Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.

# Tackling complexity using interlinked thinking: well-being as a case study

A dissertation presented in partial fulfilment of the requirements for the degree of

Doctor of Philosophy
in Ecological Economics

at Massey University, Palmerston North

New Zealand

Vicky Elizabeth Forgie

August 2016

#### **Abstract**

The world today is made up of a series of highly interconnected complex systems characterised by uncertainty. Human minds struggle with complexity, and the tools available to help us are limited. This often leads to reductionism, focusing on the parts rather than the whole. Working with individual parts ignores the dynamics that result from interdependencies between components. It is these interactions that determine the behaviour we experience in real world situations. This dissertation presents 'interlinked thinking' as a communication and analytical approach to help people work with, rather than ignore, complexity. It aims to build understanding of feedbacks loops and systems in a way that does not require expert modelling skills. It is a participatory process that allows people not familiar with systems thinking to have a structured dialogue on how components interrelate, and share their mental models. Links between components are debated and decided on in a workshop session. The resultant causal loop diagrams are transcribed to a matrix and an algorithm run to analyse the links in the system.

The interlinked thinking method was tested using three case studies to answer the principal research question: *Does understanding the relationships between indicators add value and progress sustainable well-being?* Well-being is multi-dimensional, and the complex behaviour of the well-being system does not come from individual indicators but from the interrelationships between indicators and resultant feedback loops. Participants who applied interlinked thinking confirmed value was gained from: (1) increased understanding of the indicators in the system; (2) more visible relationships; (3) expanding the toolkit to work with complexity; (4) an increased ability to bring important issues to the attention of decision-makers; (5) consideration of intervention impacts; and (6) encouraging integrated thinking.

Interlinked thinking can be replicated and used in any situation where having a better understanding of interconnectedness is important but time, resources, and modelling skills are limited.

Key words: interlinked thinking; systems thinking; sustainable well-being; causal loop diagrams; complexity; interconnected; feedback loops; mental model

### **Acknowledgements**

My first tribute is to my father Bruce Reaburn who had a deep love of knowledge and was steadfast in ensuring his seven children had the educational opportunities he missed out on.

Foremost thanks go to my supervisor Associate Professor Marjan van den Belt for providing the opportunity to undertake this research, as well as encouragement and direction over the last five years. Sincere thanks also to Dr Garry McDonald (cosupervisor) for his input and always sound advice.

This research was undertaken as part of the Ministry for Business, Innovation and Employment funded Sustainable Pathways 2 (MAUX0906) research project. I would like to formally express my appreciation to the Ministry for funding this research. Sustainable Pathways 2 research team members Dr Beat Huser, Melanie Thornton, and Regan Solomon have contributed in many ways to the outcome of this research for which I am most grateful.

I would especially like to thank Richie Singleton at Greater Wellington Regional Council, Philip Walker at Statistics New Zealand, and Peter Salter at the Ministry for Social Development for their input and assistance organising the case study workshops.

Thanks to the staff and students of the System Dynamics course at Bergen University, Norway for the opportunities, challenges and knowledge they shared. My appreciation also to Dr Anthony Cole for introducing me to Frederic Vester – the source of inspiration for the route I took with this study.

Special thanks to Janet Lowe for the great work on formatting, Anne Austin and Pippa Grierson for proof reading, and Tomas Burleigh Behrens for writing the algorithm code.

Richard, Rhiannon, Samuel and Lucy (Forgie) deserve the credit for sustaining my well-being throughout the PhD candidature. Thank you for your love, encouragement and support.

To my caring friends, Heike Schiele and Virginia Cook my sincerest gratitude: 'No road is long with good company.' 1

<sup>&</sup>lt;sup>1</sup> Turkish proverb

## **Table of Contents**

Αŀ	ostract		i
Αd	cknowl	edgements	ii
Ta	ble of	Contents	iii
Fi	gures		V
Ta	ıbles		vi
Gl	ossary		viii
1	Intr	oduction	1
	1.1	Research Context – Sustainable Pathways 2	2
	1.2	Rationale and importance of the study	6
	1.3	Research question	11
	1.4	Dissertation structure	13
	1.5	Summary	17
2	Sus	tainable Well-being	19
	2.1	Progress as an antecedent to well-being	19
	2.2	The concept of well-being	37
	2.3	Conceptualising well-being as a system	40
	2.4	Overall goal: sustainable well-being	73
	2.5	Summary	74
3	Me	asures to Assess Sustainable Well-being	77
	3.1	Inadequacy of GDP to measure progress in sustainable well-being	77
	3.2	Alternative well-being measures	84
	3.3	Critique of alternative well-being measures	94
	3.4	Barriers to uptake of 'Beyond GDP' well-being measures	98
	3.5	Summary	101
4	A S	ystems Approach to Sustainable Well-being	103
	4.1	A system	104
	4.2	Systems methods	112
	4.3	Systems concepts for interlinking well-being indicators	117
	4.4	Summary	128
5	Indi	icator Selection Using a Systems Approach	131
	5.1	What is an indicator	132
	5.2	Indicator selection for measuring sustainable well-being	134
	5.3	Indicator selection from a systems perspective	141

	5.4	System compared to not-system indicator selection	154
	5.5	Summary	157
6	Met	hod for Interlinking Indicators	159
	6.1	Interlinked thinking philosophy	159
	6.2	The interlinked thinking method	161
	6.3	Graph theory	174
	6.4	Outputs from interlinked thinking	176
	6.5	Distingishing characteristics of interlinked thinking	177
	6.6	Summary	179
7	Grea	ater Wellington Regional Council Case Study	181
	7.1	The WR-GPI case study context	182
	7.2	The WR-GPI case study process	185
	7.3	The WR-GPI case study content	204
	7.4	Summary	214
8	Soci	al Report Case Study	217
	8.1	The Social Report case study context	218
	8.2	The Social Report case study process	220
	8.3	The Social Report case study content	221
	8.4	Summary	238
9	OEC	D Better Life Case Study	241
	9.1	The OECD case study context	242
	9.2	The OECD case study process	245
	9.3	The OECD case study content	250
	9.4	OECD website statistics and interlinked thinking outcomes	258
	9.5	Summary	259
1(	) Disc	ussion	261
	10.1	Across-case-studies comparison	261
	10.2	Responses from workshop participants	267
	10.3	Answer to research question	272
	10.4	Critique of interlinked thinking	279
	10.5	Comparative research	290
	10.6	Research methodology	294
	10.7	Summary	302
1:	L Con	clusion: Tackling Complexity Using Interlinked Thinking	305
	11.1	Research findings	305

11.2	Contribution and significance of the research	307
11.3	Meeting SP2 requirements	312
11.4	Research limitations	314
11.5	-urther research	318
11.6	Conclusion	319
	ences	
	ndices	
	ndix 1: Dimensions of human development (from Alkire, 2002)	
Appe	ndix 2: Algorithm code in Python	349
Appe	ndix 3a: WR-GPI indicator identifiers and descriptions	360
Appe	ndix 3b: Roles of WR-GPI indicators	362
Appe	ndix 4a: OECD links	365
Appe	ndix 4b: Rationale for links used in OECD model	367
Appe	ndix 5: The Workshop Process	383
	ndix 6a: Questionnaire responses from workshop participants	
Appe	ndix 6b: WR-GPI measured change from participant responses	397
	ndix 6c: Social Report measured change from participant responses	
	ndix 6d: WR-GPI pre-workshop questionnaire	
	ndix 6e: WR-GPI post-workshop questionnaire	
	ndix 6f: Social Report pre-workshop questionnaire	
Appe	ndix 6g: Social Report post-workshop questionnaire	407
Appe	ndix 6h: Links sheet	409
Figures		
Figure 1-1	SP2 integrated decision support toolkit	4
Figure 1-2	How research questions interlink.	12
Figure 1-3	Dissertation chapter overview	14
Figure 2-1	The adaptive cycle	35
Figure 2-2	National well-being framework	40
Figure 2-3	Well-being framework	42
Figure 2-4	Links between the four capitals.	69
Figure 4-1	How variables and linkages combine to form complex systems	108
Figure 4-2	Ways humans can explain reality	111
Figure 4-3	Simulation model complexity and accuracy	117
Figure 4-4	Different levels of participation in model building	119
Figure 4-5		
Figure 4-6		
Figure 4-6		

Figure 5-1:	Computer portrait of Abraham Lincoln	145
Figure 6-1:	The interlinked thinking method	161
Figure 6-2:	Worked example of Step 1. The CLD.	163
Figure 6-3:	Worked example of Step 2: The tree branches	164
Figure 6-4:	Worked example of Hürlimann approach to intervention points in a system.	172
Figure 6-5:	Worked example of Step 6: The what-if model	173
Figure 7-1:	Wellington Region Genuine Progress Index Structure	182
Figure 7-2:	Overall WR-GPI trend and Economic, Environmental, Social and Cultural	
	trends 2001–2010	.184
Figure 7-3:	WR-GPI indicators aligned with the four capitals	199
Figure 7-4:	WR-GPI linked indicator model.	.205
Figure 7-5:	Possible intervention points when delays in the system are included	211
Figure 7-6:	What-if where high skilled people are unemployed	.214
Figure 8-1:	Changes in social well-being, 1995–1997 to 2007–2009	219
Figure 8-2:	Social Report linked indicator model	.223
Figure 8-3:	Possible intervention points when delays in the system are included	234
Figure 8-4:	What-if: Providing phone and internet access to people living in deprivation.	.236
Figure 9-1:	OECD Framework for measuring well-being and progress	.242
Figure 9-2:	New Zealand compared to other OECD countries 2015 edition	244
Figure 9-3:	New Zealand by indicator 2015.	.244
Figure 9-4:	Relationships between indicators	.251
Figure 9-5:	Forward links from Education in the OECD Better Life system	252
Figure 9-6:	Backward links to Education in the OECD Better Life system	253
Figure 9-7:	Links to and from well-being components.	.254
Figure 9-8:	Feedback loops in the OECD well-being system	.255
Figure 9-9:	OECD linked what-if model	.257
Figure 10-1:	Article in the Treasury newsletter written by workshop participants	276
Figure 10-2:	Bulls eye diagram to show what is included and excluded in the system	288
Tables		
Table 2-1:	Reasons out of which people act in seeking 'wholeness' or 'well-being' in	
	pursuing human development	
Table 2-2:	List of human needs	
Table 2-3:	Sustainable well-being principles discussed in Chapter 2	
Table 3-1:	Assessment of well-being measures	
Table 4-1:	Definitions of a system	
Table 4-2:	Different leadership tasks for different systems	
Table 4-3:	Systems thinking definitions	
Table 5-1:	Indicator definitions	
Table 5-2:	Vester's Criteria matrix for variable selection	
Table 5-3:	The Five Level model	
Table 5-4:	General scheme for finding indicators	153
Table 5-5:	Indicator selection guidelines differentiating between system and not-	155
Table C 1:	system indicator selection	
Table 6-1:	Worked example of Step 2: The links matrix	⊥७4

Table 6-2:	Worked example outcome of step 3. The role matrix	166
Table 6-3:	Worked example outcome from Step 4: Report summary from algorithm	167
Table 6-4:	Worked example of the Vester approach to intervention points in a system	170
Table 6-5:	Worked example of the cross-time matrix (CTM)	171
Table 7-1:	Indicator top level descriptions and domain groupings	189
Table 7-2:	Indicators most frequently used in 10 well-being measures analysed	190
Table 7-3:	Analysis of WR-GPI indicators using the Influence matrix method	193
Table 7-4:	Indicators that do not have significant active, passive, critical or buffer roles	194
Table 7-5:	WR-GPI indicators aligned with the Vester bio-cybernetic criteria	196
Table 7-6:	The Five Level model for the WR-GPI	198
Table 7-7:	Orientors to assign the current WR-GPI 85 indicators	200
Table 7-8:	WR-GPI indicator analysis	207
Table 7-9:	WR-GPI Strong links in the system	209
Table 7-10:	Short-term and longer-term intervention points in the WR-GPI system	212
Table 8-1:	SR Group 1 Indicator analysis	225
Table 8-2:	SR Group 1 Strong links in the system	226
Table 8-3:	SR Group 2 Indicator analysis	227
Table 8-4:	SR Group 2 Strong links in the system	228
Table 8-5:	SR Group 3 Indicator analysis	229
Table 8-6:	SR Group 3 Strong links in the system	230
Table 8-7:	Combined group indicator analysis	231
Table 8-8:	Common indicators identified by each group and in the combined model	233
Table 8-9:	Intervention points in the Social Report systems using the Vester method	234
Table 8-10:	Short-term and longer-term intervention points in the Social Report	
	system using the Hürlimann method	235
Table 8-11:	Comparison of weighted and unweighted scores	238
Table 9-1:	Indicator definitions and sub-indicators used in the OECD Better Life Index	246
Table 9-2:	OECD Better Life Index tested against matrix criteria questions	248
Table 9-3:	OECD Indicator analysis	253
Table 9-4:	OECD Strong links in the system	255
Table 9-5:	Ranking of indicators by importance OECD website and interlinked OECD	
	indicators	258
Table 10-1:	Active indicators identified in the case studies	262
Table 10-2:	Passive indicators identified in the case studies	262
Table 10-3:	Intervention indicators identified in case studies	263
Table 10-4:	Critical indicators identified in the case studies	263
Table 10-5:	Buffer indicators identified in the case studies	264
Table 10-6:	Highly traversed links in the case study models	266
Table 10-7:	Respondents views on questions that were comparable	269
Table 10-8:	Survey results on whether or not CLD/interlinked thinking adds value	273
Table 10-9:	How interlinked thinking adds value based on survey results	274
Table 10-10:	Where interlinked thinking does not add value based on survey results	275
Table 10-11:	How interlinked indicators progresses sustainable well-being	277
Table 10-12:	Where interlinked thinking differs from other approaches that combine	
	CLDs and matrices	292
Table 11-1:	Transferable workshop findings	318

## Glossary

Abbreviation	In Full
ANS	Adjusted Net Savings
BRAINPOoL	Bringing Alternative Indicators into Policy
DGPI	Dynamic Genuine Progress Indicator
FEEM SI	Fondazione Eni Enrico Mattei Sustainability Index
GDP	Gross Domestic Product
GHG	Greenhouse gases
GNH	Gross National Happiness
GNP	Gross National Product
HDI	Human Development Index
HPI	Happy Planet Index
Hshld	Household
MSD	Ministry of Social Development
OECD	Organisation for Economic Co-operation and Development
PCA	Principal component analysis
PSM	Participatory Systems Mapping
QoL	Quality of Life
SNZ	Statistics New Zealand
SP2	Sustainable Pathways 2
SR	Social Report
SUPERU	Social Policy Evaluation and Research Unit
TNS	The Natural Step
UNDP	United Nations Development Program
WCED	World Commission on Environment and Development
WR	Wellington region
WR-GPI	Wellington Region Genuine Progress Index
WRS	Wellington Regional Strategy