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Quality of life: a multifaceted approach

A review of “Measuring Equitable and Sustainable Well-being in Italy” by

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Abstract. The article constitutes a multifarious approach to describing the main directions provided by international bodies and scholar for measuring individual and national well-being. Constructing their analysis from a statistical point of view the authors describe and examine the quality of life framework built since the '40s. The focus point of the study is represented by the measures undertaken by Italian National Institute of Statistics (Istat) in order to provide a fair and harmonized measure of quality of life. Giovannini and Rondinella's work stands out due to the fact that it provides a very well documented exploration for the well-being measurements.

Keywords: quality of life, economic and societal progress, well-being indicators, national accounts

JEL Classification: I30, N30, M40

1. Introduction

Tackling an important issue of today's social economics, Giovannini and Rondinella display the measures undertaken by the Italian government in order to better quantify the well-being of a nation. The concept of quality of life is a long debated one, being considered a multifaceted conception. Initially, after the World War II and the “Great Depression”, GDP was considered the most important indicator of well-being. However, subsequent to numerous political and academic debates, a general consensus has been reached, that quality of life has to be measured both in subjective and objective terms.



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2. Contribution

Measuring well-being through subjective indicators was considered in the '70s a new social movement that had at its core the involvement of social scientists in matters of policy and contemporary affairs of the community and the nation (Sheldon and Freeman, 1970).

Two were the reasons that led to the emergence of a research directions in the field of quality of life. First of all, finding that, despite the economic progress of society, a good part of the population continues to live in poverty, in precarious living conditions. The second impulse came from the direction of Ecology: disturbance of the environment, that incurred as a result of industrialization and uncontrolled urbanization that has dramatic consequences in the quality of life (UNESCO, "Quality of Life" in Socio-Economic Studies, no. 5, 1985). Quality of life is an evaluative concept that has significance for the life of every individual as a result of its assessment.

Giovannini and Rondinella consider the United Nations Development Programme (UNDP) and the United Nations Millennium Summit as being the most important political debates that addressed the measurements of quality of life. Under UNDP an important indicator is constructed that offers an alternative measure of well-being called Human Development Index (HDI). In the article reviewed this indicator is considered to be the stepping stone towards a fresh perspective on individual and national well-being. On the other hand there are views (Sagar and Najam, 1998) that consider HDI as being a stagnant indicator that fails to capture the essence of the world it seeks to portray.

The second political debate, that in the opinion of Giovannini and Rondinella, helped shape the complex measures of quality of life, is considered to be the United Nations Millennium Summit. In 2000, 147 head of states gathered and adopted the Millennium Development Goals (MDG) that consisted in a set of approaches aiming to address extreme poverty (Sachs and McArthur, 2005). By defining the dimension of extreme poverty as being income poverty, hunger, disease, lack of adequate shelter, exclusion, MDG outlined the pillars of wellbeing, thus providing a framework for further analysis.

Moreover, the measures of quality of life should be analysed in terms of structural development given the fact that, according to previous studies (Viciu et al, 2012), the shift from an agriculturally and industry focused economy to a tartarised economy can involve a process of "creative destruction" through which, wellbeing can be augmented.

After constructing a basis for analysis, Giovannini and Rondinella further present in the article the important role played by the Italian National Institute of Statistics¹ (Istat) in the adaptation of the well-being measurements provided by the international bodies to the Italian reality. Istat has responded to the ever growing need for meaningful measures of quality of life by publishing the annual report "Noi Italia" in which it provides a brief presentation of the statistical information that defines the state of the country.

¹ Istituto Nazionale di Statistica (Istat) is the Italian National Statistical Institute. Its activities include the census of population, economic censuses and a number of social, economic and environmental surveys and analyses



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Istat constructs its analysis by using the Multipurpose Survey, this tool is considered by many scholars, as well as Giovannini and Rondinella, “an internationally comparable single question on overall life satisfaction as well as a question on how relevant the different dimensions of well-being are for citizens”. Kroll (2011) considers the Italian effort to measure *benessere equo e sostenibile* (equitable and sustainable well-being) as a good example for the synergies, between legitimate stakeholders, aimed at providing a coherent and reliable measurement for quality of life.

The main feature that makes the Multipurpose Survey appealing to researchers and policy makers is the fact that it provides a spectrum of information that permits a superior reading of information by placing citizens at the centre of the official statistics.

How people define their requirements for a "good life" or "a decent standard of living" creates an image of the configuration elements that constitute the subjective level, an ideal of a good life, but also on existing standards and promoted by the society in terms of this ideal.

According to Giovannini and Rondinella, the Multipurpose Survey conducted by Istat is based on six pillars that consist of numerous indicators, as follows: health (i.e. life expectancy free of disability), education (i.e. lifelong learning, constructed based on Lisbon strategy), personal activities and work (i.e. underutilization of human capital), political voice and governance (i.e. the duration of civil and criminal trials), social connections and relationships (i.e. friendship) and insecurity (objective and subjective information related to living and working conditions).

Under the consultations initiated by Istat challenges were identified that affected the indicators of progress for the Italian society. The first finding was thought to be the need to provide “a sufficient and robust statistical production able to cover all relevant dimensions of progress”.

A study conducted in 2007 highlights the desire of Italian consumers to be informed (Fullone et al, 2007); therefore it is the main task of Istat to provide evidence that can satisfy the expressed need of Italian citizens.

The second challenge identified by Istat is the need to set up a democratic process in order to grant public legitimacy to the selected indicators.

Considering the fact that the debate on how to measure well-being is gathering momentum worldwide it is paramount that all the actions taken by any national agency (i.e. Istat) are aligned to the international consensus regarding these aspects. Therefore Giovannini and Rondinella consider the “Istanbul Declaration” and the work of the “Commission on the Measurement of Economic Performance and Social Progress” (the “Stiglitz Commission”) as the two main streams that influence the measurement of well-being.

Stiglitz (2009) stipulates that the subjective dimension is as a vital part of measuring quality of life:” [...] there are reliable and replicable ways of ascertaining certain aspects of well-being and quality of life, and relating subjective perceptions to objective phenomenon, such as market based activities.”

The main directions given by the “Stiglitz Commission” focus on identifying the limits of GDP as an indicator of economic and societal progress, taking into consideration what additional information might be



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required for the production of more relevant indicators of societal development and assessing the feasibility of alternative measurement tools.

There are scholars (Sicherl, 2007) that suggest a direct relationship between quality of life and economic and societal progress and assert that the two indicators should be analyzed together. Considering this approach, Giovannini and Rondinella debate on the work of the “Pittsburgh Summit” that argued over the measures that have to be taken in order to achieve “strong, sustainable and balanced growth” (Dervis and Kharas, 2011).

The importance of a complex measure of well-being represents an active concern for policy makers worldwide. José Manuel Durao Barroso, President of the European Commission, in the speech given at the “Beyond GDP Conference” (Brussels, 19 November 2007) points the importance of considering the many aspects that construct quality of life:

“For many years now, there has been a growing consensus that Gross Domestic Product is not, on its own, sufficient to guide high quality, policy and business decisions. The European Union is facing today a whole series of global and new challenges, in order to safeguard our prosperity and wellbeing. And Europe is making today a valuable contribution to meet these challenges; we are leaders on many of these: climate change, energy security, health development, to mention but a few. These are the great challenges of our time – often new, always shared challenges that transcend national borders and demand a common response.”

A significant feature observed by Giovannini and Rondinella, as an outcome of the “Stiglitz Commission’s” work, is the directive to reduce the emphasis toward economic indicators in favor of a multidimensional approach that considers the social and environmental well-being. Deriving from this idea is the need to define a clear set of national progress indicators that are widely legitimated and that are used as a common tool for monitoring quality of life.

Covering the Italian challenges faced when defining a set of societal progress indicators Giovannini and Rondinella debate on the OECD WP written by Saivens and Iasiello. The paper considers the following stream for action: “indicators must be developed with the participation of those who will use and learn from them”.

When selecting the range of indicators used to define wellbeing one is faced with a trade-off between using classical progress indicators (fit-for-purpose indicators) that produce academically certified data and composite indexes that represent the foundation for policy incentives.

Giovannini and Rondinella analyse, in the second part of their paper, the national accounts concept that is thought to be an important hallmark for tools that guide the decisions of economic agents. The National accounts concept was constructed in the ’40s with the objective of aiding macroeconomic policy analysis (Maler, 1991), thus not specifically designed to analyze individual and societal well-being. Istat publishes regularly reports such as “Human and social capital reports” based on national accounts, that are used to measure quality of life.



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Although GDP and income are not identified as the sole measures of quality of life, there are scholars, Giovannini and Rondinella included, that consider the “social” aspect of GDP as an appropriate facet for measuring well-being. Income can be analyzed from a welfare perspective, hence constructing an economic measure that is similar to individual well-being quantified by using an objective perspective. Thus, the concept of “material living standard” emerges providing a measure for material well-being. Vogel (2003) asserts that material living standards are more robust indicators from a technical point of view, given the fact that they take into account income sensibility.

Giovannini and Rondinella assert that the two main surveys that measure material well-being are: the “European Survey on Income and Living Conditions” and the “National Survey on Households’ consumption”. These multidimensional analyses reflect the main economic problems of families in a perspective of deprivation by highlighting the changes in purchasing power. Moreover, World Bank introduces absolute poverty measure as a facet of individual well-being. The measures, taken by countries in order to combat this indicator, are considered to be a widely accepted yardstick in evaluating the overall performance of governments (Chen and Ravallion, 2007). Defining the elements are required to have a “good life” or “a decent living” is determined both by the personal characteristics and the collective features.

3. Conclusions

A component of quality of life measurements that is gaining interest is considered to be environment quality. Kohl et al (2000) consider the environmental information as being valuable if subject to harmonization and standardization. Giovannini and Rondinella describe as the major cornerstone in measuring environmental quality, the development of pressure and response indicators. Another important aspect is the correlation between the pressure indicators (i.e. “what is taken from the environment”) with measures of impact (i.e. “the ultimate effects of environmental changes and human activities”). Smeets and Weterings (1999) define, in the Technical Report No. 25 submitted to the European Environment Agency, response indicators as being “responses by groups (and individuals) in society, as well as government attempts to prevent, compensate, ameliorate or adapt to changes in the state of the environment”. A similar definition is provided by Giovannini and Rondinella that delineate response indicators as describing and quantifying the society’s efforts to solve environmental problems (i.e. developing protected areas).

Giovannini and Rondinella’s article can be viewed as a reference point for quality of life analyses, keeping in mind the fact that it provides a detailed description on the well-being framework.



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