



OECD  
**Better Life**  
Initiative

# **Well-being: what it is, how it counts, why it counts**

**Web-COSI workshop: “Well-being, plausibly”  
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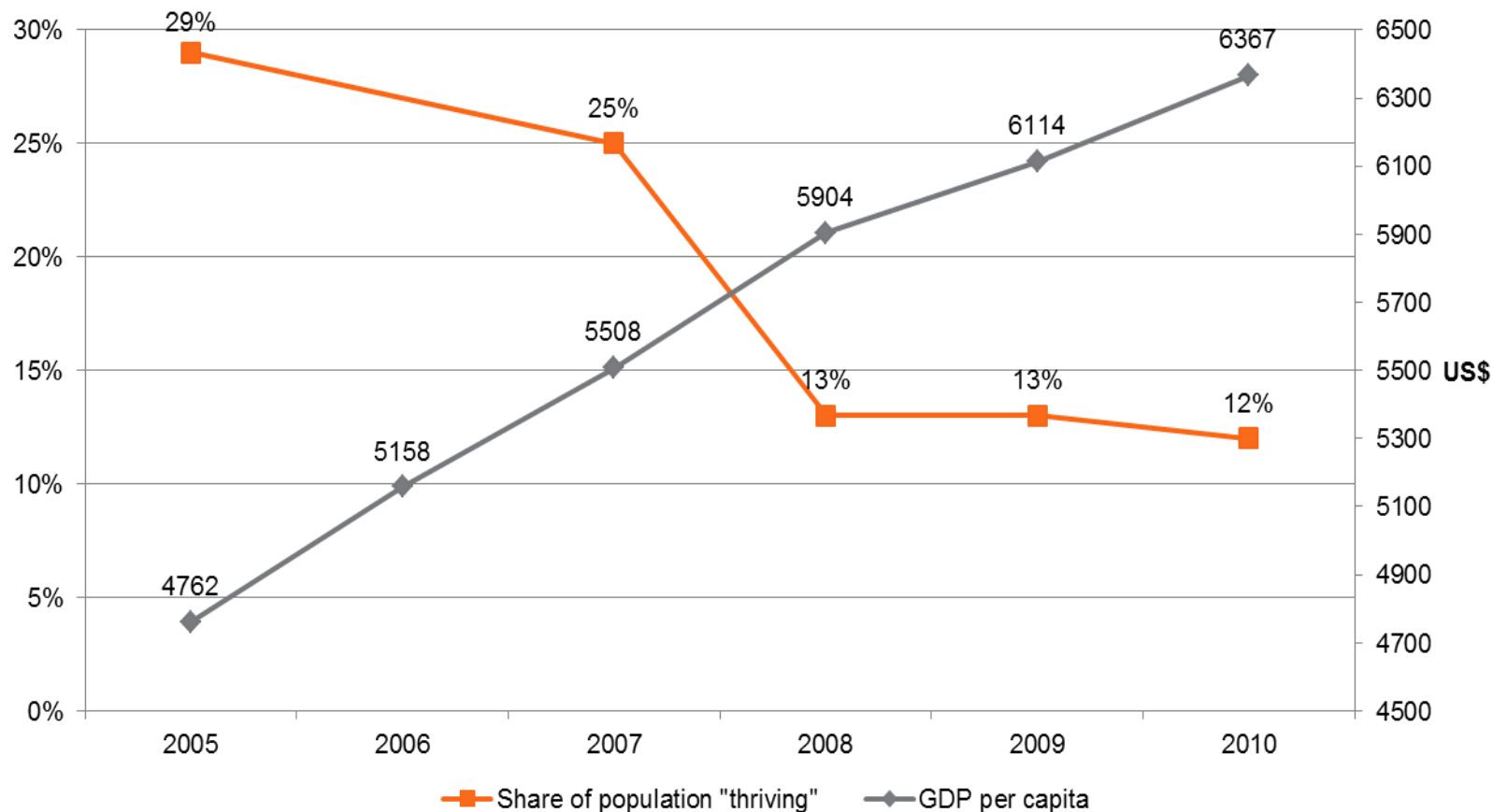
- Complex
- Multidimensional
- Personal
- Cultural

# A better understanding of well-being is needed

There is a widespread recognition of the need to go 'beyond GDP' and focus on well-being:

- From a **measurement** perspective: GDP is a key measure to monitor macro-economic activity but it is not a good metric for people's well-being
- From a **normative** perspective: GDP/economic growth is an important means to people's well-being but it is not the ultimate end
- From a **public policy** perspective: disconnect between what policy makers seek and what people want

# GDP vs Life Satisfaction in Egypt before 2011



# OECD work on well-being

- Long history of work on social indicators (since 1970s)
- Current work on well-being stems from a movement for better measures of societal ‘progress’ that are better integrated into policy – since early 2000s
- OECD World Forums have been instrumental in moving the agenda forward and showing that measurement is not just a technical issue but a reflection of shared values and goals
- ‘Stiglitz Report’ (2009) was a turning point in bringing intellectual and political legitimacy to the search for better measures of well-being
- OECD Better Life Initiative launched in 2011, marking the 50<sup>th</sup> anniversary of the OECD: “Better policies for better lives”

# OECD Better Life Initiative



## How's Life report

First attempt at an international level to present comprehensive and comparable evidence on well-being

## Your Better Life Index

A tool for learning what matters most for people's well-being





# Which dimensions?



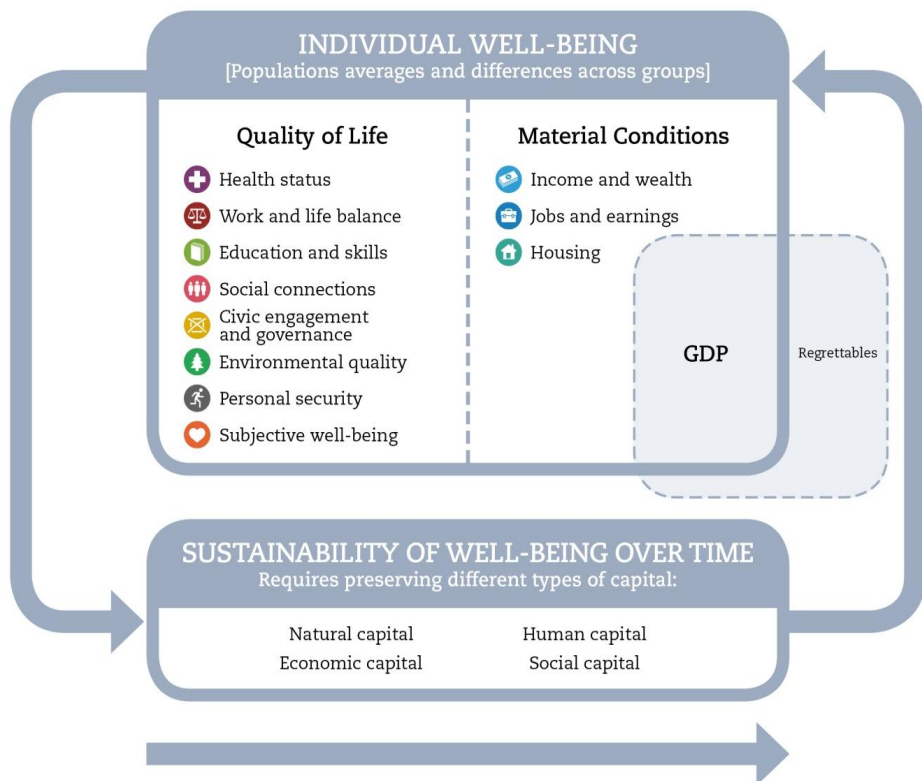
Table 1. Overview of the well-being dimensions or domains identified in the some of the key contributions to the development literature

Studies assessing development outcomes	Dimensions of the OECD well-being framework covered by selected development studies								
	<i>Income and Housing</i>	<i>Health</i>	<i>Work-life balance</i>	<i>Personal security</i>	<i>Subjective Well-Being</i>	<i>Education</i>	<i>Social connections</i>	<i>Civic engagement and governance</i>	<i>Others</i>
Nussbaum (2001)		Bodily Health;	Play	Health, Bodily integrity	Emotions	Senses, imagination, thought; practical reason	Affiliation;	Control over one's environment	Concerns for other species
Finnis (1980)			Play	Life	Religion or Spirituality	Knowledge and Aesthetic Experience	Friendship,	Self-integration	Some degree of excellence in work
Max-Neef (1989)	Subsistence		Leisure	Protection		Creation	Affection, Understanding	Participation, Freedom, Identity	
Nayaran (2000)	Material well-being	Bodily well-being		Security	Psychological well-being; Self-respect and dignity; Freedom of choice and action		Social well-being; Peace, Harmony, Good relations in the Family/Community	Freedom of choice and action	
Cummins (1996)	Material well-being	Health		Safety	Emotional Well-Being		Intimacy, friendship; community		Productivity
Ramsay (1992)	Physical Survival			Security	Esteem and Identity; Self-realization		Love and relatedness		Sexual needs
Doyal and Gough (1991)	Adequate nutritional food and water; adequate protective housing; economic security	Appropriate health care; safe birth control and child-bearing		Non-hazardous working environment; non-hazardous physical environment; security in childhood; Physical security		Basic education	Significant primary relationships		
Skidelsky and Skidlesky (2012)		Health	Leisure.	Security	Respect personality		Friendship		Harmony with nature

Source: Adapted from Alkire (2002) and Skidelsky and Skidlesky (2012).



# The OECD well-being framework



➤ Focus on **people**, not just the economic system

➤ Reporting both **averages** and **inequalities**

➤ Capturing both **objective** and **subjective** aspects of life

➤ Focusing on **outcomes**, as **opposed** to inputs or outputs

➤ Aims to encompass well-being **now** and in the **future**

# Criteria for selecting the indicators

- Have face validity (the capacity to capture what is intended to be measured)
- Focus on summary outcomes
- Are amenable to change and sensitive to policy interventions
- Are commonly used and accepted as well-being indicators
- Ensure comparability across countries
- Ensure maximum country coverage
- Are collected through a recurrent instrument

# Headline indicators

- **Income and wealth:** Household net adjusted disposable income per person (OS); Household net financial wealth per person (OS)
- **Jobs and earnings:** Employment rate (OS); L-T unemployment rate (OS); Average gross annual earnings of full-time employees (OS)
- **Housing conditions:** No. of rooms per person (OS); Dwellings lacking basic facilities (OS)
- **Health status:** Life expectancy at birth (OS); Self-reported health status (OS)
- **Work-life balance:** Employees working very long hours (OS); time devoted to leisure and personal care (OS)
- **Education and skills:** Educational attainment (OS); students' cognitive skills (OS)
- **Social connections:** Social network support (NOS)
- **Civic engagement and governance:** Voter turn-out (OS); consultation on rule-making
- **Environmental quality:** Air quality (OS)
- **Personal security:** intentional homicides (OS); self-reported victimisation (NOS)
- **Subjective well-being:** Life satisfaction (NOS)

# Going beyond the headline indicators...

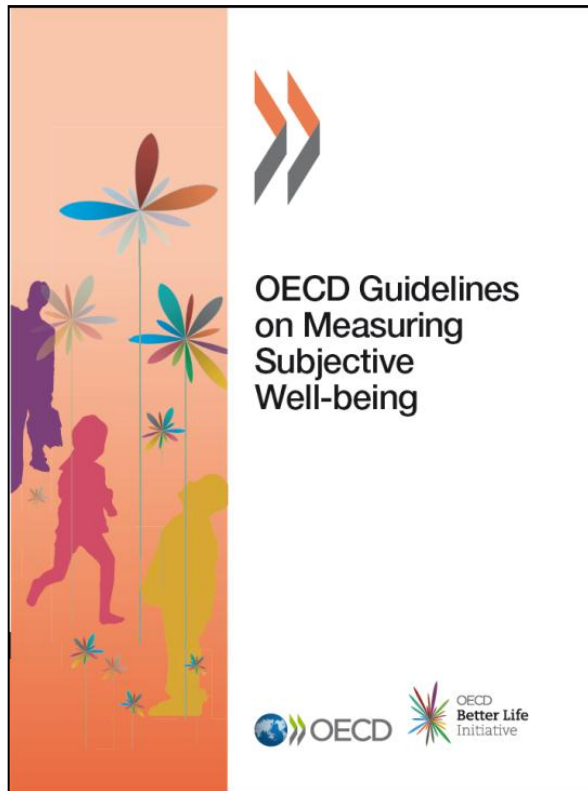
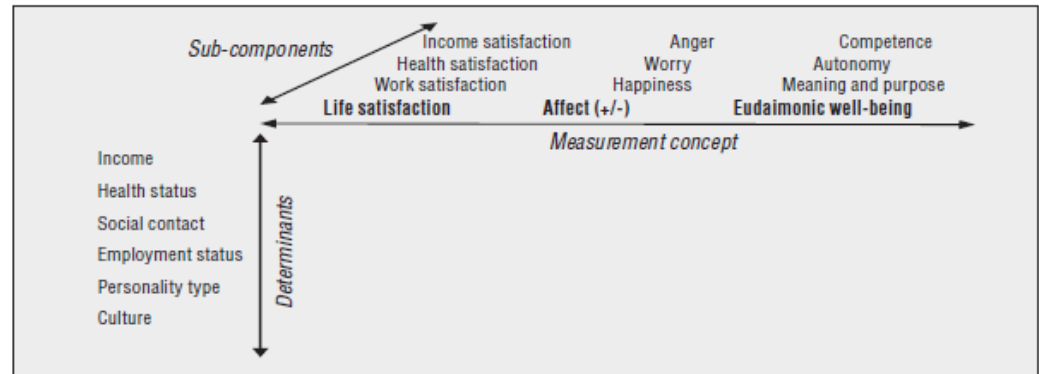
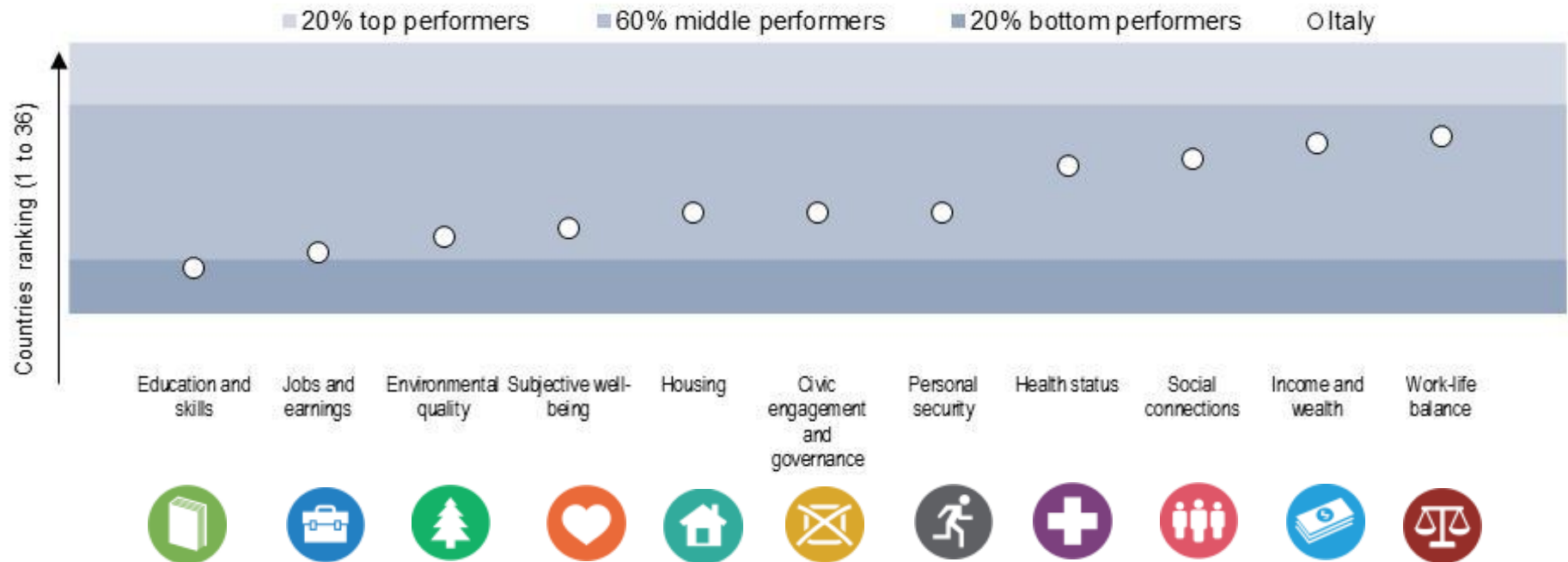


Figure 1.1. A simple model of subjective well-being



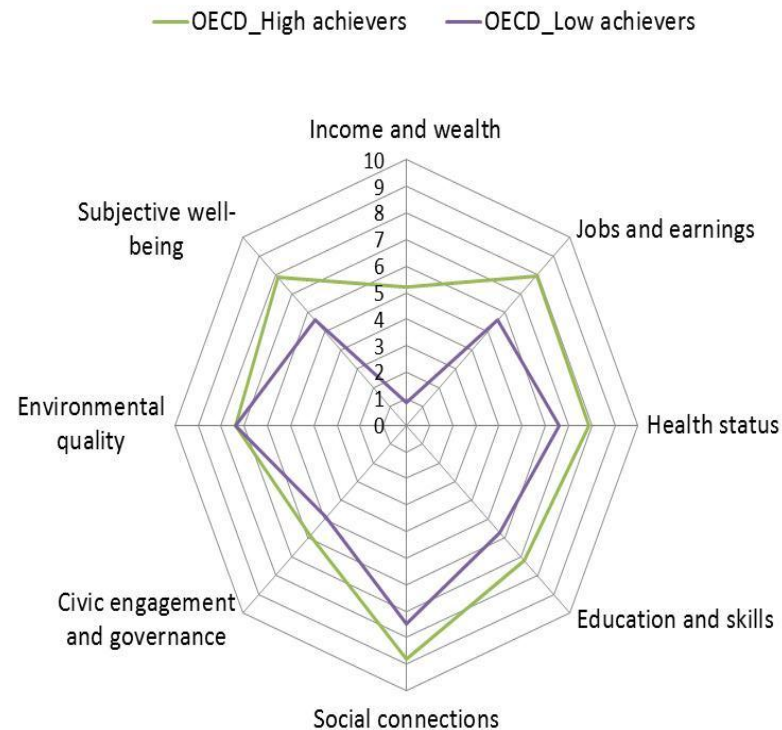
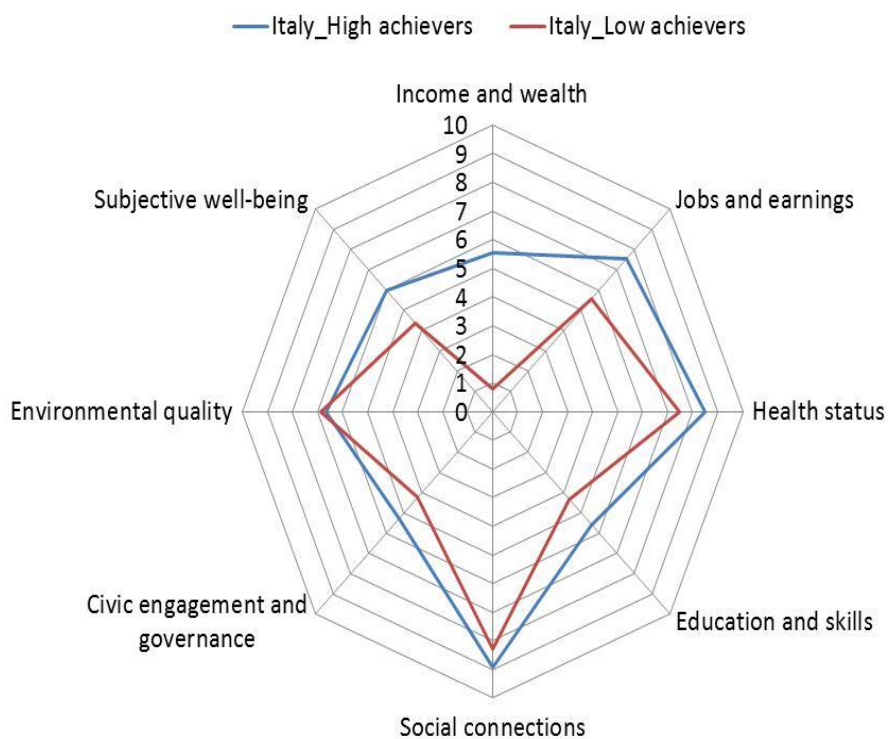
- Subjective well-being
- Trust
- Job quality
- Sustainability

# How does Italy perform?



Source: How's Life? 2013

# Well-being inequalities in Italy

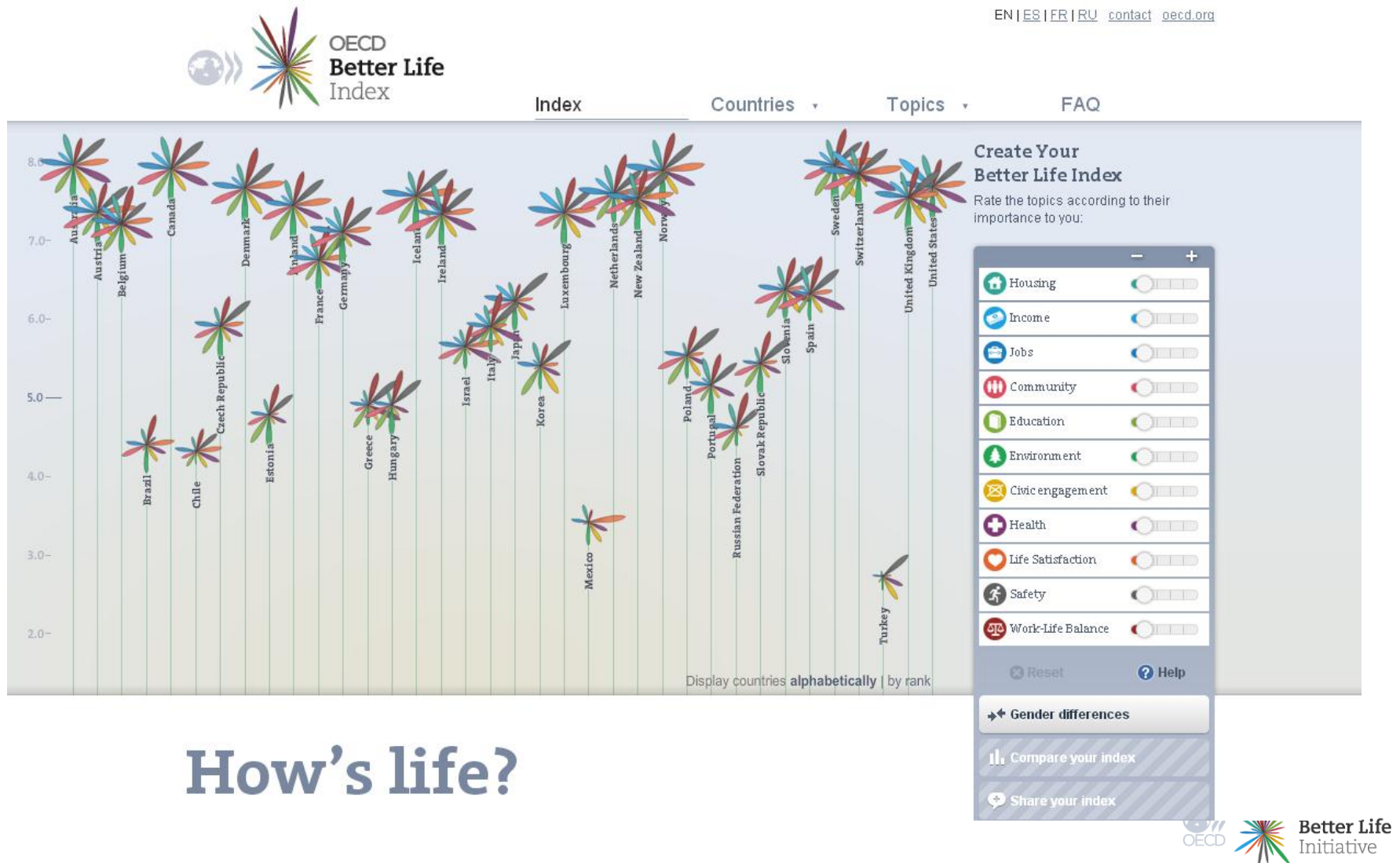


Source: How's Life? 2013



# Understanding people's aspirations:

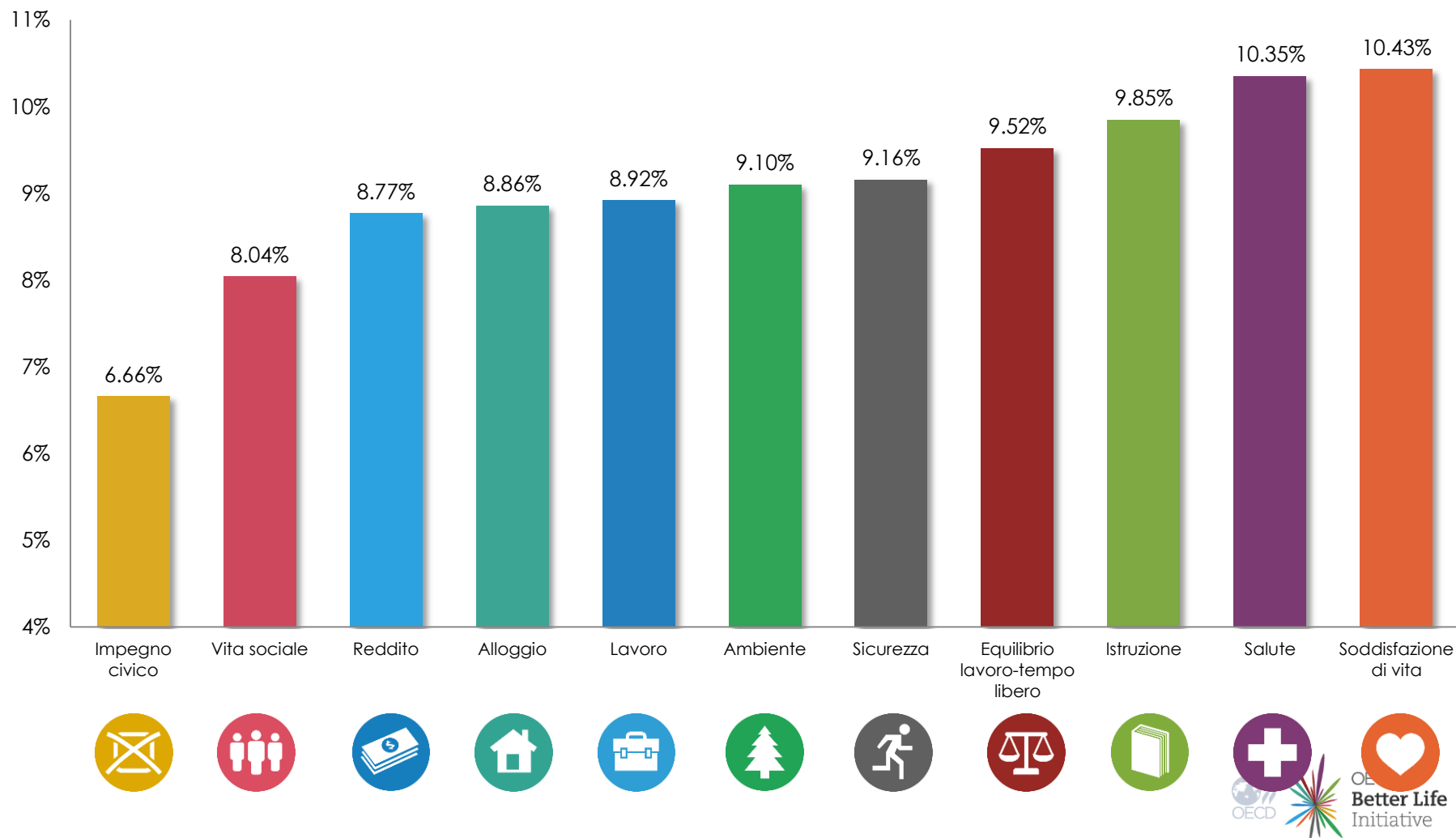
## Your Better Life Index



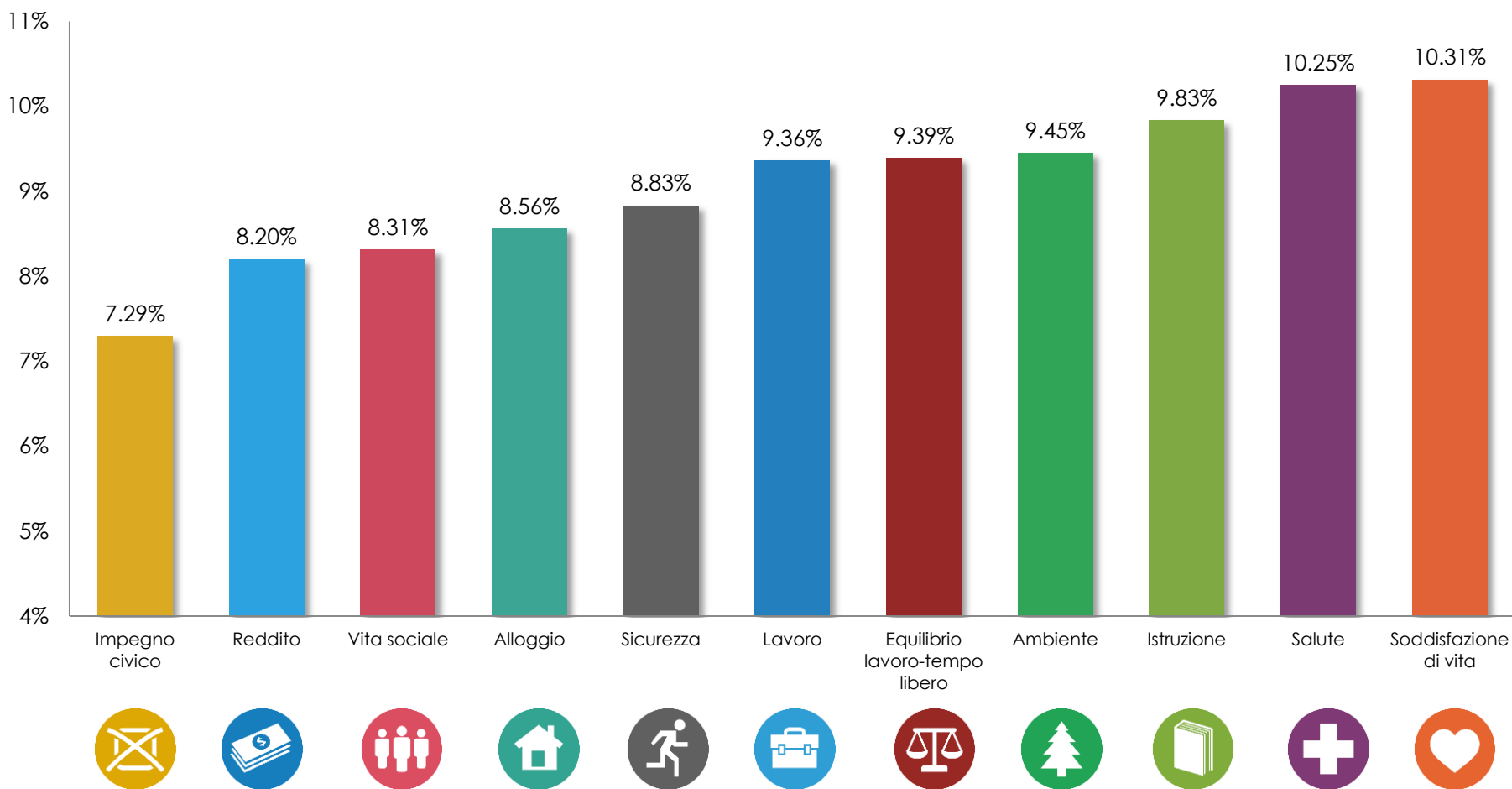
How's life?



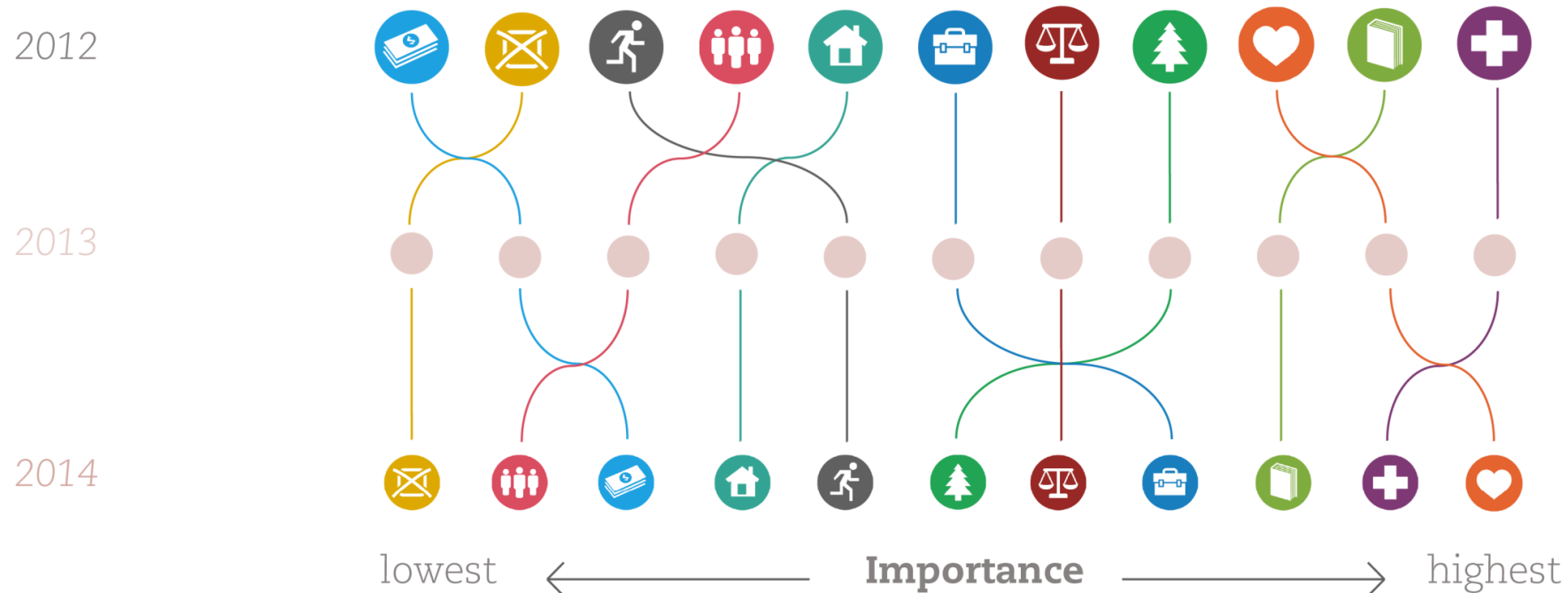
# Well-being priorities – all users



# Well-being priorities - Italy



# Evolution of priorities over time in Italy

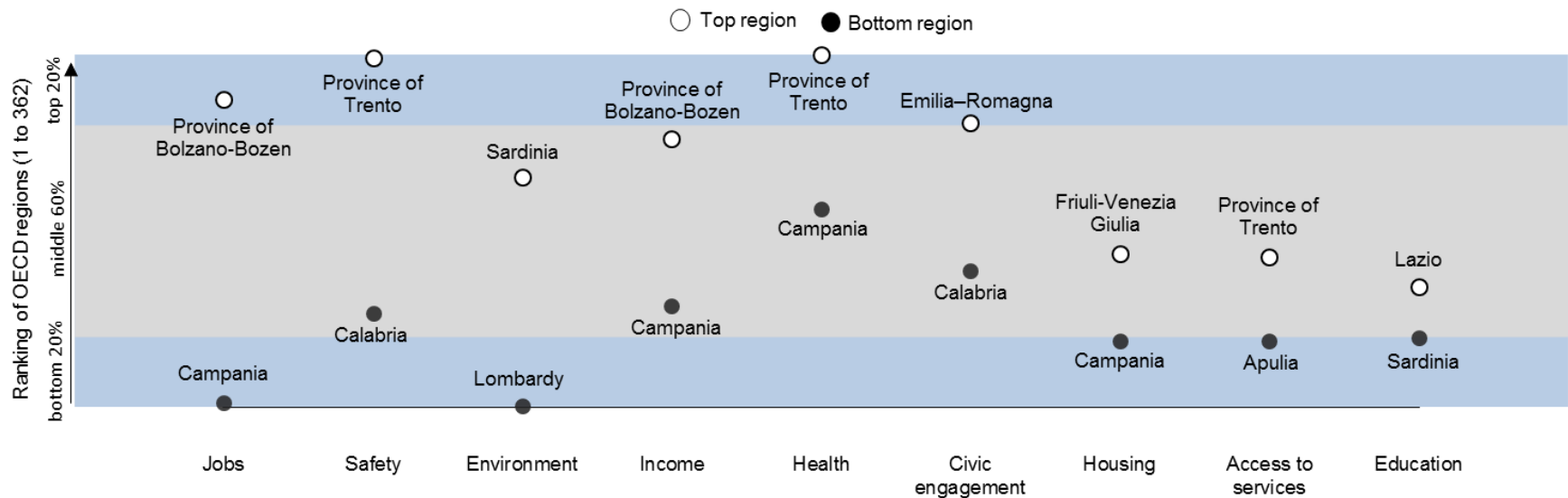


# Adapting the well-being framework

- In-depth country studies (Austria, United States, Israel)
- Regional well-being
- Well-being in developing countries
- Youth well-being



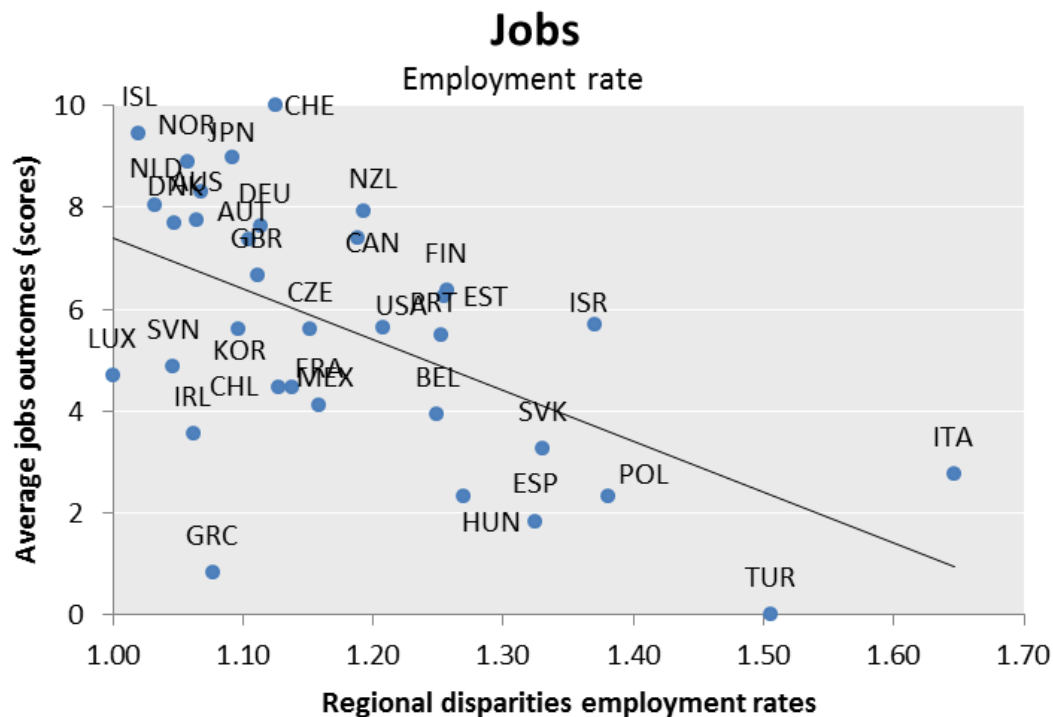
# Regional well-being: strong variation in outcomes within countries



- The difference in employment rate among Italian regions in 2013 (33 percentage points) is equal to the difference among OECD countries
- Regional disparities change according to the well-being dimensions in countries

# For some dimensions, higher regional disparities are associated with lower levels of national well-being

Regional disparities in employment rate and country well-being level; OECD countries, 2013



Source: OECD Regional Well-being database

- Same for education, access to services and income

# Adapting the framework for non-OECD countries

Table 2. A well-being framework tailored to the contexts of developing and emerging countries

	<i>How is Life? framework</i>		Framework put forward in this paper
	Dimensions	Dimensions	Issues
<b>Human well-being (today)</b>	Income	Consumption possibilities	Household income/consumption, poverty, ownership of assets and durables, self-reported satisfaction of living standards
	Jobs	Work	Lack of employment, informality, hours of paid and unpaid work, free time, wages, job satisfaction
	Work-life balance		
	Housing	Housing and infrastructure	Quality of housing, occupation density, indoor pollution, access, use and distance from water and sanitation services, connection to electricity grids, transport
	Environment	Environmental conditions	Pollution of air, water contamination, noise, green space
	Education and skills	Education and skills	Illiteracy, school enrolment and graduation, measure of child, adolescents and adults competencies, access to education
	Health	Health	Longevity, morbidity (infectious and chronic diseases), disability, malnutrition, access to health care
	Personal security	Vulnerability	Risky behaviours, violence and criminal victimisation, accidental injuries, protection against social and economic risks, living in disaster prone areas (coastal areas, flooding, seismic areas, and industrial hazard, etc.)
	Social connections	Social connections	Quantity and quality of social interactions, social and economic support, social isolation
	Civic engagement	Empowerment and participation	Civil and political rights (e.g. minority), access to accurate information, responsive and accountable institutions, discrimination, voice, sense of empowerment, cultural identity (e.g. language), tax morale
<b>Sustainability of well-being (tomorrow)</b>	Subjective well-being	Life evaluation, feelings and meaning	Life evaluations and affective states; sense of meaning and purpose in life; attachment to or regard for things of the spirit
	Economic capital	The Economic System	Economic capital, macroeconomic imbalances, foreign indebtedness, transparency and stability of the financial system, tax mobilisation
	Natural capital	Ecosystems	Deforestation, desertification, loss of biodiversity, natural landscapes and heritage
	Human capital	Social and Cultural Systems	Human capital, preserving cultural heritage (e.g. languages, traditions), social norms, cultural and language diversity, rule of law, effective, open and inclusive institutions
	Social capital		



- The ‘How’s Life?’ Framework is just a starting point
- The main purpose of well-being measurement is to impact outcomes – through policy and changing people’s behaviour
- Many countries are launching initiatives, but much more needs to be done
- The role of civil society in raising awareness and keeping governments accountable is key

# Thank you!

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[www.betterlifeindex.org](http://www.betterlifeindex.org)

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