



WHAT'S THE VALUE OF HEALTHY LIVING?

A SOCIAL RETURN ON INVESTMENT ANALYSIS USING WELL-BEING VALUATION

PROTECTING AND EMPOWERING CANADIANS
TO IMPROVE THEIR HEALTH

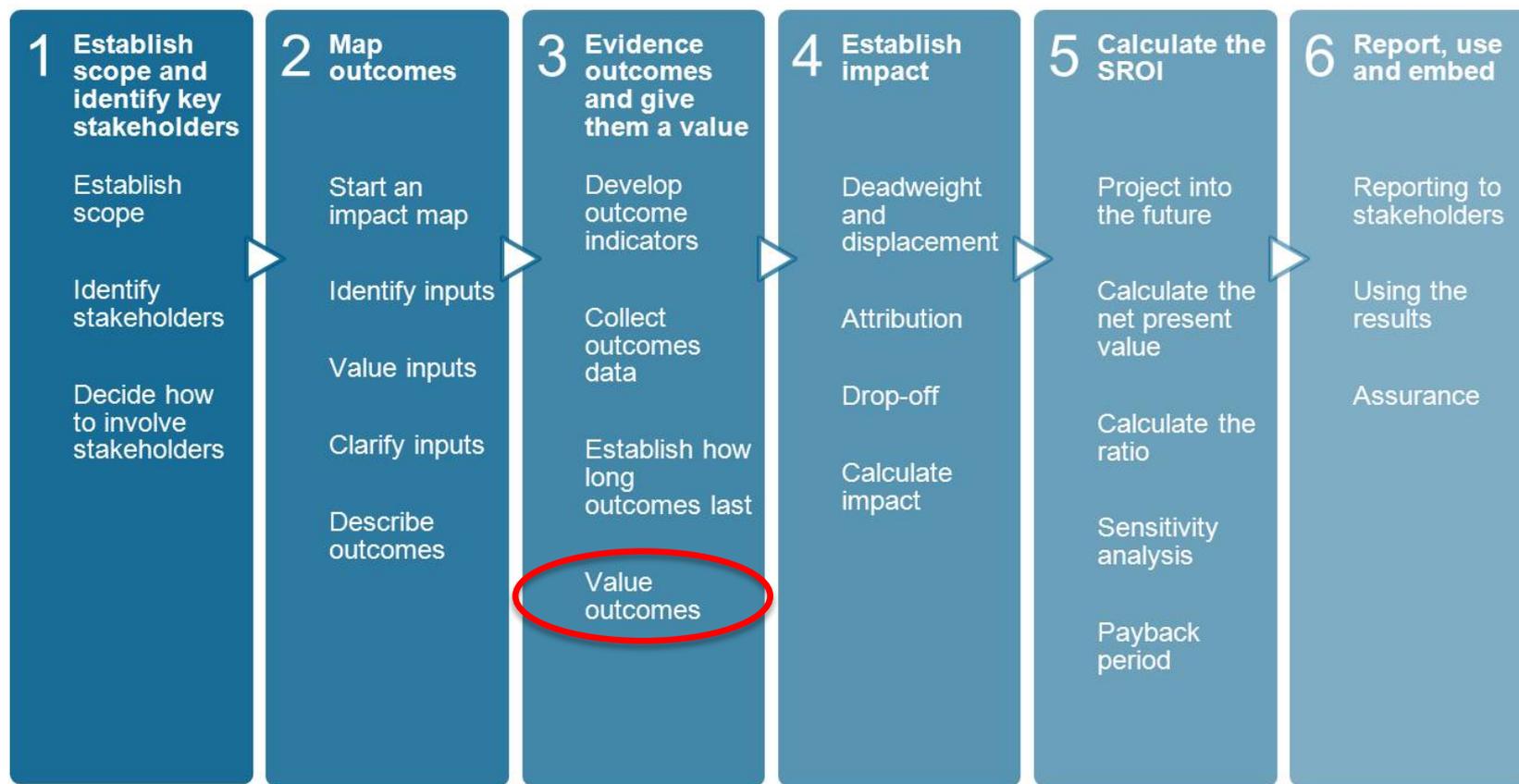


Agenda

- (Brief) Overview of Social Return on Investment
- Well-Being Valuation
- Valuing Protective (Risk) Factors for Chronic Disease
- Discussion
- Questions and Discussion

Overview Of Social Return On Investment

SROI is an **evaluative framework** with the added component of **valuation** of outcomes (or what we call non-market goods).



Well-Being Valuation

- Takes “**well-being**” as the ultimate, **intrinsically good** outcome of social policy interventions.
- Operationalizes “well-being” as a concept through a measure of **subjective well-being** (usually overall life satisfaction).
- Using regression analysis, determines the increments of income and an outcome of interest (e.g., physical activity) that yield identical changes in subjective well-being.



How “much” well-being do we “gain” from a social good?

How much extra income would give us the same “gain” in well-being as that social good?

Valuing Protective Factors For Chronic Disease

- Wellbeing analysis gives us **equivalent monetary values** for many intangibles which we can use to generate social returns on investment.
- These figures represent the value of health promoting behaviours as experienced by people, via a measure of subjective wellbeing, and expressed in monetary terms.

Protective Factor		Estimated Equivalent Value
Physical Activity	Inactive-to-Active	\$314/week
	Inactive-to-Moderately Active	\$244/week
Fruit and Vegetable Consumption	Increase regular weekly consumption by one unit	\$63/week
Smoking Cessation	Daily smoker to non-smoker	\$256/week
	Occasional smoker to non-smoker	\$63/week

Discussion

- The weight of evidence suggests that measures of subjective well-being yield useful information for policy.
- **Recommendation 10**: “Measures of both objective and subjective well-being provide key information about people’s quality of life. Statistical offices should incorporate questions to capture people’s life evaluations, hedonic experiences and priorities in their own survey.”
- An emerging lens that can help us to understand and communicate the impact of policy/programs on the lived experience of people.

Report by the Commission on the Measurement of Economic Performance and Social Progress

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Questions

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APPENDIX - The Well-Being Model

$$LS_i = \alpha + \beta_1 M_i + \beta_2 Q_i + \beta_3 X_i + \varepsilon_i$$

LS_i	Life Satisfaction (self-reported)
M_i	Income, market determinant of life satisfaction
Q_i	Health Promoting Activities, non-market determinants of life satisfaction (active leisure, consumption fruit/vegetable)
X_i	Covariate determinants of life satisfaction (health, age, etc.)
ε_i	Life satisfaction not explained by the model
$\alpha, \beta_1, \beta_2, \beta_3$	Model parameters; β_i , impact of above determinants on life satisfaction

$$CS = M^0 - e^{\left[\ln(M^0) - \frac{\beta_2}{\beta_1} \right]}$$

CS	Compensating surplus of the increase in life satisfaction from a health promoting activity valued as its equivalence that could otherwise be derived from an increase in income.
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