



# Agenda

2.1 Introduction

2.2 Growing and changing user needs

2.3 Pros and cons of LCS indicators

2.4 The role of official statistics

2.5 Challenges and strategies

2.6 Strengths, weaknesses, opportunities and threats of NSOs producing LCS-indicators

2.7 Disseminating and communicating LCS indicators



## 2.1 Introduction

- Production of LCS indicators is mainly outside the statistical offices today
- Engaging in production is an opportunity to:
  - meet user needs,
  - gain visibility and
  - demonstrate the relevance of official statistics.
- Opportunities and risks have to be considered





## 2.2 Growing and changing user needs

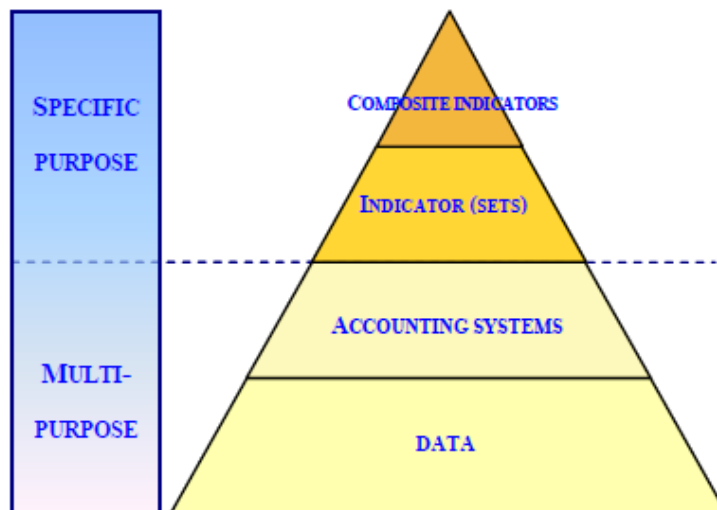
- Technical and economic development have increased user needs for information
- Stiglitz-Sen-Fitoussi Commission gave an increased interest in well-being, quality of life, happiness and other subjective areas
- The financial crisis in 2008-2009 revealed a lack in economic statistics
- Aim for evidence-based decisionmaking increases demand for relevant and coherent statistics



# Statistics and Indicators

European  
Commission

## Statistical information infrastructure





## 2.3 Pros and cons of LCS indicators

- Leading indicators
  - Pros
    - Early warning
    - Forecasting use
  - Cons
    - Poor predictions
    - Weak methodology
- Sentiment indicators
  - Pros
    - Information on subjective issues
  - Cons
    - Open to criticism of being subjective



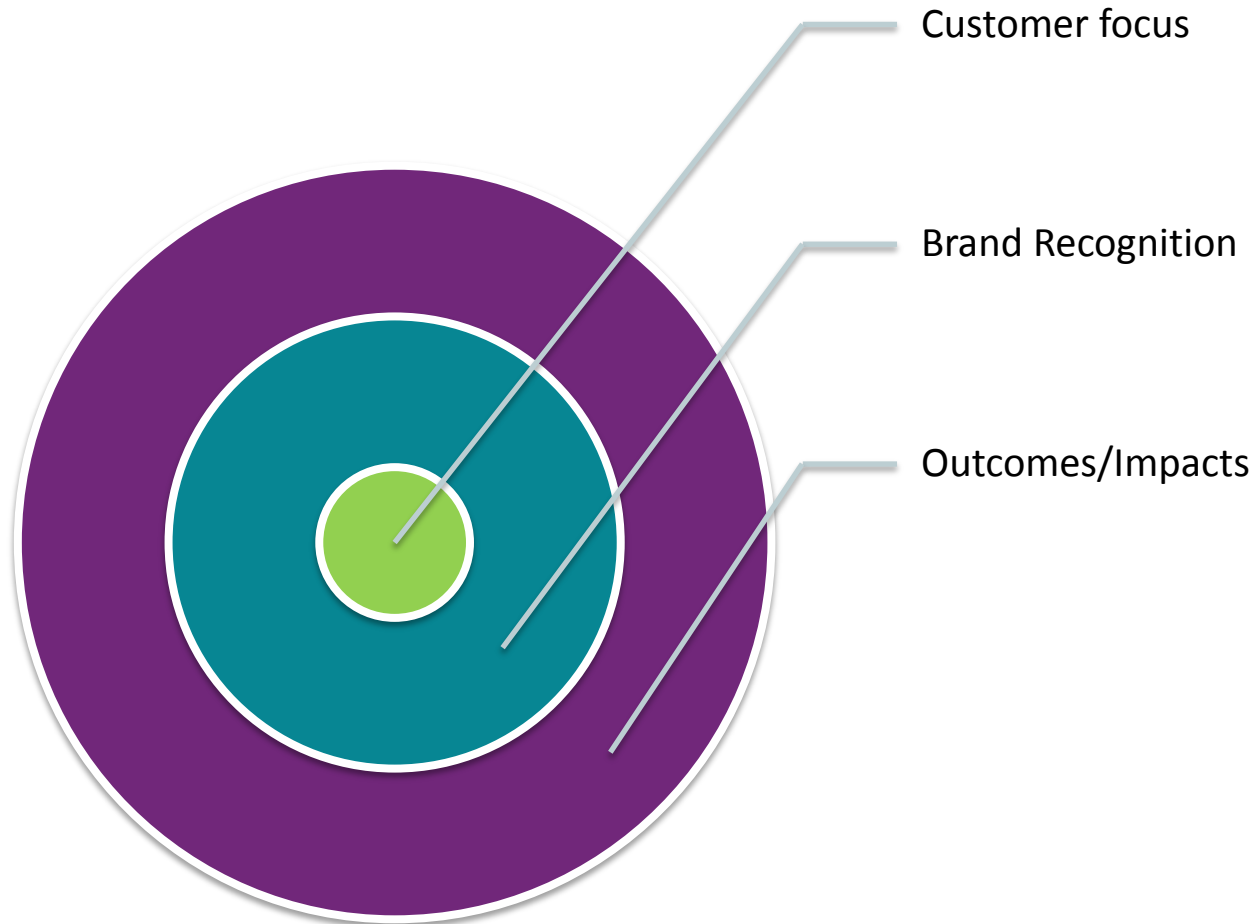


# Pros and cons of LCS indicators cont.

- Composite indicators
  - Cons
    - Sending misleading information
    - Invite to simplistic conclusions
    - Use of weighting can be subject of political dispute
    - May disguise serious failings in some dimensions
  - Pros
    - Can summaries complex, multi-dimensional realities
    - Are easier to interpret than many separate indicators
    - Can assess progress of countries over time
    - Reduce the visible size of indicators
    - Make it possible to include more information
    - Place country performance and progress at the center
    - Facilitate communication with general public
    - Help to nattative for lay and literate audiences
    - Enable user to compare complex dimensions



## 2.4 The role of Official statistics



## 2.5 Challenges and strategies 1

### ■ Challenges

1. Should the NSOs engage in the production of LCS indicators? What are the main opportunities/risks?
2. How should the compilation and the dissemination be organized within the quality framework of official statistics?
3. What role could the NSO play in relation to other organisations producing LCS indicators?
4. How to continue work towards developing/harmonising LCS indicators as part of official statistics?





# Challenges and strategies 2

- Three strategies for NSOs, based on practices;
  - The proactive strategy
    1. Meet user needs and being visible
    2. Availability of methodological expertise
    3. Development of dissemination and communication
  - The pending strategy
    1. Considers producing LCS indicators but wait for more international guidelines and recommendations.
    2. May produce some simple sentiment indicators
  - The non-producing or non-involving strategy
    1. LCS indicators would fall outside the main production and are not seen as any priority of official statistics.





# S-W-O-T analysis cont.

- Strengths
  - The brand of official statistics and general trust in NSOs increases
  - The Global network of NSOs provides an advantage
  - NSOs possess substantial statistical and methodological expertise
  - Producing leading indicators could boost NSOs' image as producers of more timely data
  - LCS production can be made more efficient as established tools/platforms can be used
  - Assessment of other LCS-producers can be made
  - Using international recommendations and methods will improve the quality and comparability of LCSs



# S-W-O-T analysis cont.

- Weaknesses
  - LCS indicators not seen as a priority
  - Statistics restricted to historical data presentation
  - LCS indicators requires solid theoretical frameworks
  - Producing "sentiment indicators" not in line with "objective" statistics
  - Lack of international guidelines
  - Requires specialised competencies or cooperation with researcher/academia
  - LCS indicators may not reach existing quality standards
  - Requires a suitable quality assuring programme for assessment of the LCS indicators
  - Cost for development and regular production may be a restriction for NSOs



## 2.6 S-W-O-T analysis

- Opportunities
  - NSO has a unique role to produce LCS indicators
  - Can reach out to new user groups and gain visibility
  - Increases trust in indicators as a tool for policy making
  - Offer further opportunities for NSO to demonstrate their relevance
  - May lead to better or more use of official statistics already produced
  - The technical development and growing data transformation capacity offers possibilities to produce more complex data.
  - Open for engaging in partnerships with other producers





# S-W-O-T analysis cont.

- Threats
  - Production of LCS may be seen as non-compatible with the objectivity and impartiality of official statistics
  - Risk of misinterpretation and misuse
  - External influences may be a threat to the quality of the indicators
  - Poor performance of LCS indicators may lead to criticism
  - Lack of resources, including budget constraints, may keep NSOs away from LCS indicators





## 2.7 Disseminating and communicating LCS indicators

- Communication crosscutting issue regarding opportunities and threats
- By use of the principles of official statistics, credibility and correct use of LCS can be ensured
- Transparency by making methods available to users
- Web-based applications and platforms important way to communicate LCS indicators





# Research agenda

- Make NSOs aware of the advantages with leading, composite and sentiment indicators as part of the official statistics
- Present more good examples for benchmarking
- Continue work with harmonisation and standardization of models for LCS indicators





# Thank you!



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