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### A Review on Welfare, Inclusive Growth and Sustainable Consumption: An Approach to Build Sustainable Economic Indices

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#### Abstract

This article explores the impact between welfare, inclusive growth, and sustainable consumption in the context of a sustainable economic index. The article draws on various studies to present evidence that economic development, liberalization, and tolerance have led to higher levels of happiness and improved human development indicators worldwide. Inclusive growth is found to be the foundation for poverty reduction, and economic growth is still a necessary condition for poverty and income inequality reduction. Institutional factors and improvements in

institutional quality contribute significantly to long-term poverty and income inequality reduction. Sustainable consumption choices reflect values and lifestyles, and macro-level and structural factors play a more significant role in sustainable consumption than personalized factors. The article concludes that a sustainable economic index should consider welfare, inclusive growth, and sustainable consumption as interconnected components, with a focus on macro-level and structural factors that promote sustainable development.

**Keywords:** Inclusive Growth, Consumption, Welfare, Sustainable, Development, Index

#### 1. Introduction

In recent years, there has been a growing recognition of the need for a more holistic and inclusive approach to development that takes into account not only economic growth but also social welfare and environmental sustainability. One such approach is the emphasis on welfare and happiness as a key measure of development, which considers not just the economic indicators but also the well-being of individuals and communities. This approach recognizes that economic development must be linked to increased welfare and improved quality of life of the people, with access to social services, social security, and safety being crucial factors.

Furthermore, an inclusive growth and development approach that ensures that everyone has the opportunity to participate in and benefit from economic growth without increasing inequality has gained increasing prominence. This approach recognizes that economic growth must be inclusive to be sustainable, and that a rising tide must lift all boats, not just those of a privileged few.

Finally, sustainable consumption theory has gained traction as a way to reconcile economic growth with environmental sustainability. It emphasizes the importance of consumption that does not have negative impacts on the environment and ecology, and instead promotes consumption that is environmentally friendly and socially responsible. By adopting this approach, societies can ensure that economic growth is sustainable in the long run, benefiting both present and future generations.

In general, a sustainable economic development index can be built by incorporating the approach to welfare and happiness, inclusive growth/development approach, and sustainable consumption theory. In somehow, by doing so, we can ensure that economic growth and development are achieved without compromising the well-being of people and the environment.

#### 2. Welfare, inclusive growth and sustainable consumption

##### 2.1 Welfare as an output for measurement of sustainable economic index

According to (Inglehart *et al.*, 2008) <sup>[13]</sup>, although some studies suggest that it is difficult to achieve long-term happiness for individuals and society as a whole, the authors' article presents results that contradict these opinions. Data from national sample surveys conducted from 1981 to 2007 show that happiness has increased in 45 out of 52 countries with time-series data. Regression analyses show that since 1981, economic development, liberalization, and tolerance have led to higher levels of happiness worldwide. One example is human development, with indicators showing improvement over many years. In terms of

quality of life, a group of other researchers identify the impact of different economic growth models among 222 countries/territories worldwide (Kim, 2017) <sup>[16]</sup>. In addition, they evaluate the impact of each economic growth model on the quality of life, including human development, poverty, unemployment, and international peace/conflict. The author group also mentions some broad economic growth models, including knowledge-based, commerce-based, and savings-based models. The knowledge-based economy is the dominant model, followed by the commerce-based model. From the analysis results, the author group concludes that although the dominance of the knowledge-based economy does not diminish the traditional impact of the free commerce model on economic growth, these two models go hand in hand and have significant importance in improving not only economic growth but also quality of life worldwide.

Increasing income will allow consumers to purchase more goods and services, thereby leading to an increase in utility and subjective happiness. According to a previous study, higher income resulting from higher economic growth rates can contribute to reducing poverty and improving quality of life in low-income countries (Mahadea & Rawat, 2008) <sup>[22]</sup>. However, in developed countries, higher income does not necessarily "buy" greater happiness once a certain level of income is reached. Nevertheless, higher absolute income levels are generally considered to be significantly related to subjective happiness. Among non-income factors, close family relationships, good work environments, and higher education levels can also contribute to increased happiness. Another study also confirmed this, in addition to economic development. South Korea is an East Asian country with a relatively good welfare system compared to some other countries in the region. The research question that two scholars (Ahn & Lee, 2012) <sup>[2]</sup> investigated was whether other factors have a stronger impact on social welfare than economic development. The experimental findings of the authors show that, at least until now, non-economic or industrialization factors are not strong enough to confirm their decisive role in the welfare foundation of South Korea from the early stages of development. However, the authors also recognize the influence of other factors and propose that peripheral factors also have a positive impact on welfare and should be considered when applying resource theory.

From a different perspective of benefits, experiences in Australia, New Zealand, Norway, Taiwan, and the United Kingdom supported remote healthcare services in the early 1990s. To test the effectiveness, (F. Wang, 2012) <sup>[31]</sup> evaluated the direct and remote health care services to ensure health and based on that, proposed resource allocation. The quantitative analysis results showed a U-shaped relationship between sharing remote healthcare expenses and social welfare. The nonlinear relationship results indicated that initial costs may increase but these costs will reach a maximum and then decrease. This demonstrates the nonlinear relationship between sharing remote expenses and economic growth. The result is a suggestion for countries to allocate costs, especially healthcare resources, to ensure economic development as well as social security systems. Also related to health, social welfare, and economic development, countries with limited resources during economic downturns often reduce government spending, including spending on preventive healthcare, but these costs may not immediately affect

people's health. (F. Wang *et al.*, 2016) <sup>[32]</sup> studied the optimal proportion of preventive healthcare costs in GDP to see if Taiwan spent more than necessary to achieve economic and social welfare optimization. The results also showed a nonlinear U-shaped relationship between preventive healthcare spending and social welfare. The author group also found that Taiwan had spent more than necessary on preventive healthcare to achieve social welfare optimization. Therefore, cost savings will help optimize social welfare if a country knows the reasonable cost.

In a different study, (Aksoy & Bayram Arlı, 2020) <sup>[3]</sup> investigated whether aspects of sustainable development have an impact on sustainable happiness, well-being, and life satisfaction. For example, does economic freedom lead to higher levels of happiness? Do environmental impacts have a direct effect on happiness beyond their effects on human health? Does social sustainability bring about life satisfaction in society? The three aspects of sustainable development were analyzed in relation to sustainable happiness through a structural equation modeling. According to the results, the environmental aspect of sustainable development has a positive correlation with sustainable happiness. Furthermore, another finding is that improvements in social sustainability have a positive impact on sustainable happiness. However, there is no statistically significant correlation between the economic aspect and sustainable happiness. According to (Shin, 1980) <sup>[29]</sup>, politicians and decision-makers in both developed and developing countries have sought to maximize economic growth on the belief that this leads to progress in the quality of life. This paper aims to examine whether this belief is justified. Applying the Diffusion Index to time-series data collected from a rapidly developing, low-income country shows that while higher national income creates greater welfare, the rate of welfare improvement is almost independent of the speed of national income growth. Based on these findings, it is argued that Gross National Product (GNP) itself may not be used as a reliable measure of human welfare. Finally, the authors suggest that to provide maximum quality of life for members of a particular society, its national policies must be based on a much broader concept of welfare than the current idea of GNP growth.

To plan a scientific and sustainable development strategy, it is important to evaluate the quality of economic growth. As a useful supplement to traditional economic indicators, the Genuine Progressive Index (GPI) is a good indicator to reflect the assessment of environmental and social costs. In a study by (Long & Ji, 2019) <sup>[21]</sup>, GPI was estimated for all 31 provinces in China from 1997 to 2016. The calculation of GPI is very sensitive to income inequality, climate change damages, and non-renewable energy depletion. The results show: firstly, recent per capita GPI has decreased in some provinces, revealing threats to social welfare and sustainability; secondly, the "relative threshold effect" - the rate of social welfare promotion is slower than the scale of economic development - has been found in many provinces; thirdly, resource consumption and environmental pollution, especially water pollution and carbon emissions, will cause significant welfare losses. Thus, the environment, economic development, and social welfare are closely related. Carbon emission reduction policy is the main method to limit carbon emissions and cope with climate change. (Zhang, 2019) <sup>[35]</sup> studied input-output and compared the impact of emission reduction in all industries and energy-intensive consumer

sectors. The results show that carbon emission reduction in energy-intensive consumer sectors has advantages in maintaining stable social welfare. In terms of economic efficiency, carbon emission reduction in all industries leads to a sharp decline in total output and output of most industries compared to carbon emission reduction in energy-intensive consumer sectors. However, the role of carbon emission reduction in all industries is significant in promoting employment. Carbon emission reduction policies in all industries and energy-intensive consumer sectors have economic efficiency advantages. These findings can provide reference for the government to implement appropriate measures to promote carbon emission reduction and economic growth.

## 2.2 Inclusive growth as a base for sustainable economic index

Overall growth and sustainable development bring benefits to the economy, particularly for the poor in developing countries. Numerous quantitative studies have described the results of this assertion. Many studies on the relationship between economic growth, inequality, and poverty have been conducted in various regions. Economists agree that growth is the foundation for poverty reduction (Fanta & Upadhyay, 2009) <sup>[10]</sup>. The relationship between growth, distribution, and poverty is still a topic of debate, as the elasticity of poverty reduction seems to vary between countries. Using data for 16 African countries based on household budget surveys, the authors found clear evidence that poverty decreases as the economy grows and everyone benefits from this result. The estimated elasticity ranges from -0.5 to -1.10. The authors also point out that although other factors are important at different levels, they are less significant than economic growth. In another study in the same region, West Africa has had a much faster economic growth rate than other regions in the world in recent years. Despite the economic upswing, the region continues to experience high levels of inequality and poverty, but economic growth is still seen as one of the main drivers of poverty reduction in the region. Two authors (Kouadio & Gakpa, 2022) <sup>[17]</sup> are concerned with the role of institutional factors, which have largely been overlooked in explaining poverty and inequality reduction. Using data from the World Development Indicators (WDI), the International Country Risk Guide (ICRG), and the Standardized World Income Inequality Database (SWIID), the results of the two scholars show that economic growth is still a necessary condition for poverty reduction and comprehensive improvements in institutional quality contribute significantly to long-term poverty and income inequality reduction. Furthermore, the authors also point out that improvements in the legal system, lower levels of corruption, and better administrative machinery are prerequisites for economic growth to significantly reduce income inequality. Therefore, these results are a recommendation for policy makers in West Africa to improve institutional frameworks to create conditions for people in the region to improve their living conditions.

Throughout the lengthy process, poverty reduction activities have attracted significant attention from national and international policy makers. An author has explored policy issues and challenges that developing countries face in poverty reduction from the perspective of maintaining economic growth and empowering a larger population to

actively participate in the growth process and improve sustainable living standards (Moges, 2013) <sup>[24]</sup>. The study suggests that economic growth is a necessary condition but not sufficient to eliminate poverty in developing countries. Using household survey data, the author found significant variability in both the strength of growth and the inequality of poverty. The study emphasizes that developing countries should pursue both economic growth goals and income distribution policies to reduce poverty because a one-way approach will have limited effectiveness for sustainable poverty reduction. Income distribution policies can be pursued through a social assistance approach. For example, according to (Barrientos & Malerba, 2020) <sup>[6]</sup>, expanding social assistance in low- and middle-income countries raises important issues for inclusive growth. So far, labor remains the main asset of low-income groups. Changes in the quantity, quality, and distribution of labor related to social assistance will affect the production capacity of low-income groups and thus impact inclusive growth. The study by the author's team re-examines the reported findings through the impact evaluation of social assistance in low- and middle-income countries to address this issue. The results of the study found evidence of the impact of social assistance on human capital accumulation and labor reallocation. The conclusion indicates that well-designed and well-implemented social assistance will contribute to inclusive growth and thus have a positive impact on poverty reduction and overall prosperity.

The World Bank still considers inclusive growth useful for reducing poverty and inequality through rapid economic growth. The theory of inclusive growth through tourism, according to the authors of the study (Hampton *et al.*, 2018) <sup>[11]</sup>, includes supply chains, economic linkages, ownership rights, employment, and spending. A field study in Ha Long, Quang Ninh, where tourism has developed rapidly with some economic benefits for the local community, but apparently not within the framework of inclusive growth, showed that economic development through tourism has brought benefits not only to local residents but also to residents from other provinces. Economic development through tourism brings benefits such as food supply chains, human resources for tourism staff, and a relatively better life for people. The triangle of development may include economic growth, income inequality, and poverty. The research group (Khan *et al.*, 2019) <sup>[15]</sup> expanded this formula by incorporating environmental and resource factors, health and education factors, value-added by industry, and some other specific growth factors to assess growth that is geared towards the poor. The authors used Bolivia's economy as a case study. Estimates of elasticity show that agricultural and industrial growth in the region has not yielded results for the poor due to high income inequality, while the service sector plays an important role in Bolivia's economic development and supports poor livelihoods in the country. Health and education spending benefits the poor and supports the view of growth for the poor, while Bolivia's per capita income and foreign direct investment increase income inequality, leading to growth for the rich.

According to two authors (Daniels & Minot, 2021) <sup>[7]</sup>, one of the most popular models in the distribution of poverty across space in developing countries is the urban-rural poverty ratio, which suggests that poverty rates are lower in urban areas than in rural areas. However, the researchers note that there is a widely accepted but little recognized belief that

remote rural areas tend to be poorer than areas with better market access. Moreover, there is concern that remote rural areas may not benefit equally from economic growth. In this article, the two authors examine poverty trends in rural Uganda to investigate whether remote rural areas benefit from economic growth to the same extent as better-connected rural areas. Using various small-area estimation methods for household survey data and some census and health surveys conducted over a period of more than 10 years, they confirm that remote rural areas are poorer than better-connected rural areas but find no evidence that they have fallen further behind in the same period. From the study's results, it can be seen that economic growth has brought relatively good benefits regardless of where people come from, whether urban or rural, if considered from certain aspects. There are articles that indicate growth and benefits for people in smaller areas, such as a province or district of a country. A comprehensive analysis of the benefits for different groups of people was also carried out in Shenmu county, Shaanxi province, China, which used to be a poor county but has become wealthy thanks to its rapid economic development in recent years (Liu, 2010) [20]. The article examines whether all people living in Shenmu have benefited fairly from the prosperity and wealth of the new economy or not. Facing many different challenges, the local government has implemented breakthrough social reforms, especially "a free healthcare system for all". This demonstrates significant progress in promoting citizens' right to healthcare, and in the case of Shenmu, illustrates the important relationship between human rights, good governance, and prosperity. Shenmu's experiences have attracted widespread attention within China and may be of interest to other localities in the country.

The authors (Kabeer & Natali, 2013) [14] pose the question of how gender equality contributes to economic growth and what the reverse impact is. Upon further investigation, the authors conclude that the relationship between gender equality and economic growth is an asymmetric one. Evidence shows that gender equality, particularly in education and employment, contributes significantly more to economic growth than the relationship where economic growth leads to gender equality in health, happiness, and rights. Therefore, from a growth perspective, promoting certain aspects of gender equality may provide mutually beneficial solutions, but from a gender equality perspective, nothing guarantees that growth will address important aspects of gender equality. Ultimately, according to the authors, growth strategy needs to be re-evaluated to have a more encompassing impact or redistributive measures need to be taken to ensure that men and women benefit equally from growth. In addition to the issue of gender equality in growth, economic growth has a significant impact on health damages mainly through the urbanization process. There is an article that conducted pioneering research by analyzing the impact of regional economic growth and urbanization on the community's susceptibility to health damages in 51 states and territories of the United States from 2011 to 2018 (Fan *et al.*, 2022) [9]. Two indices were calculated, including the epidemiological vulnerability index (EVI) based on smoking, diabetes, obesity, and hypertension; and the social vulnerability index (SVI) as a state-level community health vulnerability index and COVID-19 was used to test the practical impact of health vulnerability. The preliminary results show that higher regional economic growth is

associated with lower EVI and SVI, while urbanization is strongly associated with community health vulnerability in the area and the severity of COVID-19 from the infection rate and mortality rate. The authors conclude that economic growth is associated with reducing susceptibility to community health damages, while urbanization has negative effects on community health.

Two researchers from Indonesia conducted an exploration into the relationship between poverty, inequality, and economic growth in Indonesia from 2002 to 2012, using certain concepts and growth indicators for the poor to determine whether growth during this period benefited the poor or not (De Silva & Sumarto, 2014) [8]. Quantitative results showed an imbalance in poverty and growth related to household spending on education. The authors found that economic growth during this period benefited households with greater spending allocation, and this effect "diminished" with the poor receiving fewer benefits compared to the non-poor. The authors also suggest that if poverty reduction is a primary goal of the Indonesian government, policies designed to promote growth must consider the potential impacts of inequality. Nevertheless, it is clear that economic growth has changed the face of both near-poor and poor classes in Indonesia in recent years.

A scholar analyzed the strong economic growth of Australia in the first decade of the 21st century using both anonymous and non-anonymous approaches to measure the level of growth for the poor (Azpitarte, 2014) [4]. The author compared the results of poverty reduction based on standard measures versus multidimensional poverty measures. The author found that Australia's growth during this period was more effective at reducing poverty when measured by income poverty rather than multidimensional poverty. Therefore, although many other aspects of multidimensional poverty were not addressed, it is clear that economic growth has increased income, especially for the poor. This demonstrates the role of economic growth in reducing poverty, particularly in developing countries but not excluding developed countries.

### 2.3 Sustainable and consumption and sustainable economic index

According to the author (Lee, 2014) [18], sustainable consumption involves purchasing transactions that essentially consist of green products, which are traded fairly, organically grown products, products that are tested without the use of animals, and so on. Sustainable consumption choices not only reflect/ convey preferences or shopping activities, but also reflect a greater choice and voice of values and lifestyles. The author tested which factors predict young educated consumers' engagement in sustainable consumption in Hong Kong. Using a sample of 801 young educated consumers, a stepwise regression analysis revealed that six factors predicted the sustainable consumption behavior of young educated consumers in Hong Kong in descending order: support for environmental organizations, attitude towards sustainable development efforts, influence of parents, recycling behavior, influence of peers, and concern for the environment. A path analysis showed that support for environmental organizations positively influenced the attitude towards sustainable development efforts, which in turn were positively influenced by parental influence.

From a sustainability perspective, consumer research tends to be personalized, meaning macro-level and structural unsustainable consumption factors tend to be overlooked. (Thøgersen, 2010) <sup>[30]</sup> analyzed data from multiple countries to understand why the purchase of organic food products varies between nations. The results showed that the proportion of organic food in total food consumption depends heavily on political decisions, including definitions and legal standards, financial support for farmers, and national labeling systems. Other important structural factors include land conditions, efficient distribution systems, and the scale of high-priced demand for organic food products. Macro-level factors such as culinary culture, materialistic culture, and environmental concerns also play a supplementary role. Thus, evidence suggests that macro and structural factors play a more significant role in sustainable consumption than personalized factors. (Phipps *et al.*, 2013) <sup>[25]</sup> explored the potential of a theoretical framework based on the Social Cognitive Theory (SCT) to inspire future research on sustainable consumption. The SCT framework presents a dynamic view of sustainable consumption by exploring the interactive nature of individual factors, the environment, and consumer behavior. The authors provided two examples of toy sharing in New Zealand and water conservation in Australia to illustrate the dynamic nature of sustainable consumption and the potential of SCT framework to provide a nuanced understanding of behavioral change in this context. In conclusion, the authors constructed a theoretical framework and applied it to the practice of sustainable consumption, and based on that, they believed that the SCT framework is very suitable for further research and application in the future.

The research group (Hanss *et al.*, 2016) <sup>[12]</sup> investigated the relationship between sustainable development efficacy (self-efficacy), attitudes, standards of consumers and their intention to purchase sustainable groceries such as eco-friendly foods and fair-trade goods. The quantitative results showed that attitudes and standards were positively related to the intention to purchase sustainable products. Additionally, individual consumer effectiveness explained the difference in purchasing intention compared to attitudes, standards, and demographic characteristics. An interesting finding of this study is that encouraging people to have an indirect impact on sustainable consumption intention. This means that one person can influence other consumers as a strong motivation to buy sustainable products. The global call for a "sustainable economy" requires deep understanding of conscious sustainable consumers and their actual purchasing behavior. According to the author, (Balderjahn *et al.*, 2018) <sup>[5]</sup>, sustainable consumption is not essentially a separate type of consumption and is not different from other types of consumption, but is based on habits. Therefore, companies should recognize that there are many types of conscious sustainable consumers with different expectations, attitudes, and values and implement targeted strategies. By using actual transaction data, the author's results not only showed that concerns about sustainability have a significant positive impact on actual sustainable purchasing, as hypothesized, but also that sustainable purchasing can occur independently of sustainability concerns. This means that sustainable consumption has become a daily habit and is good for the community as a whole.

(P. Wang *et al.*, 2014) <sup>[33]</sup> focuses on analyzing the current

situation, characteristics, and most importantly the decision-making process regarding sustainable consumption behaviors (SCB) of rural residents in China. Data was collected from surveys conducted in 35 different cities or districts, with a total of 1403 questionnaires distributed randomly in 50 villages among these selected 35 areas. The study used descriptive statistics as well as path analysis to clarify the decision-making process of SCB. The results showed that intention plays the most important role in explaining behavior, while the explanatory power of psychological variables is relatively low in explaining overall SCB and its components. Thus, it can be seen that if we want to change sustainable consumption behaviors, intention is quite important, and psychological factors have not played a general role. According to the perspective of (Ahamad & Ariffin, 2018) <sup>[1]</sup>, an important challenge to achieving sustainable development is to counter current unsustainable consumption. Unsustainable consumption depletes resources, pollutes the environment, and the climate change problems that we face today. The main principle of sustainable consumption is to improve the quality of life without further environmental degradation while ensuring the needs of future generations. The authors evaluated the level of knowledge, attitudes, and actions of university students towards sustainable consumption. The authors used a questionnaire that had been tested and distributed to 390 students at one of Malaysia's top universities. The study found a significant relationship between knowledge, attitudes, and practices towards sustainable consumption. The findings also showed that there is a high level of knowledge but attitudes and practices are at a moderate level for students. The study discovered that social networks are the main source for them to gather environmental knowledge. The findings also showed that urgent changes in attitudes are needed to reduce unsustainable consumption. Thus, equipping knowledge of sustainable consumption through various means and social networks also plays an important role in enhancing awareness for students.

The authors (Rizkalla & Erhan, 2020) <sup>[27]</sup> evaluated the impact of environmental concern, knowledge, self-efficacy, and guilt on sustainable consumer behavior among young people aged 17-27 in Indonesia. The questionnaire included questions about demographics and research instruments. The study used a descriptive research design and purposive sampling to collect data. The results showed that environmental concern, self-efficacy, and environmental knowledge had an impact on sustainable consumer behavior, with environmental knowledge being the most significant predictor. However, the study also found that consumer guilt did not have an impact on this behavior. The article contributes to research on sustainable consumer behavior in a developing country.

On a theoretical level, according to (Reisch *et al.*, 2013) <sup>[26]</sup>, the unsustainability of current agreements arising from the process of industrialization and globalization of agriculture and food processing, the shift in consumption patterns towards a diet higher in animal protein, the emergence of ready-to-eat food styles, the growing global gap between rich and poor, and the paradox of food insecurity in the context of abundant food resources are due to national and international policies and regulations, as well as popular business practices and, especially, the values and habits of consumers. After analyzing the theory, the authors argue that the most effective ways for wealthy societies to reduce

the environmental impact of their diet are to reduce consumption of meat and dairy products (especially beef), prioritize organic fruits and vegetables, and avoid air freighted goods for both individuals and institutional buyers (e.g., catering services for public meals). The fashion industry has also paid attention to calls for sustainability and ethical production. However, there has been reluctant acceptance of these products by many consumers and it appears to conflict with the desire for 'fast fashion' currently prevalent in this field. (McNeill & Moore, 2015) <sup>[23]</sup> explore the attitude of fashion consumers towards sustainable products, the ethics of fashion shopping and their subsequent behavior. The study applies a developmental theoretical model to the fashion context, where fashion consumers can be classified into one of three groups: Self Consumers, concerned with personal pleasure, Social Consumers, concerned with social image, and Sacrifice Consumers, those striving to reduce their impact on the world. According to the authors, these different groups view fast fashion in conflicting ways and the subsequent impact on marketing sustainable fashion products for each group is significantly different. With this classification, businesses and managers can use different policies to promote products and raise awareness and habits for each type of consumer in order to make sustainable consumption more widespread on a macro level.

According to (Shao *et al.*, 2017) <sup>[28]</sup>, there still exists a gap in information transfer between cleaner production and sustainable consumption. Governments and organizations have a responsibility to provide full information about the sustainability of products to consumers. The authors also added that survey data showed that consumers are increasingly concerned about the social impact of a product during its production phase and require more related information. Information from the production stage may include the safety of labor and other information related to ensuring the environmental friendliness of the product. From there, consumers will decide which products are worth consuming sustainably and which products should be eliminated because they violate environmental or safety standards. The research of the author group is a proposal for better public policy management of information disclosure to help promote sustainable consumption. (Lehmann, 2011) <sup>[19]</sup> proposes that, in terms of sustainable consumption, urban agriculture has emerged as a valid urban design strategy, where food is produced and consumed within the city limits, turning unused land and public spaces into efficient urban landscapes and community gardens. Moreover, such agricultural activities enable effective organic fertilization, returning nutrients to the soil and improving biodiversity in the urban environment. This article focuses on the urban design principles related to material flow, material recovery, and adaptive reuse of all elements and components of buildings. The authors believe that training and education as well as awareness-raising for all groups, especially architects, about sustainable consumption of the entire city's residents in the design and use of buildings are necessary. For the citizens, a wave of sustainable consumption must be created in construction to make efficient use of land in the city. The authors believe that one of the findings of this article is that moving towards sustainable consumption requires strong leadership from the industry, new policies and effective education programs, as well as raising awareness (through research and education) and focusing

research programs to bring about fundamental changes and reduce waste of consumption.

A group of researchers studied the role of renewable energy in achieving sustainable production and consumption models in Africa (Zakari *et al.*, 2022) <sup>[34]</sup>. The authors hypothesized whether the use of renewable energy helps achieve sustainable production and consumption models without negatively affecting the environment. The author group used data from a table with 14 African countries. The results showed that (1) the consumption of renewable energy has helped achieve production and consumption models without causing environmental degradation, and (2) although there was a positive impact, it was not consistently stable for sustainable production and consumption models, but gradually positive. The group of authors also recommended that African countries invest in green energy to achieve sustainable production and consumption models. Therefore, this study shows that the use of renewable energy production models in developing countries will help promote sustainable consumption.

### 3. Conclusion

This article explores the relationship between welfare, inclusive growth, and sustainable consumption in the context of sustainable economic development. The first section discusses welfare as an output for measuring sustainable economic index and highlights how economic development, liberalization, and tolerance have led to higher levels of happiness worldwide. The second section focuses on inclusive growth as the foundation for sustainable economic development and how economic growth is still a necessary condition for poverty reduction. Finally, the third section delves into sustainable consumption, which involves purchasing green products, fair trade products, and products tested without the use of animals, among others. The article analyzes the factors that predict young educated consumers' engagement in sustainable consumption, and how macro and structural factors play a more significant role in sustainable consumption than personalized factors. Overall, the article presents evidence and recommendations for policymakers to improve institutional frameworks and create conditions for people to improve their living conditions sustainably.

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