

This text strives to achieve three goals - a) to evaluate methodological quality (validity and reliability) of self-ratings of happiness, b) to show different approaches to measurement and analysis of happiness and satisfaction and c) to show possible applications of concept of happiness.

Concept of happiness is described from the perspective of cognitive psychology, and different other concepts and theories are discussed in relation to the concept, such as 3 modes of experiencing happiness, hedonic adaptation, flow, role of expectations, types of attributes in relation to satisfaction, and others. It is shown, that every person has his stable level of happiness, around which his happiness oscillates due to the above mentioned factors. A model is suggested for integration of these factors. The model is called a hedonic potential model.

However, the stable level differs substantially between countries. Data-mining tools are employed to show, how different indicators and variables might indicate this average stable level of happiness in the nations. Also, difference between happiness on individual level and aggregated national happiness is discussed. It is shown that distinct mechanisms apply on both levels. Theoretical explanation is provided.