

# Quality and aggregation issues in GDP and beyond: insights from the OECD Better Life Initiative

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# The OECD work on well-being: rationale

- Developing **better measures of well-being** and progress to overcome some of the shortcomings of the GDP
- Well-being and progress are **high on the statistical and policy agendas** of many countries of the world; interest from a variety of stakeholders (academia, NSOs, governments, parliaments, civil society)
- Well-being progressively mainstreamed into **Post 2015 MDGs and SDGs** discussions

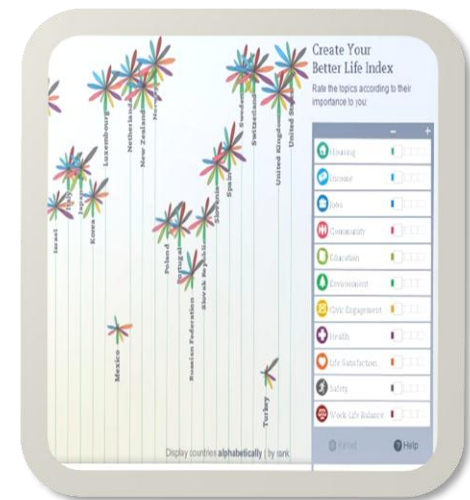
# The OECD Better Life Initiative

## How' Life?



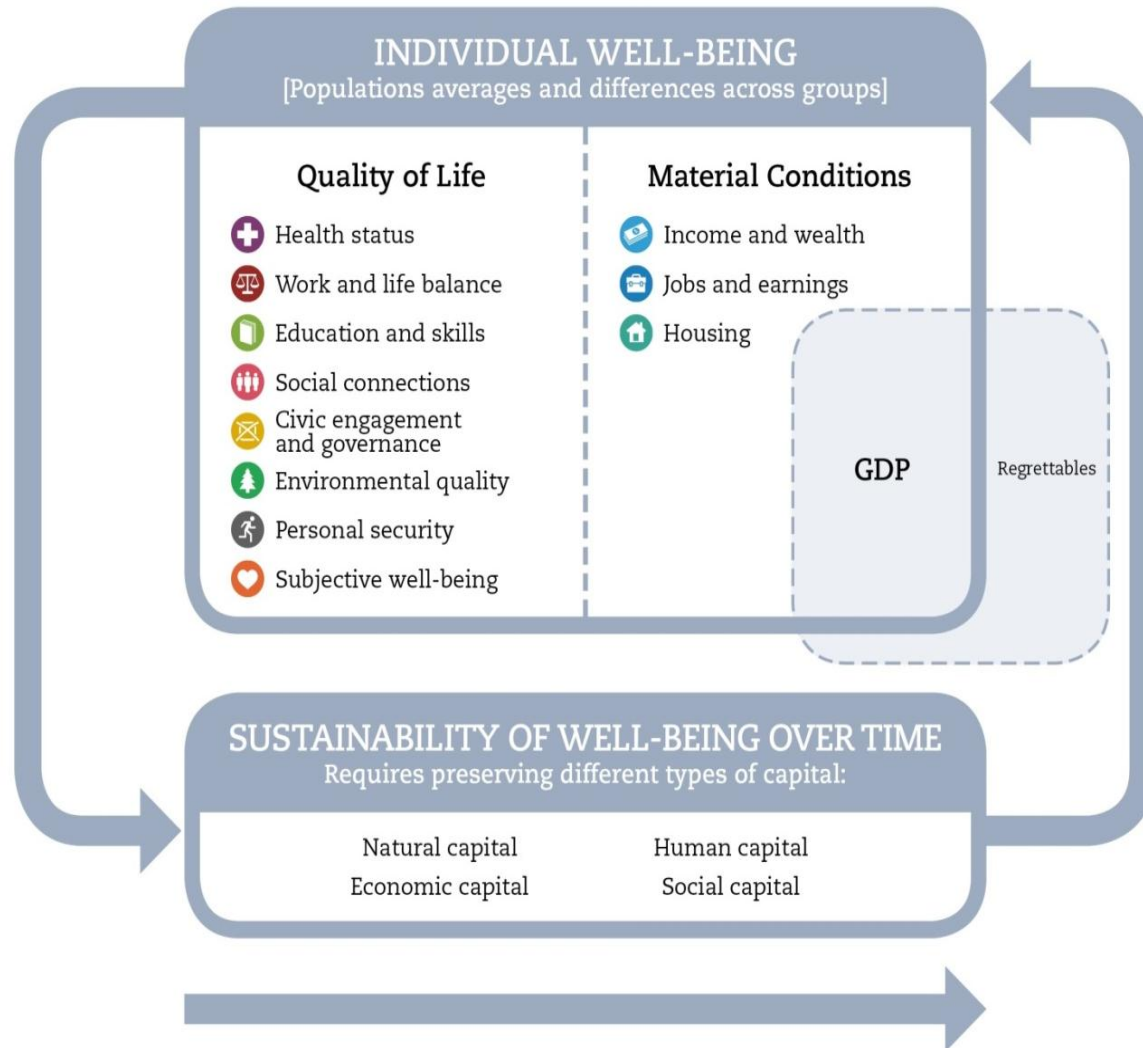
Measures, analysis and future statistical agenda on what matters most in people's life

## Your Better Life Index



OECD@50 : Better Policies for Better Lives

# The OECD well-being framework



# Four key features

**The OECD well-being framework focuses on:**

- People rather than the economic system
- Outcomes rather than outputs and inputs
- Both averages and inequalities
- Both objective and subjective aspects

## CHOOSING INDICATORS:

### ➤ Relevance of indicators

- face-validity: outcome indicators
- easily understood, unambiguous interpretation
- amenable to policy changes
- possibility of disaggregation by population groups

### ➤ Quality of supporting data

- official and well-established sources; non-official data used as place-holders in a few cases
- comparable/standardized definitions
- maximum country-coverage
- recurrent data collection

## Measurement Approach (2)

- Dashboard with 25 headline indicators and 33 secondary indicators
- Not a synthetic index as:
  - No comparable individual-level information from the same survey for all OECD countries
  - No first best for setting weights: various works experimenting objective and subjective weights
  - The OECD should not set weights normatively

# Process

- First selection by the OECD Secretariat (Statistics Directorate and thematic Directorates: Health, Labour, Education, Environment and Governance)
- Consultation with the OECD Committee of Statistics (OECD NSOs+ ISOs) in 2011
- Yearly iteration within OECD and with the Committee to make *marginal* changes to headlines
- Indicators improved as better data/metrics become available (the “How’s Life? statistical agenda, e.g. OECD Guidelines of SWB)



# Official and non-official statistics in the Better Life Initiative

- Only 4 out of the 25 headline indicators of *How's Life?* are from non-official instruments (the Gallup World Poll)
- About 1/3 of secondary indicators are based on non-official data
- They're considered “place-holders”
- *How's Life?* 2015 may replace SWB data from the GWP with data from the official statistics

# What about medium/long-term?

- Improvements in non-official statistics very slow, particularly those disconnected from the official statistical agenda
- Solutions imply:
  - NSOs to put in place an integrated comprehensive well-being survey, harmonised at international level
  - ESS further invests in its non-official surveys, e.g. provides sampling frame, finances larger sample size, harmonises definitions and conventions

# Another example of integration of official versus non-official statistics: the Better Life Index

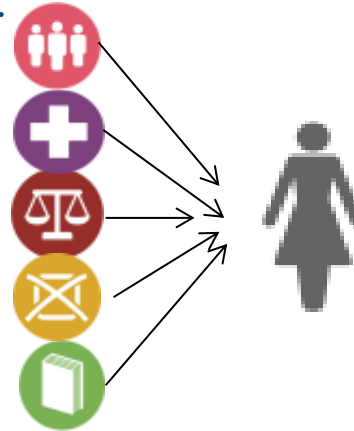
- The BLI allows users to express their views on well-being
- We just released a dataset with users' responses (around 60,000)



# By reweighing BLI responses, we observe that:

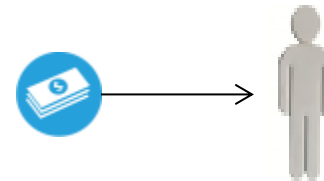
- For women a better life means more of:

- **Community**
- **Health**
- Work-Life Balance
- Civic engagement
- Education



- For men a better life means more of:

- **Income**



- Youth worry about a good start in life but also about being happy and connected
- Elderly feel more vulnerable but are also more engaged with society issues

# Getting addicted to better lives

- People satisfied with their well-being outcomes are also those who value the most these outcomes: this relationship holds for community jobs, education, engagement, health and work-life balance
- A notable exception is income: those who value most income are individuals that are the least satisfied with their personal income situation
- People living in countries with the highest well-being achievements are also those who value most those achievements
- Again income is the notable exception to this rule: people living in higher-income countries tend to rate income as less important:

# To aggregate or not to aggregate?

- **Aggregation is challenging because:**
  - It requires many (possibly *ad hoc*) assumptions
  - May imply a loss of information
- **Dashboards may be challenging too:**
  - Hard to read/understand
  - Miss the “big picture”, including joint correlation of outcomes
- Some special types of synthetic indices may help confront the dashboard versus index dilemma

# Different tools for different needs: the example of the Better Life Initiative

- **How's Life?** dashboard: monitor single components of well-being, particularly useful from a policy perspective
- **Better Life Index:** composite index with weights set by users – advocacy tool
- **Multidimensional Living Standard Indicator:** composite index (theory-based) that helps understanding policy synergies and trade-offs

# How to improve on well-being reporting?

- A toolkit may help responding to different users and needs
- The creation of an integrated harmonised survey would help here too, to enhance the quality of the synthetic picture



# THANK YOU!

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