WHAT MAKES FOR A GOOD LIFE?

Best left to the philosophers?

…but governments implicitly answer this question every time they spend money

Trade-offs are inevitable when resources are scarce.
IS LIFE GETTING BETTER, AND FOR WHOM?

GDP per capita, 2016
USD PPP, constant

IS LIFE GETTING BETTER, AND FOR WHOM?

GDP was not designed to answer this question!

GDP per capita, 2016
USD PPP, constant

NOT ALL THINGS OF VALUE CAN BE BOUGHT AND SOLD

GDP tells us little about *who benefits* from growth or how *sustainable* activity is. Many goods have *no market prices* -

- Clean air
- Security
- Leisure
- Social relationships

... and yet they can have a very high *value*

→ *Some things in life are priceless!* (and therefore not counted in GDP)
THE OECD RESPONSE TO THE NEED TO GO BEYOND GDP

• Developing conceptual framework for well-being today and tomorrow
• Embedding broader “alternative” indicators of societies’ progress into statistical systems, working with national statistical offices
• Improving the evidence base available to policy-makers
• Promoting effective use of well-being metrics in policy
• Engaging with citizens on what matters in life (Better Life Index)
CURRENT WELL-BEING
[Populations averages and differences across groups]

Quality of Life
- Health status
- Work-life balance
- Education and skills
- Social connections
- Civic engagement and governance
- Environmental quality
- Personal security
- Subjective well-being

Material Conditions
- Income and wealth
- Jobs and earnings
- Housing

RESOURCES FOR FUTURE WELL-BEING
Sustaining well-being over time through preserving:
- Natural capital
- Human capital
- Economic capital
- Social capital
KEY FEATURES OF THE OECD APPROACH

• A focus on people, not just the economic system

• Showing the diversity of experience: reporting inequalities not just averages

• An emphasis on objective conditions but also how people feel about their lives

• Concerned with well-being both today and tomorrow

• A list of ingredients, not a prescriptive recipe
RESEARCH AND METHODOLOGICAL WORK

Measurement guidelines

• Subjective well-being
• Household wealth
• Joint distributions
• Quality of the work environment
• Trust
WHAT ABOUT THE PRIVATE SECTOR?
BUSINESSES ARE ENGAGING IN ESG ISSUES......

- Through Corporate Social Responsibility reporting (to demonstrate the firm as a ‘good citizen’)

- Building reputations and robust relationships with stakeholders

- Anticipating and handling risks and opportunities

BUT, many are still in the realm of DOING NO HARM rather than DOING GOOD
Recent OECD stocktake of existing frameworks to assess business social impact finds that:

- **Not detailed and transparent** enough about metrics and methodologies
- **Highly compartmentalized;** industry-specific
- **Insufficient use of quantitative data** and analysis
- **Omission of relevant information**, i.e. impacts of some affected groups or some types of business impacts, also limits comparability.
- **Measurement inconsistencies**, including the use of different scales and measurement units, are common.
- **SDGs** have resonated within the business community worldwide

APPLYING THE OECD WELL-BEING LENS TO BUSINESSES

Who is affected by business actions?

Circles of Impact

- Shareholders and investors
- Employees
- Suppliers
- Consumers
- Government
- Society at large, future generations
Businesses have a crucial impact on people’s current and future well-being

### Current Well-Being
- Income
- Jobs and earnings
- Work-life balance
- Health
- Education
- Environment
- Social connections
- Subjective well-being
- Governance
- Personal security
- Housing

### Future Well-Being
- **Economic capital:** physical and intangible
- **Human capital:** skills and health
- **Environmental capital:** depletion/generation
- **Social capital:** trust and other social norms
### How Well Represented Are the Different Dimensions of Well-Being in Reviewed Frameworks?

<table>
<thead>
<tr>
<th>OECD Well-Being Dimension</th>
<th>Address the dimension</th>
<th>Quantitative measures of the dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>91% (31)</td>
<td>47% (16)</td>
</tr>
<tr>
<td>Governance</td>
<td>91% (31)</td>
<td>38% (13)</td>
</tr>
<tr>
<td>Jobs and Earnings</td>
<td>79% (27)</td>
<td>38% (13)</td>
</tr>
<tr>
<td>Health</td>
<td>71% (24)</td>
<td>32% (11)</td>
</tr>
<tr>
<td>Education and skills</td>
<td>65% (22)</td>
<td>32% (11)</td>
</tr>
<tr>
<td>Social connections</td>
<td>53% (18)</td>
<td>21% (7)</td>
</tr>
<tr>
<td>Income and wealth</td>
<td>38% (13)</td>
<td>18% (5)</td>
</tr>
<tr>
<td>Work and life balance</td>
<td>38% (13)</td>
<td>15% (5)</td>
</tr>
<tr>
<td>Personal security</td>
<td>21% (7)</td>
<td>6% (2)</td>
</tr>
<tr>
<td>Subjective well-being</td>
<td>21% (7)</td>
<td>0% (0)</td>
</tr>
<tr>
<td>Housing</td>
<td>3% (1)</td>
<td>0% (0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current well-being</th>
<th>OECD well-being framework</th>
<th>Sustainable Development Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income &amp; wealth</td>
<td></td>
<td>SDG 1 (poverty); SDG 2 (food)</td>
</tr>
<tr>
<td>Jobs and earnings</td>
<td></td>
<td>SDG 8 (decent work &amp; economy)</td>
</tr>
<tr>
<td>Housing</td>
<td></td>
<td>SDG 11 (cities)</td>
</tr>
<tr>
<td>Health status</td>
<td></td>
<td>SDG 3 (health)</td>
</tr>
<tr>
<td>Work-life balance</td>
<td></td>
<td>SDG 8 (decent work &amp; economy)</td>
</tr>
<tr>
<td>Education &amp; skills</td>
<td></td>
<td>SDG 4 (education)</td>
</tr>
<tr>
<td>Civic engagement &amp; governance</td>
<td></td>
<td>SDG 16 (institutions)</td>
</tr>
<tr>
<td>Environmental quality</td>
<td></td>
<td>SDG 6 (water); SDG 11 (cities)</td>
</tr>
<tr>
<td>Personal security</td>
<td></td>
<td>SDG 16 (institutions)</td>
</tr>
</tbody>
</table>

**Inequalities**

[captured throughout all dimensions] SDG 1 (poverty); SDG 5 (women); SDG 10 (inequality)

**Resources for future well-being**

<table>
<thead>
<tr>
<th>Natural capital</th>
<th>SDG 13 (climate); SDG 14 (oceans); SDG 15 (biodiversity); SDG 12 (sustainable production)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic capital</td>
<td>SDG 7 (energy); SDG 8 (work &amp; economy); SDG 9 (infrastructure); SDG 12 (sustainable production)</td>
</tr>
<tr>
<td>Human capital</td>
<td>SDG 3 (health); SDG 4 (education)</td>
</tr>
<tr>
<td>Social capital</td>
<td>SDG 16 (institutions)</td>
</tr>
</tbody>
</table>

Well-being sounds nice, but What about SDGs?
<table>
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<tr>
<th>Elements of OECD well-being framework not well-covered by SDGs</th>
<th>Subjective well-being</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Social connections</td>
</tr>
<tr>
<td></td>
<td>Social capital (trust elements, volunteering, voting etc.)</td>
</tr>
<tr>
<td>Elements of SDGs not well-covered by OECD well-being framework</td>
<td>SDG 17 (implementation)</td>
</tr>
<tr>
<td></td>
<td>&quot;Global contributions, transboundary effects, international efforts&quot;</td>
</tr>
</tbody>
</table>
*The longer the bars, the closer to the 2030 targets; target levels are represented by the outer dotted circle.
THANKS FOR LISTENING AND BON VOYAGE

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