The role of subjective indicators in measuring the equitable and sustainable well-being in Italy

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Abstracts
Istat in collaboration with the National Council for Economics and Labour (CNEL) in 2010 has developed a comprehensive and shared approach to monitor the Equitable and Sustainable Well-being (Bes) defining a framework for well-being and the appropriate indicators to monitor it. This paper will highlight the importance of subjective measures in the Bes framework highlighting the relationship between objective and subjective measure using the results of the first report on Equitable and Sustainable Well-being (Bes) in Italy.

Key Words: Subjective well-being, well-being measure, cognitive measures.

1. Introduction
For decades in Italy, the national statistical system has been completely focused on objective indicators for the support of the governments’ economic policies. The citizens’ demand to improve quality of life, the increased attention of the governments to welfare policies and the theoretical findings of the social indicator movement contributed to highlight the need to collect new information on social aspects.

Istat was one of the first national statistical offices in Europe to understand the relevance of a system of social surveys capable of collecting both objective and subjective information. In the eighties, Istat implemented for the first time the Multipurpose survey on households and individuals which progressively developed into an integrated system of social surveys with the aim of monitoring citizens’ quality of life. In 1993 Istat started a new system of social surveys which was called “System of multipurpose surveys” articulated in seven social surveys. Over the past 20 years, social statistics in Italy have seen a continuous progress, with the production of large amounts of data and indicators for the measurement of quality of life. The Italian Multipurpose surveys system is one of the most advanced and ambitious social surveys systems at international level. At national level, it integrates the information provided by the surveys regulated by the European Statistical System providing specific information on daily life and well-being not covered by mandatory surveys.

This system of social surveys, for the first time, describe and measure citizens’ quality of life using both subjective and objective indicators. Subjective indicators are considered crucial to complement the analysis with specific information that cannot be measured using objective data. Particular attention is given to collect information on satisfaction for specific domains, behaviours, motivations, which integrated with objective data, allow a clearer picture of the social situation in Italy.

2. Measuring Equitable and Sustainable Well-being in Italy (Bes)
The concept of well-being differs according to historical periods, places and cultures and cannot therefore it is not possible to find an absolute, culture-independent definition of this concept. Moreover, scientific research in this field shows us that, at the moment, no single statistical indicator is capable to fully represent a society’s state of well-being, leaving us to refer to a range of measures (Giovannini et al., 2010). This is why the choice of the main dimensions of well-being to which a society should refer, and therefore the indicators chosen to represent them, requires the direct involvement of the various components of the society. If well organized, this process provides an important democratic legitimization for the measures chosen to represent...
the concept of well-being, something which is essential if they are to be used to identify possible priorities for political action.

Following these considerations and recommendations made at the international level, a process was initiated in Italy to identify a shared measurement of well-being at the national level, to become a reference point for public debate and to be used to guide important democratic choices for the country’s future. In order to define the essential elements of well-being in Italy, the National Council for Economics and Labour (Cncl) and the Italian National Institute of Statistics (Istat) set up a “Steering Committee for the measurement of progress in the Italian society” composed of representatives from social partners and the civil society to define and measure the Equitable and Sustainable Well-being in Italy.2

3. The role of subjective indicators in the Bes framework

The concept of well-being (which can be more generally referred to as quality of life) is organized in literature in two macro dimensions (Michalos, 2008): a) living conditions, with both objective and subjective aspects and b) subjective well-being. The Bes framework articulate the concept of well-being in 12 domains. Particular attention in the BES initiative has been given to the subjective aspects not only because these measure are recognize in the literature as relevant for the analysis of quality of life but also because of Istat’s long tradition in the implementation and use of these data.

Subjective data play a double role in the Bes framework: firstly, subjective well-being is a specific domain among the 12 of the framework because it is considered as a cross-cutting aspect which refers to the life as a whole. Secondly, subjective indicators are crucial in most of the other domains since the level of well-being is measured taking into account both subjective and objective aspect creating an useful synergy of information that allow an in-depth analysis of the phenomenon. In the following we will analyse the indicators used and their key messages.

3.1. Subjective well-being

The main indicator of the subjective well-being domain is the percentage of people 14 years and over which express a life satisfaction scores between 8 and 10 (on a scale from 0 to 10). This indicator has been adopted because more sensible to changes in the phenomenon than the average of the scores and from previous analysis it corresponds to people being very satisfied on a four levels verbal scale (Macrì, 2012).

This indicator measures how people evaluate their overall life. The satisfaction comes from knowing that they have reached their goals and aspirations. Satisfaction with life is an individual state of mind that results of a cognitive process that gives a retrospective evaluation based on personal standards. It has the advantage of allowing people to decide for themselves how is life without giving external criteria of evaluation. It is a measure based on a retrospective evaluation given by people to their life in general. This evaluation is a powerful measure which synthesize several aspects (such as expectations, values, dreams, etc.) which cannot be directly measured and it is largely used at international level, even though its use in official statistics is still limited (OECD, 2013).

This indicator monitors very efficiently the negative impact that the uncertainty of the economic and social situation is having on both behaviours and perceptions. In fact, until 2011 nearly half the population over 14 stated high levels of satisfaction for their lives as a whole, indicating a score of between 8 and 10. However, in 2012 the signs of hardship, crisis and insecurity, already recorded by the traditional economic indicators, have also had a significant impact on the level of overall satisfaction. In fact, the percentage of the population indicating high levels of satisfaction in life in general fell from 45.8% in 2011 to 35.2% in 2012 (Figure 1).

2 www.misuredelbenessere.it
3.2. Subjective indicators of health status

Health domain uses four subjective indicators (out of a total of 14) to measure the healthy life expectancy at birth; the index of physical status (PCS); the index of mental status (MCS) and the life expectancy without limitation in daily activity at 65 years and over.

In particular the Healthy Life Expectancy, (in the following HLE) express the number of years a children born in a particular calendar year can expect to live in good health conditions in the hypothesis that mortality rates and perceived health will be constant in time. This indicator is built using the percentage of people that answer “well” or “very well” to the question on perceived health. The subjective evaluation of its on health status is a consistent indicator of health status (Lundberg e Manderbacka, 1996) and it is still reliable after controlling the effects of objective health conditions (Mantzavinis et al., 2005).

This indicator is a good example of how subjective data contribute to integrate objective one. Comparing the Life Expectancy (LE) with the HLE in Italy it emerges that despite their historical advantage over men in terms of life expectancy, women have a disadvantage in terms of the quality of survival: on average, more than a third of their lives are lived in poor health conditions (Figure 2).

The information on LE and HLE can be coupled with other important self-perceived subjective information on the physical condition (Physical Component Summary, PCS) and on the psychological condition (Mental Component Summary, MCS). These data are obtained through a set of 12 questions on the state of health: physical activity, role limitations due to physical health, emotional health, bodily pain, perception of
general health, vitality, social activities and mental health. For each individual the summary of the scores allows to construct the two indices of health status. A very low level of the PCS index (roughly below 20 points) corresponds to a condition of substantial physical, social and personal limitations; health can be considered poor. A low MCS index highlights instead frequent psychological distress; important social and personal disability due to emotional problems. The average of the individual scores gives information not otherwise available on the status of physical and mental health of the population or of specific sub-groups.

3.3. Trust in the others and in the institutions

Trust is the foundation of most personal relationships, which in turn are key determinants of human well-being and economic development. Theoretical and empirical analysis shows that high levels of interpersonal trust make many aspects of life more enjoyable and productive. Trust, if it is matched by trustworthy behaviour in others, reduces the costs of dealing with risks and uncertainty (Helliwell, 2001).

It reflects people’s subjective perception of people’s reliability. But the relevance of trust goes further than that: trust may be regarded as a key driver of progress within a specific society (Morrone et al., 2009).

In the Bes framework two different kind of trust are measured: a) interpersonal trust in terms of the trusting the others that we do not know; b) institutional trust which is used to analyse citizens’ trust in institutions such as the parliament, the police, the armed forces and large companies (Luhmann 1979, Roth 2006).

In Italy, people typically rely on “short” forms of solidarity and “close” ties, in particular family relations. Both in times of hardship and in normal day-to-day activities, family represents a fundamental network of support, an important point of reference which – with all the limitations and difficulties imposed by recent social and economic transformations – still appears to function and provide considerable assistance to Italians. However outside the network of the “close” ties there are “the others”, the society as a whole, to which citizens show profound diffidence. In 2012, only 20% of people over the age of 14 believed that most people are trustworthy, lower than in 2010 (21.7%) and even lower in the South (15.2%). Italy is one of the OECD countries with the lowest levels of trust in others, especially in comparison with countries such as Denmark and Finland, where the percentage of people who trust others reaches 60% (Figure 3).

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3 See the Short Form Health Survey (SF) 12 questionnaire.
from all segments of the population, all areas of the country and the various social classes. In March 2012, the worst rating for citizens’ trust in institutions concerns political parties: the average trust of citizens in political parties, on a scale of 0 to 10, was of just 2.3; this was followed by Parliament (3.6), local authorities (4) and the judicial system (4.4). The only “institutions” which citizens trusted were the fire brigade (8.1) and the police (6.5).

Trust refers to the confidence that people have in others that they will act as we might expect. Therefore in a country such as Italy with low level of trust among citizens and of the citizens for most of institutions this information is crucial and should be used to inform appropriate political actions.

3.4. Personal security

Personal security is an important part of individual well-being. Subjective perception and experiences of objective safety in daily life are key components for level of individual and community well-being. Being victim of a crime can result in economic loss, physical and/or psychological damage due to a suffered trauma with immediate and evident effect on well-being. Nevertheless, the most important effect of criminality on well-being is the sense of vulnerability that it determines on individuals: the fear to be victim of crime can strongly affect personal freedom, quality of life and development of territories.

The complexity of the phenomenon results in the need of taking into account both objective and subjective indicators, because from the point of view of quality of life it is important how we feel when we face criminality and not only how many crimes have occurred. The main subjective indicator taken into account is the fear of crime which is crucial to monitor citizens’ sense of security that can be hampered by criminality but also by the disproportionate attention given to criminality by the media.

Figure 4 – Fear of crime: percentage of people feeling safe while walking alone at night in the area where they live. Year 2002, 2009

![Fear of crime chart](source: Istat, Safety of citizens survey)

In Italy, for example, from the early 1990s onwards, criminality has fallen both for crimes against property and homicides. For homicides, car theft and muggings, there was a net and continuing fall (rates per 100,000 population fell from 2.6 to 0.9 for homicide, from 100.2 to 29.1 for muggings and from 572.6 to 327.3 for car theft). Nevertheless, the indicator on the fear of crime shows that from 2002 to 2009, the sense of insecurity rose among all ages and more sharply among women than men. The percentage of people who feel very or quite safe walking alone at night fell from 64.6% in 2002 to 59.6% in 2009 (Figure 4).

The subjective sense of insecurity of the population cannot be ignored relying on objective data only. In Italy, it represents a socially relevant phenomenon: almost 15 million people do not feel safe to go out alone at night in the dark and nearly six
million never go out in the evening. With these numbers, the sense of insecurity in itself represents a problem that can hamper the daily life and the well-being on citizens and it should be taken into consideration by policy makers.

4. Conclusions
This paper has shown the crucial role played by subjective indicators in the analysis of the well-being in Italy. However the next challenge will be the inclusion of subjective indicators in policy design.

Perceptions and opinions cannot obviously replace objective events. Yet, they can capture information on issues and events that could not be otherwise obtained, enriching the spectrum of information that allow a better reading of events and put citizens at the centre of official statistics, thus allowing statistical information a larger political role (Giovannini and Rondinella 2012).

What is relevant to people and what produce utility cannot be simply measured in economic terms or willingness-to-pay. Equal amounts of money may have significantly different value among people. Psychological elements play a decisive role in the evaluation of quality of life and on the economic condition or the changes in it. These aspects raise serious doubts over the effectiveness of traditional cost-benefit analysis in the identification of the best option in resource allocation when the end of political intervention is increasing citizens’ well-being.

The political decision needs therefore to progressively increase its attention on the subjective perception and try to intervene on elements of the functioning of the economic system, of the welfare state and of social dynamics in general which have an influence over any of the dimensions of well-being.

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