



Measuring development and human wellbeing in the Lao PDR: Exploring Laos' development indicators



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ABSTRACT

Over the past 30 years, developing economies around the world have grown rapidly. Only in the last decade has the concept of wellbeing become part of development discourse. As material resources are limited, a promising concept has evolved so that development and wellbeing can be achieved even though development and as such improved wellbeing may not be attainable for all people. As wellbeing is essentially a social and cultural construction concept, its measurement must therefore take social and cultural concepts into account. This paper explores local conceptions of wellbeing and the extent to which these conceptions have been incorporated into the measurements used in the nation of Laos. Data were collected through qualitative methods. Content analysis was employed to examine and analyze participants' responses. This paper argues that in the diverse cultural settings of Laos, it is challenging to develop a standard set of wellbeing measurements. Although existing measurement includes social and cultural considerations, this study shows the local conception of wellbeing was largely omitted. Based on the findings, it is suggested that measurements of wellbeing in Laos be expanded to cover a wider number of aspects that encompass the Lao socio-cultural identity. This study proposed to add more indices of wellbeing into development measurement than have been used in Laos.

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Introduction

Post World War II, development policies for many Least Developed Countries (LDCs) have focused heavily on economic growth. It was assumed that economic growth leads not only to modernization, but also to an improvement in the quality of life. These policies were based on the premise

that a reduction of poverty is associated with a higher quality of life (Rerkrai, 1987). However, after an initial period of high growth, many LDCs found that a significant portion of their population still did not fully and equally gain the benefits of development; they still suffered from a plethora of social problems (Sanni, Onuoha, Christopher, & Harelimana, 2010).

The question arises as to whether increasing levels of international trade, investment, and cultural communication have a positive impact on wellbeing for the majority of the population. This paper examines the hypothesis that rapid economic growth has not delivered a concomitant level of wellbeing for all nations and people. In fact, experts

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argue that rapid economic development has increased hunger and poverty in many LDCs (Xing & Muchie, 2003). Research content indicates that the tools used to measure development have employed indicators more directly related to Gross Domestic Product (GDP) (Vázquez & Sumner, 2013).

According to Sen (1988), there are serious deficiencies in using GDP as a measure of human development. Sen recognized the limitation of using GDP as a primary measurement of development. There are five weak points with regard to using economic growth measurement: First, it lacks distributional aspect, because it considers only national growth of income without being concerned that the essential factor of income distribution, will ignore some other groups in a community. Second, the market value on which the GDP calculation is made fails to reflect externalities, both economically and socially. Third, allocation by market does not necessarily correspond to the optimal social choices due to monopoly and disequilibria. Fourth, GDP measures a snapshot of the average person's life, whereas the quality of life needs a consideration of the entire lifetime. Finally, income and commodities are only means but not ends to wellbeing. As such, the notion that GDP translates into improvements in wellbeing for all people is under question. This paper both examines and envisages a new concept of wellbeing which places human society at the center of “development”.

In the past two decades, since the introduction of the New Economic Mechanism (NEM) in 1986, Laos (one of the smallest countries in Asia) has been transitioning from a centrally planned system to an open market economy. These policy changes have contributed a high rate of GDP growth, with an annual average growth in GDP of 6.4 percent in the 1990s and about 7.4 percent in 2000–2012 (World Bank, 2013). While these policy changes have led to the liberalization of prices and markets, Laos is still one of the poorest countries in the world. Increasingly, Laos has faced rising rates of unemployment, income distribution gaps, and environmental deterioration. Moreover, data shows unequal development between the urban and rural areas (National Statistical Center of Laos, 2011).

Low per capita income has in itself become a justification for development, and often, the principal aim of related government policies is to increase household earnings. What lies behind these ideas are the assumption that increases in income will help to serve peoples' needs, and improve their quality of life. It is assumed that with GDP and average real income growth, wellbeing is achieved through higher consumption levels. In contrast, economic research shows that there are no clear links between income and wellbeing; although a high level of wealth brings comfort, but, in many cases, it prevents people obtaining pleasure or wellbeing that results from incomplete satisfaction of desire (Frank, 1999). Some studies have shown that while higher levels of national wealth are associated with greater happiness, a rise in income produces diminishing or even no increase in happiness or quality of life for a given population (Venkatapuram & Bunn, 2012). If we agree that development means an improvement in quality of life, and is in part defined by peoples' perceptions, the use of GDP as a central measure is inadequate. As experts

have recognized the limitations of GDP growth, there have been attempts to develop new measures. Integral to these new approaches are the inclusion of Basic Human Needs, Quality of Life (QoL), the Millennium Development Goals (MDGs) and more recently a Human Development Index (HDI) (Doyal & Gough, 1991; United Nations [UN], 2013; United Nations Development Programme [UNDP], 2013). Another approach falls under the idea of “Wellbeing” which is one attempt among these (Sen, 1988; Venkatapuram & Bunn, 2012; Xing & Muchie, 2003).

In the Lao PDR, the word “Wellbeing” in a local context means being opulent and being happy (*som-boun-poun-souk*) or being well and having strength (*yu-dee-mee-hang*). Those words are usually used to describe human health. However, the indicators and tools used to measure the Lao concept of wellbeing require further development. Besides using GDP to measure development, there were some studies that examined the adequacy of Lao livelihoods. When Lao PDR set out to formulate a National Social and Economic Development Plan (NSED) and a strategic poverty reduction plan, it drew upon previous research (National Statistical Center of Laos, 2011). However, the extent to which social cultural notions were incorporated into development measures is questionable.

This paper explores local conceptions of wellbeing, central to three questions. What are the needs and resources that the Lao people have—“having”? What satisfaction with life do the Lao people have—“thinking”? What can they do in order to achieve the things to make them satisfied—“doing”? This is followed up by extending to which international measures of wellbeing have been incorporated into approaches used by the Lao PDR: the MDGs, HDI, the Poverty Vulnerability Index (PVI), and the Lao Expenditure and Consumption Survey (LECS). The purpose is to seek a way to add more indices of wellbeing into these development measurements. First, this paper begins by providing a short introduction into the conceptualization of wellbeing and development in LDCs as a framework for the sections that follow. Second, an in depth analysis of the local context and conception of development in the Lao PDR provide a basis for a new vision of wellbeing. The final substantive section offers a discussion of the findings and further recommendations.

Wellbeing and Development in the Developing World

The relationships between development and wellbeing can be variously conceived (Promphakping, 2006). Wellbeing is at the core of diverse development policy agendas ranging from social inclusion to environment sustainability (Prescott-Allen, 2001). Wellbeing measures provide information on social and economic progress for policy makers and can inform policy development. These new measures of wellbeing have attempted to engender a shift from national accounting to place a greater emphasis on people's quality of life.

Definitions of wellbeing vary as do the terms used to explain it. Wellbeing can refer to an emotional state, such as happiness or anxiety. It can also be a judgment about overall life satisfaction or with certain domains (McGillivray, 2007). A contrasting view is that it refers to an

objective or external assessment of people's daily living conditions such as their ability and opportunity to live a good life (Collard, 2003). Another prominent view is that wellbeing results from meaningful and sustainable interactions between individuals, their social, and physical environment (Mee-Udon, 2009).

The term wellbeing is not entirely new. The original concept can be traced back to Aristotle and the Buddhist scriptures, or from other major philosophies (McGregor, 2008). Most founding religions offer a view as to the definition of wellbeing and offer a roadmap to its achievement. Jeremy Bentham offers the utilitarian concept of wellbeing which lies at the core of modern economic theory. Generally, economists have utilized "satisfaction with life" as akin to wellbeing (Collard, 2003).

Sen (1999) has challenged the term wellbeing to the utilitarianism of mainstream welfare economics. Sen's discourse with Martha Nussbaum, who is cautious of the term precisely because of its utilitarian baggage, and the work of many discussants have enriched the debate (Alkire, 2002; Gasper, 2004; Nussbaum & Sen, 1993). Other notable contributions to our understanding of wellbeing, include an "Inquiry into Human Wellbeing and Destitution" (Dasgupta, 1993); and the notion of "responsible wellbeing" (Chambers, 2004).

The concept of wellbeing that has been adopted for the conceptual framework of this study is derived from the formulation of Sen (1999) on "Functioning Capabilities". Sen (1999) had recognized that the ultimate effect from development is making individuals successful in their needs and the individuals have freedom to choose a goal by themselves. According to Sen, wellbeing can be conceived as a person's life as a combination of various "doing and thinking" (Functioning) and of his or her freedom to choose among these functioning activities (Capabilities). In other words, this concept conceives a person's life as a combination of "Functioning" and of his or her freedom to choose among these, which is called 'Capabilities' (Gore, 2007). However, this formulation is highly abstract and difficult to be operationalized (Promphakping, 2006). Notwithstanding, Wellbeing in Developing Countries ESRC Research Group (2007) built upon this work to construct a new conceptualization of wellbeing. They contend that wellbeing is comprised of three modes or ways that humankind relates to the world: "having", "thinking" and "doing". "Having" represents the objective dimension, similar to Bentham's utilitarian concept of wellbeing. "Thinking" refers to the subjective dimension or the meaning that is given or attached to the objective world. The last mode, "doing" is related to what people can actually do with what they have and the meanings they assign to the material world. The link between these three modes of human wellbeing can be conceived as a series of processes which interact and influence each other dynamically and dialectically. This paper employs this framework to investigate the meaning and indicators of wellbeing in the Lao PDR.

This paper sheds light on how wellbeing is conceived and defined by local Lao people and the extent to which these conceptions have been incorporated into the measurements used in the nation of Laos, using qualitative

research methods. Content analysis reveals the extent to which wellbeing is measured and used in the Lao PDR. Further discussion of the study site provides a backdrop for the methodology selected to carry out this research.

Context of the Study Site

Before the end of the 1980s, the Lao government introduced a reformation policy known as *jin-ta-na-kan mai* (New Imagination). This policy offered the most dramatic structural reforms since the launch of the NEM. Through these new approaches the Lao PDR hoped to achieve sustainable economic growth (Anderson, Engvall, & Kokko, 2007).

Since the introduction of NEM in 1986, the Lao PDR has been transitioning from a centrally planned system to a more open-market economy. This policy has led to the liberalization of prices and markets, including foreign investment and trade, and the regulatory reform of the financial sector. In 1997, the Lao PDR became a full member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Free Trade Area. This initiative is considered one of the most important foreign policy objectives of the country. The government believes that membership in ASEAN will help to bring about a more secure, stable, and mutually beneficial relationship with its neighbors in the region. In 2013, the Lao PDR also was accepted as a member of the World Trade Organization (WTO). In addition, Lao PDR has set a National Priority Target aimed at the reduction of poverty, raising wellbeing, and shedding the country's status as an LDC by 2020 (National Statistical Center of Laos, 2011).

While these reform policies have contributed to economic growth, they also have led to changes in the way of living for the Lao people. However, after an initial period of high growth (annual growth rate of 6.4% in the 1990s and 7.4% between 2000 and 2012), a significant number of the population had not reaped the benefits of development. Research showed that there were high poverty levels, soil degradation, pollution, and extreme weather (National Statistical Center of Laos, 2011). Moreover, income disparity between social classes and regions was widening as a result of market-oriented reforms (Sisoumang, Wangwacharakul, & Limsombunchai, 2013) since the country had changed from a centralized to a market-oriented economy. The development policy has focused more on development indicators especially on the GDP, MDG, HDI, PVI and LECS. Notwithstanding, the Lao government reports indicate that wellbeing indicators were introduced without prior study (National Statistical Center of Laos, 2012); there are no wellbeing indicators in Laos. Hence, the study is needed on the extent of the wellbeing conception to improve such development indicators which has been used by the Lao government.

Sangthong district, the field site of this study, is one of the 47 poorest districts in the Lao PDR (National Statistical Center of Laos, 2011). Sangthong is comprised of 37 villages, divided into five village groups for which there are development level differences. Sangthong has traditionally been recognized (Sangthong District Office, 2012). While it is largely a rural agrarian economy, for some decades,

inhabitants have traveled to other more prosperous parts of the country and Thailand to supplement agricultural earnings. Many families are dependent on remittances from children working in Thai industry and the service sector. While in recent years factories have begun to relocate to Sangthong, taking advantage of the improving transport infrastructure and lower costs, migration remains a key livelihood strategy. Moreover, falling returns from farming, shrinking land holdings, and the growing expectations of family members have led to further problems. Responding to these challenges, the government has designated Sangthong as a development district. Along these lines, a new set of indicators and measurements for development and wellbeing will be conceived in cooperation with the local people. These indicators will be incorporated into a set of national level indicators for Laos.

Methodology

In order to explore Laos' development indicators and explore the concept of wellbeing from the Lao perspective, this study employs a qualitative approach (Ritchie & Lewis, 2003). The concept of wellbeing in the context of the Lao people has been primarily understood as a social phenomenon under phenomenology into critical consideration (Creswell, 2008). The researcher reviewed the secondary sources (relevant theories, documents which related to development and human wellbeing in the Lao PDR i.e. government data, donors' reports and private research), as well as the research data from field work which was obtained from in-depth interviews and focus group discussions at the household and community level.

Documentary Analysis

The researcher reviewed relevant theories and documents which related to development and human wellbeing in the Lao PDR. The purpose was to explore the measurement of development that has been used in Lao PDR and to develop the guidelines for collecting data in the field work.

Field Study

To explore the local conception of wellbeing from the perspective of the Lao people, a study area was selected based on the following criteria: (1) locations under government and private sector development projects (i.e., mining exploration, agricultural development, hydropower), (2) communities near urban areas or affected by present or future projects, (3) rural communities unaffected by urban development, (4) areas designated by the Lao government for social and economic development, (5) different development levels between villages in the area (villages with high levels of income disparity), and (6) people in the community, including both poor and non-poor people.

Data collection was carried out during 2012–2013 in five Sangthong villages with different development levels. The in-depth interviews with the key informants from public and private organizations were conducted using a set of interview guidelines obtained from the review of

relevant documents as well as from the data in the previous step. The wellbeing concept is a multi-varied and dynamic phenomenon which includes many dimensions, and the concept differs among areas. Interviews were conducted with 15 people who were involved in policy development that related to the wellbeing dimensions at the local, provincial, and central levels in Lao PDR. Participants included chiefs of villages or senior village elders who were respected community members (5 persons), selected from five villages in five village groups of the target area, two from the district, two from provincial, four at the central (from the Prime Minister's Office), and two representatives from the private sector.

In addition, focus group discussions with 35 household representatives were employed. Participants were selected using purposive sampling in five villages. The focus groups were conducted with five groups in five villages. The villages were sampled from the five village groups in Sangthong district. In order to obtain an even gender sample of participants, 18 male and 17 female participants were selected (age ranged 30–65 years). Participants were involved with general tasks related to development and wellbeing in their communities. As mentioned, all techniques or methods used to collect the data in this study were linked to three questions: What are the needs and resources that the Lao people have—“having”? What satisfaction with life do the Lao people have—“thinking”? What can they do in order to achieve the things to make them satisfied—“doing”?

The content analysis was conducted for discrimination, interpretation, comparison, and investigation of relationships and patterns in the phenomenon (Ritchie & Lewis, 2003). This study was based on theory and the data was processed using analysis to identify the conception of wellbeing for Lao people, as developed in the next section.

Results and Discussion

Measurement of Development in Laos

As previously discussed, the indicators used to measure wellbeing have not been developed in collaboration with the people of the Lao PDR. In this section, the main development indicators—MDGs, HDI, PVI, and LECS—used by the Lao PDR are reviewed in terms of the concept of wellbeing. In other words, the Lao government has used these indicators as key principles to dictate the situation of poverty, development, quality of life, and livelihoods of the people. The result from documentary analysis in this study is to ensure that such indicators can be used as a baseline for developing the appropriate wellbeing indicators for Lao PDR.

The Millennium Development Goals (MDGs) index developed by the leaders of 198 countries worldwide included agreement on reducing the development gap and aiming at achieving human development from 1990 to 2015 with eight prioritized targets as follow (UN, 2013): (1) eradicate extreme poverty and hunger, (2) achieve universal primary education, (3) promote gender equality and empower women, (4) reduce child mortality, (5) improve maternal health, (6) combat HIV/AIDS, malaria, and other

diseases, (7) ensure environmental sustainability, and (8) develop a global partnership for development. Lao PDR, in per capita terms, is the most heavily bombed country in the world. Four decades after the Indochina war ended, unexploded ordnance (UXO) continues to pose a major humanitarian threat and a significant obstacle to the development of the country. Reducing the impact of UXO on communities has become the ninth MDG, specific to Lao PDR.

Another measure of development, the Human Development Index (HDI) is proposed to measure development of wellbeing. Each year since 1990, the Human Development Report has published the HDI which looks beyond GDP to a broader definition of wellbeing (UNDP, 2013). The HDI provides a composite measure of three dimensions of human development: (1) long living and healthy life (measured by life expectancy), (2) being educated (measured by adult literacy and gross enrollment in education), and (3) having a decent standard of living (measured by purchasing power parity or PPP income).

The next indicator that the government of Laos uses for evaluating poverty and development is the Poverty Vulnerability Index (PVI), and it is necessary to determine whether it is appropriate in the Lao context. This index was developed by the National Growth and Poverty Eradication Strategy of Lao PDR (UNDP, 2008). Rather than consumption as a measure of poverty, the vulnerability index is constructed using social and economic indicators deemed as the key determinants of food insecurity and vulnerability. The vulnerability index examines risk factors at the household and village level, as well as the coping districts. PVI is divided into 2 dimensions: (1) four indicators which are related with income and food production such as rice production per person, large livestock per person, forest area per family, and use of roads (distances up to 6 km); and (2) two indicators which are related to social development such as maternal and infant mortality rates and the percentage of illiteracy.

The last indicator, the Lao Expenditure and Consumption Survey (LECS), is a survey in terms of socio-economics at the household echelon (National Statistical Center of Laos, 2009). The purpose of the survey is to estimate the expenditure and consumption of households as well as production, investment, savings, and other socio-economic aspects of the households in the formal and informal sectors of the economy, to provide data on household living for analysis and research.

LECS is conducted during a period of 12 months every 5 years. The current survey which still in the process of collecting data and summarizing is the fifth (2012/13), with the fourth round being 2007/08 (LECS4), the third 2002/03 (LECS3), the second 1997/98 (LECS2), and the first was conducted in 1992/93 (LECS1). The results of the survey are valuable and are widely used for assessment and evaluation of social-economic development as well as benchmarking for poverty reduction programs. Data is collected from households using daily record keeping which includes (1) consumption and rice intake, (2) access to and usage of resources and institutional services, (3) economic activities of the household, and (4) time use by provinces and regions.

The entire above-mentioned context reflects the important indicators that the government of Laos has used to measure development and to identify the status of the living conditions of the Lao population in addition to GDP. In the next part, the paper continues with the results from the field study which discuss the local conception of wellbeing in Laos.

Local Conception of Wellbeing from the Lao People's Perspective

In the context of Lao society, this study found that there are a variety of meanings for the term “wellbeing”. Literally, wellbeing in Lao means being opulent and being happy (*som-boun-poun-souk*) or being well and being strong (*yu-dee-mee-hang*), terms which are commonly found in the Lao language. When people give a blessing to others, they say “I wish you to be well and be strong” (*khon hai chao yu-dee-mee-hang der*); and when people want to greet someone they say, “Are you being well, being strong or being good?” (*chao yu-dee-mee-hang bor*). These words equate with the state of opulence and happiness, or “wellbeing” in the Lao conception. In the Lao language, the basic meaning of “wellbeing” in communication usually relates to human health. If we analyze the word “wellbeing” based on the Lao conception, we could divide it into two main parts—“being opulent/being well” and “being happy/being strong”. The first component means physically, environmentally, economically and socially which are substantial such as the natural resources, shelter, food, medicine, and utility materials to reflect human opulence at the individual and household levels; in English, these words suggest “being well”. Notwithstanding that “being happy/being strong” relates to both physical and mental health in the sense of meaning to satisfy, in English it has the meaning of “feeling well”. If we consider this meaning we would find that “being opulent and being happy” could replace the meaning of “being well and being strong”, or “wellbeing” in the local Lao context.

From the interviews and focus group discussion, the conception of wellbeing from the Lao people's perspective encompasses the capability of living in a happy and warm family, with good social and community values, and a spiritual/belief religion and culture, good knowledge and education, good and safety security, freedom of participation, good physical and mental health, good environment, and a sufficiency economy. These can be classified into five aspects: family wellbeing, community solidarity wellbeing, health wellbeing, natural resources and environment wellbeing, and having sufficiency for sustaining living wellbeing. This is shown in the examples from the local Lao people who expressed their opinions and defined the meaning for each aspect as follows:

1. *Family Wellbeing* refers to the happy state from helping while living together of family, warmth of family, have good and successful offspring, as shown in this statement:

“My wellbeing is reliant on my work and family. I can work in the rice fields and live together with my family

every day. These are very good things in my life” (male, aged 50).

2. *Community Solidarity Wellbeing* refers to the happy state from helping while living together with community members, having a very high spirit, realizing all the truths, being less selfish, practicing sufficiency and goodness, and equality of education, living in safety, in a fair, and good relationship with society, inheriting and participating in cultural, social, religious, and traditional activities, with good leaders and effective public management, as shown in this statement:

“Wellbeing means we live in harmony, with fairness, and equality in the community” (male, aged 56).

3. *Health Wellbeing* refers to the happy state of having good health which includes physical, mental, health care center, and basic health knowledge. *Physical condition* is the happy state of having a strong body, not having any diseases, and receiving impressive health services. *Mental condition* refers to the happy state of having a kind and strong mental will to lead a life without libidinous desires. *Health care center* refers to the happy state of having good quality and equality of health service. *Health knowledge* refers to the happy state of having prevention against disease and getting basic treatment when sick, as shown in this statement:

“Wellbeing means happiness both physically and mentally, no illness and being able to work on my farm every day” (male, aged 58).

4. *Natural Resources and Environment Wellbeing* refers to the happy state of a clean natural and non-natural environment, rich in natural resources without pollution from chemical substances, waste, and chemical fertilizers, with no risk from natural disaster, as shown in this statement:

“We must live in safety, be free from toxins and far from poisonous animals” (male, aged 56).

5. *Having Sufficiency for Sustaining Living Wellbeing* refers to the happy state from having sufficiency and variety of food, more property, more and permanent earnings, less expenses, no risk, less/no debts, and more savings, as shown in this statement:

“To be happy, we have no debts. We can sell our products at good prices and are self-dependent” (male, aged 50).

The principle of synthesis of wellbeing was further modified from *Wellbeing in Developing Countries ESRC Research Group (2007)* to synthesize the conception of wellbeing from the local Lao people's perspective, was comprised of three modes; having, thinking, and doing: (1) “Having” means what Lao people have or do not have. It means the basic value gained from the consumption of resources and needs (human needs are met). Satisfaction from “having” will be a fundamental factor for wellbeing

which can be classified into two categories including materials and non-materials. (2) “Thinking” considers what Lao people would like to be. It means the basic value from the existing situation without consumption such as the quality of life (one enjoys a satisfactory quality of life). (3) “Doing” means what Lao people can do to achieve the goal of wellbeing. It means the basic value from activity with members in the family, community, organization, and society to pursue goals (one can act meaningfully to pursue one's goal).

Based on the findings, the livelihoods of Lao people are connected to a diversity of social, cultural, and natural environmental factors. As a whole, the Lao people and especially the inhabitants of rural communities have been seen as being generous, harmonious, and sincere within the family and socially (*National Statistical Center of Laos, 2012*). All these characters have had a lasting influence on the livelihood of the Lao people from ancient times. In summary, the meaning of wellbeing from the Lao people's perspective includes both the material (objective) and non-material (subjective) realm. The qualified representatives from the collecting process were classified into five major aspects and 39 indicators. According to this local conception of wellbeing, the meanings were classified according to which parts appeared to be incorporated in the national and international context (*Table 1*).

As shown in *Table 1*, the checks (✓) mean the measurement indicators that has been used in Laos are included already in the conception of wellbeing from the local Lao people's perspective as obtained from the study. However, there are no indicators that directly measure and evaluate the wellbeing of the Lao people. Based on the findings, the development measurement that has been promoted in Laos fails to cover specific characteristics of Lao society (the unchecked categories). Measurement needs to incorporate social and cultural components to develop wellbeing measurement suitable for Laos society.

The MDGs index lacks some subjective aspects such as freedom, mental health, warmth of family, and a security index. Furthermore, some components of this index are not appropriate in the context of Lao society, for example, the idea of using the poverty line and the poverty incidence as criteria of poor people (*UN, 2013*). In Lao society, income levels are not related to the poverty line that has been developed according to nutrition and physical dimensions only. There are still other factors that also determine poverty such as social capital, cultural capital, and so forth. That is to say, material wealth is not the only way to represent wellbeing, as wellbeing is a combination of objective and subjective components (*Wellbeing in Developing Countries, ESRC Research Group, 2007*).

The HDI is proposed to measure the development of wellbeing. The HDI provides a much more complete picture of a country's development than other indicators, such as GDP per capita. Notwithstanding, the HDI is not in any sense a comprehensive measure of human development (*UNDP, 2011*). The HDI does not include important indicators such as gender or income inequality. What the HDI does provide is a broad prism for viewing human progress and the complex relationship between income and wellbeing.

Table 1
Analysis of Lao wellbeing measurements in the national and international context

Local conception of wellbeing	International wellbeing conception			National wellbeing conception
	MDGs	HDI	PVI	LECS
<i>Family wellbeing</i>				
Warmness of family				
Family members joining activities together, close caring for each other				
Descendants being tractable, not involved in temptation				
Family members achieved an education goal and success in living				
<i>Community solidarity wellbeing</i>				
Good relationship/solidarity in community				
Inherit and participate in social, cultural, religious, and traditional activities				
Security of life and property in the community				
Sufficient fundamental services provided by government			✓	✓
Equality of access to educational services	✓			
Education system of good quality, efficient, and reliable with realistic situations		✓		✓
Justice in sentencing or faulting people in the community				
Transparency and effectiveness of public management				
Good and virtuous leaders				
<i>Health wellbeing</i>				
Household members without health disease	✓	✓	✓	✓
Having leisure time and doing exercise				
Having comfortable and sufficient exercise facilities				
Having respect from others members				
Being happy and being proud				
Having sufficient health care centers nearby village				✓
Sufficiency of basic health care knowledge such as prevention and basic treatment				✓
<i>Natural resources and environment wellbeing</i>				
Rich in forestry, trees, and natural food in household and community			✓	
Community participation in the use and management of natural resources	✓			✓
Sufficiency with regard to natural water supply for agricultural needs of household				✓
Sufficient quality, clean, and sanitary water				✓
Good waste management	✓			
Free of chemical usage in agriculture	✓			
Proper mitigation measurements for negative impacts of development projects				✓
Risk of natural disaster/good preventive practice from natural disaster				
Contagious disease supervision resulting from environmental problems				
<i>Having sufficiency for sustaining living wellbeing</i>				
Ownership properties (land, shelter...)				✓
Sufficient safety and variety in food products in the household (including rice)			✓	✓
Sufficient income and savings		✓	✓	✓
No debts				✓
Having equipment and innovation for work				
Being a member of economic group/enterprise for community				
Government authorities providing consultation for job recruitment/access to jobs outside agriculture				
Good prices for products				
Sufficient labor and water for farm produce in the household				
Household receiving monetary support from offspring				

Sources: MDGs (UN, 2013), HDI (UNDP, 2013), PVI (UNDP, 2008), and LECS (National Statistical Center of Laos, 2009)

The HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI constrains inequality in the distribution of human development across the population at the country level (UNDP, 2013). The HDI measures the average achievements in a country, but it does not incorporate the degree of gender imbalance in these achievements. Using the HDI in Laos fails to measure important aspects of socio-cultural life: cultural popularity, religion, safety in life and property. It does not include the cultural value and environment which are the most valuable factors and are crucial for Lao people.

Additionally, when comparing the HDI and Human Wellbeing Index (HWI), Prescott-Allen (2001) mentioned that the differences are due to contrasting aims and

approaches from the two poles of human aspiration—deprivation and fulfillment of potential. The primary aim of the HDI is to measure the distance from deprivation—in other words, how far societies are from a state of absolute poverty. The HWI tries to measure the distance from fulfillment or how close a society is to achieving a good life. Fulfillment does not mean only material fulfillment, but that people have a wide range of needs, the satisfaction of which is a legitimate and compelling goal. Hence, it is necessary to extend and add the wellbeing concept into the HDI account to develop the wellbeing measurement for people.

The next indicator that the government of Laos used for evaluating poverty and development is the PVI. This indicator is primarily based on LECS, however, differences in

time periods and perspective result in some non-uniformity (UNDP, 2008). In particular, the vulnerability analysis addresses human security concerns by identifying, in a very participatory way, threats and risks at the local levels that could hinder poverty reduction (National Statistical Center of Laos, 2011).

The last indicator is the LECS which presents important data to support the government's social and economic policies, particularly with regard to developing good policy on poverty. However, as aforementioned, according to the data collected, LECS cannot directly represent human wellbeing. This finding is consistent with National Statistical Center of Laos (2009) which mentioned that LECS is a good data supporting tool but is not sufficient to reflect the wellbeing of people. In addition, LECS still lacks some indicators related to subjective aspects, particularly in terms of cultural, religious, natural resources and the environmental values, for example, freedom of people to participate, warmth of family, good mindedness, solidarity, mutual understanding, and having pride. These are positive linkages with human development (Qzilibash, 2010).

LECS does not reflect the real situation of poverty; it can only present in general terms. Moreover, the use of LECS to estimate financial wellbeing by defining poverty with the quantity of food consumed is not appropriate to the way of life for Lao people. In Lao PDR, life is related to the natural resources, society, community, and culture; it does not rely on income only. Furthermore, LECS1 to LECS4 are not comparable as the sampling group and the size of sample were not consistent; hence, the data obtained from LECS is not continuous.

In summary, the people of Laos are generous, kind, and have a close social relationship (National Statistical Center of Laos, 2011). Lao society is unique and has its own form of political expression which is still different from other countries. Lao people consider social and cultural capital in their livelihood, and so these should be a part of the indicators that reflect the wellbeing of the Lao people. The unique context of the Lao people begins from the family factor, a warmth relationship with family members and relatives, the interaction between people in the community, helping each other, taking close care of the elderly and family members, seniority status, solidarity, the value of society in maintaining customs, tradition, and religious values, the way of using religion and culture as a guiding philosophy especially in Buddhism which is practiced by more than 75 percent of Lao people, and the way of living in balance with the natural environment. The Lao people have less focus on economic factors, but unavoidably the importance of economic factors is a tool on the path leading to wellbeing (Stiglitz, Sen, & Fitoussi, 2008).

Conclusion

This study showed some of the challenges of applying international measures of wellbeing in the context of developing economies. Notwithstanding this, the government of Laos has made significant steps in examining the living conditions of the rural and urban population,

especially with regard to poverty, quality of life, and human welfare.

There are not accurate indicators to measure and evaluate the wellbeing of Lao people directly. All the above-mentioned context reflects the important indicators that the government of Laos has used to measure the development after implementation of the NEM in 1986. This study on the wellbeing concept of Lao people was synthesized based on the three modes of human wellbeing—"having", "thinking" and "doing"—and concluded there are still other indices that reflect the wellbeing of Lao population, which can be taken into account in addition to the current development conditions. The appropriate Laos context includes social conditions and cultural and environmental values. Some aspects of wellbeing that need to be taken into account in the development measurement in Laos are: indicators of warmth of family, family members not involved in temptation, freedom of participation, integrity, having pride, having leisure time/doing exercise, good mental health, low risk of natural disasters, being a member of an economic group, and receiving monetary support from offspring.

All aspects of social and cultural life are significant to the wellbeing of the Lao people. We cannot deny the merit of both the subjective and objective aspects of wellbeing, and their interrelationships, when considering which indicators are selected to measure wellbeing.

Conflict of interest

No conflict of interest.

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