Improving the Way We Measure Progress of Society: The Philippine Happiness Index among the Poor and the Unhappy

Dr. Romulo A. Virola
National Statistical Coordination Board
2/F Midland Buendia Bldg., 403 Sen. Gil Puyat Ave.
Makati City 1200, Philippines
Email address: ra.virola@nscb.gov.ph

Jessamyn O. Encarnacion
National Statistical Coordination Board
2/F Midland Buendia Bldg., 403 Sen. Gil Puyat Ave.
Makati City 1200, Philippines
Email address: jo.encarnacion@nscb.gov.ph

Mark C. Pascasio
National Statistical Coordination Board
2/F Midland Buendia Bldg., 403 Sen. Gil Puyat Ave.
Makati City 1200, Philippines
Email address: mc.pascasio@nscb.gov.ph

I.   Introduction

In recent years, the international community recognized the need to measure progress of societies beyond conventional economic measures such as gross domestic product (GDP) and gross national income (GNI). In response to emerging concerns of societies, other measures of welfare, such as the human development index (HDI), families of measures of poverty, the Millennium Development Goals (MDG) indicators and happiness index, among others, have surfaced to improve the monitoring of the development of a nation.

The international community has undertaken many statistical capacity building activities to promote a culture of evidence-based policymaking in countries, especially in developing countries, to improve effectiveness in reducing poverty and achieving the MDGs. The Partnership in Statistics for Development in the 21st Century or PARIS 21 is very active in this area, seeking to stimulate more effective dialogue among the various stakeholders of statistics and greater demand, availability and use of better statistics thru a four-pronged strategy based on coordination, advocacy, the National Strategies for Development of Statistics and knowledge base. (see [1])

One measure that the international community has recently highlighted is a more meaningful measure of the progress of societies that captures measures of happiness. This was articulated in various fora – the Istanbul Declaration during the 2nd OECD World Forum on Statistics, Knowledge, and Policy, the 3rd OECD World Forum, and the Report by the Commission on the Measurement of Economic Performance and Social Progress, prepared by Joseph Stiglitz, Amartya Sen et. al., for France.

In the Philippine Statistical System (PSS), the National Statistical Coordination Board (NSCB) started its pioneering work on the Philippine Happiness Index (PHI) in 2007 (see [2]). The NSCB developed a methodology to estimate the PHI to measure happiness which can be combined with conventional economic indicators and consequently come up with a more multi-dimensional measure of the progress of a society. This was updated in 2008 (see [3]) and in October 2010 (see [4]), the NSCB investigated the sources of happiness of selected subgroups, including low-income families/individuals.

With poverty as the overarching concern of most countries in the world, particularly the developing countries - it is not surprising that statistics generated by governments have focused on the low-income families/individuals. But with the need to measure genuine progress of society as well as to address the vulnerability of specific sectors, it has become essential to develop a happiness index among the poor.

To validate the PHI framework that has been developed by the NSCB, this paper will come up with the PHI among the poor. This paper will also attempt to investigate the sources of happiness of those categorized as "happy" as well as the "unhappy".

II.   Philippine Happiness Index: The Philippine Experience

In the Philippines, during the 10th National Convention on Statistics (NCS) – just three months after the Istanbul Declaration in 2007, Virola and Encarnacion presented a paper that formulated the Philippine Happiness Index (PHI). The PHI is meant to measure happiness that can be combined with conventional economic indicators to come up with a more multi-dimensional measure of the progress of a society.

The PHI used a conceptual framework that, **unlike other initiatives on the subject, recognizes that different individuals have different sources or domains of happiness** (see [2]). The framework allows individuals to identify their sources of happiness and to give value to the degree of importance of each of these sources. Hence, in the compilation of the PHI, the individual plays an important role, with him/her defining his/her own definition/sources of happiness.

In this regard, it may be worthwhile to quote a 2009 article in the Asian-Pacific Economic Literature on Gross National Happiness by Bates, which says that "*Although transparent weights that emerge from an enlightened social choice process are likely to be viewed widely as having greater legitimacy than value judgements of technicians, **the judgements of individuals—determined using survey techniques—could be viewed as having even greater legitimacy. In this context, it is worth noting that the National Statistical Coordination Board of the Philippines is proposing to ask individuals to identify domains of happiness from a list and assign weights to each domain in the process of deriving a happiness index** (Virola and Encarnacion 2008).*" (see [5])

2.1 Conceptual Framework

The guiding principle in coming up with the PHI is the belief that, as well-recognized in the literature and as confirmed by the pilot studies on the PHI, economic progress and happiness are not synonymous. It is therefore important to integrate in a measure of progress of Philippine society the two distinct although not entirely mutually-exclusive concepts of economic progress and happiness. Thus, the **PHI is intended to supplement the Philippine System of National Accounts (PSNA) by incorporating a component of national progress that takes into consideration differences in individual aspirations and desires.**

The following are important features of the PHI:
1. **The computation of happiness starts from the point of view of the individual.**
2. The PHI is premised on the assumption that different individuals have different definitions and sources of happiness. **The PHI is not normative; the methodology for the compilation of the PHI therefore allows individuals to identify their domains of happiness.**

2.2 Statistical Framework

The 2007 study initially started with 15 domains/sources of happiness, including Others. The list consists of the following: 1) Community participation and volunteer work; 2) Cultural activities; 3) Education; 4) Family; 5) Health; 6) Income and financial security; 7) Leisure and sports; 8) Religion and/or spiritual work; 9) Technological know-how; 10) Work; 11) Economy; 12) Environment; 13) Government; 14) Politics; and 15) Others. As a result of the test of the questionnaire, the final list for the 2007 study included three additional domains per suggestion of some respondents – friends, sex life, and love life for a total of 18 domains/sources of happiness. **Domains not identified by the respondent will not figure in the computation of his/her happiness index.**

As this study is still work-in-progress, domains need not be limited to the list given. In fact, after the 2008 updates, the authors identified two additional domains of happiness –food and peace and security.

Using survey-based data, a happiness index is computed for individuals, which are then aggregated to come up with a happiness index for various groups. (see[4])

III. Validation of the PHI Framework among the Poor and Happy/Unhappy

Towards the institutionalization of the PHI in the PSS, it is important to assess the validity of the PHI framework with the other sectors of society specifically the low income families. Thus, this paper aims to

test the PHI framework with the low-income group and obtain their sources and levels of happiness. In addition, the study also examined the groups of happy and unhappy individuals to get a better appreciation of their sources of happiness or unhappiness.

3.1 Low-Income Families/Individuals

As this study targeted low-income families/individuals, the PHI questionnaire used in earlier studies was translated into Filipino (i.e., the Philippines' national language, which is more commonly used by the target subgroup) to minimize measurement errors. Since the study had very limited resources, the authors had to maximize the use of existing/available resources in the translation of the questionnaire to Filipino. Following are the exercises undertaken to enhance the quality of the questionnaire: 1) Initial translation of the English version of the questionnaire; 2) Consultations with selected NSCB Technical Staff; 3) "Pre-test" of the Filipino questionnaire; 4) Finalization of the questionnaire; and 5) Conduct of the study among low-income individuals. (see[4])

3.2 Happy/Unhappy Individuals

The conceptual and statistical frameworks of the PHI allow the computation of the happiness index at the individual level, which can be aggregated for specific subgroups of interest. Using the computed happiness indices of individuals, the respondents are categorized as happy or unhappy and their sources of happiness investigated. Individuals with overall happiness index ranging from 65.0 to 100.0 are categorized as happy while those with less than 50.0, are unhappy. Respondents with happiness indices between 50.0 and 64.9 are deemed neither happy nor unhappy.
Analysis of the happy subpopulation will aid us in providing answers to the question, "What makes the happy, happy?"

IV. Limitations and Challenges to Improve the Methodology

The methodology presented in this paper to test and validate the PHI framework by measuring happiness among the poor and determining the sources of happiness of happy individuals surely needs improvement. Improvement efforts have been hampered by resource constraints including time, manpower, and financial. Notwithstanding these constraints and in line with our overarching objective to be ever relevant to users and stakeholders by providing statistical information that is responsive to their emerging needs and concerns, the NSCB has been exerting best efforts to sustain its initiatives on the measurement of genuine progress of society.
In line with our core value of transparency and for greater appreciation of users/readers, provided below are some of the limitations of the study:

4.1 On the framework used in the selection of the possible domains of happiness

The authors had planned to conduct consultations with sociologists, anthropologists, and other professionals to firm up the conceptual framework of the PHI. However, again, resource constraints did not allow this to be undertaken.
Thus, the domains of happiness were selected based on what the authors considered as the potential sources of happiness of the general population, taking into consideration the earlier studies on the PHI.

4.2 On the coverage of the study and the selection of respondents

While the NSCB has been doing work on the PHI since 2007, results presented are still based on non-random samples of pilot studies. In particular, to test/validate the framework among the poor, the survey was conducted in easily accessible areas in the National Capital Region.
In the institutionalization of the PHI, it is important to conduct the survey on a national scale that will allow the appropriate and necessary disaggregation of data such as by sex, by age, by profession, by geographic location, and others.

4.3 On the timing and frequency of conduct of the study

The pilot studies were conducted among nonrandom samples between August and September of 2007, 2008, and 2010.

For purposes of generating valid inferences from the study, it would be necessary, among other things, to assess the timing of the survey, especially if it is going to be conducted only once during the year.

4.4 On the quality of responses to the self-administered questionnaire

In the conduct of the study, the authors observed that a number of respondents found difficulty in providing responses to some of the questions in the questionnaire (e.g., indicating first whether a particular domain is a source of happiness or not before proceeding to the follow-up questions, and assistance was needed by many respondents from the low-income group).

Thus, the questionnaire needs to be improved to avoid not valid/missing values and make it more instructional to enhance the quality of the responses. (see[4])

V.   Results and Discussions

Pilot studies were conducted in 2007, 2008, and 2010 using questionnaires administered to a group of selected (not randomly) individuals belonging from the low-income group, Government Agencies A and B, and Private Agency A. The pilot results are as follows:

5.1 On the important sources of happiness

5.1.1 All subgroups (i.e., low-income group, Government Agencies A and B, and Private Agency A)
- Overall, the respondents find family as the most important source of happiness.
- Other important sources common to the four groups are health and religion and spiritual work.
- Least important sources of happiness include participation in cultural activities and community and volunteer work.

5.1.2 Low-income group
- The respondents from the low-income group find family, health, work, religion and spiritual work, and food as the most important sources of happiness.
- Least important sources of happiness are: participation in cultural activities, leisure and sports, community and volunteer work, sex life, and government.

5.1.3 Group of happy individuals
- What makes happy respondents, happy?   The happy respondents find family, health, religion and spiritual work, love life, and income and financial security as the most important sources of happiness.
- Least important sources of happiness are: participation in cultural activities, community and volunteer work, technological knowhow, leisure and sports, and government.

5.1.4 Group of unhappy individuals
- The unhappy respondents find health, work, family, peace and security, and food as the most important sources of happiness.
- Least important sources of happiness are: leisure and sports, friends, technological knowhow, sex life, and participation in cultural activities.

5.2 On the actual levels happiness

5.2.1 All subgroups
- Respondents are happiest with family, love life, and friends.
- Least happy with politics, government, environment, and economy.

4

5.2.2 Low-income group
- Respondents from the low-income group are happiest with family, love life, food, sex life, and health.
- Least happy with politics, government, environment, economy, and peace and security.

5.2.3 Group of happy individuals
- They are happiest with education, friends, love life, family, and cultural activities.
- Least happy with politics, government, environment, peace and security, and community and volunteer work.

5.2.4 Group of unhappy individuals
- Unhappy respondents are happiest with friends, love life, work, education, community and volunteer work.
- They are unhappiest with politics, environment, government, peace and security, and economy.

5.3 <u>Other interesting results</u>
- PHI of happy respondents is higher than PHI of unhappy respondents and low-income group by as much as 32 and 22 percentage points, respectively!
- "Qualitative" assessment of happiness is higher than the "quantitative" assessment by 8-10 percentage points.
- Respondents do not consider sex life as one of the more important sources of happiness; but they find sex more fun than volunteer work or cultural activities!
- As income rises, happiness also rises.
- Women are not as happy as men!
- 8 out of 10 respondents think that progress is synonymous to happiness!

VI. Concluding remarks

Studies on the PHI show that majority of the respondents think that progress is synonymous to happiness. In the international community, as mentioned earlier, the Istanbul Declaration during the OECD World Forum on Statistics, Knowledge and Policy in 2007 highlighted the need to measure progress of societies beyond the conventional economic measures. Relatedly, the Report by the Commission on the Measurement of Economic Performance and Social Progress prepared by Stiglitz, Sen, and Fitoussi, for the French President Nicolas Sarkozy, called for a new measure of growth that takes into account social well-being.

Cognizant of these new opportunities and challenges, since 2007, the NSCB has been reasonably proactive and pioneering in the agenda to address questions on the measurement of genuine progress of society. However, while countries, such as France, Korea, UK, among others, have reached milestones on this area in recent years, progress in the Philippine Statistical System(PSS) has not been as fast. The PSS should exert more serious efforts to institutionalize the PHI – and come up with genuine measures of progress of Philippine society.

Towards further improvement of the framework, following are some recommendations as the NSCB continues to fulfill its role in responding to the emerging information concerns of Philippine society:

1. **Testing/Validation of the framework with the middle- and high-income groups**. As the study validated the framework among the low-income families, there is also a need to promote the well-being of the middle- and high-income families. Depending on the priority areas of concern of the government, various groups may also be considered, e.g., those considered as marginalized/basic sectors (i.e., women, children, senior citizens, etc.).
2. **Consultations with various experts in different fields.** Since the study takes into account well-being of individuals, it is most helpful if sociologists, anthropologists, etc., will be involved in the

preparatory stages as well as in the analysis of results. Their technical know-how on how societies think/operate will aid in enriching the intellectual debate/discussions on this area.

3. **Policy uses of results**. To maximize the information obtained from the study, users should come up/demonstrate actual policy uses of these statistics. It should motivate leaders, policy- and decision-makers to make positive changes for their constituents. Aside from programs geared towards the economic progress of their locality, local chief executives had better be well-informed on the kind of policies, priorities, and programs that will make their constituents happy.

4. **Better/Sustained appreciation of the international community to push the agenda forward.** Aside from country initiatives on this matter, a Seminar on Measuring National Wellbeing, one of the side events in the 42nd Session of the UN Statistical Commission, was organized by the UN Statistics Division. The French G20 Presidency, France and the OECD are jointly organizing an event in October 2011 to take stock of the initiatives taken to implement some of the recommendations of the Stiglitz-Sen-Fitoussi Commission. It includes a session on "Beyond the G20: Measuring Well-being in Developing Countries" where one of the authors of this paper is being invited to present along with Morocco, the UN, and the OECD.

   Such efforts from the international community should be sustained so that countries can share and learn from each other's experiences. Methodologies can then be improved at less cost and higher quality statistics can be provided by the PSS to its stakeholders. This is also one area of opportunity for PARIS 21 to build statistical capacity, particularly in developing countries, as it has consistently provided powerful fora for statistical capacity building and statistical coordination, not only among the international organizations but also within national statistical systems.

5. **Institutionalization of the generation of the PHI**. Given the resource constraints facing NSCB, one possibility that is being explored is to conduct the study with government employees as respondents at the beginning of an administration, then during its mid-term, and finally towards the end of the administration. The NSCB is considering the Civil Service Commission and/or the Government Service Insurance System as possible collaborators on this endeavor.

In addition, it is worth noting that in February 2010, the NSCB Executive Board decided that the PSS should pursue the PHI agenda forward, with the NSO and the NSCB as partners in the generation of the happiness index. Also, the Board approved the development/improvement of the PHI framework, compilation of the PHI either through an existing or an independent survey, and addition of the PHI in the Philippine Statistical Development Program (PSDP) 2011-2017. Unfortunately, the NSO has not been able to give top priority to the PHI.

Finally, it is important that resources be made available, and that dutybearers muster the necessary political will to bring to reality our collective obligation and responsibility to make the people around us happy. (see[4])

REFERENCES:

[1]   **Virola, Romulo A.** Coordination of Statistical Capacity Building Activities: Developing Country Perspective of the PARIS 21 Initiatives. 57th Session of the International Statistical Institute. August 2009.

[2]   **Virola, Romulo A. and Encarnacion, Jessamyn O**. Measuring Progress of Philippine Society: GNP or Gross National Happiness. 10th National Convention on Statistics (NCS). October 2007.

[3]   **Virola, Romulo A. and Encarnacion, Jessamyn O**. Towards Measuring Progress of Societies: The Philippine Experience. 57th Session of the International Statistical Institute. August 2009.

[4]   **Virola, Romulo A. and Encarnacion, Jessamyn O., Pascasio, Mark C., and Clavido, Raul A.** Measuring Progress of Philippine Society: What Makes the Poor Happy? 11th National Convention on Statistics (NCS). October 2010

[5]   **Bates, Winton**. Gross National Happiness. Asian Pacific Economic Literature. Volume 23, Issue 2, pages 1-16. November 2009.