

A Comprehensive System of Welfare Components and Modern Approaches to Their Practical Assessment

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Abstract

The article presents a comprehensive approach to defining a system of interrelated welfare components that characterize various aspects of human values and needs, from material to emotional, psychological and spiritual ones, reflecting the multifaceted nature of the welfare concept. As a new aim of research, the following structure of welfare subjects disclosed: an individual (household), a community, a country, an international community and the whole of the humanity of the world, which reflects the dimensions of welfare research accordingly—at the micro, meso, macro, global and planetary levels. The specifics of welfare components at each level of its subjects are highlighted, and complementary and unity principles that characterize them are revealed. The current research presents various approaches for the assessment of value and dynamics of the subjects' welfare, which are used in practice, including overview of their methodological features. Thus, the symbiosis of three mentioned approaches—the comprehensive three-level system of welfare components, the general structure of welfare subjects and the existing methods for assessing the level and dynamics of welfare in practice—represents a holistic picture of the interpretation of the essence and measurement of welfare, considering its various aspects and dimensions of the research.

Keywords

Subjects of Welfare, Welfare Components, Welfare Levels, Welfare Assessment

1. Introduction

The desire to increase the level of one's welfare reflects the human's existential essence, which is laid down by nature and encourages a person to develop, self-improve, and search for new and better opportunities through discovering the surrounding world and the relationships in it. Conceptual determination of welfare as well as approaches of its practical assessment forms a significant point of scientific interest. Despite the numerous research works dedicated to *individual* welfare (Maslow, 1943; Mentzakis & Moro, 2009; Guz, 2012; Jones & Klenow, 2016; Shumska et al., 2023), practices of *countries'* welfare assessment implemented by international organizations as well as by individual researchers (Kuhner, 2007; Dollar et al., 2015; He & Feng, 2018; Li, 2018; Basu et al., 2022), there is still the range of welfare determinants, which remains underestimated. Determination and assessment specifics of the welfare of such subjects as communities, international country unions, and the whole world humanity are rarely mentioned in the scope of scientific research.

Welfare is a complex category and obviously is a quite dynamic one, which is seen from the development evolution of its concept (Pinchuk, 2021). Through the different periods of economic thought development the object of welfare research has been transforming from "national wealth" in classic economic stage (XVIII—beginning of XIX century) to "public welfare" and "social welfare" in neoclassic economic era (second part of XIX—first half of XX century), when the first welfare theory was introduced by Pigou (1985) who determined "social welfare" as sum of individuals' welfare, which were expressed through the total and subsequently marginal utility of goods and services consumed by individual according to marginalist economists. Considerably, that the financial aspect of the welfare definition had been significantly dominant during these periods up to second part of XX century, when modern economists A. Sen, along with J. Stiglitz and J.-P. Fitoussi, add socioeconomic factors to the concept of welfare. Furthermore and till now a variety of methodologies and approaches have been implemented for welfare level assessment, using different combinations of socioeconomic factors influencing different aspects of welfare. Thus, the definition of its welfare components and its influencing factors have been and, obviously, will remain one of the most relevant areas of research. In terms of intensive globalization processes in the world, extension of the structure of welfare subjects and highlighting the specifics of its components according to each level of its subjective structure, enrich the vision of the whole system of interrelations among them. Connecting quantitative and qualitative approaches for welfare determination and assessment through the structure of its subjects, consideration detailed list of its elements brings comprehensive picture of the potentials for the welfare increase, which is fundamental base for the strategy and appropriate policy for transformation forward sustainable development.

The goal of the article is to reflect the holistic system of welfare subjects, disclosing the specifics of each, highlighting meaningful welfare components and practical approaches of its assessment according to each level of the proposed

structure of subjects in order to present comprehensive approach for interpretation the essence and appraisal of the welfare. The mentioned goal is reached through the execution of the following **tasks**: presenting the structure of welfare subjects, which reflects different dimensions of welfare research corresponding with needs and challenges of modern society; disclosing the nature, specific and role of each welfare subject, complementing with revealing the components of welfare relevant for each welfare subject; analyzing different approaches to practical assessment of the level of welfare considering the subject of welfare that it reveals, benefits and disadvantages of each method; supporting the approaches to welfare assessment with real examples used in practice to measure the level of welfare highlighting welfare subjects concerned in each example. The **methodology** of scientific and statistical analysis, synthesis and generalization, deduction and induction, conceptualization, and classification is used to perform the suggested tasks of the current research.

The article contains the Literature overview section, where different approaches used by modern researchers for the definition of welfare essence and measurement of the level of welfare are described, and grouped by the subject of welfare they consider. Literature overview section is followed by the Purpose statement and the Results section consists of two parts, the conceptual one revealing the system of welfare components through the prism of welfare subjects, and the practical one, presenting the different approaches to welfare assessment used in practice supported with concrete examples of measuring welfare of different welfare subjects. The finalizing part is the Conclusions section, where the main outcomes of the current research are summarized. The list of sources used is presented in the end of the paper in the References section.

2. Literature Overview

It is worth noting that in different periods of human evolution and with the development of economic thought, the concept of welfare was significantly transformed, both in its definition and in the approaches and methods to its measurement. This process continues to this day. From the total dominance of the material component to the subjective assessment of a specific person's level of satisfaction with his life—today there are many indicators of well-being, including alternative ones developed by individual scientists as well as by international research institutions. However, there is still no single agreed approach to determining the level of welfare, which would reflect the wide extent to which the complete range of modern society's needs and aspirations are fulfilled.

There are many research papers devoted to various aspects of welfare, mostly in such fields as economics (Antras & Padró i Miquel, 2011; Dollar et al., 2015; Jones & Klenow, 2016; He & Feng, 2018; Li, 2018; Krysovaty et al., 2020; Walker et al., 2021; Basu et al., 2022; Shumska et al., 2023), sociology (Kuhner, 2007; Mooney & Neal, 2009), political (Demyanchuk, 2012), psychology (Maslow, 1943) and environmental (Hirvilammi & Koch, 2020; Kuhnle, 2023; Speidel & O'Sullivan,

2023) science. The vast majority of such works explore welfare in terms of individual human well-being (Maslow, 1943; Mentzakis & Moro, 2009; Guz, 2012; Jones & Klenow, 2016; Shumska et al., 2023), where it is frequently identified as the quality of life (Guz, 2012), living standards (Jones & Klenow, 2016), and the level of human needs satisfaction (Maslow, 1943). Modern perception of welfare increase topicality of such interpretation of individual welfare, which includes interrelated welfare components from different levels, which are: basic one of material and safety elements; middle level, which reflects emotional and professional aspects of welfare; and higher spiritual level, which includes altruistic and charity intentions of people (Shumska et al., 2023). This approach is an extended continuation of the principles illustrated through the well-known pyramid of needs by Maslow (1943), an American psychologist, who developed a scheme of human behavioral motivation.

In other modern studies of welfare, this concept is often considered at the macro level (Kuhner, 2007; Dollar et al., 2015; He & Feng, 2018; Li, 2018; Walker et al., 2021; Basu et al., 2022) from the country welfare perspective, focusing on the impact of macroeconomic tools on it. In such works, the concepts of the “welfare state” (Kuhner, 2007), “social welfare” (Dollar et al., 2015; He & Feng, 2018; Li, 2018) or “social development” are widespread, where significant role plays the policy of extended social protection with increasing state spending on social, educational and medical spheres. More than half a century ago, scientists agreed that the country welfare should be considered broader than just material and financial components (Stiglitz et al., 2009; Jones & Klenow, 2016; Borshchenko, 2018; Hirvilammi & Koch, 2020; Pinchuk, 2021; Kuhnle, 2023; Speidel & O’Sullivan, 2023), therefore such integral indicators as the human capital index and the human development index were developed to include such intangible components of welfare as the quality of education and health care system, and the level of mortality.

In the scientific literature there are much less research papers dedicated to the welfare of other subjects. In particular, modern scientists rarely explore welfare of community, mostly they focus on some industry or activity, development of which influence the welfare of local community (Lyson et al., 2001; Frame, 2001; Ramaškieñė & Šumskienė, 2020). The focus of research in such works is concentrated on those industries or activities, and not on the welfare of a community, which inhabits on particular territory in some country.

Notably, that works dedicated to the welfare of international communities, such as country’s unions, are mainly related to the EU countries issues and less to the problems of other alliances of countries (Caminada et al., 2010; Kaufmann, 2012; Kaklauskaitė & Navickė, 2021; Keating, 2021).

Among the research papers on welfare at the planetary level (Antras & Padró i Miquel, 2011; Hirvilammi & Koch, 2020; Speidel & O’Sullivan, 2023), it is worth highlighting the works of environmental scientists who consider the ecological threats and challenges facing humanity on a global scale. The term “sustainable welfare” is often used in such works (Hirvilammi & Koch, 2020; Kuhnle, 2023;

Speidel & O'Sullivan, 2023), in the context of which an important role is given to a responsible attitude to the regenerative capabilities of the biosphere.

An important step in the study of welfare was made by the World Bank (WB), which developed the concept of defining national wealth based on the assessment of different capital types, in particular: produced, natural, human, social and financial (net financial assets) (World Bank Group, 1997; Kunte et al., 1998). The WB methodology was proposed as part of the project on defining indicators of sustainable development, and it was designed to assess and compare the wealth of individual countries, groups of countries with different income levels, groups of countries by regions of the world, and all countries in general; to determine the wealth per capita for different groups of countries. This approach is the basis for quantitative assessments of the basic components of welfare at different levels—macro, global, and planetary.

In general, it is worth noting that the theoretical and methodological research framework for the study of welfare and its constituent components in the context of welfare subjects—the individual (household), the community, the country, the international community, and humanity—is presented in modern scientific literature in a fragmentary manner. Therefore, it is currently important to systematize modern levels of welfare research—micro-, meso-, macro-, global, and planetary dimensions, reflecting the current structure of welfare subjects—from an individual to humanity as a whole.

The purpose of current research paper is to present complex approach for interpretation the essence and appraisal of the welfare through revealing the comprehensive system of welfare components reflecting the structure of welfare subjects and analyzing the actual practical approaches of welfare assessment related to different welfare subjects.

3. Components of Welfare through the Prism of Its Subjects

The analysis of the welfare concept evolution through the development of economic thought allows us to notice the consistent transformation of the defining criteria and the assessment indicators in the concept of welfare—from the amount of national wealth to the amount of goods consumed and utility received, from GDP per capita to the human capital index and “Happy Planet Index”. Retrospectively, two main levels of welfare research could be distinguished, which alternately changed the focus of attention from one to another: from the *welfare of an individual*, the essential structural unit of any society, to the *country welfare* consisting of its citizens’ well-being, as the sum of individual well-beings, as well as of additional country-level welfare components formed by state policy on the macro level. Consolidating these two approaches enriches the understanding of welfare nature, which is limited neither to the needs of an individual nor to the directions of state policy. Moreover, in addition to discovering interrelationships between personal and country welfare, new levels and dimensions of welfare research should be investigated, which would reflect the current structure of welfare subjects.

Among subjects of welfare, first of all, *an individual* and his family, known together as “*household*” in economic literature, should be mentioned, which forms the micro dimension of welfare research. Next meso level of welfare research is devoted to the well-being of *community*, considered as an *association of people* who have a common environment for existence and activity. Further extending the scale of welfare research brings us to the macro level focusing on the *country* welfare, and proceeding even further—to the *combination of countries*, or *international communities*, with a set of common values, challenges and goals, which reflect the global level of welfare research. To finalize the list of dimensions of welfare research, the planetary level should be mentioned with the focus on the *humanity* welfare. The structure of welfare subjects can be conventionally illustrated in the form of a scheme (Figure 1), where each previous level is a component of the next level’s welfare, ensuring a close interrelation between the levels.

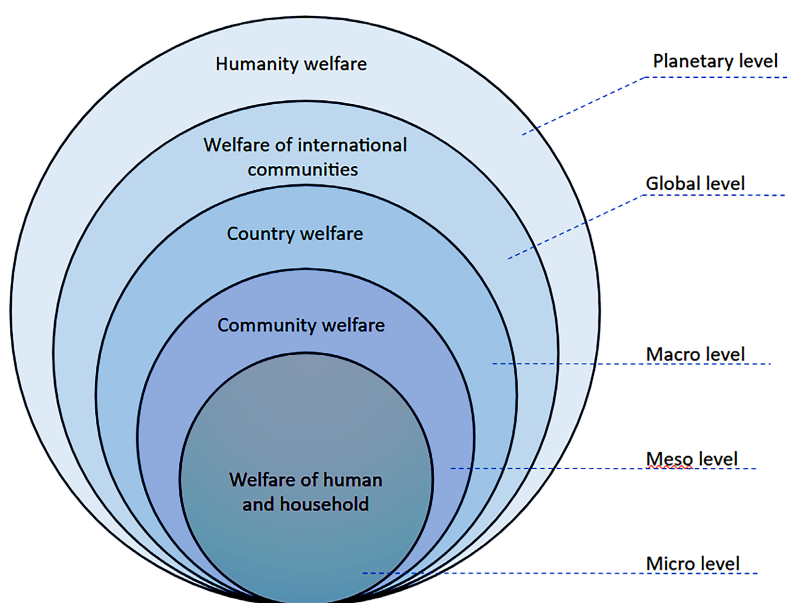


Figure 1. Subjects of welfare and levels of its research. Source: developed by author.

Before revealing the deeper understanding of the first level of welfare research related to individual well-being, there should be mentioned that it forms the basis for all subsequent levels of welfare. While transformation of individuals’ welfare into the community’s one appears quite natural, and so logical, the influence of individual welfare components toward the macroeconomic categories, characterizing the country’s level of welfare could be observed, for instance, through the following interrelations: data on personal incomes is used for average country’s income per capita calculations (average salaries, pensions, incomes), which forms the basis for the level of poverty estimations, formulating the state social policy strategy and assessment of further state social indicators calculation, such as minimal salaries and pensions, subsistence minimum etc. Similarly, extrapolation of the level of people’s individual trust to the government and state driven decisions

to macro level of country's population forms the level of social tension or stability. Subsequent interconnection of macro components of welfare and the international ones on global level, and further toward the planetary scale transpires in quite straightforward manner, reflecting the complementary principle of hierarchical structure of welfare subjects. However, the important peculiarity should be considered that every next subjective level of welfare includes also some specific welfare elements additionally to the welfare components of all previous levels of subjects.

Individual welfare assumes the *well-being of a person* together with nuclear family, and so forms the *micro level* of welfare research. At this level, the components of welfare are conventionally grouped into three clusters: 1) basic support, 2) emotional and psychological stability, and 3) spiritual realization (Shumska et al., 2023). The first basic cluster of welfare components includes the financial and material support for a household, including the availability of educational and medical services, as well as a security component, reflecting a sense of personal security in various spheres of life. The second cluster of welfare components for an individual involves the emotional and psychological stability of a person, which, first of all, depends on the level and success of realization on the basic level of components described above, but also includes emotional and psychological elements, such as relationships with the family and the closest ones, level of professional realization, and also individual feeling of satisfaction with person's life. This higher cluster of welfare components goes beyond the scope of economic research, since it includes, but is not limited to, such elements as self-expression and self-realization, the desire to expand personal worldview and aspiration for charity, or performing selfless good deeds. Such system of welfare components (Figure 2) combines historical approaches to the definition of welfare (Jones & Klenow, 2016; He & Feng, 2018; Pinchuk, 2021), includes new relevant aspects of individual well-being (Shumska et al., 2023), and forms a reference scheme for identifying the welfare components for the next levels of welfare research.

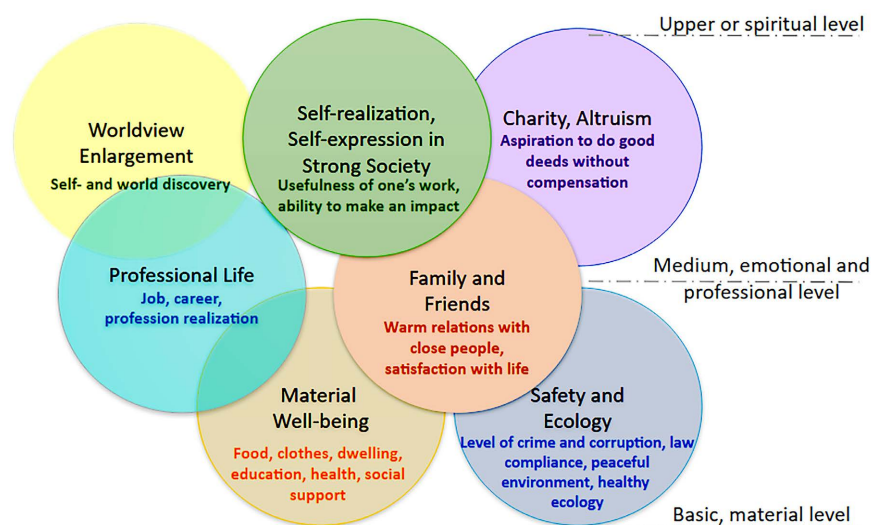


Figure 2. Components of individual welfare. Source: developed by author.

The next *meso level* of welfare research in the proposed structure of welfare subjects (see **Figure 1**) reflects the *welfare of the community*, considered as an association of people within a country that has the common territory of residence or activity, functionates in the interests of this group of people, and often has formal or informal self-governing bodies. The most regular examples are communities of territorial units, country regions, districts and settlements, of different industries and fields of activity, and also professional and amateur associations and unions, operating within the legal field of a certain country. The community welfare is based, first of all, on the welfare of its members, consisting from the components of individual well-being described above, and additional meso level welfare elements. The first among these welfare elements of meso level is the basic material securement of the community, which consists of the buildings, machines and equipment, means of work belonging to the organization, city or settlement. Considerable basic welfare element for a community is its security in various aspects, such as physical and cyber security, compliance with local and international laws, observance of human rights. An equally weighty component of meso level well-being is a stable emotional and psychological atmosphere in the group, in case of relatively small communities like union or association, or social stability for large communities, as residents of city or region. At the highest level of community welfare, there is a component formed by charity or any non-profit practices, social and environmental activities of the community aimed to support those in need, protect the environment or improve the living conditions of society. Charity activities on meso level are performed by a collective unit, not individually, but on behalf of and at the expense of an organization, city or any other territorial unit.

Country welfare, which corresponds to the *macro level* of welfare research, is based on the welfare of all communities within the country, on the one hand, and is also characterized by specific welfare components of macro-level, on the other hand. The last ones could be grouped into the following three clusters of welfare macro elements:

- 1) basic macro components of well-being, the fundamentals of which are ensured by national wealth, as well as the level of health and education of the nation, and the level of security in the country in the broadest sense of the term;
- 2) social stability in the country, which reflects the level of public trust to the government, state institutions and decisions made by them;
- 3) the spiritual aspect of welfare at the macro level is realized through the practical implementation of social welfare principles and democratic approaches of society, respect for human rights and freedoms, promotion of social and environmental awareness, charitable initiatives of the state and support for volunteer movements.

Exploring the variety of welfare dimensions in the world, the *global level* of welfare should be also determined, which considers the welfare of *international community's* (see **Figure 1**) formed in current conditions of expanding globalization, the pace of which is constantly increasing (Stiglitz, 2002; Dollar et al., 2015). At this

level of research, the subject of welfare is international associations of countries that have common interests, values or problems. Illustrative examples of the influential international communities are the regional associations of countries such as the European Union, African Union, Association of Southeast Asian Nations (ASEAN) and others. Moreover, global multinational association of people who have common activities, challenges or aspirations could be recognized as international community, supportive examples of which are: followers of world religions, associations of global professionals, which are least dependent on local markets (representatives of IT-industry, educational and art spheres etc.). Potential conflicts in values and goals within the international communities may appear, which should become the subject of planetary level organizations' reaction, proposing proper action plan for regional institutions, and consequently for respective countries, which would minimize potential risks of such conflicts.

Following the complementary principle of the structure of welfare subjects (see **Figure 1**), the *global level* is formed, first of all, from the well-beings of all previous welfare subjects discussed above, which establish its main constituent part. However, there are also additional welfare elements of the global level, which are: 1) the security and material support of the region or other international community; 2) their social stability, respectively; and 3) the extend to which humanitarianism principles are incorporated into the international community's life, including charitableness, social inclusion, volunteering and other altruistic manifestations.

Nowadays, the integration and global interrelation processes in the world became so intensive that it is time to highlight the *planetary level* of welfare research, where global issues and challenges are in focus, which affect the majority of the *human population* on our planet. Since the second half of the 20th century, the pace and spheres of globalization have significantly expanded. Among other reasons for that are enlarged world organizations activities and enhanced international cooperation, especially, between the most developed countries in the world. Demonstrative examples of such cooperation on the world level are regular meetings of the G7, G20, the World Economic Forum, as well as the activities of such global institutions as the United Nations (UN), International Monetary Fund (IMF), World Health Organization (WHO), the World Trade Organization (WTO), the World Wildlife Fund (WWF) and others. Decisions taken on that level of international cooperation often become the obligatory part of internal policies for country-members, indicating strategic development directions for some of them. Global organizations have solid material support, receiving funding from the largest economies in the world, and aimed to solve global challenges of humanity, such as reduction of socioeconomic inequality among countries and maintaining high level of security in the world, including, but not limited with protection from ecological threats and military aggression.

According to the **Figure 1**, planetary level of welfare consists of the welfare elements from all previous levels, from micro to global one, and also of some unique

welfare components inherent in planetary scale of welfare research, in particular those reflecting world material and immaterial heritage, in the meaning of natural, economic and cultural valuables; level of security in the world, including its physical, economic and digital aspects; worldwide social stability and level of humanism in the world. The specifics of welfare components at these highest planetary scale is that they affect most countries in the world and the majority of the whole humanity of our planet, directly or indirectly.

Therefore, the combination of a comprehensive three-level system of welfare components together with the structure of welfare subjects forms a holistic approach to the definition of welfare, including its various aspects in different dimensions of the research.

4. Assessment of the Welfare Level in Practice

Quantitative assessment of the level of welfare has always been a difficult task, primarily due to the ambiguity of its interpretation, as well as the complexity of the methodological approach to measuring intangible components of welfare, the importance of which is recognized by the scientific community. Therefore, many well-known indicators of welfare, despite their theoretical justification, have rarely been widely used in practice. Among these indicators are the net economic welfare of J. Tobin and W. Nordhaus, the index of sustainable economic welfare (ISEW), net national income according to the Japanese methodology, the economic perspective of welfare according to the Greek approach, national welfare accounts developed by the scientists of the international organization “New Economics Foundation” (Pinchuk, 2021).

Nevertheless, one of the main strategic priorities of most countries in the world is to improve the welfare of their citizens, and therefore the need to measure it not only exists but is also implemented to some extent. The process of welfare assessing is constantly being improved in practice, both at the national level and globally, through the activities of international and global organizations, or within global projects.

Several approaches to measuring the level and dynamic of welfare need to be highlighted. *Firstly*, it is the use of selected statistical indicators (in nominal or real values), which are calculated in different countries of the world by their statistical agencies within the framework of the unified methodology of the System of National Accounts (SNA). *Secondly*, these are integral indicators, which are built on the basis of combining several characteristics of the research object into one generalized indicator—an integral index. *Thirdly*, these are the results of sociological surveys of individuals (or groups of people) or experts who present their opinions on the question posed in the survey in different formats (yes/no, or in the form of scores). In practice, indicators constructed using different approaches are used for the welfare assessment, depending on the subject, which welfare they reflect.

For example, to analyze various aspects of welfare, both nominal (GDP, income

and wages) and relative indicators (share of consumption in the GDP structure, ratio of average income to the subsistence level, poverty level) are used, as well as integral indexes (human development index, social progress index, happy planet index) and consolidated data from sociological surveys. Among the absolute indicators, the gross domestic product of the country prevails, using different methods of calculation—in actual or fixed prices, in national or foreign currency, at purchasing power parity and per capita.

Despite numerous criticisms of the use of gross domestic product (GDP) as an indicator of welfare (Stiglitz et al., 2009; Dollar et al., 2015; Jones & Klenow, 2016; Hirvilammi & Koch, 2020; Walker et al., 2021), this indicator is still one of the most widely used. *GDP per capita* is considered to be an effective and accessible macroeconomic measure for comparing the level of welfare in different countries. GDP is a generally accepted macroeconomic category determined by state and international institutions at the country level, while the calculation per capita brings this indicator to the micro level of welfare research, allowing to assess and compare the levels of individual material well-being of country's residents. And although the last statement is often criticized by modern economists (Stiglitz et al., 2009; Jones & Klenow, 2016), it is difficult to disagree that the dynamics of GDP, including per capita approach, reflects the impact of internal and external factors on the state of a country's economy, both in times of crisis, such as war or pandemic, and in favorable periods, such as successful reform or investment inflows.

As can be seen from Figure 3, the dynamics of GDP per capita in some EU countries were affected by measures implemented to overcome the pandemic threat: after a 4% decline in GDP per capita in 2020, the indicator resumed growth in 2022, although at a slower rate than in 2021 (from 6.4% in 2021 to 3.8% in 2022). In Ukraine, reflecting the impact of Russia's military aggression on the economy, the indicator experienced a significant decline (–17%) in 2022.

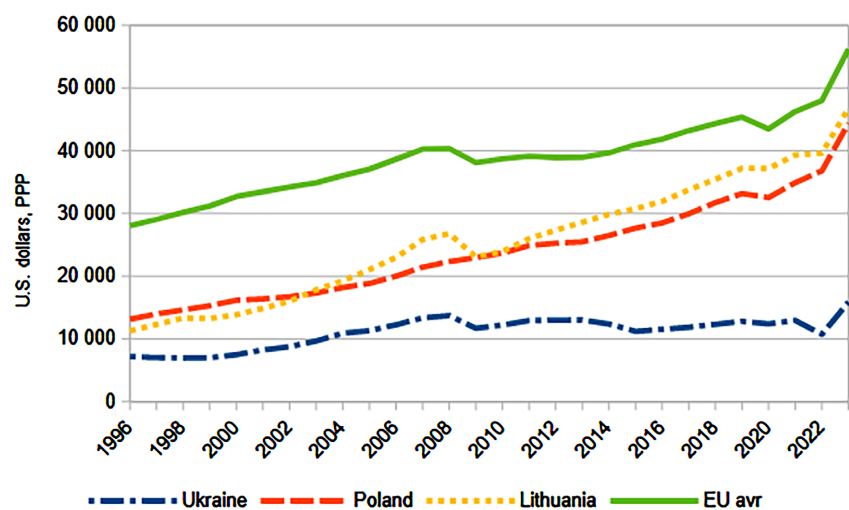


Figure 3. GDP per capita in US dollars at purchasing power parity in Ukraine, Poland, Lithuania and the European Union in 1996–2023. Source: Database of Economic Indicators of the World (2024) <http://www.theglobaleconomy.com/>.

The major limitation associated with the usage of GDP as indicator of welfare is related to the narrowing of welfare interpretation to the purely material component of its basic level, leaving other important components such as level of security, health, education, social stability and spiritual realization. Also important to emphasize that using GDP for welfare assessment purposes, in particular its material component reflected through financial statistics, refers purely to macro dimension of welfare research, even in terms of its per capita calculation approaches, as far as GDP reflects size and structure of national economy, not an individual level of material assets, although they are obviously interrelated.

In the context of analyzing the value and dynamics of human welfare (at least its basic level of components), an important indicator is the amount of available wealth. According to the “The Global Wealth Report 2023”, prepared by experts from the Swiss banks Credit Suisse and UBS, which analyzed the wealth of 5.4 billion households around the world, it is noted that for the first time since the 2008 crisis, the wealth of private households worldwide decreased in 2022. At the end of 2022, global wealth amounted to USD 454.4 trillion; the average wealth per adult was USD 84718. The calculations for the Global Wealth Report-2023 used data not only on financial assets, but also on non-financial ones (primarily real estate) of households in about two hundred countries (Global Wealth Report, 2023).

If we use average wealth as a measure of affluence and, consequently, the material basis of welfare, the Swiss were the richest people in the world in 2022. They are part of a group that includes citizens of the United States and Hong Kong, where the typical adult has a net capital of more than \$500,000 (Table 1). In addition to the wealth gap and the strong franc, the main factor behind Switzerland’s high wealth accumulation is the early implementation of mandatory pension savings with a second pillar for old age, according to Credit Suisse and UBS conclusion (Global Wealth Report, 2023).

Table 1. Mean wealth per adult (USD).

Rank	Country	2022
1	Switzerland	685 230
2	United States	551 350
3	Hong Kong SAR	551 190
4	Australia	496 820
5	Denmark	409 950

Source: Global Wealth Report (2023).

Despite the fact that the wealth of private households worldwide decreased in 2022, experts from Swiss banks UBS and Credit Suisse in their Global Wealth Report predicted high growth rates for the current and subsequent years, in particular: the volume of wealth on the planet will grow by 38% over the next five years,

reaching almost \$629 trillion by 2027; wealth per adult worldwide will increase by 30% to \$110,270 (*Global Wealth Report, 2023*).

Proposed methodology of national wealth calculation operates data of individual affluence, reflecting the micro level of material welfare, which is further consolidated on macro level as it represents the average results by countries worldwide. Such an approach doesn't consider the inequality of wealth distribution among country citizens, on the one hand, and is limited to material aspects of individual welfare, on the other hand.

Another important approach to the welfare assessment is the one based on indicators that emphasise the dynamics of *welfare changes*, for example, as a result of shock or crisis events. From the perspective of an effective economic and social policies implementation, aimed to enhance the level of welfare, special practical relevance have indicators that reflect changes in the welfare of different subjects at different levels, especially in case of its one-time significant decrease (e.g., due to a shock) or a long period of losses (e.g., as a result of a crisis or war). Considering such information enables strengthen the targeting of social assistance to specific subjects, which makes it more effective. In the absence or long delay of official statistics, information obtained through sociological surveys is especially valuable.

An example of important *micro level* data on the Ukrainians' material welfare dynamics and self-assessment of their psychological state related to the consequences of russian aggression are the results of a sociological survey conducted by the Razumkov Centre's sociological service from 19 to 25 January 2024 as part of the Enhancement of Social Activity Programme "Engage!", funded by the United States Agency for International Development (*USAID*) and implemented by *Pact* in Ukraine (*Table 2*).

Table 2. Dynamics of Ukrainian families' material well-being based on self-assessment, percentage (%).

	Apr.- 17	Jun.- 21	Aug.- 22	Feb.-Mar.- 23	Sept.- 23	Dec.- 23	Jan.- 24
We hardly make ends meet, money is not enough even for the most necessary foodstuffs	17.6	9.2	13.5	14.2	11.1	9.8	10.9
We have enough money for food and necessary inexpensive items	44.8	38.3	37.8	42.0	36.8	38.8	37.6
Generally, we can live with it, but acquisition of durables, such as furniture, a refrigerator, a TV set, caused difficulties	30.9	43.8	39.0	33.7	42.7	42.4	39.9
We do well but cannot afford some purchases (buy an apartment, a car, etc.)	4.3	6.4	7.2	6.1	6.7	7.2	7.8
We can afford almost anything we want	0.2	0.9	0.3	1.3	0.6	0.0	0.7
Hard to say. no answer	2.1	1.4	2.2	2.6	2.1	1.8	3.1

Source: *Assessment of the Economic Situation, Social Well-Being of Citizens, Faith in Victory, 2024*.

When assessing the material well-being of their families in terms of purchases allowed by the family income after the start of the full-scale aggression, compared to June 2021, the share of citizens who said that they barely make ends meet and lack money even for the necessary foodstuffs increased (from 9% in June 2021 to 14% in February-March 2023). However, in January 2024 their share made 11% and now does not statistically differ from the middle of 2021.

Describing their psychological state on February 24, 2022 (at the beginning of the war) on a scale from 0 to 10, where 0 means “the highest level of calmness, confidence”, and 10 corresponds to the highest level of panic, fear, uncertainty, the respondents on the average rated it at 7.0 points (49% rated it from 8 to 10, which corresponds to a high level of panic, fear, uncertainty).

Assessing their psychological state at the time of the poll (in January 2024), the respondents rated it at 5.9 points, on the average. At the same time, the share of those who rated it from 8 to 10 decreased, compared to the beginning of the war, from 49% to 25%, which indicates a significant improvement in the psychological state compared to the beginning of the war. However, this indicator is worse than in February-March 2023, when it averaged 5.1 points.

In addition to the mentioned benefits of using the method of sociological surveys to measure some aspects of welfare, there are some limitations associated with it, in particular, it is important to consider that the answers of respondents could be affected by different factors, such as specifics of political regime and level of democracy, emotional state or personal circumstances, individual expectations related to the subject of the question, most of which are often difficult to consider while interpreting the results of sociological survey. Thus, the high level of subjectivity of the sociological surveys data brings value to the micro level of welfare analysis, on the one hand, and adds risks in terms of the level of credibility while extrapolating its results to higher level of welfare research.

Examples of information on damage, losses and needs to restore the material basis of welfare at the macro and meso levels (in sectoral and territorial dimensions) as a result of the Russian military invasion of Ukraine are presented in the World Bank’s expert assessments (*Ukraine: Third Rapid Damage and Needs Assessment (RDNA3)*, 2024). **Table 3** provides information on the amount of total damage, losses and recovery needs in Ukraine, as well as a breakdown by social sector and 6 frontline regions. Damages are estimated for the 22 months of war from 24 February 2022 to 31 December 2023; reconstruction needs cover the period 2024-2033.

Table 3. Estimates of total damage, losses and recovery needs of Ukraine by spheres of social sector and frontline regions (billion USD).

Industry/Region	Damage	Losses	Needs
<i>TOTAL</i>	152.5	499.3	486.2
<i>Social sector</i>	66.6	71.2	161.8
Housing	55.9	17.4	80.3
Education and sciences	5.6	6.9	13.9

Continued

Healthcare	1.4	17.8	14.2
Social protection and livelihoods	0.2	9.5	44.3
Culture and tourism	3.5	19.6	8.9
<i>Frontline regions</i>	116.0	157.6	250.5
Donetsk district	38.7	39.0	73.9
Zaporizhya district	13.5	30.4	33.6
Lugansk district	17.8	19.1	39.0
Mykolayiv district	5.6	11.1	14.2
Kharkiv district	27.8	32.3	54.9
Kherson district	12.6	25.7	35.0

Source: [Ukraine: Third Rapid Damage and Needs Assessment \(RDNA3\), 2024](#).

The total estimated recovery and reconstruction needs cover the period 2024–2033 and are more than USD 486 billion. These costs, estimated for a 10-year period, incorporate the adoption of best practices, including the transition to lower energy intensity, modern standards including climate resilience and inclusive design, as well as inflation, market conditions, construction price increases (typically seen in capital construction regions) and higher insurance premiums. The highest estimated recovery needs by sector are in housing (over USD 80 billion, or 17% of the total), followed by transport (almost USD 74 billion or 15%), trade and industry (USD 67.5 billion or 14%), agriculture (USD 56 billion or 12%), energy (USD 47 billion or 10%), social protection and livelihoods (USD 44.3 billion or 9%), and explosives hazard management (almost USD 35 billion or 7%). In the social protection category, the estimates exclude the loss of household income of approximately USD 60 billion to avoid possible double counting in relation to other sectors. Across all sectors, the cost of waste clearance and management (and destruction where necessary) reaches almost USD 11 billion. The healthcare sector (over USD 14 billion) and the education sector (almost USD 14 billion) each contribute by 3% of Ukraine's total needs to recover the material component of its citizens' welfare.

The described methodology used by the World Bank is especially valuable in terms of its meso level data splits of the amounts of material damage, losses and recovery needs of Ukraine after the Russian military invasion on its territory, provided by economy sectors and by country regions, gives opportunity for further highly addressed support and proper reconstruction sources distribution. At the same time, it doesn't cover upper levels of Ukrainians' welfare recovery needs, such human losses, injuries and disabilities, higher unemployment rate, loss of labor force related to high migration abroad, educational level decrease due to frequent air raid alerts, as well as deterioration of mental health, social tension due to internal migration, internally displaced persons adaptation. Also it doesn't con-

sider effects of vast voluntary activities across the country during the war in Ukraine, which represents upper spiritual aspects of Ukrainians' welfare with close relation with its basic material level.

Modern trends towards the interpretation of the welfare concept as a complex multifaceted category contribute to the development of alternative indicators of welfare, designed to reflect its non-economic aspects. Among them, the **Human Development Index** (HDI) is widely used, which captures the following three aspects of welfare: 1) average life expectancy; 2) educational attainment, calculated based on the average number of actual and expected years of primary and secondary education; and 3) quality of life, defined by gross national income per capita. It is noteworthy that all components of the human development index characterise certain aspects of an individual's life—number of years of life, number of years of education and per capita income—reflecting a micro level of welfare. However, since all data is calculated as an average value for the inhabitants of a particular country and the dynamics of this indicator is monitored on a regular basis for most countries of the world, the integrated human development index is a determinant of macro-level welfare, at least of certain aspects of it, which are mentioned above. Notably, that HDI index doesn't cover such aspects of human's welfare as the level of security, emotional or social stability, professional and spiritual realization or extend of implementation of humanitarianism principles in the different areas of society's life.

Another integral indicator of non-economic aspects of welfare that is gaining popularity among the scientific community is the **Happy Planet Index** (HPI), which is designed to assess the extent to which people are able to live a long and happy life on the planet with minimal damage to it. The HPI is based on three types of data: 1) the subjective assessment of the quality of life by residents of a particular country (based on surveys as part of the regular World Happiness Report); 2) the average life expectancy in the country; and 3) the impact of human activity on the environment per person, or the "human ecological footprint", expressed in so-called "global hectares" per capita. The idea of this index is inherent in its name and indicates the global scale of its calculation goals, intended to draw the world's attention to the urgency of protecting our planet's natural resources. In recent decades, this trend has become increasingly popular and widespread, moving beyond the environmental community into interdisciplinary discourse. The major limitation of this approach is ignorance of economic factors of welfare, such as income or wealth, reflecting the material provision of people, which still forms one of the basic pillars of human's welfare.

Special attention deserves the integral **Social Progress Index**, which reflects the results of 57 non-economic indicators grouped into the following three categories of welfare components: 1) ensuring the basic needs of human life, which includes indicators in the areas of nutrition and medical protection, water supply and sanitation, living conditions and security; 2) components of a prosperous life, including indicators of the quality of basic education, the level of development of infor-

mation and communication technologies, the state of the environment and the level of health; 3) the availability of potential opportunities for development, expressed through the integration of quantitative indicators characterising the degree of realisation of fundamental human rights and freedoms, the level of social inclusion and quality of high education. The mean value of this index for the whole world is quite revealing: in 2022, it was 63, which is significantly lower than the level of European countries (85) and Ukraine (74) (Figure 4). It is remarkable that the Social Progress Index experienced a decline in the vast majority of countries in 2023 for the first time in the last decade.

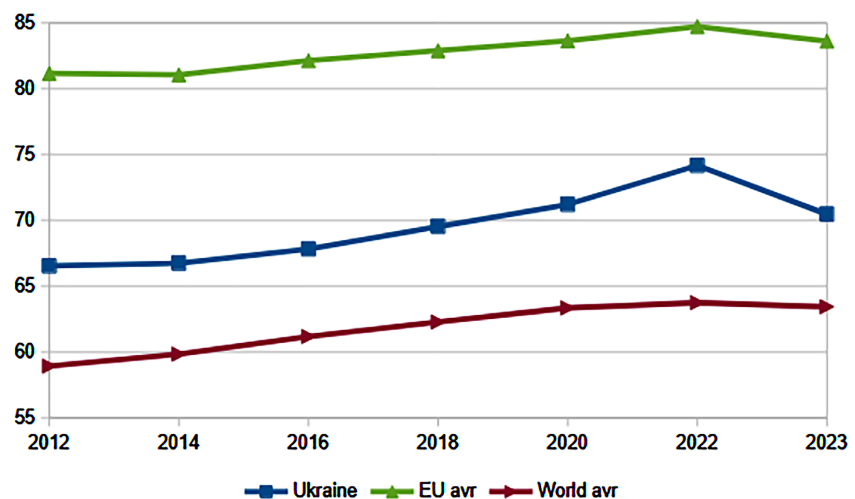


Figure 4. Social Progress Index for Ukraine, the European Union and the World in 2012-2023. Source: Database of the Social Project Social Progress Imperative (2024), <https://www.socialprogress.org/>.

Social progress index appears the most comprehensive one as it includes components from all levels of human's welfare—living conditions, quality of education, health and medical services, state of environment and also security from basic level; social inclusion and quality of high education might be considered as expression of medium level of welfare, reflecting to some extent opportunities for professional realization and satisfaction of life; and the upper level of welfare is represented by the indicator characterizing the degree of realization of fundamental human rights and freedoms. Still, similarly to HPI (Happy Planet Index) the concept of Social Progress Index excludes the economic factors, omitting the material fundamentals from the welfare components. Also consideration of some more indicators from upper and medium levels of welfare in Social Progress index calculation methodology could add value to its comprehensive multifaceted analysis of welfare. Among such additional indicators the ones characterizing level of emotional and psychological stability, degree of democratic and humanistic principles realization in society, the level of spread and support of volunteering and charitable activities should be mentioned.

Most of mentioned indicators are calculated at the country level, reflecting mainly

the macro level of welfare, although some global data platforms (the *globaleconomy.com*; *socialprogress.org*) consolidate the calculations to determine the average values for certain territorial regions or groups of countries, such as “European Union”, “Europe”, “Africa”, “South and North America”. Such groupings of calculations for associations of countries demonstrate the need to assess welfare or certain components of it for international communities, which are welfare subjects at the global level. The values of certain integral indicators calculated on average for the entire world appear quite innovative, as they are in the vast majority significantly lower than those of countries with an intermediate level of economic development. This illustrates that the share of low-developed countries absorbs the achievements of the most developed countries, and further widening of the gap in economic development of the world’s countries leads to a deterioration of the world indicator, reflecting worsening of the situation in the world on average, or in general, which is represented by growing unequal distribution of income and resources, increasing social tensions, demographic and environmental crises. Such generalised calculations on a global and planetary scale are highly informative and allow comparing different regions on a wide range of characteristics that may to some extent reflect various aspects of welfare at different levels, from micro to planetary, and assess the overall situation in the world.

5. Conclusion

The modern interpretation of individual welfare reflects the multifaceted nature of this concept, as it incorporates various aspects of the needs and values of a representative of modern society—from basic (material and security), to emotional and psychological, as well as spiritual aspirations. The allocation of the system of welfare subjects (person, community, country, international community and humanity as a whole) into a separate subject of research expands the possibilities and dimensions of the study, as it reveals additional components of welfare at new subject levels.

The application of a comprehensive system of welfare components and modern approaches of their assessment expands the prospects for more effective welfare programs through the introduction of targeted national and international policy instruments aimed at increasing various aspects of welfare of its specific subjects. In particular, the practical value of presented multifaceted welfare concept implementation is observed in the consistent and focused improvement of the welfare of specific subjects at the appropriate level, which has a real practical influence on the various aspects of the subject’s welfare. Thus, state institutions have a direct and indirect impact on the welfare of: 1) Individuals through active employment and social policy, setting adequate minimum wages and pensions and their proper timely changes, providing quality and affordable education and healthcare services, etc.; 2) Communities—by providing developed infrastructure, effective dissemination of the latest technologies, encouraging and supporting charitable and social activities of communities, etc.; 3) The population of their country—by en-

sure external and internal security, physical and economic, applying effective migration policy to maintain social stability, preserving and efficiently managing natural resources, protecting the environment, implementing and supporting environmental initiatives, etc. At the same time, to address a number of greater challenges that are beyond the influence of a single country, the combined efforts of the international community will be effective—regional environmental disasters or natural catastrophes, mass international migration processes, issues of increasing the efficiency of international trade, etc. Resolving conflicts between international communities, prioritising the urgency of global problems and harmonising the development vectors of states in different regions of the world—these and other global issues are the tasks of worldwide organisations and leading countries on the world stage.

Among observed restrictions of current research, the limitation of practical methods for welfare assessment to particular components of welfare or their combination should be mentioned, which highlights the need of further development of complex approach for assessment the level of welfare, which would consider its comprehensive nature.

Further analysis of the system of welfare components through the prism of its subjects will expand the range of factors influencing well-being in its various dimensions, as well as justify the choice of a social policy model that takes into account existing relationships at all levels.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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