

Measuring well-being and quality of life: an overview of activities in Europe, with a focus on the Netherlands

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This paper starts with an overview of activities in Europe on measuring well-being and quality of life. The last decade a lot of activities have been developed and this overview shows the different approaches, but also the similarities between the countries. Many lessons can be learned from the efforts made by international organisations like the European Commission and the OECD. In the second part of the paper we focus on the Netherlands. Although there is not just one 'officially' accepted conceptualisation and measuring of well-being, the approach of the Netherlands Institute for Social Research (SCP) is well recognised and is used both on national and local level. Finally, we make some observations which might be helpful for the Ecuadorian challenge for the construction of new metrics of *buen vivir*.

Measuring well-being in Europe: what do we already know?

In March 2014 the European Commission published the report 'Stocktaking Report on Social Monitoring and Reporting in Europe' (Berger & Noll, 2014). The report includes 148 national level social monitoring and reporting activities in 32 European countries as well as some selected non-European nations (e.g. U.S., Canada, New Zealand); moreover, the database which is the source of this report covers 89 pan-European or supranational social monitoring and reporting activities.²

While the currently flourishing debate on measuring well-being and progress "beyond GDP" has a strong focus on discussing why 'new' sorts of indicators going "beyond GDP" are needed and proposing new measurement, monitoring, reporting or even accounting initiatives, this debate does not always seem to be sufficiently aware and take notice of the many activities, which do already exist. The most influential report by the "Commission on the Measurement of Economic Performance and Social Progress" (Stiglitz, Sen, & Fitoussé, 2009), for example, seems to largely overlook many of the available approaches, instruments and ongoing activities for measuring and monitoring well-being and the quality of life.

Social Monitoring - What Are We Talking About?

What do we actually mean by social monitoring? The activities we are referring to are aimed at regular monitoring and analysis of as well as reporting on the living conditions and well-being of the population and their changes over time. Social monitoring thus generates – comprehensive or domain-specific – quantitative information and empirically based analytical knowledge on well-being and progress in a single society or groups of societies – like the European Union – to be used for different purposes, e.g. policy making. Social monitoring may be defined as a systematic and continuous observation of individual and societal well-being and related changes across time by making use of quantitative measurement instruments, e.g. indicator systems and indicator dashboards or composite indexes.

According to a definition used in New Zealand's Social Report, the aim is "to measure what is important - what a society cares about. In order to do this, agreement is needed about what to measure. This involves making some explicit value judgements about what quality of life means, and about the characteristics of society considered desirable" (Ministry of Social Development of New Zealand, 2001, p. 8). Regarded from a more explicit policymaking point of view, social reporting has also been defined as the description and analysis of the living conditions of the population seen in relationship to the objectives and measures of an ensemble of social policy fields.

More generally, social monitoring and reporting activities typically seem to be characterized by the following basic properties (Noll, 2002):

- A strong focus on the well-being of individual citizens and the general population;
- The units of observation are individuals and private households, rather than institutions and organizations;
- Measurement turns out to be primarily focused on outcomes rather than inputs;
- Following a normative perspective, social monitoring and reporting seeks to identify progress or regress as well as inequalities – advantages and disadvantages – across groups, regions, nations etc.;
- Policy orientation: social monitoring and reporting aims to provide expert knowledge for political elites, administrations and

² This database is accessible online at the following website: <http://www.gesis.org/en/socialindicators/products-of-the-zsi/european-social-monitoring-and-reporting/>

- governments;
- Empirical or quantitative measurement approach: the information provided usually focuses on quantitative empirical data and is based on quantitative empirical analysis;
 - Representativeness: The information provided by social monitoring and reporting activities claims to be relevant for the whole population or parts of it and thus needs to be based on representative data;
 - Timeliness and continuity across time;
 - Intelligibility: Since social monitoring and reporting activities do not only address academics, policy makers and other experts, but also the ordinary citizen, understandability is of crucial importance.

Activities by the European Union and Supranational Organizations

Unsurprisingly, European Union institutions and supranational organizations, e.g. the OECD, the World Bank or the United Nations, have always played a prominent role when it comes to social monitoring and reporting activities with a pan-European or at least cross-national scope. Early activities of this sort include for example projects and reports on social indicators, but also various social reports. In recent years we have seen a range of new and quite influential activities in the field of social monitoring and reporting initiated by supranational organizations and the European Union, many of them resulting from broader policy strategies and projects.

Among these strategies and projects to be highlighted is the Beyond-GDP initiative³ conveyed by the European Commission 2009, and the OECD project on the Measurement of Well-being and Progress⁴, which both have had an enormous impact and triggered numerous other initiatives at national and supranational levels.

The Indicators Subgroup of the Social Protection Committee has played a key role in the process of developing common indicators for EU member states, but also external experts have contributed considerably. Europe 2020, following up on the so-called Lisbon strategy, is another very important policy strategy, which also turns out to be relevant as a framework for social monitoring and reporting activities.

At the level of the United Nations, the Millennium Development Goals Strategy – launched in 2001 in cooperation with the World Bank, the OECD and the IWF and seeking to reduce poverty and inequalities, improving health and education as well as to foster environmental sustainability – has been accompanied by various monitoring and reporting activities too.

Around these and other policy strategies several social monitoring and reporting activities, which thus are directly policy-driven, have been launched in recent years, some of them being explicitly referred to below.

Europe 2020 Indicators: without doubt, the Europe 2020 strategy “for smart, sustainable and inclusive growth” currently belongs to the most important and popular European Union policy strategies aiming to achieve five key policy goals by 2020. A set of eight headline indicators, such as the employment rate, early school leavers rate, greenhouse gas emissions, people at risk of poverty or social exclusion, has been selected with a view to monitoring achievement and progress toward those goals. Related data are provided by Eurostat and are accessible online in the 2015 report “Smarter, greener, more inclusive? Indicators to support the Europe 2020 strategy”⁵

EUROSTAT - Quality of Life Indicators: An interesting recent social monitoring activity at the European Union level is the EUROSTAT - Quality of Life Indicators, which have been developed within a project initiated by the European Statistical System Committee 2011. The initiative is closely related to the European Commission’s “GDP and beyond – measuring progress in a changing world” communication, but is obviously also a response to the report of the “Commission on the Measurement of Economic Performance and Social Progress” (Stiglitz, Sen, & Fitoussé, 2009). The set of quality of life indicators selected covers nine domains/dimensions:

- Material living conditions
- Productive or main activity
- Health
- Education
- Leisure and social interactions
- Economic and physical safety
- Governance and basic rights
- Natural and living environment
- Overall experience of life

³ www.ec.europa.eu

⁴ www.oecd.org

The data used for the quantification of the indicators are taken from different sources within the European Statistical System, such as the EU-SILC, European Labour Force Survey, European Health Interview Survey, and other sources. In the case that official data are not yet available, data from sources outside the ESS are sometimes referred to. At present, the Quality of Life Indicators project has recently published its first 'flagship' report "Quality of life – facts and views".

In terms of general social monitoring, the **European Quality of Life Survey** is of particular importance. Up to now, it was carried out in 2003, 2007 and 2011/2012; a further round is envisaged for 2016. Based on this survey, Eurofound (the European Foundation for the Improvement of Living and Working Conditions) monitors and analyses developments in quality of life in Europe from a comparative perspective. Results are published regularly in various reports, such as overview reports and analytical reports, focusing on trends in quality of life and special topics, as well as enlargement country reports focusing on the social situation in candidate countries. Recent reports in this series include Quality of Life in Europe: Impacts of the Crisis (2012), Quality of Life in Europe: Subjective Well-Being (2013) and Quality of life in Europe: Trends 2003–2012 (2014). An interactive "Survey Mapping Tool" at Eurofound's website additionally allows users to browse through the data and display data as maps, charts and tables.⁶

Social monitoring activities by supranational organisations aside from the European Commission

The OECD has been a key player in the field of social monitoring for many years. Leaving aside the early social indicators projects of the 1970s, the OECD, for example, has regularly published a compilation of Social Data and Indicators as part of its report Society at a Glance since 2001. This set of indicators addresses issues of self-sufficiency, equity, health and social cohesion and also includes general context indicators in the OECD member countries.

OECD - Better Life Initiative: Among the social monitoring activities launched by supranational organizations, the OECD's Better Life Initiative is currently perhaps the most successful and popular approach towards measuring and monitoring

well-being. The initiative was launched in 2011 as an outcome of the previous work around the project on the Measurement of Well-being and Progress and was also incisively stimulated by the Stiglitz et al. commissions report. The BetterLife Initiative includes two main elements: the How's life set of well-being indicators and the (composite) Your Better Life Index. In addition, the OECD also publishes a biannual report in print format titled "How's Life", assessing people's well-being in OECD countries.

The How's Life set of indicators covers the following 11 domains or dimensions of well-being:

- Housing
- Income
- Jobs
- Community
- Education
- Environment
- Governance
- Health
- Life satisfaction
- Safety
- Work-life balance

Each topic is addressed by one to four indicators, which are supposed to measure well-being outcomes. Indicators are currently only broken down by very few socio-economic characteristics, such as sex and socio-economic status. While the set of indicators up to now reflects current wellbeing exclusively, it is planned that the indicator set will also be complemented by indicators measuring the sustainability of well-being over time.

The **Better Life Index** combines the information from the individual How's Life indicators into one composite index of well-being⁷. In a default setting, the index is calculated by averaging the indicators with equal weights. An online tool allows users however to vary the weighting schema and to attach their own weights to each of the topics.

The **United Nations Organizations** are engaged in several social monitoring activities, which cover European countries as well. A compendium of Social Indicators has been published by the United Nations' Statistical Division regularly for many years. Indicators focus on five areas of concern: population, health, housing, education and work. The interest and work by the UN on Social Indicators

⁶ <http://www.eurofound.europa.eu/surveys/smt/3eqls/index.EF.php>

⁷ <http://www.eurofound.europa.eu/surveys/smt/3eqls/index.EF.php>

can be traced back as far as to the project Towards a System of Social and Demographic Statistics (1975), headed by the subsequent Nobel laureate Sir Richard Stone in the 1970s. In 1989, moreover, an influential Handbook on Social Indicators was published by the UN.

The **Human Development Index (HDI)** and related **Human Development Indicators**, which are provided as part of the United Nations Development Program (UNDP, 1990), have received enormous public attention globally. Launched in 1990, the HDI as well as the circa 45 human development indicators – structured in 14 dimensions – are published in the annual Human Development Reports. Beyond the HDI, recent reports also include a number of additional composite indices such as the Multidimensional Poverty Index or the Gender Inequality Index. Originally, the development of the HDI and Human Development Indicators was inspired to a great extent by the eminent economists Mahbub ul Haq and Amartya Sen. The calculation of the HDI has been revised several times since its first release. A more recent activity of the United Nations – in collaboration with several partners – is the **Millennium Development Goals Indicators -**

Project⁸. A set of 60 indicators has been selected with a view to monitoring progress toward the achievement of the eight internationally-agreed development goals (target date=2015). Results are published in Millennium Development Goals Reports, starting in 2012. DevInfo is a related UN database system set up for the purpose of monitoring the achievement of these Millennium Development Goals, as well as to disseminate and present respective information. Last, but not least, the **World Bank** has published the regularly updated **Social Indicators of Development** since the 1980s as another important and long-standing supranational social monitoring activity in the field of development and human welfare. The 26 indicators cover issues like child labor, gender inequality, refugees and asylum seekers. Indicators also address issues of gender disparities related to key topics such as education, health, labor force participation, and political participation. The selected social indicators are part of the World Development Indicators, which are a compilation of more than 300 indicators, structured in 18 dimensions and presented for 214 countries from 1960 until today.

National activities in Europe

Table 1

Domains covered by selected social reports (Western / Central Europe)

	Bericht über die soziale Lage (Austria)	Indicateurs, Herman Deleek Centre (Belgium)	Vrind (Belgium)	Portrait Social (France)	Datenreport (Germany)	Measuring Ireland's Progress (Ireland)	De sociale staat van Nederland (Netherlands)	Sozialbericht, FORS (Switzerland)	Social Trends (UK)
Social security	X	X	X	X	X	X	X	X	X
Income	X		X	X	X		X	X	X
Poverty/Social exclusion	X	X	X	X	X	X	X	X	X
Employment	X	X	X	X	X	X	X	X	X
Demography		X	X	X	X	X	X	X	X
Health	X	X	X	X	X	X	X	X	X
Housing	X	X	X	X	X	X	X		X
Education	X	X	X	X	X	X	X	X	X
Sustainability			X	X	X	X		X	X
Leisure time			X	X	X		X	X	X
Mobility			X	X	X	X	X	X	X
Safety				X	X	X	X	X	X

Source: Noll and Berger (2014)

⁸ www.un.org/millenniumgoals

It goes beyond the scope of this report to describe national initiatives. The report of Noll and Berger gives an overview of the many national activities in European countries on monitoring the living situation, the quality of life or the well-being of the populations.

They conclude that the currently existing social monitoring and reporting activities exhibit a remarkable degree of similarity. A key set of life domains – such as material living standards, employment, education, health, housing, social security – is covered by a majority of the relevant activities. This observation is strikingly confirmed by table 1, which compares the coverage of life domains in selected comprehensive social reports in Central/Western European nations.

Diversity in Notions of Well-Being and Approaches of Social Monitoring and Reporting

Despite the striking degree of similarity in terms of domains covered, there are also many important and significant differences between the various social monitoring and reporting activities. Leaving aside the many differences in detail, the resulting diversity concerns, first of all, the general aims as well as degree and kind of conceptual underpinning of the various activities and, second, the underlying notions of well-being. More generally, it seems useful to distinguish between concept-driven, policy-driven and data-driven approaches towards social monitoring and reporting: while concept driven approaches depart from conceptual considerations, e.g. on well-being, quality of life or sustainability, in order to identify the dimensions to be monitored or reported on, policy driven approaches depart from policy concerns and objectives, which have been agreed upon in political discourses or decision making processes. While concept driven approaches are organized around and focused on the dimensions and sub-dimensions identified as the crucial components of certain concepts like quality of life, social cohesion or sustainability, policy-driven approaches are basically focused on the achievement of policy concerns and policy goals. The Europe 2020 Indicators set, as well as the various indicator collections used within the Open Method of Coordination, are good examples of policy-driven monitoring approaches, while the European System of Social Indicators and the Swiss Social Report turn out to be good examples of concept-driven

approaches. In contrast to concept and policy-driven approaches, data-driven approaches are usually very pragmatic, only taking considerations of data availability into account or simply focusing on specific data sources. Examples of the latter include monitoring activities and reports, which have been established in some European countries in recent years, and that are exclusively based on data from the EU-SILC.

In the cases where social monitoring and reporting activities explicitly address well-being or quality of life issues, the notion of these concepts may vary considerably. While some activities are limited to objective living conditions or even just issues of material living standards, others include components of subjective well-being and other non-material aspects of well-being as well. Some activities focus on individual resources – like early Scandinavian approaches – while others focus more on final well-being outcomes. Another relevant distinction in the notion of well-being or quality of life concerns the inclusion of issues of the “quality of society” – for example issues of social cohesion or governance.

Monitoring well-being in the Netherlands

For more than 30 years now, the Netherlands Institute for Social Research (SCP) has been using the ‘life situation index’ (leefsituatie-index) to present an overview of the life situation of the Dutch population (Boelhouwer, 2010). Although there is not just one ‘officially’ accepted conceptualisation and measuring of well-being, the approach of SCP is well recognised and is used both on national and local level.

It has been clear for a long time that the state of a society cannot be measured solely by economic factors. The social domain is also important. During the 1960s the social indicators movement laid the foundation for the development of social indicators and social monitoring systems. This was also the time when the SCP was founded. Interest in social indicators waned in the 1980s, but it revived in the mid-1990s. Since then a wide range of new initiatives has been launched. These initiatives focus not only on national developments, but also on international and intra-national comparisons. A common feature of the initiatives is that they want to describe the social situation in countries or municipalities on the basis of social indicators. The actual indicators deployed differ, however.

There is no comprehensive and widely supported theory from which the choice of indicators follows logically and uniquely. Moreover, there is no general consensus on the definition of the terms used.

What is well-being?

Language plays a major role in the choice of a concept. Does everyone understand what is intended? This is even more the case when the concept is used in a debate that is also being conducted at international level. In Dutch, and in the Nordic languages, for example, the equivalent of the English term 'welfare' also covers 'wellbeing', so that it has both an objective component ('level of living') and a subjective component ('quality of life'). It is not always easy to find good translations for English terms without causing confusion about the precise meaning. Moreover, a concept may be interpreted in different ways even within the same language. This is true, for instance, for the English term 'quality of life', which is used by supporters of both the subjective and objective approaches. In Dutch this applies to the term *welzijn* ('wellbeing'). Here too objective and subjective elements cut across each other: *welzijn* relates to life in general (being well), but also has a strong subjective connotation (in the sense of happiness).

At the start of the life situation research, the SCP opted for the term wellbeing (*welzijn*) because this gave a clear signal that the intended index was to be a counterpart to the economic indices. It also showed that the concept related to a broad range of issues, in that it was concerned not only with health, but also with participation and housing. In Belgium this was also made clear in the definition: "wellbeing is not only the extent to which a person's more 'basic' needs such as food, clothing, health, shelter and a good living environment are met, but also the extent to which the person participates in social life and shares its culture and values, and can develop into a socially strong individual" (Breda, Goybaerts, Crets, & Lauwereys, 1997, p. 8).

In the Nordic countries the focus was on the standard of living. The Nordic 'level of living' approach is aimed at objective indicators which say something about the resources available to people. This is reflected in the definition of level of living: "the individual command over resources in the form of money, possessions, knowledge, mental and physical energy, social relations,

security and so on, through which the individual can control and consciously direct his living conditions" (Johansson, 1970, p. 25)

A third, closely related approach is that adopted by the economist Amartya Sen, who starts from 'capabilities', that is, the opportunities open to people. Sen talks of "quality of life to be assessed in terms of the capability to achieve valuable functioning's" (Sen, 1993, p. 31). It is on the basis of this idea that the United Nations Development Programme (UNDP) developed the concept of human development.⁹

The above-mentioned concepts can be found in the international literature under the denominator 'quality of life'. But in many cases the definition is not very clear: Among the most inconsistently used terms within the human sciences is that of 'quality of life'. Incidentally, this is also the case for terms such as 'happiness' and 'wellbeing'. It seems that more often than not the definition is based on what is being researched, rather than research being undertaken on what has been defined. After all, many definitions relate to domains which are included in the research (see the Belgian definition of wellbeing), or to the demands being made of the indicators (see Sen's definition). It must be said, however, that although a clear definition is lacking, there is a consensus that the concept has a multidimensional character (Rapley, 2003)(Hagerty, et al., 2001).

In light of the above discussion and the lack of clarity in existing definitions, it is difficult to formulate a good definition of wellbeing, quality of life or life situation. To circumvent this problem, some researchers have decided not to give a definition at all. After all, the ultimate aim is to provide an insight into the life situation and into developments in it. From this perspective, providing a definition is less important than providing the best possible operationalisation of the life situation. The European Union's search for indicators for social inclusion did not include a definition either (Atkinson, Cantillon, Marlier, & Nolan, 2002).

Nevertheless, it is still possible to say something about what in broad outline is meant by the life situation. Thus the concept can be broken in two parts: 'life', which relates to living conditions, and 'situation', which relates to a state of being. Thus the life situation is about the state of a person's life, which makes clear that the concept is wide-

⁹ See UNDP 1990, p. 10

ranging. This description also makes clear that it is not concerned with opinions and satisfactions. The concept of the life situation has a descriptive meaning, but not an evaluative meaning. This creates an affinity with the term level of living from the Nordic approach. This approach assumes that people can dispose of resources to shape and influence their own living conditions. The term living conditions shows that the approach is multidimensional: it is not about a single condition, but about several, even at the same time. Starting from resources also shows explicitly that people have a choice: what do people do with the resources at their disposal? It is also clear that the living conditions are determined, in part at least, by the opportunities which people have. A disadvantage is that the term level of living is emotionally linked to the material side of life. It also puts a strong emphasis on the resources, while the consequences of the choices which people make are neglected to some extent. This argues for choosing another term, in this case, then, 'life situation'. And finally, the life situation relates to both prosperity and wellbeing, and as such combines both material and non-material aspects. On the basis of the above considerations, we come to the following definition: the life situation is the whole of individual living conditions which relate to prosperity and wellbeing.

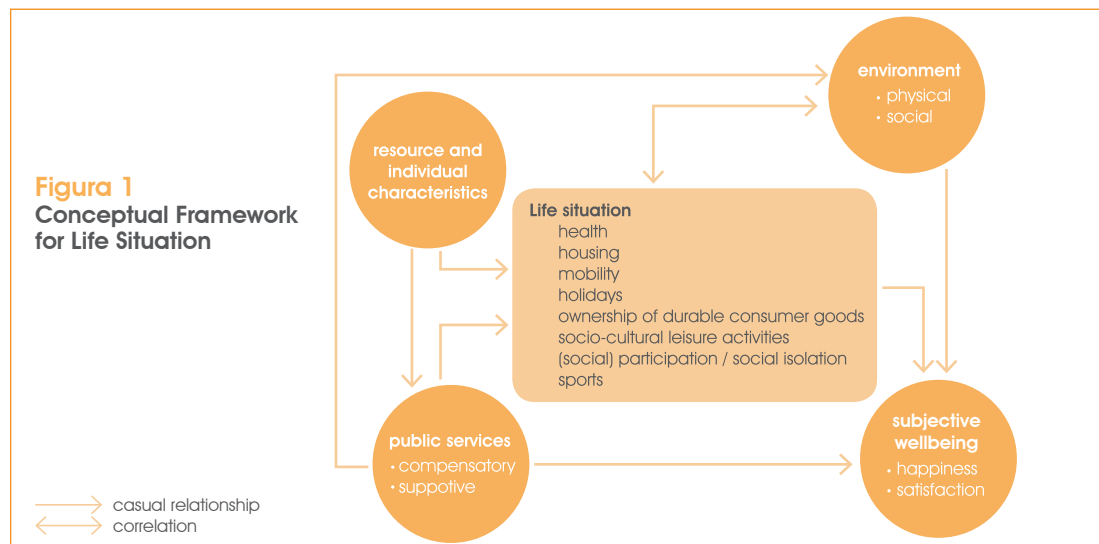
Conceptual framework

The perspective of monitoring the life situation is clear: it must be policy-relevant, describe the life situation as a whole, have a broad content,

and measure the life situation in such a way that progress or deterioration is visible. What is more, we must be able to show the trends not only for the Netherlands as a whole, but also for various social groups in Dutch society.

Another basic principle is that we want to place the description of the life situation in a broader framework of background information. To that end we use a conceptual framework, in which the life situation takes centre stage (see figure 1). The conceptual framework also includes determinants of the life situation: in addition to personal characteristics (such as age and household composition), also education, work, health and income (which we call 'resources' here). Environment also plays a role in the life situation of citizens. These include both a physical component (in what city and neighbourhood does a person live? What is the neighbourhood like? Is it safe?), and a social component (what is the demographic composition of the neighbourhood?).

The life situation index itself includes indicators which relate to the actual state of affairs, not to an (individual) evaluation of it. In the broader conceptual framework we look at both. We assume that people's life situation will affect their happiness and satisfaction. And finally, the conceptual framework includes the use of public services. The idea here is that the government helps to prevent social disadvantages from developing, and where these do develop, to compensate them as much as possible.



Source: (Boelhouwer, 2014)

The choice of domains and indicators of the life situation

The life situation index is based on a series of data files: surveys which ask detailed questions on all elements of the index, background information and other aspects of the conceptual framework. The time series we now have is one of the major advantages of the research: after all, developments can only be outlined with a time series. But this does not mean that today's index is exactly the same as the one at the outset. Since 1974 a number of changes have been made in the composition of the index, in the collection of the data, and in the consolidation of the data into a single index. Some of these changes create unwelcome difficulties in comparing the life situation over time, but they also offer opportunities to implement desirable adjustments. For instance, in the case of keeping indicators up to date, such as the ownership of durable consumer goods, where the slide projector has been replaced by the personal computer.

Because we can use the index to track the life situation over time, we gain valuable insights into social developments: is the life situation improving or deteriorating, are there groups who are being left behind? What is more, the index provides an insight into developments in a broad range of domains simultaneously, because prosperity and wellbeing are linked in the index, with both material and non-material aspects included. In this way a multifaceted picture of developments emerges. The broad and multifaceted concept of 'life situation' has been operationalised on the basis of eight domains:

1. health;
2. housing;
3. mobility;
4. holidays;
5. ownership of durable consumer goods;
6. socio-cultural leisure activities;
7. social participation / social isolation;
8. sports.

Health is not only regarded as a determinant of the life situation (having a condition, disability or illness), but also as an element of the life situation (impediments owing to this condition, disability or illness).

For one part the choice of these domains is based on their policy relevance (with the Dutch

constitution and political and public debate providing the starting point). And for another part the choice is based on discussions in the international social indicators movement. The 'face validity' of the eight domains also plays a role: in a welfare state these are the core domains of what is generally understood by the life situation. The choice of domains in this book has been calibrated to internationally available indices and monitoring systems and to what people themselves regard as important. Such a calibration is not straightforward, because each index and each monitoring system has its own basic assumptions and overall objectives. Thus the choice will be different when descriptive indicators are used instead of evaluative indicators.

Even so, the same domains recur time and again in different social indices. The main difference with other indices is that the life situation index does not include domains and indicators which relate to the determinants of the life situation (such as education and work). The SCP regards these determinants as 'resources' which can be used to improve the life situation.

Criteria for indicators

A relevant selection of core indicators must be made within each domain. The indicators of the life situation must fulfil five criteria, in addition of course to the usual criteria applying for indicators in general (such as measurability and reliability) (Boelhouwer, 2010).

1. Indicators must be interpretable in terms of positive and negative

It must be possible to derive explicitly or implicitly from the indicators whether they make a positive or negative contribution to the life situation. Only then the indicators can be used to highlight an improvement or deterioration in the life situation. This principle is derived from one of the overall objectives, namely that it must also be interpretable in terms of positive and negative.

2. Indicators must be general, not specific

The indicators must be of a general nature. That is to say, they must apply to the whole population, not exclusively to specific groups, such as young people, old people, people in work or people living in big cities. Incidentally, this does not exclude the possibility that specific groups may have specific problems. However, it is difficult to compare old people with young people when separate

indices, with different indicators too, have been constructed for both groups. In order not only to make statements about the life situation in the Netherlands as a whole, but also to compare groups with each other, the choice has fallen on a single measuring instrument which applies to all. It is an inevitable side effect of this choice that no justice can be done to specific problems of specific groups. Of course it is still possible to use not only the general index but also specific indicators to focus on one group or another.

3. The unit of measurement must be the individual, not a municipality or a country

A third principle can be derived from the fact that the focus is on the life situation of individuals, not of a municipality or a country. The selection of the unit is highly dependent on the purpose of the research: country comparisons usually rely on country characteristics, while a study of the life situation within a country usually starts from the individual life situation. This means that the indicators have to be determined at individual level.

The advantage of starting from the individual life situation is that each preferred aggregation level can be analysed. A requirement with regard to the data is linked to this: the relationship between different indicators of the life situation can only be clarified at the individual level if all the necessary data are available per individual. This can only be achieved with micro data, that is, surveys or recordings, on condition that all required indicators are included in the same data file. Consequently characteristics of countries and neighbourhoods only appear as background information. Sometimes percentages or averages are used for indices; the great advantage of this is that different data sources can be used together. But because the information is available at aggregated level, insights into the relationships at individual level are no longer possible.

4. Indicators: both objective and subjective

Which is better: an objective description of the situation in which people find themselves, or a subjective description of people's opinion of their situation? This key question divided the social indicators movement for a long time. The first, more objective, approach is used in the Nordic countries in particular. The key concept here is the standard of living, or level of living. Some criticisms can be made of this 'objective' approach. For instance, there is no consensus on essential choices. Given the lack of objective criteria, it is

not clear which dimensions should be selected and which developments are good or bad. Consensus on these aspects is difficult, probably even more so in the case of the selection of specific indicators within dimensions.

A second criticism is that objective indicators take little or no account of what people themselves regard as important; instead, the researchers or policy makers decide what is important. Consequently the supposedly objective indicators are not truly objective, because the researchers decide what is important. A normative element thus inevitably creeps into the objective indicators: there is no such thing as a value-free indicator.

The evaluative approach is the opposite of the descriptive approach. It focuses above all on subjective wellbeing, sometimes called quality of life, which is less felicitous because this concept can cause considerable confusion. This approach, originally Anglo-Saxon, defines wellbeing in terms of satisfaction of needs, and only individuals can give an opinion on their wellbeing. Happiness, contentment and satisfactions are the overriding goals to aim for. What is meant by 'quality of life' is also a point of discussion in the evaluative approach. Is it satisfaction or happiness? Should the approach be cognitive or affective and emotional? And what exactly constitutes subjective wellbeing? There is no consensus on these questions.

As with the descriptive approach, some criticisms can be made of the evaluative approach. For instance, the degree of contentment is influenced, at least in part, by people's frames of reference, desires and aspirations. In that case the level of happiness or contentment will be relevant above all as a measure of adjustment to the existing situation, and is thus highly individually determined. This also makes it very difficult to analyse developments; for instance, if people are more satisfied now than in the past, is that because their situation has improved or because they have adjusted to their situation to some extent? There are other criticisms of the use of evaluative indicators, such as the question whether people are able to distinguish between short-term feelings and long-term conditions, whether emotions can be quantified on an absolute scale, and whether happiness or any other reported emotion can be regarded as an evaluated situation. There may also be a difference between what people say they want to do and what they actually do.

And finally, it is difficult to identify which factors will increase happiness. Studies show that differences between countries can be explained (by differences in income, democratisation, social security etc), but that differences within countries are far more difficult to explain, although it is known that personal characteristics (such as a positive self-image) and having a partner and friends contribute to satisfaction with life (Veenhoven, 2002). This makes it more difficult to mark the points of departure for policy making. On the other hand, there has been growing political interest in evaluative indicators in recent years. Thus the Wellbeing Measurement Act was adopted in Canada in 2003, which is intended to develop measurements on the health and wellbeing of the country's citizens, communities and environment. Bhutan has perhaps gone furthest, by replacing gross domestic product as the ultimate policy objective with 'gross national happiness'¹⁰; all government policy is aimed at increasing the happiness of Bhutan's people. The British and French governments have also commissioned studies into how happiness and contentment can be given a place in the policy-making process (Stiglitz, Sen, & Fitoussé, 2009). Some researchers even argue that it is impossible to pursue social policy without evaluative indicators (among other things because social policy is also aimed at matters of mentality; objective indicators do not inform policy makers about public preferences, while happiness is the final output criterion¹¹).

In the light of the outcome of the discussion about descriptive and evaluative indicators, we include both in the conceptual framework we use when describing the life situation. People's opinions about parts of their life situation and about their lives are included in the conceptual framework.

5. Be focused on output and realised wellbeing. The final major point of discussion, particularly within the approach which focuses mainly on descriptive indicators, relates to the choice between social opportunities on the one hand and realised wellbeing on the other. The approach which starts from social opportunities chooses indicators which say something about resources to improve the life situation, while the approach which starts from realised wellbeing considers the life situation on the basis of output indicators. Also in terms of the issue which of the

two approaches should be given centre stage, it is important to bear in mind the aim of monitoring the life situation (or well-being), namely to provide policy-relevant information. A major element of social policy is the influencing of individual or collective resources. The government does this by, for instance, redistributing incomes and helping citizens to obtain incomes; in that way social opportunities constitute an essential element of the conceptual framework. But social policy in most welfare states is not restricted to offering people opportunities; it also formulates objectives in terms of realised life opportunities. The indicators we mentioned are concerned with such opportunities; or to put it differently, what matters are output data. In short, what matters is not the number of doctors, but people's state of health, not the number of new-built homes, but people's accommodation.

Combining indicators to one index of well-being?

Once we have chosen the domains and indicators, the next question is whether it would be useful to combine the indicators to form one index, as we have done in The Netherlands. Would this result in added value be compared to the use of separate indicators? This question becomes all the more relevant if we do not select a limited number of core indicators. After all, the greater the number of indicators used, the greater the added value of some kind of summary or comprehensive view.

The idea of using one comprehensive index for a complex phenomenon is not new. A discussion was already going on in the social indicators movement in the 1960s with respect to the usefulness and necessity of a composite measuring instrument. Initially, this idea mainly focused on finding a counterpart for composite economic gradators such as the GNP. However, most researchers soon abandoned the idea of one single standard and concentrated on developing satisfactory indices for components of the social domain such as health or housing. One of the major reasons for this was a lack of international consensus on a composite standard for social issues. One of the biggest problems we encounter when using social indicators to compile a composite index is the absence of a 'natural' counting unit, in the same sense that money is used as a unit in economic indicators. If we decide to combine the indicators, we will have to find a solution to this difficulty; for example, how

¹⁰ see www.grossnationalhappiness.com

¹¹ see Veenhoven 2002

can we include doing voluntary work and living in a flat in the same index?

Added value of a composite index

The economist Jan Drewnowski was one of the first to compile a composite index of social indicators, known as the level of living index, in 1974. He substantiated the need for this kind of index by arguing that the importance of combined standards for social indicators should be contrasted with the importance of combined standards for economic indicators. In his view, social indicators could only attain the same importance as economic indices if they were combined (Drewnowski, 1974).

However, there are a number of other points that give an index comprising social indicators added value over the use of separate indicators. First of all, an index can be helpful when understanding and analysing complex multidimensional concepts such as liveability, social exclusion or the life situation. A major advantage of one single life situation index over separate indicators is that it gives us a clear and comprehensive insight into the life situation as a whole; we can see at a glance what direction society or a given population group is moving in. This means that we can quickly see if the situation is improving or deteriorating. If separate indicators are used, it is far less easy to see in which direction the entire situation is moving, particularly if these indicators are developing in conflict with one another.

In addition, combining separate indicators has a communicative function: using one single figure is more likely to attract attention than if different figures are used, not only with respect to those for whom the index is intended (policy-makers in this case), but also to the media and the public. This communicative function enables a composite index to more easily play a role in the social debate. Furthermore, a general index can give an overall impression of (social) developments in a society, and therefore of all policy efforts. A comparison, which is very appealing, was made during the presentation of the Human Development Index: we can regard an index as the door of a house. This door invites people to enter, but the house as a whole, not the door, is ultimately important. If we apply this metaphor, the important factor here is not the life situation index itself, but the fact that we intend to use it to measure social developments in society.

Another type of added value with respect to a composite index is that it can reveal cumulative effects. We may assume that individuals who are lagging behind in a number of domains are worse off than individuals lagging behind in only one domain. Since a composite index enables us to examine the various domains in conjunction with one another, this gives us an idea of which groups are lagging behind in a number of areas, and indeed which groups are better off. We refer here to concentrations: not only with respect to lags, but also to leads. References to concentration and accumulation relate to distribution factors as well, in which the question is how the life situation factors are distributed (among groups) in society.

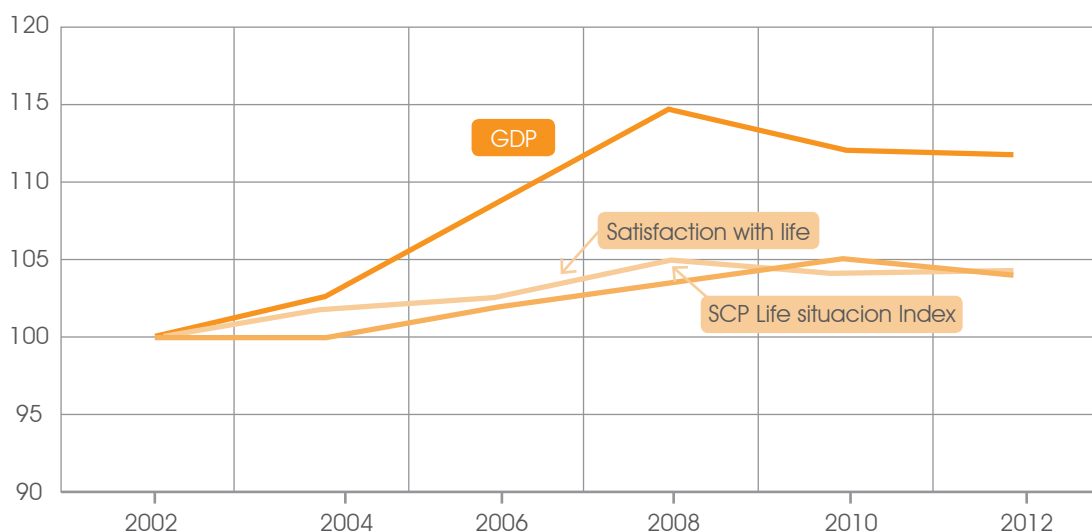
Finally, composite indices give us a methodological advantage: they increase the reliability of the measurements because errors in separate indicators are balanced out on average. Moreover, it is simpler to compare and analyse the data, since this data has been reduced. This data reduction also makes it easier to use complex concepts to classify groups or countries.

An example of the use of the life situation index in the Netherlands is given in figure 2. The development of a country, looking at the economic growth, gives another picture than looking at the quality of life. The economy (expressed as GDP) grew almost 12% in the last decade, so the economic growth was stronger than the increase in quality of life. That is true both for the subjective quality of life (expressed as satisfaction with life) and the objective quality of life (expressed with the SCP life situation index). Both increased too, but no more than 5%. Moreover, developments in life situation usually are small and go slowly. Domains like housing or health simply do not have strong changes, for that reason small developments are also relevant. The figure also shows the delay in changing life situation after the economic dip.

Problems involved in a composite index

Besides the added value of a composite index vis-à-vis separate indicators, there are also arguments against the use of one index. Although we described summarising of complex concepts into one index as an advantage in the foregoing, others believe this to be an argument against the use of composite indices. The three most commonly used arguments against a composite

Figure 2
Deteriorated life situation is following the dip in GDP with some delay. (2002-2012)



Source: (Boelhouwer, Bijl, Pommer, & Sonck, 2013)

index can be summed up by saying that it lacks a generally-accepted approach¹². The main point here is the absence of consensus regarding the following:

- Selecting the indicators: it is not clear on what basis the indicators should be selected.
- Taking the selected indicators together: can one compare apples and oranges?
- Weighting the indicators or domains: how should the weighting factor be determined?

Another argument against a composite index is the lack of a conceptual framework within which cause and effect are indicated. After all, it is not clear whether developments in the index are a direct result of policy efforts or, for example, of autonomous economic processes, which means that an index can only serve as a contextual fact at the very most.

Furthermore, a general index is not suitable as a means of answering specific policy questions, or of assessing specific policy either. In a more general sense, a composite index cannot always provide the desired insight when analysing and explaining developments in the index. At the very least, we would have to break down the index into the individual domains in order to pronounce upon this. Moreover, developments in indicators

often have to be examined as well, and since even this is sometimes inadequate, other data sources would then have to be consulted.

Another problem relating to indices is that the interpretation is unclear. Since different indicators are taken together, it is not clear what effect would have a rise or drop of a general index on individual policy areas such as health or housing. And the meaning of differences in index values is not always clear either. For example, what is the significance of the fact that the Dutch score on the Human Development Index is 0.015 lower than the score attained by Finland (which leads the field), resulting in the Netherlands occupying ninth place?

To sum up, it is necessary to reflect on the goal of the measuring and monitoring activity, whether it is wise or useful to make a composite index or to present the developments in separate indicators of well-being.

Challenges for Ecuador

From the existing literature on measuring well-being it can be learned that the ideal list of indicators or the best index of well-being or *buen vivir* do not exist. Although there is a lot of similarity in the international literature on the domains that are considered to be important for people's well-being, we also find big differences. The cultural

¹² see e.g. Hagerly et al. 2001.

background and roots of a country play a role in the choice of relevant domains.

The same holds for the choice of indicators. It might be argued that in countries where the material level of living is high, subjective indicators – measuring people’s perceptions and feelings – will play a greater role in well-being measures, than in countries with a low level of material prosperity. When there is poverty and unemployment among a large part of the population, having a job (or not) is more important for the well-being than the quality of that job. Ecuador will have to make its own consideration about the most relevant and most urgent indicators of well-being in the light of the current social situation. Keep the number of indicators limited; as mentioned in this paper, indicators should be, among other things, policy relevant and representative, and be able to show positive and negative changes. Furthermore, there must be data available; it is easy to make a long list of potential indicators that cover all imaginable aspects of life. But it is more effective, also in terms of communication, to start with only a limited number of indicators, for which you have a solid empirical data base.

Measuring well-being depends – of course - on good quality data. Also regularly collected data are important, in order to be able to measure changes – improvements or deteriorations – in time. Just one measurement is not very useful for policy makers or other stakeholders. Carrying out population surveys is an expensive and complicated activity, especially when they are done repeatedly. For that reason, there is an important role in most countries for the Bureau of Statistics since they collect data on a regular basis and they have the infrastructure. Especially in countries that are building up a system of measuring well-being, it is more efficient to spend money to have the Bureau of Statistics measure the population’s well-being than to start new surveys. A challenge, however, is that most bureaus of Statistics have long unilateral experience with measuring economic phenomena, and need to develop expertise in the field of quality of life and well-being indicators. But, as mentioned in this paper, it would be very helpful if Statistics Ecuador and other stakeholders like universitiestry to cooperate with organisations elsewhere like the OECD and EUROSTAT with their long-term experience on measuring well-being. Do not re-invent the wheel.

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