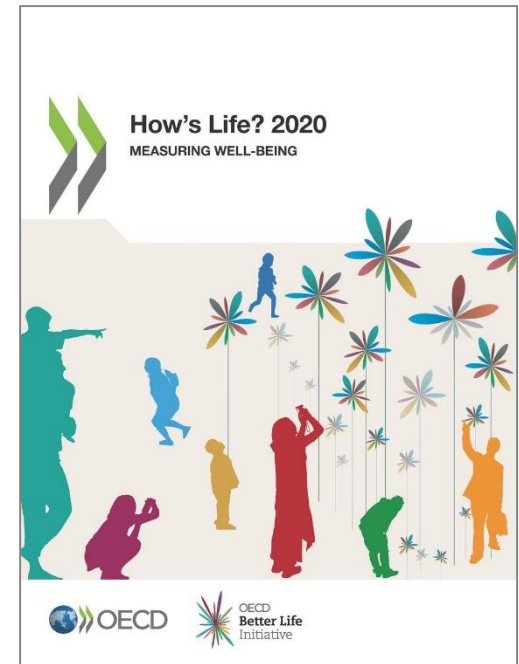OECD
Better Life
Initiative

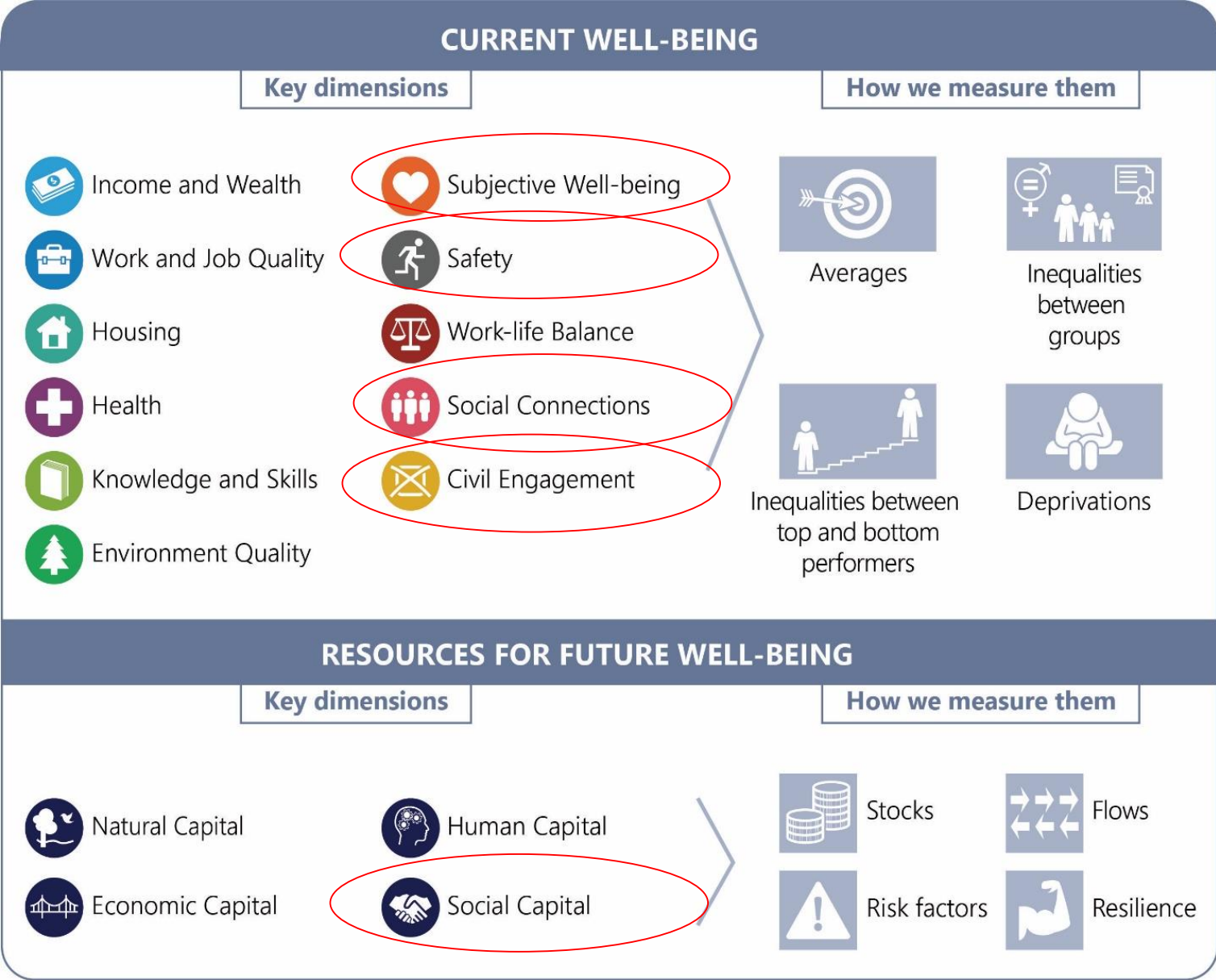# Why do people's perceptions matter, and how can we measure them?

1. When and why are perception data useful? How does the OECD use them?

2. What do we know about good measurement practice?

Context: The OECD Better Life Initiative

- It is increasingly recognised that it is important to go **beyond GDP**, in measuring the progress of societies

- Economic growth is a means to an ends, not an ends in itself

→ Measuring **well-being** is about capturing the final **outcomes that matter to people**

- People's subjective perceptions, evaluations, and experiences of life are a crucial part of that

OCED Well-Being Framework

CURRENT WELL-BEING

Key dimensions

- Income and Wealth
- Work and Job Quality
- Housing
- Health
- Knowledge and Skills
- Environment Quality

- Subjective Well-being
- Safety
- Work-life Balance
- Social Connections
- Civil Engagement

How we measure them

- Averages
- Inequalities between groups
- Inequalities between top and bottom performers
- Deprivations

RESOURCES FOR FUTURE WELL-BEING

Key dimensions

- Natural Capital
- Economic Capital
- Human Capital
- Social Capital

How we measure them

- Stocks
- Flows
- Risk factors
- Resilience

OECD Better Life Initiative

OECD How's Life? report: examples of perception data

Subjective well-being: life satisfaction; affect balance; feeling life is worthwhile

Civic engagement: feeling you have a say in what the government does

Safety: feeling safe walking alone at night where you live

Social capital: trust in others; trust in institutions

How's Life? 2020
MEASURING WELL-BEING

OECD Better Life Initiative

Perceptions vs. self-reported information

- Almost all survey data relies on self-report

    - e.g. construction of unemployment indicators:

    >> Seeking employment within the last 4 weeks

    >> Available to work within the next 2 weeks

- Perceptions could be seen as a specific sub-category of self-reported data

    - People's *feelings about* something that might have an objective counterpart (e.g. feelings about safety)

    - Concepts that are inherently subjective (e.g. satisfaction with life; trust in others)

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What do perceptions data bring?

- Emphasise the views of citizens, giving them voice

- Help provide a more complete picture of life
    - → Often used when no objective data are available (e.g. social connections)
    - → How people feel is *part of* their quality of life

- People's perceptions affect their behaviour
  (e.g. job satisfaction and job quits; life satisfaction and voting)

- Used as a complement to, but not a replacement for, objective data about living conditions/ well-being
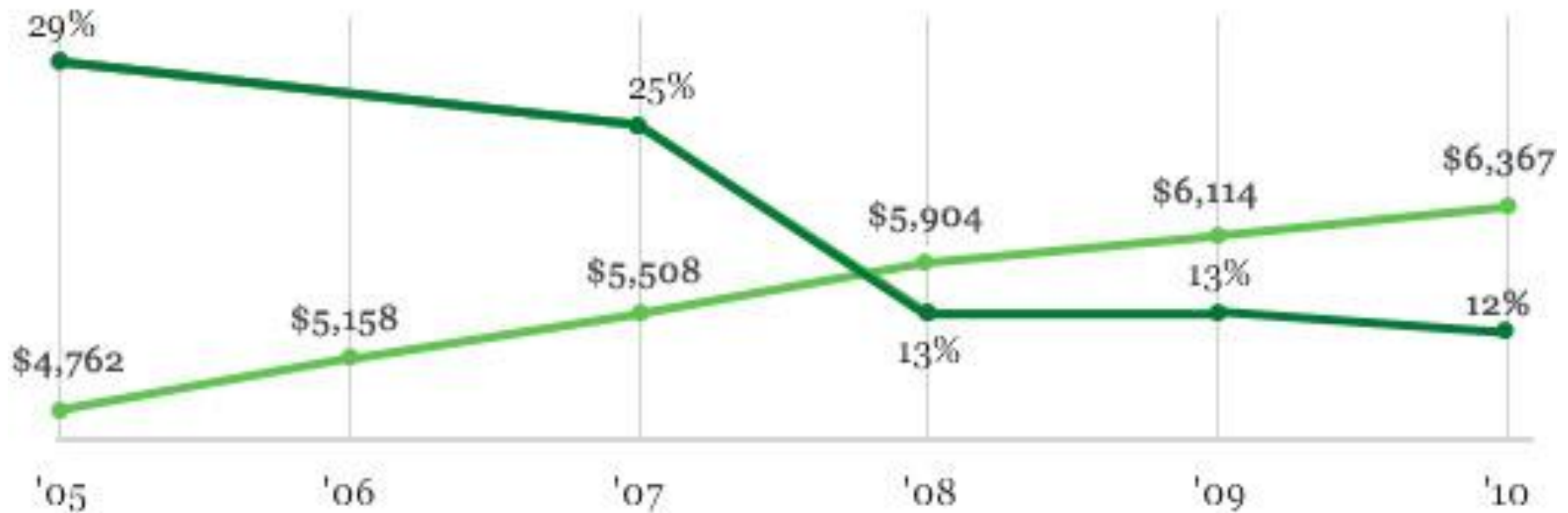
SWB can pick up things other measures miss

Egypt: Recent Trends in Percentage "Thriving" and GDP per Capita (PPP)
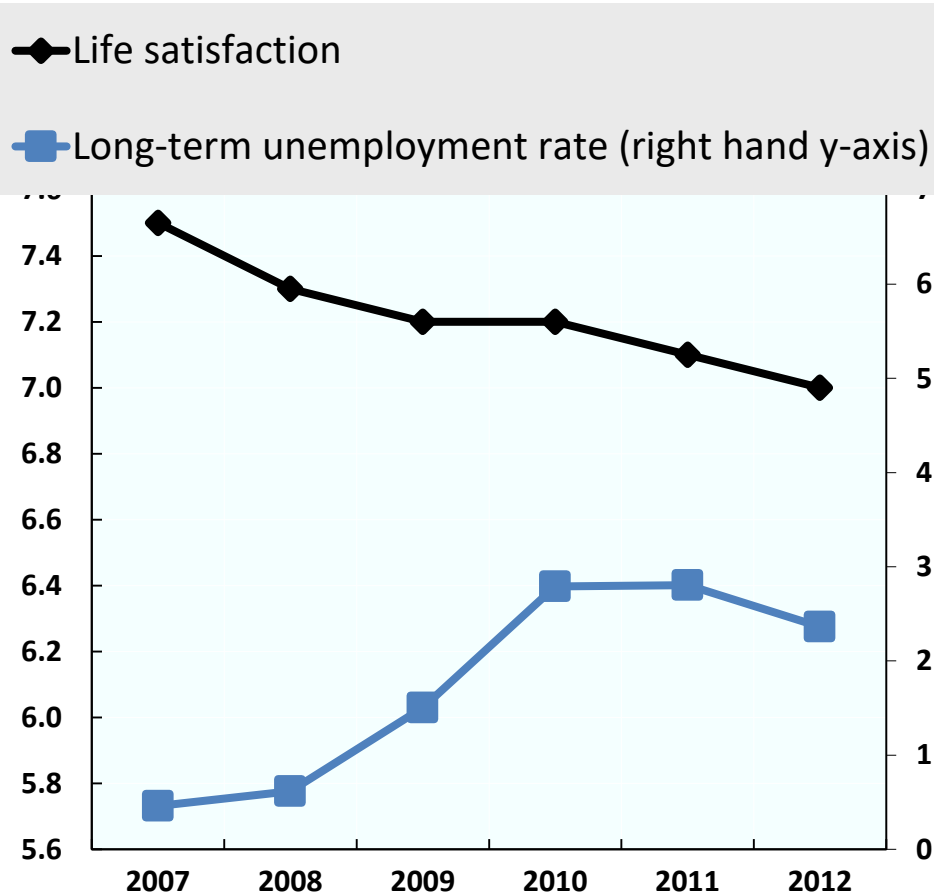
■ Thriving   ■ GDP per capita (PPP)

29%
25%
13%
13%
12%

$4,762
$5,158
$5,508
$5,904
$6,114
$6,367

'05   '06   '07   '08   '09   '10

2005-2010
GDP per capita (ppp) estimates are from the International Monetary Fund's World
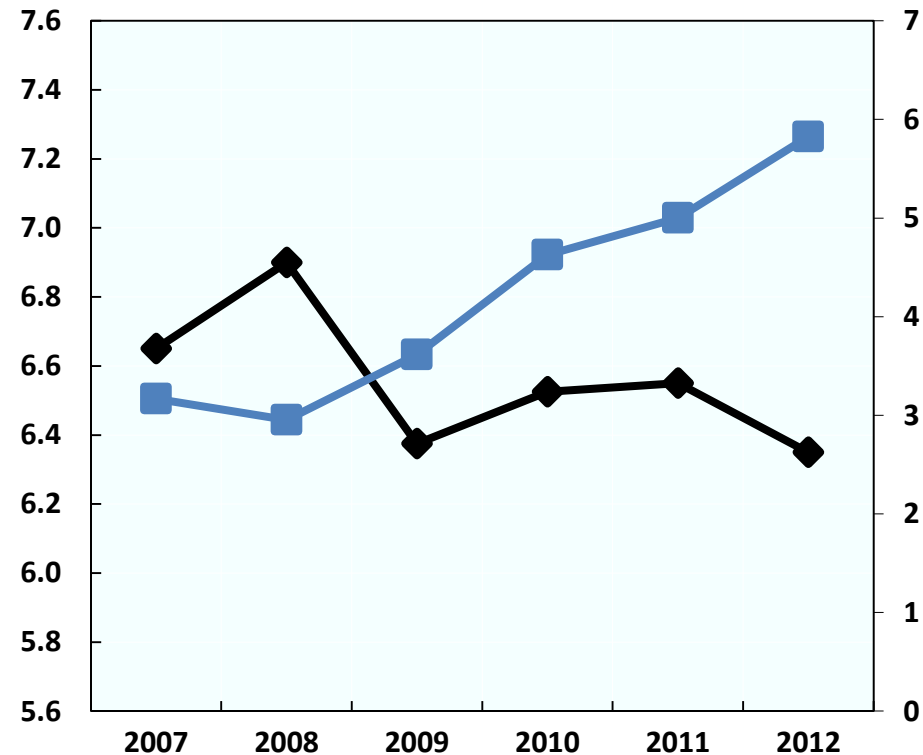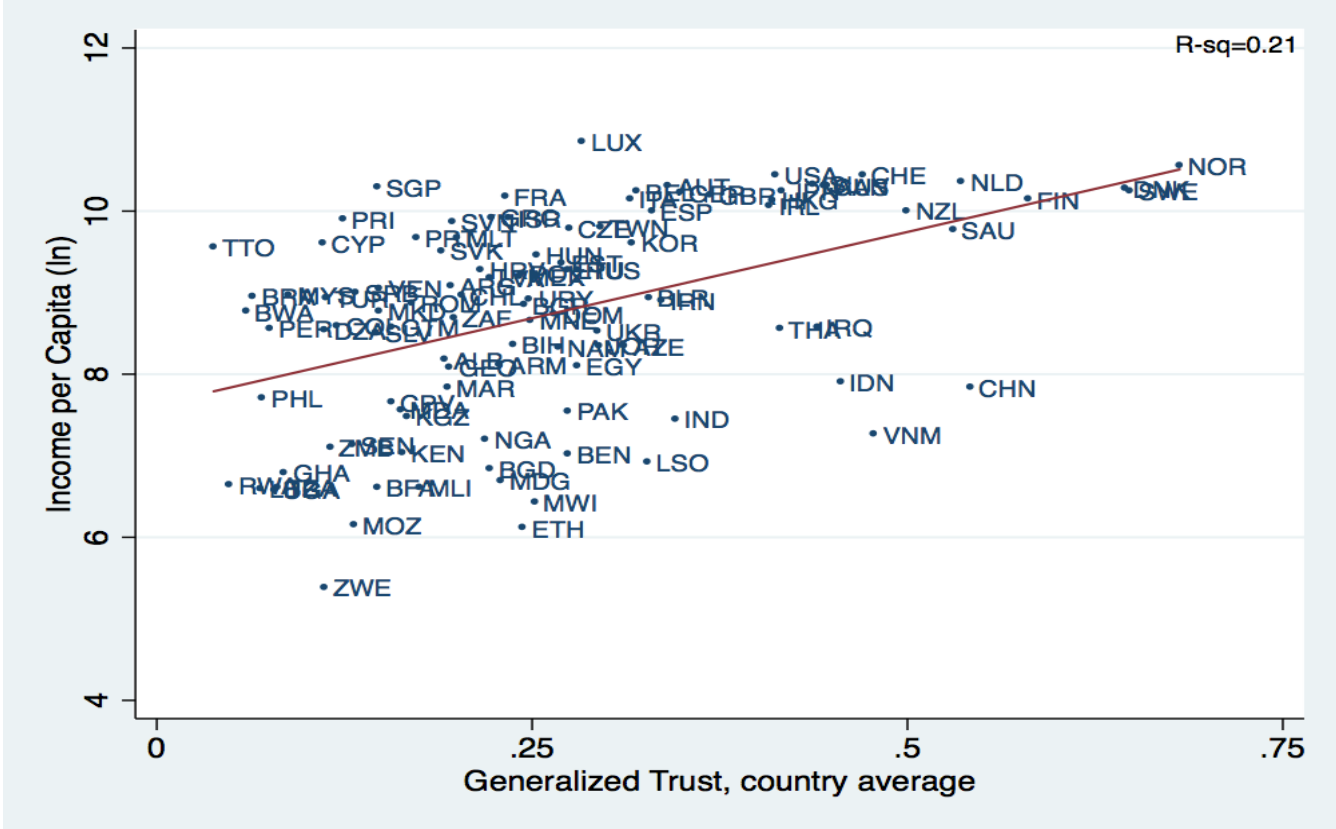Economic Outlook database.

GALLUP

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SWB moves with the times...

United States

OECD Euro area (selected countries)

- ◆ Life satisfaction
- ■ Long-term unemployment rate (right hand y-axis)

Source: OECD (2013) *How's Life? 2013,* based on Gallup World Poll

Positive association with **income per capita**….

Source: Algan and Cahuc, 2013

.....Italian provinces with higher social capital adopted
COVID-19 **social distancing** earlier

Figure 2 Mobility and civic capital (above-below the top 75th percentile)
Average weekly differences, after controlling for province daily effects and interactions effects
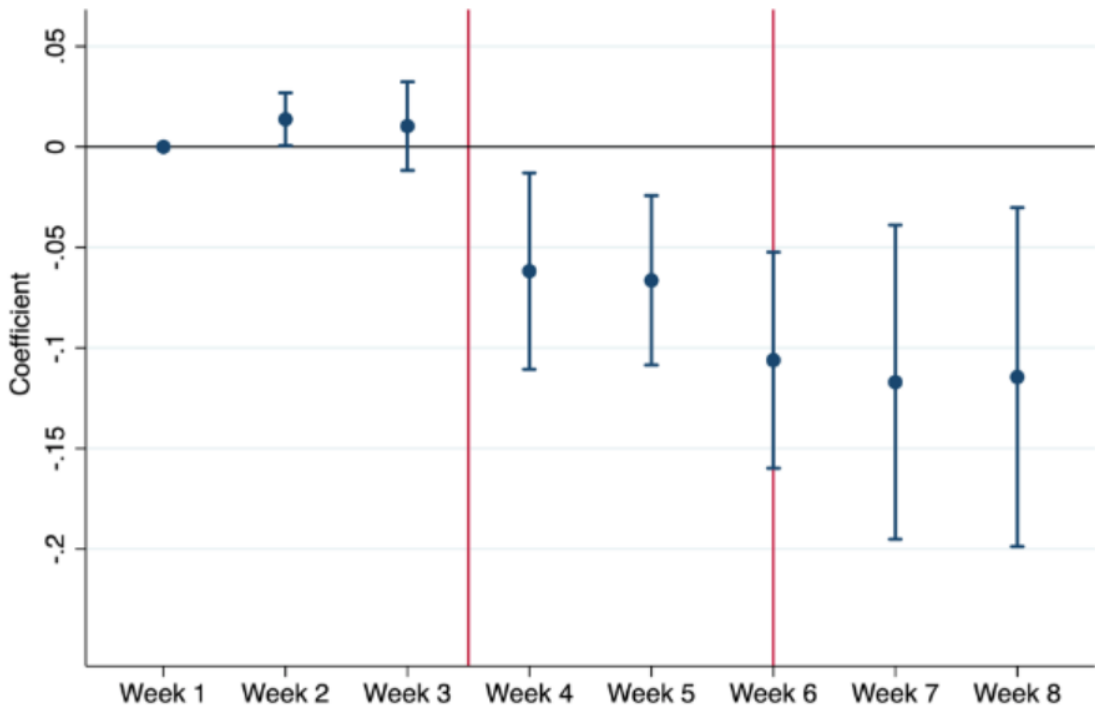
Source: Durante et al, 2020
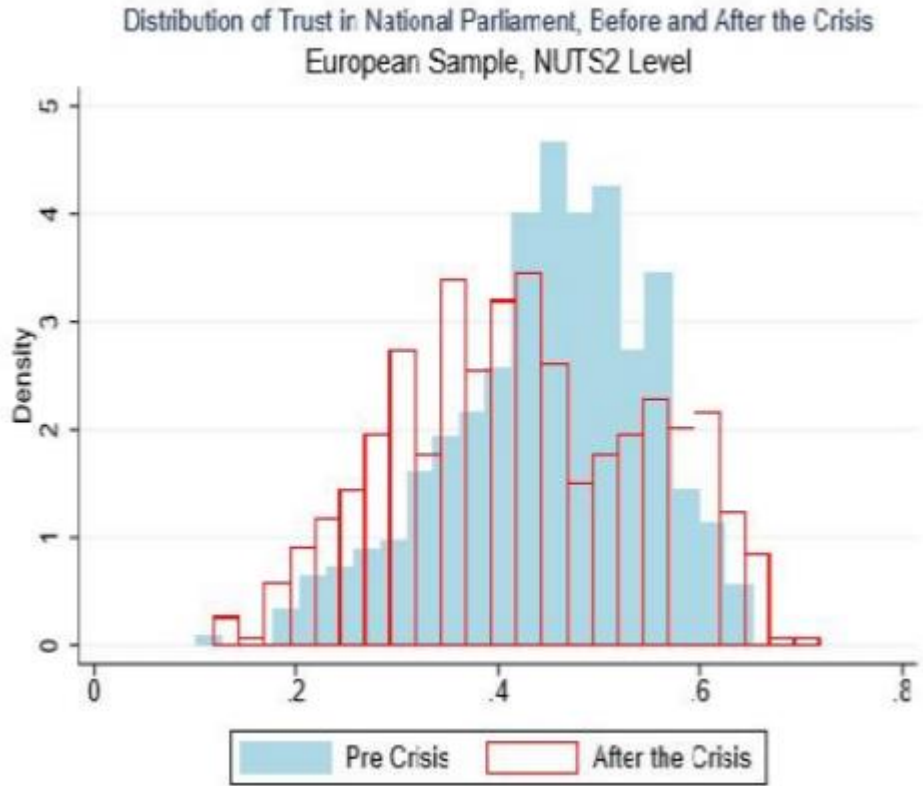
Impact of the Global Financial Crisis on trust in parliament in Europe

Distribution of Trust in National Parliament, Before and After the Crisis
European Sample, NUTS2 Level

2. What do we know about good measurement practice?

OECD Measurement Guidelines

OECD Guidelines on Measuring Subjective Well-being

OECD Guidelines on Measuring Trust
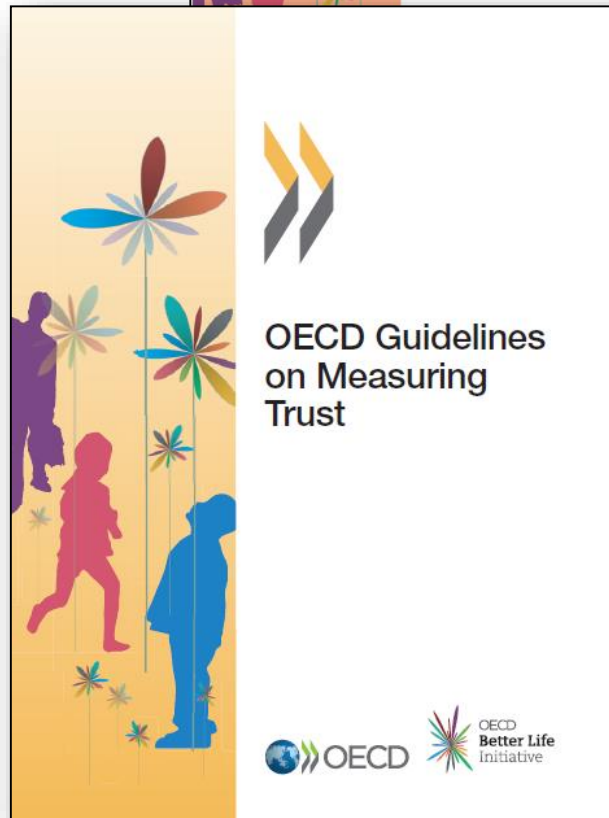
- Key audiences: **National Statistical Offices**, other data producers, and data users

- Aim to improve the **quality** and **availability** of measures of subjective well-being (2013), trust (2017), quality of the working environment (2017) + possibly social connections (forthcoming)

- Essential that official measures are collected in a **consistent way** to **enable comparisons,** both between surveys and over time

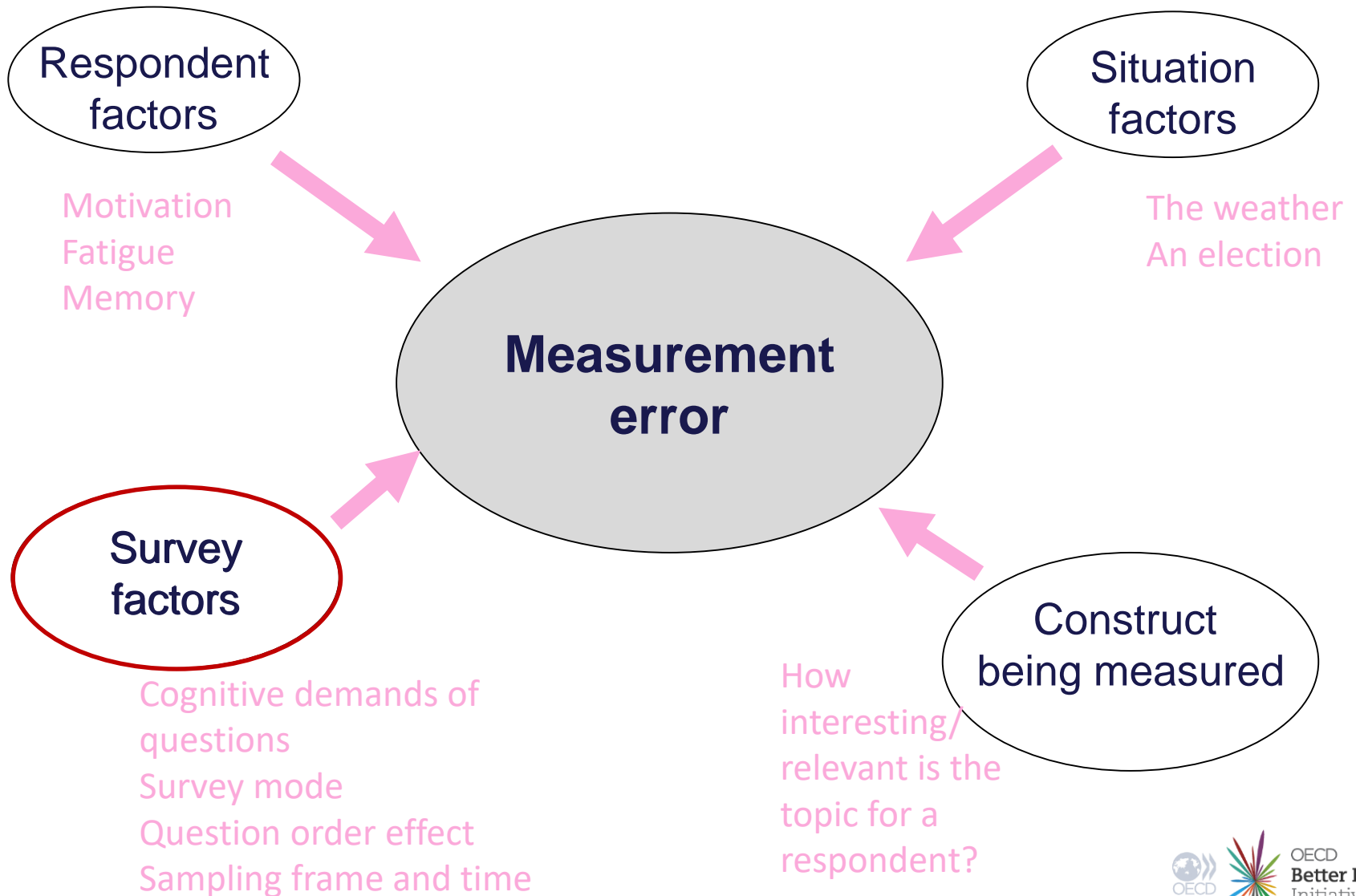# What do the Guidelines cover?

Concept and validity

Methodological issues

Good practice in data collection
prototype question modules

Reporting and analysing the data

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Where does self-report survey error come from?

There is no "perfect" measure …

- All measures contain error (also objective ones!)
- The goal is to find a "good enough" one to distinguish meaningful patterns
- We need to understand how **survey design** can reduce or manage error

  - Question wording
  - Response formats
  - Survey context
  - Survey mode
  - (Cross-cultural) response styles

Guidelines take-aways

• Good **survey design matters** for all measures, but particularly for perceptions!

• We need more controlled experimentation with methods

• **Consistency** is more important than finding the "perfect measure"

•Check out the Guidelines at: https://www.oecd.org/statistics/measuring-well-being-and-progress.htm#publications
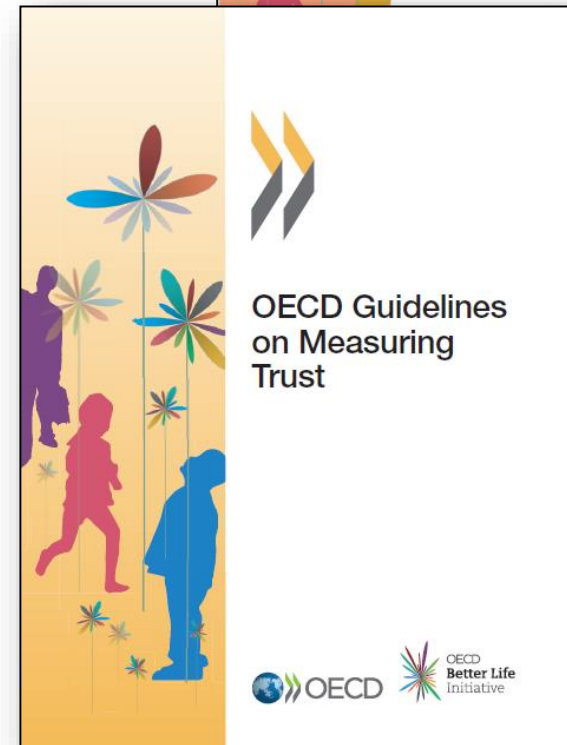
Thanks!

OECD WISE Centre: Putting People's Well-Being at the Top of the Agenda
http://www.oecd.org/wise/

How's Life? 2020: Measuring Well-being
Read free online at **www.oecd.org/howslife**

Comments? Questions?
carrie.exton@oecd.org

We need to reconnect

Drawings ©Giulia Sagramola

Core prototype module - SWB

Box B.1. **Core questions**

The following question asks how satisfied you feel, on a scale from 0 to 10. Zero means you feel "not at all satisfied" and 10 means you feel "completely satisfied".

A1. Overall, how satisfied are you with life as a whole these days?   [0-10]

The following question asks how worthwhile you feel the things you do in your life are, on a scale from 0 to 10. Zero means you feel the things you do in your life are "not at all worthwhile", and 10 means "completely worthwhile".

A2. Overall, to what extent do you feel the things you do in your life are worthwhile? [0-10]

The following questions ask about how you felt yesterday on a scale from 0 to 10. Zero means you did not experience the feeling "at all" yesterday while 10 means you experienced the feeling "all of the time" yesterday. I will now read out a list of ways you might have felt yesterday.

A3. How about happy?   [0-10]

A4. How about worried?   [0-10]

A5. How about depressed?   [0-10]

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Core prototype module - Trust

Box A.2.1. **Core questions**

A1. And now a general question about trust. On a scale from zero to ten, where zero is not at all and ten is completely, in general how much do you trust most people?

Not at all   Completely   DK

0 1 2 3 4 5 6 7 8 9 10   88

A2. On a scale from zero to ten, where zero is not at all and ten is completely, in general how much do you trust most people you know personally?

Not at all   Completely   DK

0 1 2 3 4 5 6 7 8 9 10   88

The next questions are about whether you have trust in various institutions in [COUNTRY].

Even if you have had very little or no contact with these institutions, please base your answer on your general impression of these institutions.

Using this card, please tell me on a score of 0-10 how much you personally trust each of the institutions I read out. 0 means you do not trust an institution at all, and 10 means you have complete trust. Firstly... **READ OUT**

A3. [Country's] Parliament?

Not at all   Completely   DK

0 1 2 3 4 5 6 7 8 9 10   88

A4. The police?

Not at all   Completely   DK

0 1 2 3 4 5 6 7 8 9 10   88

A5. The civil service?

Not at all   Completely   DK

0 1 2 3 4 5 6 7 8 9 10   88