

Abstract

Although potential roles of subjective well-being measurement in public policy are already globally recognized by policy makers and academics, there are substantial challenges to the significant utilization of it in public policy area. These challenges can be overcome if the supporting institutional capital enhanced with full efforts. The measurement can be a substantial input especially in three policy context, which are monitoring progress, informing policy design, and policy appraisal. With the existing institutional arrangements and institutional capital condition in Indonesia, it is not clear whether subjective well-being measurement will play these roles or otherwise. Many policy makers in Indonesia are not fully aware on the concept of subjective well-being. For some who are aware, the idea of applying subjective well-being for public policy still remains doubtful and cynical. Hence, this research will describe some ideas to raise awareness of policy makers, especially national government of Indonesia, regarding the existence and potential roles of subjective well-being measurements for public policy with understanding the institutional capital that is required to support it as well. This will be done by analyzing the existing institutional arrangements in Indonesia compare to international experiences, especially the UK. Next, the institutional capital of national level main stakeholders which linked with national economic and societal progress measurement will be assessed based on the three types of institutional capital and the policy context. These results will lead to recommendations construction on how to design institutional arrangements for subjective well-being measurement considering the policy context and the institutional capital.

Keywords: subjective well-being, measurement, public policy, institutional arrangement, institutional capital

Preface

All praise is only for Allah. I am grateful to God, Allah SWT for blessings in completing my study in the Research Master in Regional Studies. It has been an interesting, challenging, and rewarding experience as a Research Master student. I would like to express my sincere gratitude to all who provide assistance and support throughout my study as well. Prof. Johan Woltjer as my thesis supervisor; dr. Bettina van Hoven as my mentor; BAPPENAS for granting me the scholarship; all the respondents in my thesis, especially Karmaji, SE, MA as the key informant and "gate keeper"; and all of my friends and colleagues. Lastly, I would like to express my sincerest and deepest gratitude to my family, for their endless support, love, and prayers. You make me believe that we can get through anything if we always try and pray our best. In addition, I hope this thesis can be useful.

Table of Contents

Abstract	i
Preface	ii
Table of Contents	iii
List of Tables and Figures	v
Abbreviation	vii
Chapter I. Introduction	1
1.1 Background	1
1.2 Research Objectives	3
1.3 Research Questions	3
1.4 Research Methodology	4
1.5 Research Structure	8
Chapter II. Theoretical Review	9
2.1 Definition of Well-being and Subjective Well-being	9
2.2 Importance of Subjective Well-being Measurement	12
2.2 Type of Subjective Well-being Measurement	15
2.4 Well-being and Contexts of Policy	22
2.5 Institutional Capital	24
2.6 Theoretical and Conceptual Framework	26
Chapter III. Subjective Well-being Measurements in the UK	29
3.1 Background of Subjective Well-being Measurement in the UK	29
3.2 Institutional Arrangements of Subjective Well-being Measurement	29
3.3.Roles of Subjective Well-being Measurements	37

Chapter IV. Subjective Well-being Measurements in Indonesia	44
4.1 General Overview	44
4.2 Institutional Arrangements of Objective Well-being Measurement	45
4.3 Institutional Arrangements of Subjective Well-being Measurement	48
4.4.Potential Roles of Subjective Well-being Measurement in Indonesia	52
4.5 Institutional Capital	57
Chapter V. Conclusion and Recommendation	64
5.1. Conclusion	64
5.2. Recommendation	67
References	70
Appendix 1 - Interview Guide	74
Appendix 2 - Questionnaire	78
Appendix 3 - Document Analysis List	81

List of Tables and Figures

List of Tables

Table 1. Detailed Research Methodology per sub-question	4
Table 2. Determinants of Well-being	11
Table 3. Recommended Subjective Well-being Measurements for Each Policy Purpose ...	22
Table 4. Institutional Capital: Elements, Evaluation Criteria, and Parameters	27
Table 5. Results of National Debate on Measuring National Well-being: Identified Key Milestones	31
Table 6. Types of Subjective Well-being Measurements in the UK	37
Table 7. List of Indicators Used in IKraR	45
Table 8. Institutional Arrangement Elements of Subjective Well-being Measurements in the UK and in Indonesia	64

List of Figures

Figure 1. Research Framework	8
Figure 2. Dynamic Model of Well-being	21
Figure 3. Theoretical Framework	26
Figure 4. Perceived and actual likelihood of being a victim of crime in the UK	38
Figure 5. Percentage of people reporting overall life satisfaction ratings (0-10) by socio-economic class in the UK	40
Figure 6. Percentage of people fairly or very satisfied with selected aspects of life in the UK	41
Figure 7. Institutional Structure of IKraR	45
Figure 8. IKraR 2012 (Social Dimension Only)	48

Figure 9. Institutional Structure of SPTK 2013 (national level)	51
Figure 10. Institutional Capital Evaluation Results for “Monitoring Progress” Policy Context	62
Figure 11. Institutional Capital Evaluation Results for “Informing Policy Design” Policy Context	62

Abbreviation

BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency/the Ministry of National Development Planning)
BPS	<i>Badan Pusat Statistik</i> (the Central Statistical Agency)
GDP	Gross Domestic Product
IHS	Integrated Household Survey
IKraR	<i>Indeks Kesejahteraan Rakyat</i> (People's Welfare Index)
Menko Kesra	<i>Kementerian Koordinasi Kesejahteraan Masyarakat</i> (the Coordinating Ministry for People's Welfare)
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
OPN	Opinions Survey
SAPA	Strategic Alliances for Poverty Alleviation
SPTK	<i>Studi Pengukuran Tingkat Kebahagiaan</i> (Level of Happiness Measurement Study)
the UK	the United Kingdom

CHAPTER I INTRODUCTION

1.1. Background

Many efforts have been made during the last decades to shift the assumptions away from the idea that material well-being primarily determines a prosperous life and towards positioning well-being as the ultimate goal for policy intervention (Stiglitz, Sen, & Fitoussi, 2010; Thompson & Marks, 2008). Consequently, it is necessary to conduct measurements of societal progress which comprehensively evaluate well-being of people in order to formulate better policies. Therefore, deeper understanding of well-being is important. This will essentially cover what describes well-being, method to measure well-being and the usage of well-being for formulating public policy.

According to Stiglitz et al. (2010), there are two key dimensions of well-being known as the objective and the subjective well-being which should be incorporated in statistical offices survey. It is the interaction of both of these dimensions, objective (reflecting on individual situations) and subjective (highlights their opinions and views) which develops well-being. Feelings of happiness and derived satisfaction are integral components of subjective well-being. It essentially reveals the person's assessment of his/her life and the maintained balance between pain and pleasure (E.; Diener & Scollon, 2003). Careful consideration on the subjective well-being will assist in obtaining detailed and thorough appreciation of people's lives. Thus, information on subjective well-being proves to be beneficial in terms of offering balance with other indicators which are utilized for directing the preference of people, for benchmarking and monitoring, and for designing and providing policy strategies (OECD, 2013).

The area of subjective well-being measurements is quite novel and requires further learning. Amongst the key aspect is the role of it for public policy. Helliwell, Layard, and Sachs (2013) pointed out that there is now an increasing worldwide demand to be more strongly aligned policy with what really matters to people as they themselves characterize their lives. In spite of this increasing demand coupled with excessive progress in literature work on subjective well-being during the past few years, the role of subjective well-being for public policy is still doubted by many policy makers. These policy makers, especially in several countries of Europe, are greatly concerned about the consistency of data and carry this opinion that it does not adjust itself with changing

times. The main reason is that what people say might be not the same from what they do or that people may not understand what they are saying (Bertrand & Mullainathan, 2001). In addition, they also appear apprehensive on the adequate place for subjective well-being in politics and policy. As mentioned by Abdallah and Mahony (2012), policy makers were concerned that subjective well-being applied in public policy will be viewed as 'utopian'.

Indonesian Context

The Government of Indonesia has been trying to improve the measurement of their citizens' societal progress with constructing 'IKraR' (People's Welfare Index) since 2010. One of the main goals of IKraR construction is to enhance the understanding on the condition (well-being) of the people because the current measurements are considered to only focus on macro and economic perspectives. Three dimensions, the economic justice, social justice and democracy and governance are used to calculate the index. Percentage of households that own their own home, percentage of poor people, and percentage of residents who are victims of crime in the last year are some of the indicators used in IKraR measurements (Coordinating Ministry for People's Welfare of Indonesia, 2012).

Certain well-being measurements which are adopted in other countries of the world have been taken into account for developing the IKraR. These include the Gross National Happiness in Bhutan, Quality of Life Index in Canada, Prosperity Index in the UK, and The Better Life Index in the OECD countries (Coordinating Ministry for People's Welfare of Indonesia, 2012). Yet, the measurement of IKraR still has not incorporated subjective well-being as a vital characteristic of well-being and concentrates only on objective/material features. In a democratic country like Indonesia, individuals prefer to live their lives with the assurance that their needs will be fulfilled according to the assessment of their circumstances rather than just being evaluated by experts, leaders or policy makers. This is one reason why subjective well-being should be measured due importance in Indonesia. Every individual perceives differently of what constitutes well-being which might actually be different from an objective perspective.

In an effort to complete the well-being picture of Indonesian citizens, since April 2013 the Central Statistics Agency of Indonesia (BPS) has been conducting a new survey to gather the subjective well-being data. It is known as 'Studi Pengukuran Tingkat Kebahagiaan - SPTK 2013' (Level of Happiness Measurement Study). The survey collected data from 11,000 households spread over

176 regencies / cities in all provinces. The data generated from this survey can be served at the national level. Specific details from households was collected which included the level of life satisfaction related to health, education and skills, employment and income, environment and security in the region of residence, social and family relationships, housing, as well as the assessment of the level of happiness and life satisfaction in general.

SPTK 2013 can be categorized as a subjective well-being measurement that can provide valuable data for formulating public policies. Then again, the users of the data and the benefits of this data have not been clearly identified. Many policy makers in Indonesia are not fully aware on the concept of subjective well-being. For some who are aware, the idea of applying subjective well-being for public policy still remains doubtful and cynical, much similar to European policy makers. Hence, this paper will focus on the feasible institutional arrangements to use subjective well-being measurements for public policy in Indonesia and the institutional capital to support it. At the same time, experiences from different countries of the world will also be considerations, more specifically the UK. The emphasis will be placed on UK since they have substantial research literature on the concept of subjective well-being and have managed to progress their interest in public policy during the past 10 years.

1.2. Research Objective

The objective of this research is to raise awareness of national governments, especially Government of Indonesia, regarding the existence and potential roles of subjective well-being measurements for public policy with understanding the institutional capital that is required to support it as well. Specifically, this research will give recommendations to Indonesian policy makers on how to design their institutional arrangements considering the policy context and the institutional capital. This recommendations could be transferred as considerations to other national governments globally. For academics, this research is expectedly to contribute to the development of the existing literatures about arranging initial national measurements of subjective well-being for public policy.

1.3. Research Questions

To accomplish the research objective, the following main question is set for this research: "To what extent can subjective well-being measurement be a substantial input for public policy in Indonesia considering existing institutional capital and international comparison with the UK; and how does this provide suggestions for future development?"

To answer this question, the following sub-questions should also be answered:

- Theoretical question: How can subjective well-being measurement be a substantial input for public policy?
 - Definition of well-being and subjective well-being
 - Importance of subjective well-being measurement
 - Type of subjective well-being measurements
 - Well-being and contexts of policy
 - Institutional arrangements and institutional capital
- Empirical questions: What are the institutional arrangements of subjective well-being measurements in the UK and in Indonesia?
 - Objectives
 - Actors
 - Role of actors
 - Type of measurements
 - Policy contexts
- Synthetic questions: To what extent the existing and potential institutional capital supports the utilization of subjective well-being measurement to be a substantial input for public policy in Indonesia?
 - Intellectual capital
 - Social capital
 - Political capital

1.4. Research Methodology

The various techniques used in this study are discussed in this section. Sources of data in this research included primary data and secondary data. Primary data obtained from semi-structured in-depth interviews and questionnaire whereas secondary data obtained from literature review and collecting then analyzing supporting documents.

Table 1. Detailed Research Methodology per sub-question

No.	Questions	Methodology
1.	How can subjective well-being measurement be a substantial input for public policy?	
	• Definition of well-being and subjective well-being	Literature review
	• Importance of subjective well-being measurement	Literature review

No.	Questions	Methodology
	<ul style="list-style-type: none"> Type of subjective well-being measurements 	Literature review
	<ul style="list-style-type: none"> Well-being and contexts of policy 	Literature review
	<ul style="list-style-type: none"> Institutional arrangements and institutional capital 	Literature review
2.	What are the institutional arrangements of subjective well-being measurements in the UK and in Indonesia?	
	<ul style="list-style-type: none"> Objectives 	Document analysis, interview, and questionnaire
	<ul style="list-style-type: none"> Actors 	Document analysis, interview, and questionnaire
	<ul style="list-style-type: none"> Role of actors 	Document analysis, interview, and questionnaire
	<ul style="list-style-type: none"> Type of measurements 	Document analysis, interview, and questionnaire
	<ul style="list-style-type: none"> Policy contexts 	Document analysis, interview, and questionnaire
3.	To what extent the existing and potential institutional capital supports the utilization of subjective well-being measurement to be a substantial input for public policy in Indonesia?	
	<ul style="list-style-type: none"> o Intellectual capital 	Document analysis, interview, and questionnaire
	<ul style="list-style-type: none"> o Social capital 	Document analysis, interview, and questionnaire
	<ul style="list-style-type: none"> o Political capital 	Document analysis, interview, and questionnaire

- Literature review

The literature review conducted with the aim of collecting information on the definition of subjective well-being, type of subjective well-being measures, importance of subjective well-being measurement, well-being and contexts of policy, and institutional capital based on academic / organizational books and journal articles.

- Interviews

Interviews conducted with the aim of obtaining more in-depth information about subjective well-being measurements from practitioners and policy makers in Indonesia.

Madill (2011) stated that in the field of social sciences, interviews are probably the most common method to generate data. One particular interview technique is a semi-structured interview. It is a qualitative strategy to gather data whereby the respondents will be asked a predetermined set of questions which are open-ended in nature. This will allow the researcher to have greater control and direction over the topics of the interview as compared to an unstructured interview. However, in contrast to structured interviews or questionnaires that use closed questions, there is no fixed range of responses to each question (Ayres, 2008). The method involves talking with people. It relies on a reasonably informal interaction between interviewees and interviewers. Gathering diversified experiences, examining complicated behaviors, emotions and opinions is made much easier in a thorough, semi-structured interview (Longhurst, 2009).

Ayres (2008) further mentioned that researchers using the method of semi-structured interviews will construct a written interview guide before the interview. In this research, the interview guide was made specific, with carefully worded questions and some short descriptions (see Appendix 1). The topics of the interview guide were based on the research question and the tentative conceptual model of the phenomenon that underlies the research. It included various questions between the policy makers and practitioners working under different institutions in Indonesia because of the requirement of diversified information from these sources. Interview questions for practitioners in the Central Statistics Agency, especially team members of SPTK 2013, were structured to inquire more in-depth information on the current institutional arrangements of subjective well-being measurements in Indonesia. Likewise, interview questions for policy makers were structured to collect information about the institutional capital and views to ascertain if the UK experiences and the available literature are applicable to Indonesia. These policy makers are government officers which are strongly related with measuring national societal progress in the Ministry of National Development Planning. The interviewer made sure that the order of asking questions as in the guide is followed. But depending on the answers and responses provided by the interviewee, the interviewer occasionally moved up and down on the topic list.

The interviewer followed the guide to the letter, asking the questions in the order they are given. However, sometimes the interviewer moved back and forth through the topic list based on the respondent's responses. The time duration for interviews was set between

30-60 minutes. The interviewer began by introducing herself once again. This was followed by a brief explanation on purpose of the research. The participants were ensured that they could request to stop the interview at any time during the interview and that they could request the audio-recorder to be switched off any time they wanted to.

- Questionnaire

Data were collected by a questionnaire, consist of mainly open-ended questions. The questionnaire was filled in by policy makers in the Ministry of National Development Planning and the Coordinating Ministry for People's Welfare to complete the information collected by interviews. The questionnaire consisted of four parts and could be found in the appendix (Appendix 2). The first part of the questionnaire was structured to collect data about level of understanding on the concept and importance of subjective well-being. Second part, respondents were asked about cognition of activities related with subjective well-being measurements. Third part, respondents were asked about awareness of SPTK 2013. For the last part, it was constructed to collect data on recommendation related with subjective well-being in Indonesia.

- Document analysis

Document analysis was used in this thesis as a part of secondary data collection. Document analysis conducted with the aim to gather contextual data with collecting information on the institutional arrangements of subjective well-being measurements in Indonesia and utilization of subjective well-being measurements in international experiences based on books, reports and other relevant reliable publications. Supporting documents collected from Central Statistic Agency of Indonesia (BPS), Coordinating Ministry of People's Welfare of Indonesia, OECD, Office for National Statistics (in the UK), nef Centre for Well-being (in the UK), and other related organizations. List of documents analyzed in this research could be found in the appendix (Appendix 3).

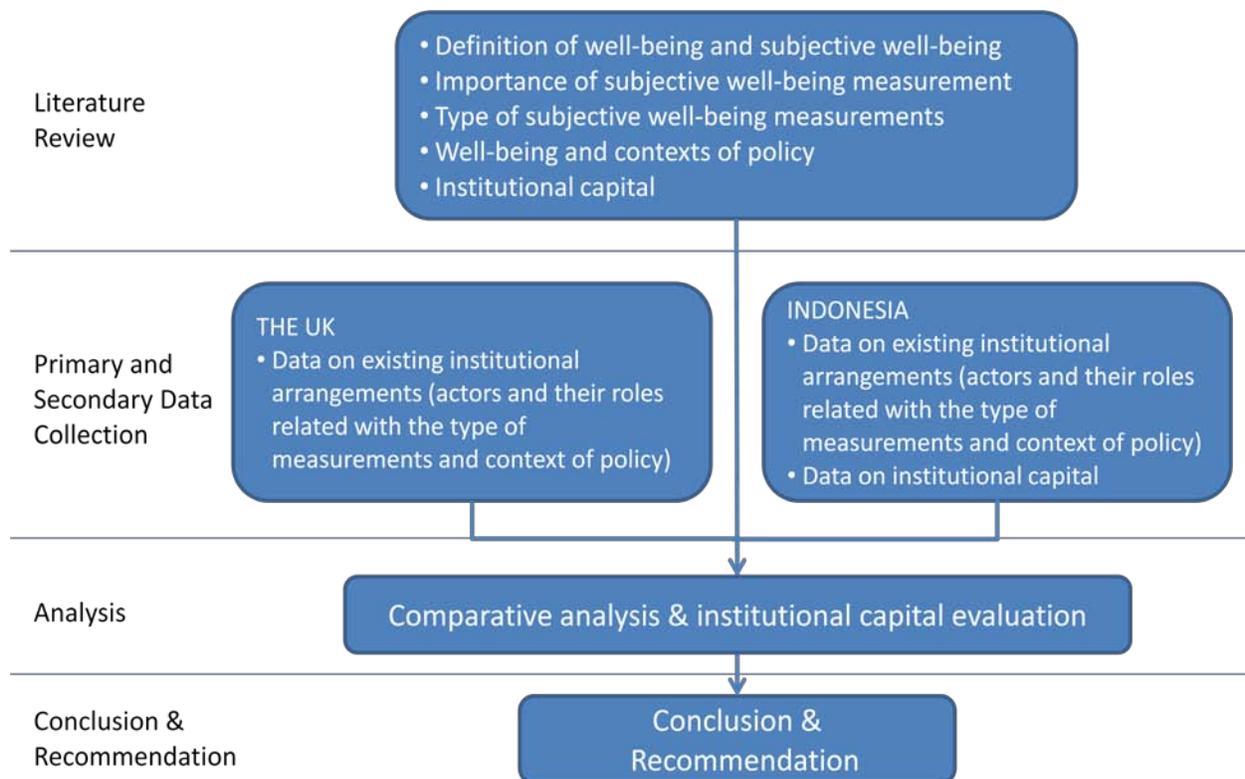


Figure 1. Research Framework

1.5. Research Structure

In Chapter 1 there will be an introduction of the objectives, context, and concepts of this research.

In Chapter 2 there will be an introduction of the relevant literature, debates and conceptual frameworks that drive this research.

In Chapter 3 there will be presentation of data on the institutional arrangements of subjective well-being measurements in the UK.

In Chapter 4 there will be an overview on the Indonesian context and presentation of data on the institutional arrangements of subjective well-being measurements as well as the institutional capital in Indonesia.

In Chapter 5 there will be answers to the research questions in the form of conclusion as well as recommendations from the research results.

CHAPTER II

THEORETICAL REVIEW

Well-being, especially subjective well-being is complex to define and subject of a long discussion. Many ancient Greek philosophers such as Aristotle have pondered over the concept of well-being throughout the history of humanity. Despite this, the relation of subjective well-being to science remains complicated. Within the field of social sciences, economics could be seen as the least likely to be concerned with subjective well-being, as they are focus on wealth creation, therefore tended to rule out subjective and immaterial issues. Even though that has been mainly the case, some research have assessed the connection that can be established between economic variables and subjective well-being (including happiness). Those research made economists and policy makers to realize that positive relationship between happiness and society's economic development is not linear and in some cases is completely absent after exceeding certain wealth thresholds (Easterlin, 1974) as in (Kahneman & Krueger, 2006; Stevenson & Wolfers, 2008). This is popularly called the Easterlin paradox (Stevenson & Wolfers, 2008). The paradox requires researchers to further investigate the concept of subjective well-being and identify its potential uses. That is the aim of this chapter, summarizing the available literatures to comprehend more on the concept of subjective well-being. These literature review will be the components to build the theoretical and conceptual framework which will be described at the end of this chapter.

2.1. Definition of Well-being and Subjective Well-being

Many different well-being definitions have been conceptualized, as Travers and Richardson (1997), Gasper (2002), nef (2012), OECD (2013) and others point out, the term well-being is "a concept or abstraction used to refer to whatever is assessed in an evaluation of people's life situation, both on a personal and a social level". Many research have used various terms related to well-being, the most frequent ones include the quality of life, living standards, welfare, human development, life satisfaction, prosperity, and more recently, happiness. However, it is important to note that well-being is not exactly the same as happiness. Happiness relates to the feeling of an individual for a particular moment and does not evaluate how individuals perceive their general lives (although it can do) or how they can function in the world. The term well-being is much broader in definition in comparison to moment-to-moment happiness and entails not just happiness but other aspects such

as how individuals are generally satisfied with their lives, autonomy and having control over the situations in life, having a purpose and aim in life (nef, 2012).

Early well-being conceptualizations were utilitarian in nature and restricted well-being to well-feeling (or pleasure). This was further restricted to a unit scale of measuring pleasure called as the unitary pleasure or utility (Gasper, 2004). Later on, the concept of well-being was adequately treated as a multidimensional concept which includes various life domains which are differently prioritized by people according to the importance in their life (McGillivray, 2007; Morrison, 2010). These multidimensional conceptualizations include the capabilities approach (Sen, 1985, 1993, 1999), the intermediate needs approach (Doyal & Gough, 1993), the human needs approach (Max-Neef, 1993), and the human capabilities approach (Nussbaum, 2000).

The capability approach defined by Amartya Sen is considered as the most dominant well-being conceptualization. Sen and associates have worked since the 1970s to develop a critique of mainstream welfare economics and utilitarianism and have presented an alternative. The concept of individuals earning incomes and well-being, as conventionally used in microeconomics, has been altered and modified by Sen (Gasper, 1997). The framework works as follow:

`Factors of production' controlled by a person --> The person's Income -->
Commodities consumed by the person --> Personal Utility = Well-Being

The three categories between the derived satisfaction or well-being and commodities, as highlighted under the Sen Framework includes: characteristics, capabilities and functioning. In addition, commodities are reconsidered as either goods or services and not just include the good bought or sold. The 'production' process is reconsidered as the part of an entitlement mapping and incorporates all other sources of income rather than just production and sale. (Gasper, 1997) clarifies that the process of mapping from the inputs to the income will identify the individuals' exchange of entitlements that is what specific goods can be purchased from the available resources that is the 'endowment', under the existing entitlement relations. Sen's work on capabilities did effect the development of the Human Development Index; however, he himself is not a supporter of particular set of measurements. Sen refuses to highlight specific set of capabilities based on his reasoning that these are value judgment which should be developed explicitly and require close public connection under varying geographic, political, economic, environmental, social and cultural settings (Sen, 1999).

On the other hand, some researchers have identified several well-being drivers. It is popularly called determinants of well-being. The list is extremely diverse as can be seen in Table 2.

Table 2. Determinants of Well-being

Ryff (1989)	Nussbaum (2000)	Veenhoven (2007)	Stiglitz et al. (2010)	Seligman (2011)	Huppert and So (2013)
<ul style="list-style-type: none"> • Self-acceptance • Autonomy • Personal growth • Environmental mastery • Purpose in life • Positive relationships with others 	<ul style="list-style-type: none"> • Life • Bodily health • Bodily integrity • Senses/imagination / thought • Emotions • Practical reason • Affiliation • Other species • Place • Control over one's environment 	<ul style="list-style-type: none"> • Quality of the environment • Life-ability of the person • Worth of the world • Enjoyment of life 	<ul style="list-style-type: none"> • Material living standards • Health • Education • Personal activities • Political voice and governance • Social connectedness and relationships • Environment • Security 	<ul style="list-style-type: none"> • Positive emotion • Engagement • Relationships • Meaning and purpose • Accomplishments 	<ul style="list-style-type: none"> • Competence • emotional stability • engagement • meaning • optimism • positive emotion • positive relationships • resilience • self-esteem • vitality

Those diverse determinants can be categorized in two key dimensions. As mentioned by Stiglitz et al. (2010), they are the objective and the subjective well-being. The current research aims to analyze the role of subjective well-being measurement, therefore the objective well-being will be briefly described, and focus more on subjective well-being. Objective well-being is considered as observable aspects (typically identified by an authoritative other) that believed to be important for a good life such as income, physical health, housing. Meanwhile, subjective well-being encompasses different aspects such as satisfaction with income, job, and others which identified by people's own judgment (Gasper, 2005; McGillivray, 2007; Stiglitz et al., 2010; Veenhoven, 2007).

Subjective well-being is a relative newcomer in terms of its relevance politically and its robustness empirically. Its conceptual framework dates as far back as to Bentham (1789) discussed in Paul Dolan and Metcalfe (2012) who offered a concept of well-being based on pleasure and pain; it also provided the background of utilitarianism. In general, subjective well-being measurement is carried

out by simply asking people about their well-being. As such, it bends more toward democratic aspect of preference satisfaction, as it lets people choose the level of well-being in their lives, without anyone else deciding for them (Graham, 2010).

Encyclopedia of Quality of Life Research described the subjective well-being as “The personal perception and experience of positive and negative emotional responses and global and specific cognitive evaluations of satisfaction with life. Simply, subjective well-being is the individual evaluation of quality of life (QOL)” (Abdallah & Mahony, 2012). Similarly, the OECD Guidelines explain subjective well-being as “all of the various evaluations, positive and negative, that people make of their lives and the affective reactions of people to their experiences” (OECD, 2013). McGillivray (2007), likewise, informs that “subjective well-being involves a multidimensional evaluation of life, including cognitive judgments of life satisfaction and affective evaluations of emotions and moods.” Put simply, subjective well-being can be taken as the way people comprehend their lives to be going (Abdallah & Mahony, 2012).

2.2. Importance of Subjective Well-being Measurement

Undoubtedly, the importance of the need to measure subjective well-being cannot be denied. Subjective well-being actually has a wide influence across a broad range of behavioural traits and life outcomes, as indicated by existing scientific evidence. The following section serves to highlight the significance of the incorporation of the subjective well-being measurements in official data collection by briefly summarizing a few points.

The most preeminent fact is that it is extremely significant that the economic measurements of societal progress are balanced with measurements of subjective well-being. The reason behind this is to ensure that economic prosperity leads to huge improvements across various domains of life, and not just a wider economic capability. A call to ‘shift emphasis from measuring economic production to measuring people’s well-being’ was a central message of the Stiglitz Commission report (Stiglitz et al., 2010). Actually, the government can determine if the overall net progress is positive regarding the improvement of human well-being through the assessment of subjective well-being along with economic variables (Helliwell et al., 2013).

Secondly, the fact that should be taken into consideration is that well-being on its own is essentially subjective (Abdallah & Mahony, 2012), since it refers to a characteristic of human beings, which

implies that it is actually people who 'have' or who don't 'have' well-being. Other aspects that are associated with well-being are properly understood as drivers of well-being, not the well-being itself (for instance income, work, education and housing).

As stated by Helliwell and Wang in the World Happiness Report, "The most fundamental indicator of your happiness is how happy you feel, not whether others see you smiling, your family thinks you are happy, or you have all the presumed material advantages of a good life". Drawing from the statement above and the abovementioned facts about well-being happening to be essentially subjective (the state of well-being is experienced by people); it also implies the fact that people own (subjective) judgments should form the basis of the measurement of their well-being. In other professions, the observer might be competent enough to measure the variable; for instance a doctor might be best capable of determining whether someone has a disease or otherwise, an economist might be best capable to find out whether an economy is prosperous or otherwise, but in this particular case regarding well-being, the individuals themselves are best capable of assessing and reporting about their experiences of life and sentiments. Take into consideration a particular scenario where a person asks you a few questions regarding your life (your income, your job, your education, your marital status). He then presumes to arrive on a conclusion and tells you that, for instance 'I conclude that you have high well-being'. Even though there is a certain probability of the person being correct, but then they might equally be wrong – you might not feel contented at all regarding your life for some other reasons. Hence, your own subjective assessment of well-being will actually determine the validity of their judgment.

Thirdly, in contrast to assuming that since certain objective things are in place (concerning for example income, work, education and marital status) an individual will possess positive feelings and function well, it is rather democratic to take seriously peoples' own judgments about their well-being (Abdallah & Mahony, 2012; OECD, 2013). Putting the authority, researchers, politicians or other expert groups to make assessments of peoples' well-being, even if based on objective evidence, poses questions as to who should be making such judgments and on what basis, which could eventually lead to paternalism.

Coming to the fourth point, survey results actually point out that happiness is important to people. A survey carried out in 2006 by a leading market research agency in the UK concluded that about 81% of the citizens enforced the idea that Government's preeminent objective should be the

'greatest happiness' as opposed to the 'greatest wealth' (Abdallah & Mahony, 2012). In France, the French think tank 'La Fabrique Spinoza' reports that 75% of survey respondents think that a measure of well-being which combines objective measurements with levels of satisfaction would be valuable to guide policy makers (Abdallah & Mahony, 2012). Hence, we can conclude that the assessment of happiness should form a part of overall measurement of well-being considering the importance that people place on happiness, and also keeping with the principles of democracy.

The fifth point in consideration is that the information collected from subjective well-being measurement can actually be utilized in a valuable manner. It can assist in the optimization of decision-making at every step of the policy-cycle, including: understanding the population, developing policy proposals, detailed design and implementation and policy review and evaluation (nef, 2011). For instance, information displaying that unemployed people report lower subjective well-being scores over and above what might be expected from the loss of income, alongside information displaying that unemployment has a long term 'scarring' effect. This when put in combination with evidence regarding the overall effect of inflation is not more than the influence of unemployment on the subjective well-being. This information will facilitate the policy makers to make good decisions regarding what is at stake when dealing with the trade-off between, like for example policies that will pull down unemployment and cut down inflation.

Another example of how this information can be advantageous to the policy makers resides in the cost-benefit analysis. Mostly, the policy makers rely on quantitative techniques to assist in the assessment of the probable influence of various policies or interventions. However, until now the quantifying of the 'soft' outcomes on peoples' lives had been very difficult, resulting in the countable outcomes (e.g. income and number of jobs) has tended to carry greater weight. Subjective well-being measurements actually provide a way of quantifying these softer outcomes, and a metric which allows both hard and soft outcomes to be measured in the same context. These analysis can be incorporated into cost-benefit analyses, a technique which is being into account by the UK Treasury (Fujiwara & Campbell, 2011).

2.3. Type of Subjective Well-being Measurements

Though subjective well-being is now widely in use, a commonly agreed measure is hard to find. Keeping in view all the definitions and explanations discussed in literature, three major approaches,

however, related to subjective well-being, can be identified. These are: evaluative, hedonic/experience, and eudaimonic.

1. Evaluative

This approach evaluate individuals' well-being with focus on the assessments of their individual lives by taking into account single aspects or the whole of it, for example, overall life satisfaction, satisfaction with profession, health, and so on (Paul Dolan & Metcalfe, 2012). As such, these approaches focus on cognitive assessments instead of feelings (Abdallah & Mahony, 2012). Abdallah and Mahony (2012) discuss the four major types of evaluative approaches that focus on subjective well-being in present-day practices:

a. Life Satisfaction & Satisfaction Scales

A very common evaluative perspective to measure people's well-being comes in the concept of measuring their life satisfaction. Life satisfaction has been demonstrated to be correlated to level of employment, income, marital status, individual feature, health, and main events of life (Paul Dolan & Metcalfe, 2012). Evaluating life satisfaction requires people to make a cognitive judgment and report their life satisfaction holistically. Its measurements usually involves offering individuals with one question broken into an 11-point response scale (0-10) from very dissatisfied to very satisfied (Abdallah & Mahony, 2012).

E. Diener, Emmons, Larsen, and Griffin (1985) informed that these life satisfaction measurement scales also evaluate holistic cognitive states on people in general. Ed Diener and colleagues are regarded the most influential developers of these scales. Contrary to the single-question-based satisfaction measures, they developed a 5-item tool with a 7-point response scale for each item known as the Satisfaction with Life Scale. It has many items to evaluate the same concept, it builds on a standard psychometric strategy to diminish the risk for scoring are overly affected by statistical noise regarding personal questions (for instance, interpretation of the same word carried different meanings to a few participants, or its different translation in different countries).

b. Ladder of life approach

Developed by Hadley Cantril (1965), Ladder of life or most commonly the Cantril Ladder, is a further evaluative approach to measuring happiness. It is also known as

Cantril's Self-Anchoring Scale (E. Diener, J.F. Helliwell, & Kahneman, 2010). This instrument asks individuals with an imaginary ladder having steps from 0 to 10 (numbers) where the best possible life is represented by 10 and worse by 0. They have to inform about the step of the ladder they currently stand on.

c. Overall happiness

The use of the word happiness, another important account of evaluative measurement (E. Diener et al., 2010), is also important to discuss here. The beginning points to measure subjective well-being denoted to happiness. These questions are different from hedonic questions (discussed later in the chapter) since they ask respondents to assess their happiness with their life overall, rather than over a recent time period. Thus, these items are reported to function like other evaluative items e.g. life satisfaction measurements, and not hedonic assessments.

d. Domain satisfaction

A commonly known evaluative approach to assess well-being subjectively is measuring domain satisfaction (Paul Dolan & Metcalfe, 2012). In contrast of asking the respondents to give a holistic judgment of their life, domain satisfaction asks them to give their judgment on specific aspects of their lives (for instance, personal relationships or health) and thus enables the researcher and policymaker to receive in-depth data rather than a global, single instrument.

Clearly linked to overall life evaluation (P. Dolan, Peasgood, & White, 2006), domain satisfactions may also be connected to theoretical frameworks (Rahman, Mittelhammer, & Wandschneider, 2005) and measurements frameworks like the ones offered by OECD's Better Life Initiative, and the European Statistical System's Sponsorship Group on Measuring Progress, Well-being and Sustainable Development. In these two, a similar set of domains are used to structure quality of life.

2. Hedonic/experience

Contrary to the common approaches that ask individuals to make a judgment about their overall lives, hedonic perspective persuades people to focus on their feeling at a

certain moment or 'snapshot' (Paul Dolan & Metcalfe, 2012). In a way, this simplifies the complexities of having people remember their past experiences as in typical evaluative approaches. According to the OECD Guidelines, "the so-called 'peak-end rule' states that a person's evaluation of an event is based largely on the most intense (peak) emotion experienced during the event and by the last (end) emotion experienced, rather than the average or integral of emotional experiences over time". Hedonic approach is divided into two major approach to evaluate subjective well-being:

a. Experience sampling and Day reconstruction

(Kahneman & Krueger, 2006) informed that experience Sampling Method (ESM) is the most original form of hedonic well-being measurement. This technique focuses on the actions of the respondents and their feelings either randomly selected or at certain intervals all through a day, often with electronic devices, and it continues for the time of the study that may span over weeks. This way, quite rich and valuable data assist to achieve higher intermediate levels of the subjective well-being on people's activities and contexts.

Employed mostly by Daniel Kahneman and fellows, the Day Reconstruction Method (DRM) was conceived as a way of addressing issues present in ESM (Kahneman & Krueger, 2006). Thus, the DRM involves written accounts by the respondents of their major activities from the last day and evaluating them based on their experiences of a range of feelings.

b. Affect measurements

(Abdallah & Mahony, 2012) informed that due to this, simpler reflective affect approaches, not linked to certain intervals of time, are far more common. Individuals are generally required of assessing the level on which they went through a range of various emotional experiences over a certain period of time (for example, last day, over the last week, two weeks, a month, and so on).

3. Eudaimonic

As discussed earlier, evaluative measures of well-being involve focusing on cognitive judgment about overall life or a certain episode of it, and the other approaches,

hedonic, focus on assessing emotions or feelings, the approaches under eudaimonic measure well-being by focusing on psychological functioning, the accomplishment of human capabilities, or a worthwhile life (Camfield & Skevington, 2008). Under this category, a few approaches are practices with marginally different focus of attention.

Aristotle was an original critic of the hedonic approach to measure well-being and so this term 'eudaimonic' dates back to his time (Bok, 2010). To Aristotle, the good life was not about happiness but about being virtuous and doing good. Though the real meaning of this concept is not common now, there is little to argue that a person is happy only because he is virtuous. But the proponents of eudaimonic perspectives argue that individual action is central to subjective well-being, and a wider range of constructs should be captured in measuring subjective well-being.

There are three main approaches of eudaimonic approach to measure subjective well-being:

a. Psychological/flourishing approaches

To measure well-being, psychological approaches focus on the degree to which an individual shows sound psychological functioning. There are quite a few different approaches within this category. Every approach is marginally different from other approach and captures such different measures.

There are six elements of psychological happiness identified by Ryff (1989). These are: autonomy, environmental mastery, personal growth, positive relations with others, purpose in life and self-acceptance. The 'psychological well-being scales', the relevant tools for assessments, involve self-report scales that measure respondents well-being at certain moment within each dimension. To rate statements containing a six-point scale, respondents choose from a long, medium, and short scale. Ryff's concept was developed by (Keyes, 2002) who introduced 'flourishing' term.

By focusing on the opposite of depression, Timothy So and Felicia Huppert operationalized 'functioning' (Huppert & So, 2013). The authors identified ten aspects of 'positive well-being' which are: competence, emotional stability,

engagement, meaning, optimism, positive emotion, positive relationships, resilience, self-esteem and vitality. This approach has been used in the development of the well-being modules of the European Social Survey (Wave 3 and Wave 6).

Following five dimensions are proposed by Martin Seligman, generally known as the originator of positive psychology. These are: positive emotion, engagement, relationships, meaning and purpose, and accomplishment, or PERMA (Seligman, 2011). These dimensions can be measured either by subjective or objective methods. For the subjective measures, there are a number of recommended questionnaires available to each of the five elements.

The rationale to measure functioning and feelings has been frequently justified in literature (nef, 2011). First of all, it can add significant meaning to the interpretation of data. Good functionings is central to ‘converting’ people’s resources into holistically positive emotions. Thus, policymakers find assistance in eudaimonic approach in order to understand the intermediate factors that play a role in this overall relationship. One more benefit of assessing functioning is that enhanced functions can result in other positive outcomes that go beyond immediate satisfaction or happiness. For instance, more and more evidence shows that better feelings of autonomy results in better health outcomes (Cooke et al., 2011; Ed Diener & Chan, 2011), and one’s chances of getting employed can be improved by social relations (Stoneman & Anderson, 2006).

b. Capabilities approach

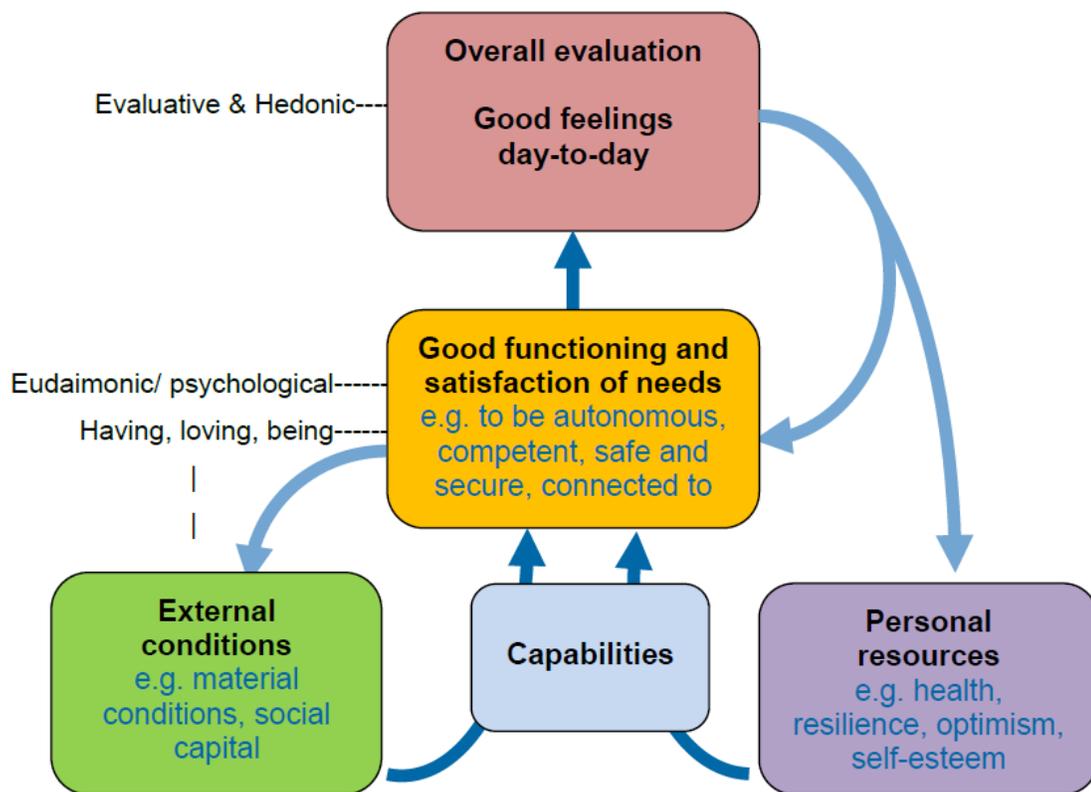
Amartya Sen developed the capabilities approach which was further expanded by Martha Nassbaum. This approach deals with people’s extent of opportunities to function in their lives – or being someone or doing something (for example, care for others, read, be healthy, write). In this approach, capabilities considered as set of options that an individual can selects realistically in any circumstance. Other key concepts of this approach are: functioning, (realization of an option); conversion factors (social, personal, environmental factors which control conversion of resources into capabilities).

As already discussed in the start of this chapter, in terms of measurement, Nussbaum has built ten 'central human capabilities' that each comprise quantifiable constructs. Yet, in terms of measurement indices, the list has yet to be operationalized. Paul Anand offers another important addition to the capabilities approach. Critiquing the present shortcoming of statistical measure capabilities at the individual level, Anand attempts to show the degree to which human capabilities can be measured feasibly. Anand and his fellows have tried to quantify Nussbaum's and Sen's capabilities perspective by building indicators of capabilities throughout a long range of life domains, including such areas as housing, poverty, health, safety, and quality of life, and have devised a few survey questions that relate to each capability (and the sub-components) offered by Nussbaum (Anand et al., 2009).

c. Having, loving, being approach

Originally offered by Eric Allardt, the 'having, loving, being' approach entails the extent to which an individual's 'basic needs' for having, loving and being are addressed (Allardt, 1993). In this theory, 'having' denotes the living conditions and material resources required for a minimal standard of living (such as health, housing, and income), and the conditions required for them to be in place. 'Loving' here implies people's needs for social relationships, network, social integration, and emotional support. 'Being', similarly, implies the need for participation, recognition, and belonging. Originally designed as the foundation for the comparative Scandinavian Welfare Study (1972).

The following Figure 2, describes the dynamic representation of well-being formulated by nef in 2008. It was developed as a part of the UK Government Office for Science's Foresight Project on Mental Capital and Well-Being and incorporates various techniques for the measurement of well-being (Abdallah & Mahony, 2012). For the mutual objective of promotion of a combined hedonic-evaluative approach, E. Diener et al. (2010) resolved their differences, due to which it has actually achieved reasonable favour. All the three fundamental techniques to subjective well-being have been considered useful in the OCED Guidelines.



Source: Abdallah and Mahony (2012)

Figure 2. Dynamic Model of Well-being

As illustrated in the model, an individual experiences positive sentiments (top) because the particular person's external conditions (bottom left) operate together with their personal resources (bottom right), which results in functioning well (middle) regarding their communications with the world (Abdallah & Mahony, 2012). The numerous approach described above can be mapped onto specific entities in the diagram. For instance, evaluative and hedonic approaches are associated with 'good feelings day-to-day and overall' (top box); eudaimonic or psychological approaches are associated with 'good functioning and satisfaction of needs' (middle box); the 'having, loving, being' approach is associated with both 'good functioning/ satisfaction of needs' and 'external conditions' (middle and bottom left boxes); and the capabilities approach is associated with 'good functioning and satisfaction of needs', and 'external conditions' (middle and bottom left boxes).

2.4. Well-being and Contexts of Policy

Human well-being is determined by aspects which actually lie in the domain of policy, as pointed out by nef (2011) which gave three supporting arguments regarding this view. First of all, the material condition of any individual's life are shaped by a host of micro- and macro-economic variables which lie in the domain in which the policy has reasonable influence. Secondly, the personal resources of an individual are not pre-determined by their genes. Instead, these are determined from the interactions with the world during early development and education, both of which again are key areas of interest for policy. Thirdly, detail design work influences the degree to which the policy initiatives provide meaningful autonomy-enhancing, relationship-building opportunities through, for example, volunteering schemes. Therefore, any act of the measurement of well-being, including subjective well-being, should be specifically utilized for policy purposes. Paul Dolan, Layard, and Metcalfe (2011) pointed out three major policy purposes and recommend some measurements of subjective well-being regarding specific policy context (can be seen in Table 3).

**Table 3. Recommended Subjective Well-being Measurements
for Each Policy Context**

	Monitoring progress	Informing policy design	Policy appraisal
Evaluation measurements	<ul style="list-style-type: none"> Life satisfaction 	<ul style="list-style-type: none"> Life satisfaction Domain satisfactions e.g.: relationships, health, work, finances, area, time, children. 	<ul style="list-style-type: none"> Life satisfaction Domain satisfactions Detailed "sub"- domains Satisfaction with services
Experience measurements	<ul style="list-style-type: none"> Happiness yesterday Worried yesterday 		<ul style="list-style-type: none"> Happiness and worry Affect associated with particular activities 'Intrusive thoughts' relevant to the context
'Eudaimonic' measurements	<ul style="list-style-type: none"> Worthwhile things in life 		<ul style="list-style-type: none"> Worthwhile things in life 'Reward' from activities

Source: Paul Dolan et al. (2011)

1. Monitoring Progress

A frequent assessment of well-being is required for monitoring progress in order to determine the fluctuations over time. Many of the recent attempts in measuring subjective well-being have focused on providing the information that could be utilized as inputs into monitoring progress. The monitoring of subjective well-being can actually be significant in the assurance that various changes that influence the society do not result in the reduction of overall well-being. In fact, the current usage of GDP has many similarities, even though the GDP is not measured directly to inform policy but is monitored carefully. Furthermore, the sudden drops in subjective well-being would have to be analyzed carefully and particular policies may then be developed to assure that it elevates again.

2. Informing policy design

In the populations which are greatly affected by policy, informing policy design requires the measurement of well-being. The subjective well-being is useful to develop strong strategies for unemployment programmes, given the significant reduction in subjective well-being related with any periods of unemployment (Clark, 2010). Moreover, the subjective well-being proves helpful in analysing the consequences of air pollution (Luechinger, 2009), flooding (Luechinger & Raschky, 2009), the risk of terrorism (Metcalf, Powdthavee, & Dolan, 2011), and so on. These are domains of policy that largely have a non-market consequence, and where subjective well-being can potentially have a real influence on policy, especially as compared to preference satisfaction that focuses principally on changes in income.

3. Policy appraisal

The expression of the advantages of interventions in a single metric that can be compared to the costs of intervention is the basic requirement of policy appraisal. The utilization of subjective well-being data as a 'yardstick' could allow for the ranking of options across extremely various policy domains (Paul Dolan & White, 2007). Expected gains in subjective well-being could be computed for different policy areas. The results help to make decisions relating to which spending will bring highest increase in the subjective well-being in respect to their costs (Paul Dolan & Metcalfe, 2008; Fujiwara & Campbell, 2011).

2.5. Institutional Capital

Previous section described a number of ways in which subjective well-being measurements could be used to guide policy making. However, that can only be done effectively if supported by a high level of institutional capital. As pointed out by (Platje, 2008), institutions that have high levels of such capital might reasonably be expected to act effectively and efficiently and to demonstrate institutional initiative and responsibility. Therefore, understanding of institutional capital is very necessary.

Researchers have explained various definitions of institutions. North (1990) simply describes institution as the rules of the game in society. According to Hodgson (2006), institutions are systems of formed and embedded social rules that shape social interaction. On one hand institutions comprise of hierarchies, designations, duties, relations and ways of interaction that form a structured grouping of people, while on the other hand it includes the values, rules, and behaviour that are attained within the provided structure (Bhagavan & Virgin, 2004). Institutional arrangement is regarding the structure of decision-making arrangements like bureaucracies, government agencies, and other kinds of organizations (Williamson, 1975, 1985, 1998) as in (Platje, 2008). Institutional arrangements are also interpreted as various formal and informal regimes and coalitions for collective action and inter-agent coordination, ranging from organizational networking to policy arrangements (Geels, 2004; Klijn & Teisman, 2000). It is by the actions of people and decision makers linked with them through which institutions shape the results. Therefore, a more thorough analysis on institutional arrangements and institutional capital is required.

The terms, 'institutional capacity' and 'institutional capital' have at times been regarded as identical (Healey, Khakee, Motte, & Needham, 1997). Several of the theoretical methods have been summarized by Healey, de Magalhaes, Madanipour, and Pendlebury (1999). The term "institutional capacity" is used in one set of these approaches whereby it is described as the total quality of the collection of resources represented in social relations and interactions in a place. The concept of institutional capital is comparatively new and there are certain dissimilarities concerning the theory and causal relationships. In this research, the institutional capital emphasizes on the network of relations that are part of societal progress measurement policies, which interlink statistics agencies, national development agencies, and other organizations in collective action.

The working description of institutional capital is described by Platje (2008) as institutions, governance structures and institutional governance that encourages the working of the allocation system and sustainable production and consumption patterns, reduce uncertainty, and encourages adaptive efficiency (i.e. the ability of a system to adapt to changing conditions). A crucial element for organizations is institutional capital. This is ascertained by the capability and skills to carry on learning and developing (Sotarauta and Kosonen, 2003). This was described by Bhagavan and Virgin (2004) as the resources (human, technical and financial) and the functions (tasks) that institutions should have, the competence (ability) to perform, and structures they need to that end.

The term 'institutional capital' and the associated three components (intellectual capital, social capital and political capital) developed by Abdul Khakee. These terms are used because the readers understand these terms but are often are unaware of Healey's model (Khakee, 2002). The criteria for intellectual, social and political capital is illustrated by Khakee (2002) with a precise focus on sustainable development. Fundamentally, in this evaluation approach, the 'institutional capital' which was used as 'institutional capacity' in the original methodology, is thought to be embodied in social relations and interactions and is continually developing due to the social learning process.

1. Intellectual Capital

Intellectual capital can be attained from the information based on research, experience and even a new outlook in considering problems and improving themselves to be able to make decisions (Khakee, 2002). This can be recognized by knowing the range of knowledge resources, degree of understanding, use and diffusion of knowledge and values, and openness to accept and learn new things.

2. Social Capital

Social capital is defined by Healey et al. (1997) in (Khakee, 2002) as capital that is formed by the thinking process made from the relationship of social network resources among humans, activities, and place. Elements of social organization like social trust, norms and networks that help in coordination and collaboration for mutual gains are considered as social capital (Putnam, 1995). To recognize and assess social capital, there are three criteria (Khakee, 2002), which are the range of social relations, the linkages between networks, and power relations.

3. Political Capital

Political capital is achieved from the commitment and willingness of different parties associated with the action for thinking policy and mobilizing resources, and the agenda formation (Khakee, 2002). It was explained by him that there are three ways through which recognition and analysis of political capital can be done. One way is mobilization of the existing structure by selecting the issue and identifies the issues, access to the stakeholders and the approach used. Second is to mobilize the method by adapting techniques, build consensus, and organize focus groups. Thirdly is that the change agents with key persons in the mobilization effort, the agent will sustain the features of the network and linked networks, supporting or competitive agency.

2.6. Theoretical and Conceptual Framework

Theoretical framework, based on the theoretical review in the preceding section, is formed as is displayed in Figure 3. Analysis of institutional arrangements of subjective well-being measurements will be done through involved actors and even their roles linked to the context of policy and the type of measurements.

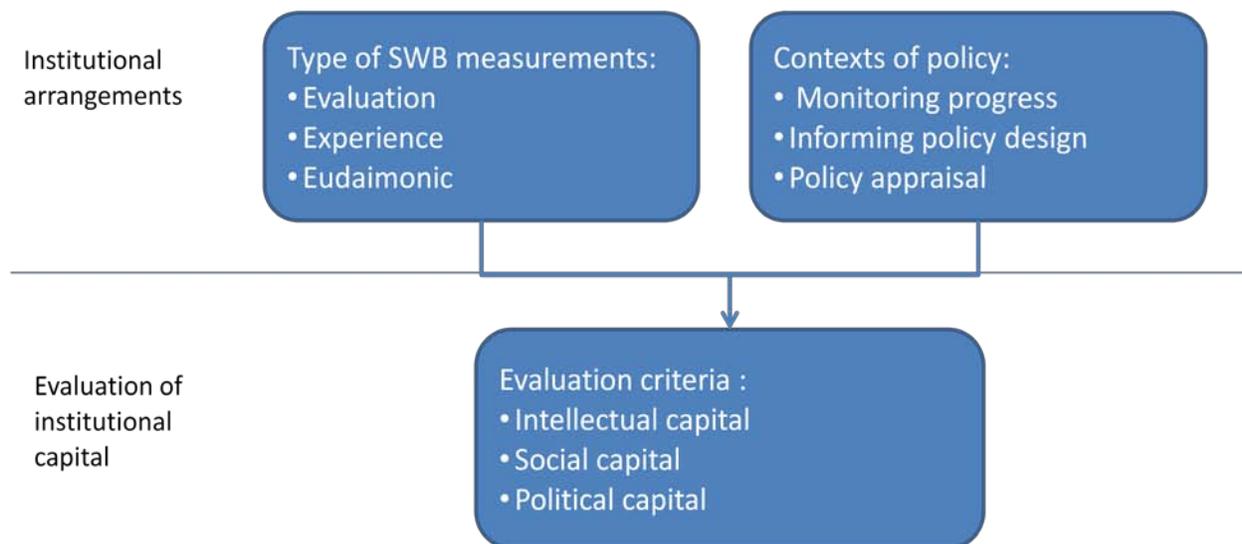


Figure 3. Theoretical Framework

Conceptual framework can be developed based on the theoretical framework given above. The existing institutional arrangements in Indonesia will be analyzed in this research through comparison with international experiences, especially the UK. Next, the institutional capital of national level main stakeholders in national economic and societal progress measurement will be assessed based on the three types of institutional capital defined in Khakee (2002) and the policy context. These results will lead to recommendations construction on how to design institutional

arrangements for subjective well-being measurement considering the policy context and the institutional capital.

However, in order to make a better operationalization of the concept, the number of evaluation criteria have been reduced, some of them have been formulated in a slightly different way, and some parameters have been constructed to adjust the concept to empirical data in this research. Each parameter will be rated at one of four stages based on the Institutional Development Framework (IDF) approach which explained in Bhagavan and Virgin (2004). Those four stages are 1 = start up; 2 = development; 3 = expansion/consolidation; 4 = sustainability. On the basis of the parameters, the rating (1 to 4) of each capital criteria is decided. There will be resulting graph constitutes the institutional capital evaluation results. The graph forms the basis for discussing which areas of institutional capital need attention and for setting priorities for improvement and action accordingly.

Table 4. Institutional Capital: Elements, Evaluation Criteria, and Parameters

Type of institutional capital	Elements	Evaluation criteria	Parameters
Intellectual capital	Range and frame of knowledge, knowledge linkages, attitude towards new knowledge	<ul style="list-style-type: none"> • Knowledge resources 	<ul style="list-style-type: none"> • Stakeholders have resources to acquire or increase their knowledge on SWB measurements
		<ul style="list-style-type: none"> • Degree of understanding 	<ul style="list-style-type: none"> • Stakeholders have a deep understanding on SWB measurements
		<ul style="list-style-type: none"> • Use and diffusion of knowledge and values 	<ul style="list-style-type: none"> • Stakeholders use and share/disseminate their knowledge on SWB measurements together with values related to it
		<ul style="list-style-type: none"> • Openness to new sources of information 	<ul style="list-style-type: none"> • Stakeholders willing to learn from new sources of information
Social capital	Range of social relations, linkages between networks, power relations.	Extent of stakeholder involvement	<ul style="list-style-type: none"> • Concerned stakeholders involved in the SWB measurements, whether it is in the development/implementation/evaluation/using the results

Type of institutional capital	Elements	Evaluation criteria	Parameters
		Density of network linkages	<ul style="list-style-type: none"> • There are intra and inter-institutional communication, coordination and cooperation
		Access to networks	<ul style="list-style-type: none"> • Concerned stakeholders have access to networks
Political capital	Mobilization of the existing structure, methods for collective efforts, change agents	Selection and identification of issues	There is a transparent selection and identification of issues related to SWB measurement
		Consensus-building practices	There is a consensus-building practices in developing SWB measurement
		Role of key agents	There is a clear role of key agents

Source: Adapted from Khakee (2002)

CHAPTER III

SUBJECTIVE WELL-BEING MEASUREMENTS IN THE UK

This chapter mainly emphasizes and interpret data on the institutional arrangements of subjective well-being measurement in the UK which acquired through document analysis. First, there will be a brief description about the background and objectives of subjective well-being measurement in the UK. Second, there will be descriptions on actors and their roles, platforms, and type of subjective well-being measurements in the UK. Then, there will be illustrations on the potential roles of the subjective well-being measurement related to the policy context.

3.1. Background of Subjective Well-being Measurement in the UK

On 25 November 2010 the Prime Minister of the UK asked the Office for National Statistics (ONS) to ‘devise a new way of measuring well-being in Britain’ (ONS, 2011b). Hence, the National Statistics Measuring National Well-being (MNW) Program was launched in November 2010 to provide a fuller understanding of ‘how society is doing’ than economic measures alone can provide. The objective of the program is to address the limitations of GDP as a measure of the country’s progress by developing a wider set of indicators of economic development, the state of the environment and the quality of people’s lives. These indicators could be used to inform the public about the nation’s well-being and ‘lead to government policy that is more focus not just on the bottom line but on all those things that make life worthwhile’ (ONS, 2011b). The Stiglitz report (Stiglitz et al., 2010) recommend that subjective well-being encompasses different aspects each of which should be measured separately to develop a comprehensive understanding of people’s well-being. In response to this recommendation and recognizing the limitations of existing data on subjective well-being in the UK, the ONS made an approach to reflect these different aspects of subjective well-being through the Integrated Household Survey (IHS) as part of the MNW Program.

3.2. Institutional Arrangements of Subjective Well-being Measurements

Subjective well-being measurements in the UK already being conducted by several actors, both government and non-government, through a number of surveys. However, a comprehensive national subjective well-being measurement has just recently conducted from April 2011 by the ONS as the national statistics office in the UK. They included subjective well-being questions for the first time in the IHS, specifically the Annual Population Survey (APS), and the Opinions Survey (OPN). IHS is a large scale composite household survey which includes the APS, Living Costs and

Food Survey (LCF), the General Lifestyles Survey (GLF), the English Household Survey (EHS) and the Life Opportunities Survey and currently yields a sample survey of 450,000 respondents. The IHS also aims to produce precise estimates at a lower geographic level than is possible in other ONS social surveys and the expectation is that sub-regional estimates for subjective well-being will be available from this source (ONS, 2011b).

ONS acts as the leading institution in Measuring National Well-being Program and in partnership with policy makers, international initiatives, public and the media, local government, business community, academia and research centers, charities, voluntary organizations and other third sectors. ONS mainly coordinate with these stakeholders through the National Debate on Measuring National Well-being. The debate was undertaken by the ONS between 26 November 2010 and 15 April 2011 and conducted both online and at events around the UK. The debate was established to help the ONS identify the key areas that matter most and will help to ensure that the measures they use will be relevant not only to government but also to the wider public. ONS received over 7,900 responses to the consultation paper in the form of completed questionnaires, including more than 50 responses from organizations. As part of the debate, ONS also established a national well-being website. This allowed people to write their views about measuring national well-being or comment on other people's views. These included regular ONS and guest blogs and comments from contributors on topical issues that matter to people's wellbeing.

In addition to online participation, ONS set up and promoted a dedicated phone line that people could ring for further information about the debate. Contributions could also be made via dedicated postal and email addresses. For people who did not have enough time to complete a full questionnaire, ONS provided pre-paid postcards that could be completed quickly. They also met with various experts and established a National Statistician's Advisory Forum and a Technical Advisory Group. In total, ONS received around 34,000 contributions to the debate from the various sources. They also held 175 events, involving around 7,250 people included academics and university students, charities, disability groups, employers, ethnic minorities, hospital patients and carers, other government departments, parents (including vulnerable mothers), people living in sheltered accommodation, people with health issues, religious groups, retired people, school children, well-being experts, young adults, youth affected by mental health issues. Example of results from the national debate was the key milestones identification.

Table 5.
Results of National Debate on Measuring National Well-being: Identified Key Milestones

Date	Milestone
October 2011	Set of national well-being indicators published and start iterative consultation to test and refine indicators
November 2011	Publish first set of results from the Opinions Survey (April to August) and consult on the presentation of subjective well-being data
November 2011	Publication of European Statistical System Committee position on measuring progress, well-being and sustainable development. Start of the process to roll recommendations out across the EU.
December 2011	Agreed harmonised subjective well-being measures in an international framework (OECD, Eurostat)
Februari/March 2012	ESRC conference on national well-being
July 2012	Publication of first subjective well-being annual experimental results
Summer 2012	Publish guidance for using subjective well-being data and questions at local authority level
December 2012	Publish a roadmap for valuation of natural capital in the Environmental Accounts and delivering on environmental sustainability measures (commitment in Natural Environment White Paper)
2012-2013	Further publication of the refined version of the set of well-being indicators and continued consultation including working with key user groups (policy, local government/health and well-being boards, commerce, media, academia etc)
2013	Article on valuing natural capital in Environmental Accounts and first review of progress against roadmap to 2020 (commitment in Natural Environment White Paper)
2013	EU Survey of Income and Living Conditions (EU-SILC) module on well-being

Source: ONS (2011a)

Besides the national debate, ONS established an Advisory Forum as well as Technical Group to support the National Well-being Program. The Forum convened by the National Statistician to engage directly in the debate with key stakeholders, including policy makers, analysts, business leaders, academics, the third sector and other influencers in the UK and abroad. The Forum's role is to discuss the main themes emerging from the national debate and help design new measures. Based on their terms of reference, there are two objectives of the Forum. First, to provide advice to the National Statistician, to deliver credible measures of subjective well-being, and of wider national well-being, to meet policy and public needs. Second, to offer advice on the progress of the national debate to develop appropriate measures of well-being that the National Statistician is leading. The Forum meets around every two months, starting in January 2011. The National Statistician chairs the group. Meetings are face to face in London and audio or video conferencing facilities are made available if possible. Between meetings as much business as possible are

conducted by email. ONS provide secretariat for the Forum and provide a record of the discussion and advice given to the National Statistician.

For the technical group, there are four objectives based on their terms of reference. First, to provide advice on the development of subjective well-being measures for inclusion in ONS social surveys. Second, to consider and provide advice on other broader measures of well-being, for example development of income measures relating to the national accounts and environmental accounting and sustainability issues. Third, to advise on the development of conceptual frameworks for the measurement of national well-being. Fourth, to provide advice on the presentation and reporting of national well-being statistics.

The Technical Group meets around every two months, starting in early February 2011. The Director of the National Well-being program (Paul Allin) chair the group. Meetings are face to face in London and audio or video conferencing facilities are made available where possible. Between meetings as much business as possible will be conducted by email. ONS provide secretariat for the Group and provide a record of the discussion and advice given. Membership consists of those members of the advisory forum who have nominated themselves as well as others who have been selected by the ONS to have expertise to bring to the group. It is consist of a range of experts including from the OECD, Eurostat (the statistical office for the European Union), other government departments, think tanks, academics (inside and outside of the UK such as University of British Columbia and University of Pennsylvania), and related research experts.

Besides the ONS, the Advisory Forum and Technical Group, various stakeholders are actively involved in subjective well-being measurements in the UK. They are:

- National government

Cabinet Office leads on well-being policy (both objective and subjective well-being) and working across Whitehall to encourage use of the ONS well-being data in policy and decision making. A team within the Cabinet Office is responsible for ensuring that well-being data are used effectively across Whitehall, and hence they have formed strong links with colleagues across departments as well as informal links to external experts on well-being research.

Following the 2007 spending review, various UK government departments included targets in their Public Service Agreements (PSA) for 2008–2011 that could benefit from subjective wellbeing data. The Devolved Governments also work closely with the ONS to ensure that measures for the UK as a whole fit with their responsibilities, for example, Measuring Scotland's Progress.

There is also the Social Impacts Task Force, which comprises of analysts from across government and has been sharing subjective well-being analysis results and approaches mainly in the policy appraisal context. In 2011, the UK Government published a Green Book discussion paper on how to use subjective wellbeing to inform cost-benefit analysis and to monetize nonmarket goods and services.

- International initiatives

The OECD's Measuring Progress initiative and the EU Sponsorship Group on Measuring Progress, Well-being and Sustainable Development work closely with ONS.

- Public and the media

The national debate has tapped into considerable interest by the public and in the media about their quality of life, their culture and their values.

- Local government

The Local Government Act 2000 gave local authorities in England and Wales the power to promote social, economic and environmental well-being in their areas. A number of authorities developed local well-being measures, particularly under an initiative led by the Young Foundation. These largely drew on the national indicators that were then collected from all local authority areas, but which are no longer available.

- Business community

The national debate highlighted that well-being is important to business in a number of different ways, for example: well-being at work; the importance of work and workplace in people's lives; social and community responsibility; and the value of recognizing the importance of well-being in the lives of consumers and customers. Therefore, business community put some attention and also actively involved in this issue.

- Academia and research centers

There is considerable academic interest and research into subjective well-being, including in research centers such as the new economics foundation's (nef) Centre for Well-being. There are many approaches to the measurement of individual well-being, drawing on a

range of disciplines and leading to a number of measurement vehicles and a host of existing social surveys measure subjective well-being. The Economic and Social Research Council (ESRC) has indicated a strong willingness to support work on national well-being and progress, including knowledge transfer from established academic centers and disciplines.

- Charities, voluntary organizations and other third sector

During the national debate, many charities, voluntary organizations and other third-sector organizations made valuable contributions. These organizations highlighted the importance of different issues to well-being including mental health, the environment, improvements in technology and poverty.

It is apparent from previous descriptions that there are several significant institutional arrangement elements of subjective well-being measurements in the UK. Those elements are involvement of multi actors with various roles; key agents and their specific roles (ONS and Cabinet Office); the National Debate as the online and offline platform; Advisory Forum, Technical Group, and the Social Impacts Task Force as the inter-organizational networks; and supported by terms of references as regulations. These terms of references describe the objective, method of working and reporting, and so on.

When considering which questions ONS should include in the HIS, the first stage was to look at what questions have been used before in other surveys both in the UK and abroad. In September 2010, ONS published a paper that outlined the many questions that are already asked on existing surveys. Following this, ONS commissioned Professor Paul Dolan, Professor Richard Layard (LSE) and Dr Robert Metcalfe (University Oxford) to look at the role of subjective well-being measurement in public policy and make recommendations to the ONS about what questions should be asked. The subject was also discussed at the Advisory Forum and the Technical Group.

Four overall subjective monitoring questions on the IHS from April 2011 used by the ONS are:

1. Overall, how satisfied are you with your life nowadays? (on a scale of 0-10, where 0 is not at all satisfied and 10 is completely satisfied)
2. Overall, how happy did you feel yesterday? (on a scale of 0-10, where 0 is not at all happy and 10 is completely happy)

3. Overall, how anxious did you feel yesterday? (on a scale of 0-10, where 0 is not at all anxious and 10 is completely anxious)
4. Overall, to what extent do you feel the things you do in your life are worthwhile? (on a scale of 0-10, where 0 is not at all worthwhile and 10 is completely worthwhile)

ONS used the three main approaches identified in the theoretical review chapter of this research, which are evaluative, experience, and eudaimonic approach. They settled on the use of a life satisfaction question in the IHS to reflect the evaluative approach as these are well used and established both within the UK and internationally. The question they are asking is a simplified version of questions that have been asked in other surveys. For example, the World Values Survey, European Social Survey, British Household Panel Survey (BHPS), and DEFRA's Public Attitudes and Behaviours towards the Environment Omnibus Survey. The use of time frame constraints is an important difference as some respondents may find it difficult to evaluate their life satisfaction when no specific time frame is given due to the considerable burden on memory (Paul Dolan et al., 2011). Without a time frame the context may also exert more of an influence on responses. ONS is using 'nowadays' in the life satisfaction question. This has been used in other surveys and although this leaves the respondent to make a judgment about how to interpret this, it does limit the reference period to more recent times rather than thinking about the whole of a person life course up to that point.

In terms of an experience approach, ONS has concluded that it is necessary to include both a positive and negative 'affect' question in the IHS. ONS use the time frame of 'yesterday' in order to approximate to the DRM time use approach. However, ONS is aware that other adjectives besides 'happy' and 'anxious' could be used and as part of the development work using the Opinions Survey ONS will test alternative wording, for example, enjoyment, contentment, stress, worry, anger, tired and sad.

For an overall eudaimonic approach, ONS has chosen to look at one that provides information on how much meaning and purpose people get from the things that they do in their lives. The question that they have chosen is adapted from the European Social Survey which asks about what people do in their lives that is valuable and worthwhile. ONS has decided though, not to include the words 'valuable and worthwhile' but to instead use just 'worthwhile' as this conflates what could be considered by respondents as two separate concepts which may cause confusion.

The four overall monitoring questions were asked each month in the OPN as well. In addition, some additional questions drawing from the evaluative or experience or eudaimonic approach were asked in OPN monthly survey. For example, in April and June 2011, there were evaluative approach questions which asked about satisfaction with personal relationships, physical health, mental well-being, work situation, financial situation, area where you live, and time you have to do the things you like doing. In July 2011, the OPN carried further 'eudemonic' questions to explore how much these related to the worthwhile question and to see how much further information additional questions would provide. These included a range of questions looking at how individuals feel about themselves and how they function in relation to their surroundings. In August 2011, further experience questions were asked. A range of positive and negative adjectives were used other than just 'happy' and 'anxious', for example enjoyment, calm, worried, stressed. This was to see how much the estimates from using these different adjectives would differ from the overall monitoring questions that used the adjectives happy and anxious.

Additionally, there was an experiment undertaken to look at what effect the order of the questions had on the answers that respondents gave. In each of these months an experiment was also carried out using different questioning techniques, that is, with questions being asked directly by the interviewer versus allowing the respondent to fill out their answers on a laptop. This was done to explore further how sensitive these answers were to social desirability: to what people give answers that portray their own well-being in a more positive light to the interviewer. This is a known methodological limitation of subjective well-being questions which has been examined before and ONS wanted to explore this further using the OPN.

For the other surveys, most of them are vulnerable to small sample sizes and it is not clear which have committed to continue asking subjective well-being questions in the future. Table 6 summarizes several surveys with information about actors and the type of measurement as well. Due to time constraints, only a selection of subjective well-being questions used in recent surveys is provided. This review is also limited to surveys with over 1,000 UK respondents.

Table 6. Types of Subjective Well-being Measurements in the UK

Name	Organization	Sample Size	Type of SWB approach included
Integrated Household Survey	ONS	450,000	Evaluative, experience, and eudaimonic
Opinions Survey	ONS	1000	Evaluative, experience, and eudaimonic
TellUs Survey	DCSF	250000	Evaluative and eudaimonic
Understanding Society Survey	ESRC	40000 HH	Evaluative, experience, and eudaimonic
British Crime Survey	HO	50000	Evaluative
Taking Part Survey	DCMS	29000	Evaluative
Longitudinal Study of Young People in England	DSCF	15000	Evaluative, experience, and eudaimonic
English Longitudinal Study of Aging	DH	12000	Evaluative, experience, and eudaimonic
Health Survey for England	DH	11000	Evaluative, experience, and eudaimonic
British Social Attitudes Survey	NATCEN	2000-4000	Evaluative and eudaimonic
National Survey for Wales	WAG	3000	Evaluative, experience, and eudaimonic
Public Attitudes and Behaviours towards the Environment	DEFRA	1600	Evaluative, experience, and eudaimonic
Well? What do you think?	NHS HS	1200	Evaluative, experience, and eudaimonic

Source: UK Data Service, 2013 (<http://discover.ukdataservice.ac.uk>) and analysis

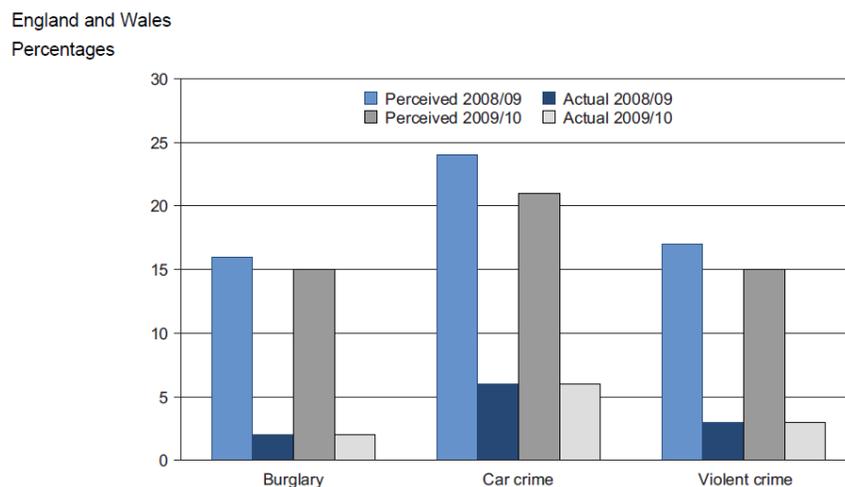
For the type of measurements in other social surveys in the UK, overall and domain evaluation questions are the most common form of subjective well-being question currently asked in those surveys. The most comprehensive attempts at measuring the various aspects of subjective wellbeing are provided by the Public Attitudes and Behaviours towards the Environment Omnibus Survey (DEFRA), Understanding Society, and the Health Survey for England, the English Longitudinal Study of Aging.

3.3. Roles of Subjective Well-being Measurements

This section will provide examples of how subjective well-being measurement via major surveys in the UK are currently being presented and used by policy makers in the UK. Presentation of subjective well-being measurement is of high importance in order to ensure that the measures are presented effectively for their use by policy makers and the wider public (Hicks, Tinkler, & Allin, 2013). These roles and potential roles are categorized by three policy purposes explained in the theoretical chapter of this research.

- Monitoring Progress

To give a complete representation of well-being it is important to consider the subjective measurement of well-being along with the objective well-being measurement. Presently, as it can be seen that the importance of subjective well-being measurement is to provide an addition to the existing objective measurement of well-being instead of replacing it. The significance of collectively taking into account both the measurements, contrasting the real percentage of crime with the perspective and knowledge of the population is illustrated in Figure 4. It is an example which combines both subjective and objective measurements of well-being together in the sector of crime (ONS, 2011b).



Source: ONS (2011b)

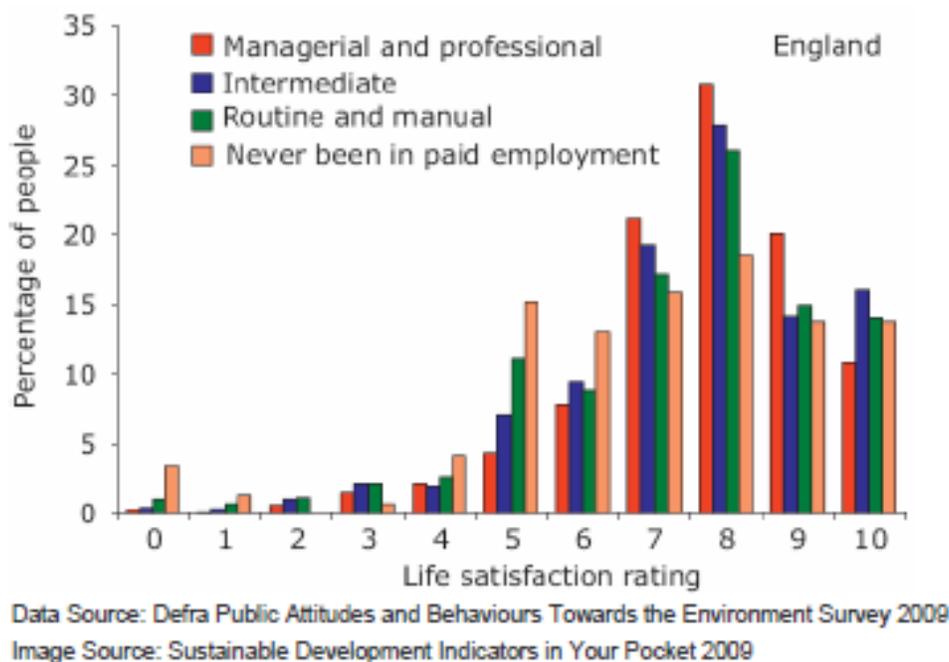
Figure 4. Perceived and actual likelihood of being a victim of crime in the UK

In forming a set of indicators in measuring the national well-being it is necessary to reflect on the appropriateness of the objective and subjective measurements. This came into consideration when the correlation between subjective and objective measurements becomes more compound. As displayed in Figure 4, during the year 2008/9 and 2009/10 the perceived probability of being a victim of crime was noticeably more than the actual probability of being a victim for crimes such as robbery, car and violent crimes. On the other hand, the perceived probability was seen to reduce during 2008/9 and 2009/10, while the actual probability for the crime victim stayed unchanged. This illustrates the correlation between subjective and objective measurements can be complex and arises a further question on which one is more important, the fear of crime or the actual crime level. These have both direct and indirect influence on people's quality of life; direct influence as they

bear the loss or suffering and indirect as the fear of crime or perceived probability of crime may hinder their everyday practice (ONS, 2009).

The promise of subjective well-being estimates is not only in their potential to allow policy makers to monitor change at the overall level but to examine how subjective wellbeing differs for different sub-groups of the population as well as for local areas. The much larger sample sizes afforded by the ONS APS has already allowed a more detailed picture of subjective well-being to emerge. For example, ONS have larger samples to be able to show estimates by ethnicity but also for Unitary Authority and Counties within the UK (Hicks et al., 2013).

The evaluation of life satisfaction as a function of socio-economic class based on profession is carried out by Defra as displayed in Figure 5. Although a number of reasons may explain why overall life satisfaction ratings differ according to socio-economic status, it is worth noting that overall life satisfaction has also been reported to differ as a function of educational achievement, so people's aspirations and relative expectations may have an effect here. In addition, it has been seen that the people working on the managerial and more qualified levels are less likely to polarise (i.e. choose very dissatisfied or very satisfied) with a lesser degree as compared to the people who have been unpaid. Therefore, can be concluded that overall assessment life satisfaction data becomes more useful when it is contrasted with other variables.



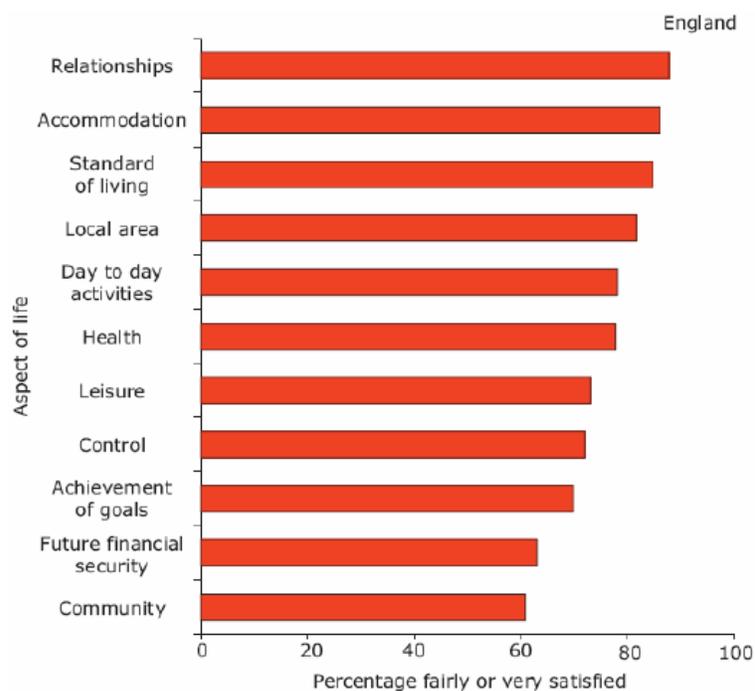
Source: (ONS, 2010)

Figure 5. Percentage of people reporting overall life satisfaction ratings (0-10) by socio-economic class in the UK

- Informing Policy Design

The first annual analysis of subjective well-being questions was published by ONS at the Unitary Authority/County level (NUTS level 3). However, ONS will be capable to merge the APS yearly datasets and conduct analysis of the four subjective well-being questions at Local Authority level in the time to come. In addition, the main important factors that drives the subjective well-being, has been allowed to start to be examined by the APS dataset (Hicks et al., 2013). Therefore, this will leads to a much comprehensive analysis at other places on particular drivers (for instance low income or unemployment). Connecting data of well-being across the policy surveys will provide the actual analytical power. To allow the policy maker to develop and show the significance of different areas of policy to subgroup of the population or the other parts of the country the data for instance, air pollution, crime, or community activities could be used. The significance of policy intervention is at the local grounds as compared to national level therefore having data at the lower geographic ground is essential as well.

There is a good example of some domain evaluation data generated from the Defra's Public Attitudes and Behaviours Towards the Environment Omnibus Survey that can be seen in Figure 6. It is following the question: "I am now going to show you a series of different things relating to aspects of your life. For each one, please tell me how satisfied you are with each of them: Your standard of living, Your health, Your day-to-day activities (including work or studies), Your ability to influence what happens in your life, Your personal relationships, Achieving your goals, Your house / flat / accommodation, Feeling part of a community, The area in which you live, Your future financial security, Leisure activities / hobbies (Very satisfied, Fairly satisfied, Neither satisfied nor dissatisfied, Fairly dissatisfied, Very dissatisfied, Don't Know)". Data of this nature could potentially be used to inform specific policies targeting particular aspects of life. Figure 6 indicates that when the cross-section of approximately 1,600 adults aged 16+ in the UK were sampled in 2007, community and future financial security were the areas people reported being least satisfied with. Respondents reported being most satisfied with their relationships and accommodation.



Data Source: Defra Public Attitudes and Behaviours Towards the Environment Survey 2007

Image Source: Sustainable Development Indicators in Your Pocket 2009

Source: ONS (2010)

Figure 6. Percentage of people fairly or very satisfied with selected aspects of life in the UK

- Policy Appraisal

The subjective well-being measurement provides the outlook of new ways to analyze the potential impact of interventions on the well-being of different groups, and to inform cost benefit analysis (Hicks et al., 2013). Effective policies typically lead to desirable social impacts in one form or another; for instance the rise in a target group taking weekly exercise, or more positive relation between neighbors in a specific community. These valuation is relatively complex and cannot simply be inferred from market prices. On the other hand, the valuation is however beneficial to be assessed in the financial means for the reason to create a business case for intervention. Valuation is central to cost benefit analysis and appraisal, however, valuations are inherently subjective in nature. The traditional approach is to assess the decisions people make through stated preference techniques. However, these techniques assume rational behaviour, which has been challenged over recent years by behavioural economics.

Using the subjective well-being measurements, there have been several instances of social impact valuations, hence it has been a valuable means to integrate well-being into decision making, for the policy makers and analysts. An different approach to stated preference is to observe the changes in subjective well-being. This method provides estimation of the rise in subjective well-being related with a specific good or service, then determines the equal cost, for instance in terms of income from a job, to give the same rise in subjective well-being. Based on this technique are the discussion paper published by the UK Treasury and Department for Work and Pensions (Fujiwara & Campbell, 2011). The paper was commissioned by the Social Impact Task Force.

From this chapter, we can identified several significant institutional arrangement elements, the type of measurements, and the potential roles of subjective well-being measurements in the UK. The institutional arrangement elements are involvement of multi actors with various roles; key agents and their specific roles (ONS and Cabinet Office); the National Debate as the online and offline platform; Advisory Forum, Technical Group, and the Social Impacts Task Force as the inter-organizational networks; and supported by terms of references as regulations. The type of measurement used are the three main approaches identified in the theoretical review chapter of this research, which are evaluative, experience, and eudaimonic approach. Four overall subjective monitoring questions asked in the annual survey (the IHS) and monthly survey (the OPN),

complemented with additional questions drawing from the evaluative or experience or eudaimonic approach which asked in OPN monthly survey as well. The last section of this chapter illustrated the potential roles of the subjective well-being measurement related to monitoring progress, informing policy design, and policy appraisal policy context.

CHAPTER IV

SUBJECTIVE WELL-BEING MEASUREMENTS IN INDONESIA

This chapter mainly emphasizes and interpret data on the institutional arrangements of subjective well-being measurement as well as the institutional capital in Indonesia. First, there will be a brief description about Indonesia to give an overview about the Indonesian context. Second, there will be explanation on the objectives, actors and their roles, type of measurements, and the role of the measurements of current objective well-being measurement in Indonesia. Then, there will be explanation on the initial subjective well-being measurement in Indonesia comprises the objectives, actors and their roles, type of measurements, and the potential role of the measurement and the policy context. Afterward, there will be a thorough analysis on the current institutional capital related to subjective well-being measurement in Indonesia.

It is very necessary to indicate that in Indonesia the usage of term well-being is relatively uncommon. The official term used by the government is 'welfare', focusing on the objective dimension of well-being. Nevertheless, this research considers the term 'welfare' and 'well-being' in Indonesia are synonyms.

4.1. General Overview

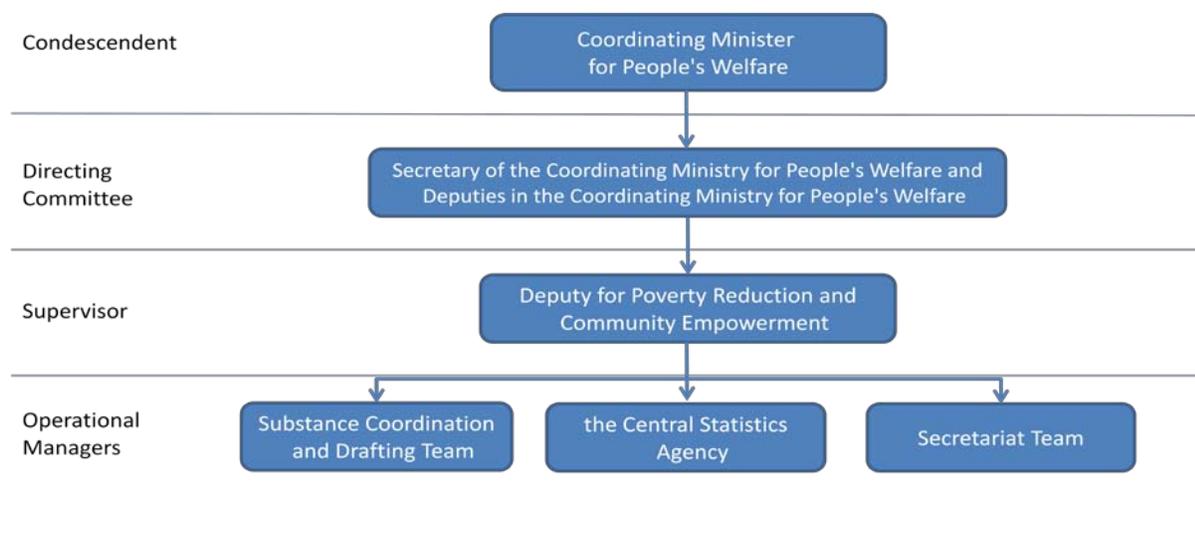
Indonesia is a big country consists of 17,500 islands which divided to 33 provinces and 508 cities/regencies (KPPOD, 2013). It is the world's fourth most populated country. Moreover, it is one of the most culturally and linguistically diverse countries in the world as well with more than 1000 ethnic groups (101 large groups) and 700 living languages (Hugo, 2003). The national motto, *Bhinneka Tunggal Ika* (Unity in Diversity) captures the essence of the characteristics of the country.

The Preamble of the 1945 Constitution explicitly states that a prosperous Indonesia is the final goal of the purpose of establishing the Indonesian nation. The agenda for increasing the welfare of the people always be the priority of the government. However, the general policy direction in attaining a prosperous Indonesia is still focus mainly on the form of economic growth. As stated in the 2010-2014 National Medium-Term Development Plan (RPJMN): "A prosperous Indonesia is reflected in the increase of the welfare of the Indonesian people and in the form of the accelerated economic growth" (Government of Indonesia, 2010).

From economic point of view, Indonesia considered as a Middle Income Country, with its Gross Domestic Product (GDP) rising by between 5 and 6 per cent each year over the last ten years. Despite the global economic crisis experienced by many nations, Indonesia has witnessed steady economic growth in the last few years. As of September 2013, the country's economic growth is 5,81 percent (y-on-y) and expected to be 6.5 percent in 2014 (BPS, 2013).

4.2. Institutional Arrangements of Objective Well-being Measurements

Since 2010, the Government of Indonesia has been trying to improve the measurement of their citizens' well-being with constructing 'IKraR' (People's Welfare Index). The objective of IKraR construction is to better describe well-being of the people based on the conditions and realities in Indonesian context. The index is planned and organized since 2010 by some experts and researchers from various backgrounds such as academia, analysts, researchers, government ministries and institutions related with well-being issues. Whereas, the main actors of IKraR are Coordinating Ministry for People's Welfare of Indonesia as the coordinator, Strategic Alliances for Poverty Alleviation (SAPA) Program as the technical manager, and Central Statistics Agency of Indonesia as the data supplier and also substance coordination team together with several Deputy Assistances in the Coordinating Ministry for People's Welfare and SAPA staffs. Several stages of consensus-building were performed. The stages are inside the think-tank group, discussion with experts/academics, public consultation at the local level, and then public consultation at the national level.



Source: Analysis, 2013

Figure 7. Institutional Structure of IKraR

IKraR is a powerful tool in measuring national and regional societal progress which look at the relationship between the government's efforts, the community, and the business community in improving well-being of the people through the dimensions of social justice, economic justice, and democracy and governance. Each dimension has indicators that are supposed to represent conditions of social reality. Choice of indicators used in IKraR expectedly accommodate many different types of indicators used in evaluating development which include input indicators related to supporting program or policy implementation, process indicators that portray how the implementation of development policies and programs carried out, and output indicators that describe the results of a policy or programs. IKraR not only measure outputs but also measure accessibility. For instance, maternal and infant mortality rate represented by access percentage to medical examination and in comparison with the cost of medical expenditure to total household income. List of all indicators used for this index can be seen in the following table.

Table 7. List of Indicators Used in IKraR

No	Variable/ Indicator	Explanation	Dimension
	prov	Province Code	-
	nmprov	Province Name	-
1	listrik	Percentage of households using electricity as the main source of lighting	Social Justice
2	rawat	Percentage of residents who had outpatient care in the last 6 months	
3	rekreasi	Percentage of households that do leisure (vacation, sports / arts) during the period 1 April - 30 June	
4	mys	Average length of school of the population (years)	
5	jamsos	Percentage of households receiving social security (Jamkesmas, health card, letter Miskin (SKTM), etc.)	
6	e40_ori	Percentage of the population is not expected to reach the age of 40 Years	
7	air	Percentage of households using clean water as a source of drinking water	
8	jamban	Percentage of households using their own latrines / public	
9	p0	Percentage of poor people	
10	gini_ori	Gini Ratio	
11	home	Percentage of households that own their own home	Economic Justice
12	kerja	Percentage of the population aged 15 years and over who worked	

No	Variable/ Indicator	Explanation	Dimension
13	expGK	Ratio of average expenditure per capita per month with poverty line	
14	pad	Ratio of revenue (PAD) compare to budget	
15	bank	Percentage of households receiving loans from banks	
16	shstudall	Proportion of household spending on education to total expenditure	
17	shheall	Proportion of household expenditure for health care costs to total expenditure	
18	inet	Percentage of households that have access to the internet in the last 3 months	Democracy & Governance
19	crime_ori	Percentage of residents who are victims of crime in the last year	
20	sipil	Aspects of Civil Liberties in Indonesia Democracy Index	
21	politik	Aspects Political Rights in Indonesia Democracy Index	
22	lemdem	Aspects of Democratic Institutions in Indonesia Democracy Index	

Source: Coordinating Ministry for People's Welfare of Indonesia (2012)

IKraR results can be used as a social mapping. IKraR is expected can better describe well-being of the people because the selected indicators are considered the most suitable to Indonesian context. The current measurements in the world (for instance, Human Development Index) are considered could not capture the condition and reality in Indonesia. However, although results of IKraR measurement considered already portray most of the significant determinants of well-being, the reality in society is still relatively different with what the results are saying. For instance, IKraR results on social dimension (Figure 8) looks very green (except in Papua) as if the social conditions of the people in Indonesia already in a very good condition, with no significant problems. In reality, we can see a lot of social problems. Some of them are criminalities, mass riots, social conflicts between societies, demonstrations, and so many others.



Source: SAPA Indonesia

Figure 8. IKraR 2012 (Social Dimension Only)

4.3. Institutional Arrangements of Subjective Well-being Measurement

The 'mismatch' picture between what is portrayed by the objective well-being measurement and the real picture in the society made a lot of people think further about what is still missing. Arguably, some considered the missing link is subjective well-being measurement, including the President. However, IKraR only measure the objective dimension of well-being. Moreover, the global trend in measuring subjective well-being to obtain a comprehensive national societal progress also influence the initiative to conduct a new measurement (Interview, SPTK Team_1). Therefore, in 2011 the President of Indonesia asked the Central Statistics Agency to make a new measurement on subjective well-being. Nevertheless, it was not easy to make a new measurement with a 'new' concept. As stated by some of the practitioners in the statistics agency who are involved in designing the new measurement:

"This is a long process. The process of preparation of the questionnaire was started in 2011, disassembly questions took place. First, we tried the adoption of existing instrument in Gallup, OECD, and so on. We tried and tested it to the field in different social strata, different way of asking, and so on. Then we evaluate and develop our own instruments tailored to the characteristics of Indonesian society." (Interview, SPTK Team_1)

"It's something very new so we must ensure that this concept can be measured with a questionnaire that we will then create. It was starting from the search for references, look for a framework that can be used, read and comprehend literature, and then there was also process of debating on what will be measured. (Interview, SPTK Team_2)

Another challenge is the skepticism on subjective well-being measurements as an input for public policy.

"I do not know whether subjective well-being measurement can be useful in the formulation of public policy because I do not have any knowledge related to subjective well-being." (Questionnaire, BAPPENAS_1)

"Usually skeptical policy makers related to the size and comparability between cultures. Because there is no measurement which can be regarded as the standard measure agreed by all people (around the world if necessary). Even if there was, for example, such as the question "how satisfied are you with your life?" when asked at people with different ethnic backgrounds, the results are not necessarily comparable. Is the answer "9" for people in tribe A means the same with people in tribe B which answer "9" also?" (Interview, SPTK Team_1)

"No wonder why policy makers are skeptical because there was a big possibility that respondents answer subjective well-being questions in a normative way, just the good answers. Not necessarily the fact is actually good." (Questionnaire, BAPPENAS_2)

Actually, since 2001, Indonesia has been included in the World Values Survey (third wave, 1999-2004). It is the first truly international surveys began to measure subjective well-being (first conducted in 1981) and can be considered as the first subjective well-being measurement in Indonesia. The World Values Survey includes the life satisfaction question "All things considered, how satisfied are you with your life as a whole these days?" on a scale of 1 to 10. The survey included sample about 1000 people in Indonesia. However, this is an external survey, not a survey that is designed and conducted by Indonesian organizations, and the sample size is considerably too small to capture the national picture. Therefore, this survey is not further analyzed in this research.

For an official subjective well-being measurement in Indonesia, the initial one is 'Studi Pengukuran Tingkat Kebahagiaan – SPTK 2013' (Level of Happiness Measurement Study). It was officially started in April 2013 and conducted by the Central Statistics Agency of Indonesia, following up the order of the President. It is a new study to gather subjective well-being data as an effort to complete the well-being picture of Indonesian citizens. As mentioned by the SPTK team in the interview:

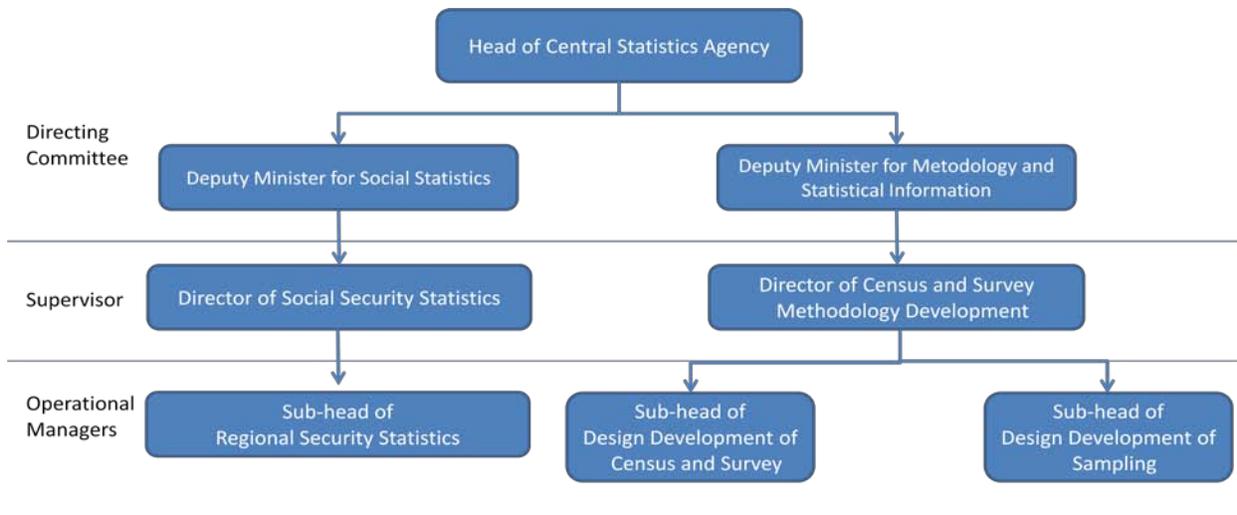
"The objective is to produce indicators of subjective well-being complementary to well-being indicators that have been used." (Interview, SPTK Team_2)

"The goal is to produce an instrument that can be used as a standard measure in evaluating the subjective well-being which can be evaluated over time so that progress can be seen." (Interview, SPTK Team_1)

The Central Statistics Agency is independently conducting the study, from designing, implementing, analyzing, and publishing the results. They do not involve other stakeholders with considerations that this is a direct order from the President and no other organizations in Indonesia has the knowledge about this. This is informed by the SPTK 2013 Team when asked about why no other stakeholders have been involved in the study.

"We do not involve other stakeholders because no one has ever made a study of this kind in Indonesia." (Interview, SPTK Team_1)

Therefore, the actors in this study is limited only to internal the Central Statistics Agency. Although, it is also a quite large institution because the survey is until city/regency level but it is limited to intra-organizational network. However, this research main focus is only on the institution on the national level as can be seen in Figure 9. The Steering Committee of SPTK 2013 is the head of BPS, supported by Deputy Minister for Social Statistics and Deputy Methodology and Statistical Information. Person in charge of SPTK 2013 were Director of Social Security Statistics and the census methodology is undertake by Director of Census and Survey Methodology Development. Technical managers are Head of Sub-Regional Security Statistics, assisted by other members include Sub-section heads and heads of some relevant directorates.



Source: Analysis, 2013

Figure 9. Institutional Structure of SPTK 2013 (national level)

The SPTK 2013 survey sample includes 11,000 households spread over 176 regencies / cities in all provinces. The data generated from this survey can be served at the national level. The data collected in SPTK 2013 can be grouped into three parts, namely:

- a. General description of household members includes the name, relationship with head of household, sex, age, marital status and highest education attained;
- b. Individual description of the selected respondents include: health, education and skills, employment and income, environmental and security in the residential area, social and family relationships, as well as a subjective assessment of the levels of happiness and life satisfaction.
- c. Description of housing and household assets include ownership status and size of residential building, building quality (floors, walls and roof), house facilities (main source of lighting, main fuel to cooking, defecation places and sources of drinking water) and ownership of household assets.

Statistics generated from SPTK 2013 were statistics / indicators of life satisfaction and happiness that planned to be analyzed based on demographic characteristics of the population, education, health, economic, and housing and so on. The indicators generated from SPTK 2013 are as follow:

- a. Indicators of life satisfaction and happiness according to demographic characteristics respondents. This indicator can be obtained by comparing the level of satisfaction and happiness of the population to some criteria, such as classification region, age group, gender, marital status and education.

-
- b. Indicators of life satisfaction and happiness according to health condition. this indicator can be drawn by comparing the percentage of population life satisfaction and happiness levels specified by physical health (status health and functional difficulties) and mental health (emotional intensity positive and depressive symptoms).
 - c. Indicators of life satisfaction and happiness according to economic conditions. By looking at and comparing the level of life satisfaction and happiness of the population according to income, employment status and level playing field, as well as it housing conditions can know the pattern and level of life satisfaction and happiness people with different economic status.
 - d. Indicators of life satisfaction and happiness by the amount of free time. This indicator can be drawn by comparing the percentage of population life satisfaction and happiness levels specified by the amount of time owned leisure.

There are various type of subjective well-being measurement used in SPTK 2013. They are evaluative approach (life satisfaction, overall happiness, and domain satisfaction) and also eudaimonic approach (psychological/flourishing, capabilities, and 'having, loving being' approach). This is also indicated by the key informants in the Central Statistics Agency:

"We combine some perspectives, essentially wanted to measure functionings. In the questionnaire, there are several approaches being used. First, to measure happiness directly with one question. Second, to measure life satisfaction based on eleven aspects suggested by the OECD Better Life Index. So, SPTK lists several different approaches; there is happiness, life satisfaction, positive emotion though only a few questions, and a question related to stress levels also exists." (Interview, SPTK Team_2)

"Currently what we are trying to measure is the functionings. Our approach is based on a psychology approach but somehow we try to make the questions not too psychological. We adopted the approach of Professor Carol Ryff which we collaborate with the approach of Martin Seligman." (Interview, SPTK Team_1)

4.4. Potential Roles of Subjective Well-being Measurement in Indonesia

Results from SPTK 2013 and other prospective subjective well-being measurements in Indonesia have existing and potential role which related to the three policy purpose described in the theoretical framework (monitoring progress, informing policy design, and policy appraisal). The existing role is limited to the monitoring progress. But in fact, SPTK 2013 results have so much

bigger roles. These potential roles, based on the measurement approach, type of data collected, and outlook from practitioners and policy makers in Indonesia are as follow (categorized by three policy purposes explained in the theoretical chapter of this research):

- Monitoring Progress

Results of SPTK 2013 can provide a complementary of other outcome measurement of progress established through peoples experiences. The subjective measurement may have contrast from the representation conceived through the more conventional metrics which focus on access to resources such as IKraR. Specifically, the measurement of subjective well-being is exceptionally positioned to portray the net impact of social and economic conditions changes and the influence of differences among tastes and priorities between people with keeping the people's experiences and judgments' on different aspects of their life under consideration.

"Well-being has been measured only in terms of the objective perspective alone while proven in developed countries for which data are objectively good but still a lot of social problems that cannot be explained. Thus we created SPTK as an instrument to complement existing indicators with subjective indicators in describing well-being."

(Interview, SPTK Team_2)

"The measurements of course can be used as a reference in the policy, especially in monitoring policy, but must be aware of measurement bias due to subjectivity."

(Interview, BPS_1)

"This study can help in answering the challenge faced by the Coordinating Ministry for People's Welfare to realize the welfare of the people in a more integrated and functional way." (Questionnaire, the Coordinating Ministry of People's Welfare_1)

The SPTK 2013 can give a representation of the satisfaction level of various groups in society and their level of experience (the best or worse life) apart from giving information on the aggregate changes that take place at the national level. Measuring subjective well-being can represent the effect that taste and aspirations have, in addition to the way other circumstances of life are distributed. This is why the SPTK 2013 outcomes can give policy-makers important information when different sub-groups of population have been compared, for instance, age group, regions, economic position, leisure time and so on. The

effect of different weights that are assigned by people to the various dimensions of their quality of life are included in subjective well-being which is why an essential aspect to analysis can be included when population groups are being compared.

Measurements of subjective well-being with respect to determining progress can be used for policy making in comparing the aggregate measurement of subjective well-being cross-regional, for instance, those incorporated in How's Life? (OECD, 2011). One way to ascertain the strengths and weaknesses of the various policies is through the results of cross-regional comparisons of subjective well-being. Subjective well-being measurements can give further information regarding the outcomes of a certain policy as these measurements are more responsive to various drivers as compared to other economic and social indicators. The intended survey of the next SPTK that gives data at the regional level will hence be more valuable for this intention. Using subjective well-being measurement this way however faces the critical problem of the validity of the cross-cultural comparisons which requires a corresponding study. Some policy-makers asserted that cross-regional comparisons will be important when they are related to evaluation of regional development in Indonesia:

"If SPTK is using measurable indicators, it would be very useful as one of the indicators in monitoring and evaluation of regional development performance." (Questionnaire, BAPPENAS_1)

"In measuring the performance of regional development, measures of subjective well-being can be complementary to the existing variables." (Questionnaire, BAPPENAS_2)

- Informing Policy Design

Measurement of subjective well-being can also be used to inform policy design, which creates a better understanding of the drivers of community's well-being. If the outcomes of SPTK are proved to be valid and accurate in measuring the concepts they claim to measure, then they can provide information regarding the comparative contribution of the various causes and circumstances that have an influence of community's well-being. By examining the level of subjective well-being actually achieved as a result of different decisions or approaches, policy-makers and individuals can better understand what matters to people

on an empirical level. For example, subjective well-being measurement can be used by local governments to formulate specific policy based on what matters to people in their regions.

"The expected policy recommendation that can be generated from this SPTK is that we become more aware what policy interventions should be done if we want to make people really feel happy based on objective and subjective factors. If the relationship between the two is known, ie the degree of correlation between people who are physically fit will have a higher degree of happiness than other objective factors. It means the policy that should be prioritised is related to public health. For analysing SPTK data, we will make statistical models using Structural Equation Modelling to see causal relationships." (Interview, SPTK Team_1)

"This can be used as a basis in formulating policy. Not only in terms of individual targeting but the development of a region. For instance, a regional development model in Bali can be different than the pattern of regional development in Papua." (Questionnaire, the Coordinating Ministry of People's Welfare_1)

"The results can help in knowing better the problems of poverty faced by a society and the well-being drivers priority adopted by a community. For example, perceptions of high well-being in the Madura ethnic group is often identified with a person's ability to be able to perform the Hajj." (Questionnaire, the Coordinating Ministry of People's Welfare_2)

- Policy Appraisal

The third main potential role of SPTK results and other prospective measurements subjective well-being in Indonesia is to assist in the evaluation of policies. This includes both the direct use of measurement of subjective well-being in formal policy evaluations as well as the more indirect, but possibly more important, role that they can play in cost-benefit analysis. The SPTK 2013 may have limited role for this context however it can be the basic of customized subjective well-being measurement which can be conducted by departments or ministries or research centre or any other concerned stakeholders in evaluating policies.

In formal policy evaluations, prospective measurements subjective well-being in Indonesia can complement other social and economic indicators as a measurement of the outcomes achieved by a policy. Here, as is the case with monitoring the progress of entire communities, measurement of subjective well-being can add additional information over and above that captured by more traditional indicators.

"I think it's getting more and more important and we should be ready to use subjective well-being measurement as information for our policy making process. Sooner or later it will be one of the important measurements of the successfulness of development."

(Interview, BAPPENAS_3)

For some initiatives, where the impact on the subjective experiences of the population is the main object of the program, measurement of subjective well-being may even be suitable as the primary metric for assessing the program's success. At the moment, some poverty reduction program in Indonesia such as *Program Keluarga Harapan* has the aim to improve subjective experiences of the poor people to make them resilience. A measurement of subjective well-being can be very suitable as the assessment metric of the program's success.

"It can be useful in evaluating the implementation of policies and programmes to reduce poverty in Menko Kesra, both in three clusters of poverty reduction programmes, and also to provide input for the technical ministries in evaluation of programmes and activities." (Questionnaire, the Coordination Ministry of People's Welfare_2)

Many policy evaluations already include subjective measures of beneficiary satisfaction and questions on the respondent's perceptions of what elements of the program were most valuable. One of them is the Cash Transfer Program evaluation by BAPPENAS.

"Subjective well-being measurements can be a substantial input for my works. I guess I already like use it, not full subjective well-being but for example at the moment we are conducting the Unconditional Cash Transfer evaluation. Regarding the implementation of the programme, we are asking the beneficiaries whether they are happy with the implementation process, whether they think the transfer is actually beneficial and will make their life easier. That's actually a small study that we are now

conducting, we don't know whether it will be valuable for other policy makers but it's a valuable input for us." (Interview, BAPPENAS_3)

4.5. Institutional Capital

The institutional capital of key stakeholders in national societal progress measurement is discussed in this section. Based on the information on the previous chapters and sections, the most prospective role of SPTK 2013 results relatively limited to monitoring progress and informing policy design. Therefore, institutional capital evaluation in this research will only assess the institutional arrangements of monitoring progress and informing policy design. Policy appraisal needs some customized subjective well-being measurements, by related departments or ministries while keeping within the overall agreed framework, which absolutely depends on the scope of the appraised policy. Nevertheless, some initial thoughts will also be provided regarding policy appraisal purpose.

This measurement is assessed based on the three types of institutional capital. The institutional capital, with ten criteria, has been adopted from Khakee (2002), as has been described in the theoretical review section. These criteria include knowledge resources, degree of understanding, use and diffusion of knowledge and values, openness to new sources of information, extent of stakeholder involvement, density of network linkages, access to networks, selection and identification of issues, consensus-building practices, role of key agents. assist with evaluation, a parameter has been formed for each criterion. Each parameter is rated at one of four stages based on the Institutional Development Framework (IDF) approach, they are: 1 = start up; 2 = development; 3 = expansion/consolidation; 4 = sustainability. The rating (1 to 4) of each capital criteria is decided according to these parameters.

4.1.1. Intellectual Capital

By using the following criteria, intellectual capital can be assessed: the range of knowledge resources, degree of understanding, use and diffusion of knowledge and values, and openness to accept and learn new things. In Indonesia, particularly for policy makers, subjective well-being is relatively a "new" concept. Thus, according to the questionnaire and interviews conducted in the fieldwork of this research, there are still inadequate resources to obtain or improve knowledge on subjective well-being measurements. Until now, they can be regarded as being in the start-up stage.

"Since 1997, I have been deeply involved in the affairs of social welfare and poverty. If we talk about subjective well-being, it seems that it is a new concept in Indonesia. At Indonesian government level, we have never discussed it." (Interview, Director in BAPPENAS_1)

There is only international literature on this topic. There is no reliable literature in Bahasa Indonesia. In Indonesia, it is also a difficult task to look for any available experts or academics on this subject. This can be seen in the statements by many SPTK team members:

"We did a search for experts or informants on subjective well-being but no one felt capable and expert in this field. So we did not get a suitable expert for this study." (Interview, SPTK Team_2)

"We have made contact with professors at the University of Indonesia, but have yet to find the experts in this topic." (Interview, SPTK Team_3)

The SPTK team members have a relatively high level of understanding of the concept but still have limited understanding on how to use the measurement for public policy. They have enough understanding of the concept due to the thorough instrument construction on subjective well-being measurement for SPTK 2013 since 2011. Nevertheless, besides the SPTK group members, almost all of the respondents mentioned that they do not know the definition, what has to be measured and how, and so on. They said that they might have only heard of the concept somewhere. Therefore, this high extent of understanding has not been passed on to other stakeholders. Those who do not have much knowledge on the concept also include government officers in the same agency with SPTK group members, in Central Statistics Agency.

However, as can be seen in the UK, the leading role in monitoring progress can be played simply by one organization, which is the ONS. Thus, in Indonesia the BPS can be regarded has the same position with the ONS. Therefore, can be concluded that the level of understanding for monitoring progress policy purpose is already at development stage. Yet, it is not similar with the informing policy design purpose. In this policy context, policy makers who design the policies should also included as key agents in the institutional arrangements. The fact that they are still have no sufficient knowledge about subjective well-being measurement shows that the level of understanding for informing policy design context is still at the start up stage.

Regarding the usage and diffusion of knowledge for both policy context, can be concluded in the start-up stage. This is because even though some people in the Central Statistics Agency have a high level of understanding, it is not the same with other stakeholders. Yet, openness to new sources of information is relatively high. This is because it was seen that all of the respondents indicated a high level of openness with regard to knowing more about the concept. All of them said yes and when they were inquired about their readiness to know and understand more about the concept. They even indicated high curiosity in their responses. Several of them even stated that they would look for more information on this concept themselves so they could enhance their knowledge about it. However, the skepticism on subjective well-being measurements as an input for public policy does exist. Therefore, openness to new sources of information can be rated in the expansion/consolidation phase.

4.1.2. Social Capital

There are three criteria adapted from Khakee (2002) for the identification and evaluation of social capital. These are the extent of stakeholder involvement, density of network linkages, and access to networks. The actors in this research, as stated previously in the preceding section of this chapter, are restricted specifically to internal Central Statistics Agency. These are also only certain parts of the agency such as staff including Sub section heads, and the Head of Sub-Regional Security Statistics. Thus, the rating for both policy context will be at start-up stage for the the extent of stakeholder involvement and density of network linkages. This is justifiable to a certain degree because of the urgency of this task from the President. Therefore, to build the instrument, they would like to form a small but effective team. This would make the coordination and communication more simple. On the other hand, several stakeholders felt that this was relatively unfortunate.

"It is very unfortunate why there were no discussions in the formulation of this study with BAPPENAS as BPS partner. BAPPENAS has a high concern about matters like this. BAPPENAS people, at least would be able to provide perspective and input in the development of this study. Capacity and experience as a planner in the planning process would be able to provide input into this process." (Interview, Director in BAPPENAS_1)

"Before the survey, BPS should have identified who will use the results of this SPTK. So that the user can 'entrust' questions in the questionnaire that will be used." (Questionnaire, the Coordinating Ministry of People's Welfare_1)

"The distribution of information should be accessible to the multiparty government, business, and civil society groups." (Questionnaire, the Coordinating Ministry of People's Welfare_2)

The concerned stakeholders, related to the access of network, will be permitted to have access once the research is published. The rating for this assessment criterion for both policy context, according to this parameter, are at the start up stage. Hereafter, it is advised by respondents in this research, that concerned stakeholders should be made a part of development of the SPTK whenever the next chance arises. There should be inter-organizational networks. Besides policy makers, the civil community and business community should also have insight of this concept. Essentially, all stakeholders should know about the concept of subjective well-being and the measurement since it is about the well-being of all people. It is very beneficial to make people know the significance of this measurement and aware of this concept. They will be cooperative respondents when they get selected to be respondents. They will not just give response normatively but will give factual answers. Therefore, there should be increase in social awareness. Improved stakeholder involvement is even more important for policy appraisal. Social impacts and well-being have significant subjective components, and the best way to understand and assess the impacts associated with particular policy interventions is therefore to involve the people likely to be affected.

4.1.3. Political Capital

There was clear, evident selection and acknowledgement of issues and even consensus-building practices in forming SPTK 2013 by the key agent in monitoring progress. Therefore, the rating of these assessment criteria for monitoring progress context can be determined to be in development phase. But the rating of these assessment criteria for the informing policy design context can be determined to be still in start-up phase since it was just conducted inside the Sub-head of Regional Security Statistic division, not all of the supposed key agents in informing policy design context.

"All of us in Sub-head of Regional Security Statistics got the task division. We were divided in the search for literature and also the understanding of it, after that we composed the framework together, then discussed whether it can be applied in Indonesia, then constructing the questionnaire, continued to try to do the trial in the field to know whether respondents understood the questionnaire that we created." (Interview, SPTK Team_3)

Consensus-building activities, as described in the theoretical review and institutional arrangements of objective well-being measurement sections, are important develop the subjective well-being measurement correctly. Following the example conducted in developing the objective well-being measurement (IKraR), several stages of consensus-building can be performed. The stages are: inside the think-tank group, discussion with experts/academics, public consultation at the local level, and then public consultation at the national level. The similar practice also conducted by the ONS in subjective well-being measurement in the UK. They even established an official platform called "National Debate on Measuring Well-being" and made National Statistical's Measuring National Well-being Advisory Forum and the Technical Group. The significance of this has been stressed also by Amartya Sen since these measurements are value judgment. They should be developed explicitly and require a process of public engagement under different geographic, political, economic, environmental, social and cultural settings. Thus, besides the governmental level, consensus-building practices are also required for the public.

The role of key agents is the third criterion in political capital. Based on the parameter, can be concluded that there is a clear role of key agent in subjective well-being measurement in Indonesia, it is the SPTK Team in Sub-head of Regional Security Statistics. However, as mentioned in the social capital description, to optimize the usefulness of the measurement and make it sustainable, all of the concerned stakeholders should be involved in an inter-organizational network. Considering the key agent in monitoring progress can simply played by the BPS, the criterion of key agents' role can be rated as being at the development stage. However, since policy makers should play key agents as well in informing policy design, the rating of this criterion for informing policy design context is at the start up stage.

Using the information mentioned above, all of the parameters to evaluate the institutional capital can be rated as they are presented in Figure 10 and 11 given below.

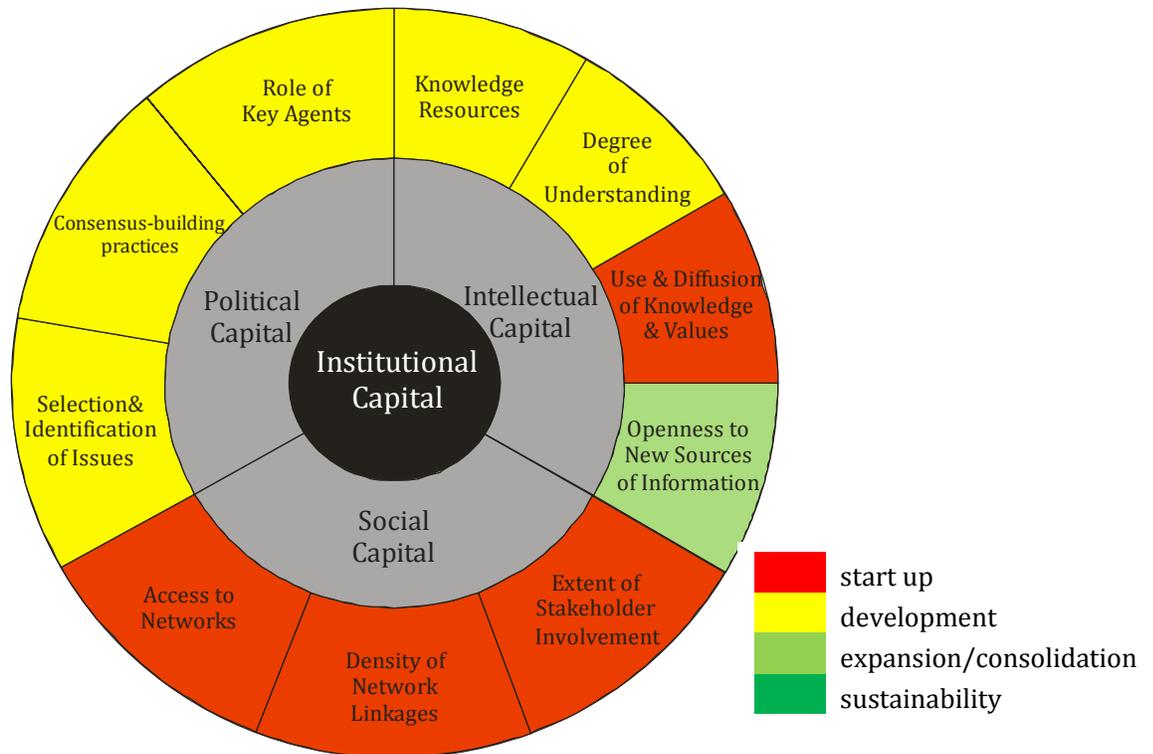


Figure 10. Institutional Capital Evaluation Results for "Monitoring Progress" Policy Context

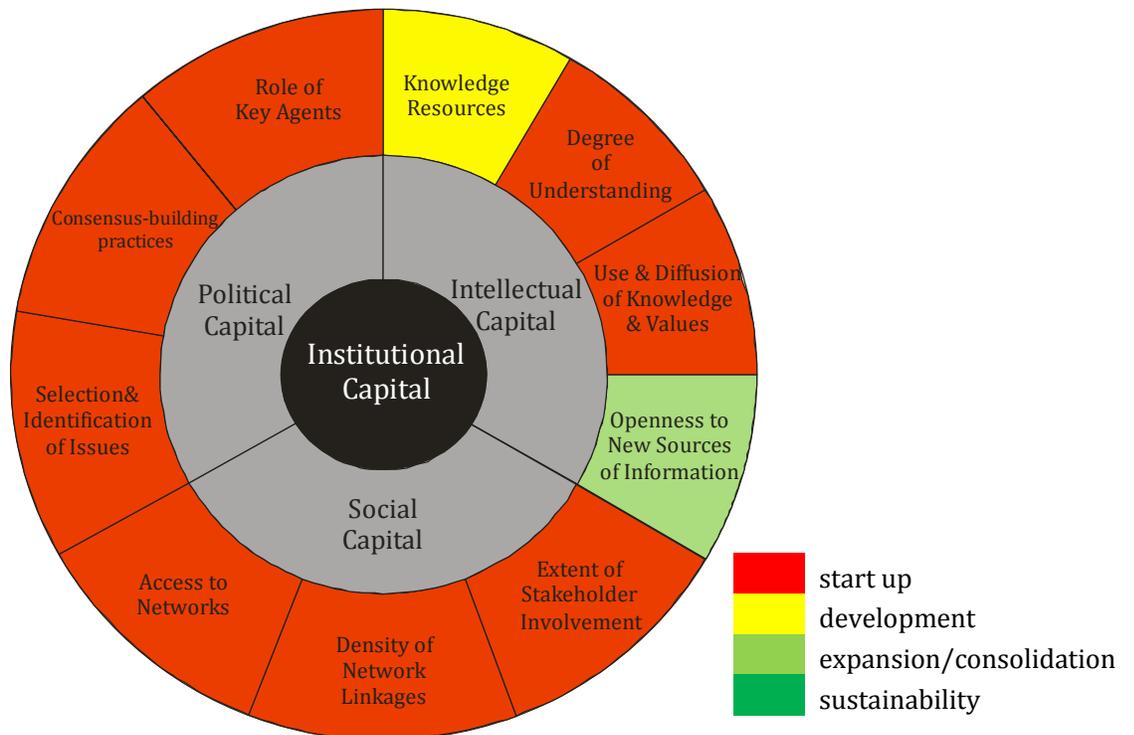


Figure 11. Institutional Capital Evaluation Results for "Informing Policy Design" Policy Context

From this chapter, we can identified several significant institutional arrangement elements of objective and subjective well-being measurements, the type of measurements and the potential roles of subjective well-being measurement, and institutional capital evaluation related to subjective well-being measurement in Indonesia. In the objective well-being measurement, there are involvement of multi actors with various roles, intra and inter-organizational network, and public consultations as a platform. In the subjective well-being measurement, limited to one actor, intra-organizational network, and no platforms established until recently. The type of subjective well-being measurement used are the evaluative and eudaimonic approach. For the institutional capital evaluation, as can be seen in Figure 10 and Figure 11, illustrated that subjective well-being measurement in Indonesia both for monitoring progress and informing policy design contexts are categorically in the initial stage.

CHAPTER V

CONCLUSION AND RECOMMENDATION

The summary of research findings will be presented in the conclusion section. This will be done by providing answer to the research question through answering the three sub-questions. These conclusions will leads to recommendations for future enhancement, both for theoretical and practical development.

5.1. Conclusion

First sub-question of this research is about how can subjective well-being measurement be a substantial input for public policy. Findings from literature review confirmed that there are three major approaches, evaluative approach, hedonic/experience approach, and eudaimonic approach which facilitate subjective well-being measurement as a useful input for public policy. There are three policy contexts also present in this regard which are monitoring progress, informing policy design, and policy appraisal. Evaluative approach asks individuals to step back and reflect on their life and make a cognitive assessment of how their life is going overall, or on certain aspects of their life. Four major types of evaluative approaches that focus on subjective well-being in present-day practices are life satisfaction & satisfaction scales, ladder of life approach, overall happiness, and domain satisfaction. Hedonic/experience approach seeks to measure people's positive and negative experiences over a short timeframe to capture people's well-being on a day-to-day basis through two major approach, which are "experience sampling and day reconstruction" and affect measurements. Eudaimonic approach draws on self-determination theory and tends to measure such things as people's sense of meaning and purpose in life, connections with family and friends, a sense of control and whether they feel part of something bigger than themselves. Three main types of this approach are psychological/flourishing, capabilities approach, and having, loving, being approach.

Interview, questionnaire, and document analysis confirmed as well that subjective well-being measurement has potential roles for each policy context used in the framework of this research. In monitoring progress context, the role of subjective well-being measurement is to complement rather than to replace existing objective measurement of well-being. Subjective well-being measurement should be done, published, and placed alongside objective well-being measurement

in order to provide fuller picture of progress in a country. Some policy-makers asserted that cross-regional comparisons using subjective well-being measurement will be important when they are related to evaluation of regional development in Indonesia. A comprehensive societal progress measurement is proved to be needed in every country, including in Indonesia, in order to support their citizens to achieve a prosperous life. In informing policy design, the drivers of community's well-being can be clearly understood by using subjective well-being measurement. It is significantly required especially in the populations which highly affected by domains of policy which have a non-market consequence. Local government can formulate policies according to the needs of the people of their specific region if the sample of subjective well-being measurement is able to provide data on a local level as it is large enough. In policy appraisal, the role of subjective well-being is substantial in making decisions on which government spending would bring highest increase in the subjective well-being in respect to their cost.

The second sub-question of this research is about institutional arrangements of subjective well-being measurements in the UK and in Indonesia. Some significant institutional arrangement elements can be seen in Table 8.

Table 8. Institutional Arrangement Elements of Subjective Well-being Measurements in the UK and in Indonesia

Elements	the UK	Indonesia
Actors	Multi actors	Single actor
Role of key agents	Clear, multi agents	Clear but limited to one agent
Platforms	National Debate (online and offline platforms)	None
Networks	Intra-organizational and inter-organizational (Advisory Forum, Technical Group, the Social Impact Task Force)	Intra-organizational
Regulations	Terms of Reference: National Debate, Advisory Forum, & Technical Group	None
Type of measurements	Evaluative, experience, and eudaimonic	Evaluative and eudaimonic

Source: Analysis

Presently, it was observed that Indonesia has yet not been able to incorporate several good practices or elements that are already present in the UK. These elements are stated in Table 8 and include the inter-organizational networks (advisory forum and technical group), key agents and their specific roles (ONS and Cabinet Office); platform (national debate) and regulations that control the actors' role and are highly correlated with actors involvement. The key areas which

matter the most to the people can be identified with the help of the national debate. It is also able to make sure that measurements being used by the statistical office are relevant to the wider public rather than just being limited to the government. The advisory forum and technical group consist of policy makers, business leaders, and a range of experts including from the OECD, Eurostat, other government departments, think tanks, academics, and related market research experts. They are required to choose, identify and analyze the subjective well-being measurement related issues along with presenting the statistical office with recommendations to enhance the situation. In addition, there is also the Social Impacts Task Force which comprises of analysts from across government and has been sharing subjective well-being analysis results and approaches mainly in the policy appraisal context.

All of the three types of subjective well-being approach already being applied in the UK through several surveys. However, most of them are vulnerable to small sample sizes and it is not clear which have committed to continue asking subjective well-being questions in the future. Recognizing this limitations of existing data on subjective well-being in the UK and in response to Stiglitz recommendation, since 2011 the ONS made an approach to reflect different aspects of subjective well-being through the IHS and complemented by the OPS as part of the Measuring National Well-being Program. There are four overall monitoring questions that were included in the IHS which using all of the three approach (evaluative, experience, and eudaimonic approach). The overall monitoring questions were asked each month in the OPN as well. In addition, some additional questions drawing from the evaluative or experience or eudaimonic approach were asked in OPN monthly survey.

In Indonesia, national subjective well-being is began to be measured since April 2013 through SPTK 2013. Statistics generated from SPTK 2013 were indicators of life satisfaction and happiness that planned to be analyzed based on demographic characteristics of the population, education, health, economic, and housing and so on. The type of measurements used are evaluative approach (life satisfaction, overall happiness, and domain satisfaction) and also eudaimonic approach (psychological/flourishing, capabilities, and 'having, loving being' approach). The Central Statistics Agency, the leading and single institution of the subjective well-being measurement in Indonesia, did not include "experience" type of subjective well-being in SPTK 2013 with consideration they have not found suitable approach in measuring this type of subjective well-being.

The third sub-question of this research is about the extent of existing and potential institutional capital to support the utilization of subjective well-being measurement to be a substantial input for public policy in Indonesia. Literature review and document analysis argued that potential roles of subjective well-being measurement can only be applied and carried out effectively and efficiently if supported by a high level of institutional capital. There are three types of institutional capital, which are intellectual capital, social capital and political capital. However, as can be seen in Figure 10 and Figure 11, the institutional capital evaluation results illustrated that subjective well-being measurement in Indonesia both for monitoring progress and informing policy design contexts are categorically in the initial stage. Therefore, thorough effort must be applied to enhance the institutional capital in order to support the utilization of subjective well-being measurement for public policy.

5.2. Recommendation

5.2.1. Practical

A relevant and suitable institutional arrangement must be designed with taking into account the institutional capital and policy context for those countries that are initializing the national subjective well-being measurement or are in the start-up phase like Indonesia. Keeping in mind that potential roles of subjective well-being measurement can only be applied and carried out effectively and efficiently if supported by a high level of institutional capital, enhancement of institutional capital level is required. International experiences consist of various good practices or institutional arrangement elements that can help to enhance the level of institutional capital. This is mostly for the case of the UK where they already have the platform (national debate) and the inter-organizational network (advisory forum and technical group). Establishment of an official platform such as national debate and inter-organizational networks such as advisory forum and technical group are expectedly increase the level of institutional capital. For the intellectual capital component, the national debate, advisory forum, and technical advisory group can act as knowledge resources which could be used to diffuse the knowledge and values to increase the degree of understanding of concerned stakeholders. The three elements would definitely improve the social and political capital component as well through higher stakeholder involvement, density of networks, access to networks, selection & identification of issues, and consensus-building practices. In addition, role of key agents would be further facilitated through the existence of advisory forum and technical group.

In Indonesia, the institutional capital level for monitoring progress and informing policy design context can be improved by the establishment of the advisory forum and technical group. Keeping in mind the existing financial and other capital, national debate is not considered feasible in Indonesia. The concerned stakeholders in subjective well-being measurement for monitoring progress and informing policy design, are relatively similar with stakeholders in the development of IKraR due to the same policy contexts. BAPPENAS and the Coordinating Ministry of People's Welfare can be considered to be the most appropriate to be partners of BPS in developing the subjective well-being measurement. This is according to the status, duties, and functions of these two ministries. They should join BPS as the "advisory forum" and "technical group". Furthermore, they should also play the role as the coordinator as practiced by Cabinet Office in the UK. In the UK, Cabinet Office coordinate across departments for ensuring that subjective well-being data are used effectively. The key role as data collector, BPS certainly is the right organization to play the role. Academic institutions should also play a key role to explore the knowledge and afterward can conduct related and constructive small research about this topic to be input for developing the instrument and so forth. Together with local NGOs, they can also be the stakeholder to diffuse the knowledge and values on subjective well-being to civil society. In Indonesia, there are also some significant research centres such as LIPI, SEMERU, and other institution that could also conduct some research on this concept so that its measurement and the measurement results can be more applicable in Indonesia and contribute significantly in improving the well-being of the people of Indonesia.

Specifically to enhance the institutional capital level for informing policy design, the involvement of technical ministries or departments in Indonesia is required. As practiced in the UK, various UK government departments even included targets in their Public Service Agreements (PSA) that could benefit from subjective well-being data. Therefore, the statistical office is informed by emerging policy requirements and policy makers are informed or aware of the subjective well-being data. In addition, specifically for policy appraisal context, some customized subjective well-being measurements by related departments or ministries or research centres or any other concerned stakeholders are needed while keeping within the overall agreed framework, which absolutely depends on the scope of the appraised policy.

Some further steps recommendation for Indonesian context are as follows:

- SPTK 2013 results is published by the Central Statistics Agency and shared to the concerned stakeholders, especially BAPPENAS, the Coordinating Ministry of People's Welfare, and other technical ministries or departments in Indonesia
- Together with BAPPENAS and the Coordinating Ministry of People's Welfare, the Central Statistics Agency establish an advisory forum and technical group
- The advisory forum invite academics and research centers such as SEMERU and Lembaga Demografi UI to join and discuss subjective well-being measurements framework in Indonesia
- The advisory forum publish subjective well-being measurements framework in Indonesia and guidance for using subjective well-being measurement
- The advisory forum with wider stakeholders, key user stakeholders such as technical ministries or departments in Indonesia, discuss further the potential use of subjective well-being measurement and “need assessment” of this measurement from the key user stakeholders
- The technical group conduct public consultations as practiced in the IKRaR development to diffuse and develop the knowledge on subjective well-being measurement in Indonesia
- The advisory forum discuss the improvement of subjective well-being indicators for the next survey

5.2.2. Theoretical

With the existence of this research it is expected that the present literature would be enhanced along with the debates that take place upon the initial national measurements of subjective well-being for public policy. The national measurements of subjective well-being for public policy literature and international debates mainly focus on the approaches, for instance evaluative, experience, and eudaimonic. Nevertheless, they were unable to provide thorough attention towards the institutional capital and institutional arrangements which need to be present in order to support the entire process. This research highlights the necessity of designing a suitable institutional arrangement considering the policy context and institutional capital in optimizing the utilization of subjective well-being measurement for public policy.

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APPENDIX 1

Central Statistics Agency of Indonesia (BPS)

INTERVIEW GUIDE

Introduction

My name is Dwi Ratih S. Esti from Indonesia, a Research Master student in Regional Studies that is currently conducting a master thesis research in University of Groningen, the Netherlands. Topic of my research is about subjective well-being measurements for public policy. I feel that one of the best way to answer my research question is to talk to you about your opinions and experiences.

Let me tell you a little about how I will conduct the interview. Your participation in this interview is voluntary, so if you prefer not to be part of the interview you are completely free to do so. However, I value all of your opinions and hope you will participate and share your views. Whatever we discuss today will be used only for this research project. There are no right or wrong answers, I will simply be asking for your opinions and experiences, so please feel comfortable to say what you think. I will also record the interview. The reason for recording is so that I don't miss anything that is said. Please do not be concerned about this, the information will only be used for this research project. Is that okay for you? The interview will probably last about half an hour or so. Are there any questions before we start?

Background

Number of interview:

Please introduce yourself briefly:

Name:

Age:

Clarify job position: (example: staff in Deputy for Social Statistics in Central Statistics Agency of Indonesia)

How long have you been working in this institution?

Questions

1. Recognising and understanding the concept and importance of subjective well-being

1.1. Have you heard about the concept of subjective well-being?

1.1.1. If yes, what do you think about the concept?

How did you first learn about it? (from where)

Would you like to know and learn more about it?

1.1.2. If no, would you like to know and learn more about it?

1.2. Do you think subjective well-being concept can be useful for your work? If yes, in what way?

1.3. There is skepticism on subjective well-being measures as an input for public policy, but others consider the value and importance of it. What is your opinion of this?

2. Recognising activities related with subjective well-being measurements

- 2.1. Do you know any activities (surveys/data collections/studies) using the concept of subjective well-being? Can you please mention the name of the activities one by one?
- 2.2. Which of those activities that you were in involved in?
- 2.3. According to you, which of those activities can be considered the most unsuccessful one?
- 2.4. What factors, in your opinion, have led to unsuccessful implementation of the activity?

3. Exploring information on "Studi Pengukuran Tingkat Kebahagiaan-SPTK" (Level of Happiness Measurement Study)

- 3.1. Have you heard about SPTK?
- 3.2. Do you get involved in the study? If yes, what is your role?
- 3.3. Do you know why and how did the initiative begin? If yes, what are the reasons?
- 3.4. Do you know what is the objective of this study?
- 3.5. Do you have any suggestions about who should notice about the existing of this study and make the results more useful?

THESE FOLLOWING QUESTIONS ONLY ASKED IF HE/SHE IS INVOLVED IN THE STUDY:

- 3.6. Do you know where did the knowledge/information of subjective well-being concept in this study came from?
- 3.7. Who decided on this scope of this study?
- 3.8. How does this study being communicated outside the Central Statistics Agency? If there has not been any, what is the reason? What is the future plan?
- 3.9. What is the accessibility of the results of this study? Who are the stakeholders that will have the access?
- 3.10. Who are the main stakeholders in this study besides BPS? Were there clear responsibilities?
- 3.11. If there is none other than BPS, what is the reason?
- 3.12. What are the most significant challenges have you come across in this study?
- 3.13. In your opinion, what are the usefulness of this study for public policy?
- 3.14. Would you suggest another study like this? What would you do differently?

4. Confidentiality

- 4.1. How would you like feedback from this interview?
- 4.2. How would you like to be identified in quotes?

BAPPENAS

INTERVIEW GUIDE

Introduction

My name is Dwi Ratih S. Esti from Indonesia, a Research Master student in Regional Studies that is currently conducting a master thesis research in University of Groningen, the Netherlands. Topic of my research is about subjective well-being measurements for public policy. I think that one of the best way to answer my research question is to talk to you about your opinions and experiences.

Let me tell you a little about how I will conduct the interview. Your participation in this interview is voluntary, so if you prefer not to be part of the interview you are completely free to do so. However, I value all of your opinions and hope you will participate and share your views. Whatever we discuss today will be used only for this research project. There are no right or wrong answers, I will simply be asking for your opinions and experiences, so please feel comfortable to say what you think. I will also record the interview. The reason for recording is so that I don't miss anything that is said. Please do not be concerned about this, the information will only be used for this research project. Is that okay for you? The interview will probably last about half an hour or so. Are there any questions before we start?

Background

Number of interview:

Please introduce yourself briefly:

Name:

Age:

Clarify job position: (example: Director of Social Protection and Welfare, BAPPENAS)

How long have you been working in this institution?

Questions

1. Recognising and understanding the concept and importance of subjective well-being

1.1. Have you heard about the concept of subjective well-being?

1.1.1. If yes, what do you think about the concept?

How did you first learn about it? (from where)

Would you like to know and learn more about it?

1.1.2. If no, would you like to know and learn more about it?

1.2. In your opinion, what is the role of subjective well-being measurements in public policy?

1.3. Do you think subjective well-being measurements can be a substantial input for your work? If yes, in what way?

1.4. There is scepticism on subjective well-being measurements as an input for public policy, but others consider the value and importance of it. What is your opinion of this?

2. Recognising activities related with subjective well-being measurements

2.1. Do you know any activities (surveys/data collections/studies) using the concept of subjective well-being? Can you please mention the name of the activities one by one?

- 2.2. Which of those activities that you were in involved in?
- 2.3. According to you, which of those activities can be considered the most unsuccessful one?
- 2.4. What factors, in your opinion, have led to unsuccessful implementation of the activity?

3. Exploring information on "Studi Pengukuran Tingkat Kebahagiaan-SPTK" (Level of Happiness Measurement Study)

- 3.1. Have you heard about SPTK that is currently conducted by BPS?
If yes, what do you know about it?
If no, would you like to know more about it?
- 3.2. What is your opinion about the study in general?
- 3.3. According to you, what could be the role of the result of this study in policy making?
- 3.4. Do you have any suggestions about who should notice about the existing of this study and make the results more useful?
- 3.5. Would you suggest another study like this? What would you suggest to be done differently?
- 3.6. What advice would you give policy makers who would be interested in developing and using subjective well-being measurements such as this study?

4. Suggestions

- 4.1. In your opinion, what are the circumstances to make subjective well-being measurements more useful/valuable in general?
- 4.2. What are the circumstances to make subjective well-being measurements more useful for your current works? Can you please identify some hindrances and stimulating factors?

5. Confidentiality

- 5.1. How would you like feedback from this interview?
- 5.2. How would you like to be identified in quotes?

APPENDIX 2

QUESTIONNAIRE

Introduction

My name is Dwi Ratih S. Esti from Indonesia, a Research Master student in Regional Studies that is currently conducting a master thesis research in University of Groningen, the Netherlands. Topic of my research is about subjective well-being measurements for public policy. I think that one of the best way to answer my research question is to ask you about your opinions and experiences.

I value all of your opinions and hope you will participate and share your views. Whatever your answers are, will be used only for this research project. There are no right or wrong answers, I will simply be asking for your opinions and experiences, so please feel comfortable to write what you think.

Background

Name:

Age:

Clarify job position:

How long have you been working in this institution?

Questions

1. Recognising and understanding the concept and importance of subjective well-being

1.1. Have you heard about the concept of subjective well-being?

1.1.1. **If yes**, what do you think about the concept?

.....
.....
.....

How did you first learn about it? (from where)

.....

Would you like to know and learn more about it?

- a. Yes
- b. No

1.1.2. **If no**, would you like to know and learn more about it?

- a. Yes
- b. No

1.2. In your opinion, what is the role of subjective well-being measurements in public policy?

.....
.....
.....

1.3. Do you think subjective well-being measurements can be a substantial input for your work? If yes, in what way?

.....
.....
.....

BRIEF OVERVIEW OF SUBJECTIVE WELL-BEING → READ AFTER ANSWERING QUESTIONS 1.3

Subjective well-being reflects the personal perception and experience of positive and negative emotional responses and global and specific evaluations of satisfaction with life. Simply, subjective well-being is the individual evaluation of quality of life. The concept of subjective well-being may provide a deeper understanding about the condition of the public well-being. Subjective well-being have more significance in the world of democracy such as in Indonesia where people want to live in a state of their needs are met in accordance with the evaluation of their situation, not just judged by policy makers, leaders or experts. People may have their own views on what the meaning of well-being that may be different from an objective view.

2 . Recognising activities related with subjective well-being measurements

2.1. Do you know any activities (surveys/data collections/studies) using the concept of subjective well-being? Can you please mention the name of the activities one by one?

-
-
-

2.2. Were you involved in those activities?

- a. Yes
- b. No

3 . Exploring information on "Studi Pengukuran Tingkat Kebahagiaan-SPTK" (Level of Happiness Measurement Study)

3.1. Have you heard about SPTK that is currently conducted by BPS?

If yes, what do you know about it?

.....
.....

If no, would you like to know more about it?

- a. Yes
- b. No

BRIEF OVERVIEW of SPTK → READ AFTER ANSWERING QUESTIONS 3

In 2013, the BPS for the first time conduct Happiness Level Measurement Study (SPTK) that collect data related to happiness and life satisfaction of the national population. SPTK 2013 sample includes 11,000 households spread over 176 districts / municipalities in the entire province. Individual information from

respondents include the level of life satisfaction related to health, education and skills, employment and income, environmental and security in the region of residence, social and family relationships, housing, as well as the assessment of the level of happiness and life satisfaction in general.

3.2. What is your opinion about the study in general?

.....
.....

3.3. According to you, what could be the role of the result of this study in public policy?

.....
.....

3.4. Do you have any suggestions about who should notice about the existing of this study and make the results more useful?

.....
.....

3.5. Would you suggest another study like this? What would you suggest to be done differently?

.....
.....

3.6. What advice would you give policy makers who would be interested in developing and using subjective well-being measurements such as this study?

.....
.....

4 . SUGGESTIONS

4.1. In your opinion, what are the circumstances to make subjective well-being measurements more useful/valuable in general?

.....
.....

4.2. What are the circumstances to make subjective well-being measurements more useful for your current works? Can you please identify some hindrances and stimulating factors?

.....
.....

5. CONFIDENTIALITY

5.1. How would you like feedback from this questionnaire?

.....

5.2. How would you like to be identified in quotes (job position/last name/other)?

.....

APPENDIX 3

Document Analysis List

- A transcript of a speech given by the Prime Minister of the UK on wellbeing on 25 November 2010 (Prime Minister's Office, 2010)
- Measuring National Well-being Forum: Terms of Reference (ONS, 2010)
- Measuring National Well-being Technical Group: Terms of Reference (ONS, 2010)
- The Green Book: Appraisal and Evaluation in Central Government (HM Treasury, 2011)
- Measuring National Well-being Advisory Forum_ Minutes of Meeting on 5 January 2011 (ONS, 2011)
- Initial Investigation into Subjective Well-being from the Opinions Survey (ONS, 2011)
- Valuation Techniques for Social Cost-Benefit Analysis: Stated Preference, Revealed Preference and Subjective Well-Being Approaches (HM Treasury, 2011)
- Measuring National Well-being-Post Note (Houses of Parliament, 2012)
- Measuring National Well-being Technical Advisory Group_ Minutes of Meeting on 3 December 2012 (ONS, 2012)
- Measuring National Well-being: Life in the UK, 2012 (ONS, 2012)
- Spotlight on: Subjective Well-being (ONS, 2012)
- Personal Well-being in the UK (ONS, 2013)
- National Well-being (UK Parliament, 2013)
- National Medium-Term Development Plan 2010-2014 (BAPPENAS, 2010)
- IKraR: Indeks Kesejahteraan Rakyat Buku 1 (Menko Kesra, 2012)
- SAPA Program (IKraR Launching): Terms of Reference (SAPA, 2012)