and art. It is natural that respondents from Hong Kong find that there is less opportunity for them to explore themselves thus having a lower realisation. For the case of Taiwan, apart from the competition issue, an additional obstacle for respondents to explore themselves may be the political issue. The two main political parties in Taiwan are the “Pan-Blue Coalition” and “Pan-Green Coalition”. The conflicts between these two parties has hinder the development of society, thus provide less opportunity for respondents to explore themselves. On the other hand, both Beijing and Guangdong are high growth area with stable political environment. Thus provide respondents a lot of opportunity to explore themselves.

## **6. CONCLUSION**

When considering responses to the question “How happy is your life now?” the four areas reported similar patterns of general happiness, thus indicating that similar social and cultural factors have contributed to determining a pattern of general happiness. Adding a psychological dimension (modelled on Maslow’s Hierarchy of Human Needs)

to the subjective wellbeing variables, however, revealed different responses from the four geographical areas studied. After many years of economic integration between Hong Kong and China, geographical factors seem to dominate self-reported happiness integrations. Hong Kong and Guangdong exhibit similar patterns of happiness which turn out to be quite different from those seen in Beijing and Taiwan.

When considering the four categories of subjective variables (security, love/relationship, self-esteem and self-realization), Beijing respondents reported a higher percentage of fulfilment than those respondents in both Hong Kong and Guangdong. Hong Kong is the city with the highest GDP per capita in China. Economically, Guangdong integrates highly with Hong Kong thus providing mutual economic benefit. This economic benefit, however, does not seem to result in a higher level of happiness. Indeed, considering Maslow's Hierarchy of Human Needs, Hong Kong and Guangdong exhibit actually lower measures of subjective wellbeing than Beijing. One of the reasons may be due to the intensive competition facing the populations of Hong Kong and Guangdong. Hong Kong is an open economy where intense competition comes from all over the world. As the world's leading manufacturing centre, Guangdong needs to compete with global manufacturers. The pressures associated with the struggle to survive may have actually transferred to the general public thus limiting their capacity or motivation to explore themselves. On the other hand, Beijing is a political centre and its economy has not yet been completely opened to world competition. The general public there may have more space to explore themselves and thus satisfy a higher level of Maslow's Hierarchy of Human Needs.

Comparing the subjective wellbeing variables found in Taiwan with those of the other three areas showed the main differences appearing in the domains of 'security' and 'love/relationship' needs.



As to the question of whether the wellbeing of the people in China, Hong Kong and Taiwan actually exhibit similar patterns in the process of economic integration, it can be seen that the four areas are still in different stages of respective integration. The result is that the happiness patterns are different in each area. In addition, the authors raise the concern that outward-orientated growth mode characterizing the economic integration between Hong Kong and Guangdong does not necessarily bring with it a higher level of happiness for its people. The economic integration between Hong Kong and Guangdong does bring economic benefits as can be seen in the increase in GDP per capita. The intensive competition comes at a cost, however, reducing people's happiness levels. This can be seen in the GNR analysis. Beijing and Guangdong are the two areas with higher GNR than Hong Kong and Taiwan.

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APPENDIX A – Questionnaire

**Part A: Happiness and Satisfaction**

1. How is the quality of your life now?

Certainly not happy	Not quite happy	Quite happy	Certainly happy
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**Part B: Psychological dimension**

2. Are you confident that you are protected from violence and crime in your neighbourhood?

Certainly not confident	Maybe not confident	Maybe confident	Certainly confident
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3. If you were seriously ill at home, is there anyone you could count on to take care of you?

Certainly no one	Maybe no one	Maybe someone	Certainly someone
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4. Do you see yourself in a positive light??

Certainly not	Maybe not	Maybe	Certainly
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5. Are you on track to realizing your full inner potential?

Certainly not	Maybe not	Maybe	Certainly
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**Part C: Demographic information**

6. Gender :  Male  Female

7. Marital Status:

Never Married	Now Married
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8. Age:

18-24	25-34	35-44	45-54	55-64	65+
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9. Education level:

Primary or below	Secondary	Above Secondary but below College	College or above
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10. What is your household income?

Below \$3000	\$3000-\$3999	\$4000-\$4999	\$5000-\$5999	\$6000-\$6999	\$7000-\$7999
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\$8000-\$8999	\$9000-\$9999	\$10000-\$14999	\$15000-\$19999	\$20000-\$29999	\$30000 or above
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**END**

The questions reported above were translated from the original Chinese questionnaire which comprised 21 questions.

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