



The Netherlands Institute for Social
Research

composite socio-economic indicators

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Outline

- Overview of the chapter
- Remaining challenges (or issues/problems yet to be solved)
- Topics for future work



Overview of the chapter - I

1. Introduction

- 1. Socio-economic concepts*
- 2. Composite indicators*

2. Arguments for and against composite socio-economic indicators

- 1. Pros of composite indicators:*
- 2. Cons of composite indicators:*
- 3. Weighting the pros and cons*



Overview of the chapter - II

3. Steps for constructing composite socio-economic indicators

1. *Using a conceptual model*
2. *Selecting domains and variables*
3. *Data treatment*
4. *Multivariate analysis*
5. *Normalisation of data*
6. *Weighting and aggregation*
 1. *Issues to be addressed*
 2. *Weighting approaches*
7. *Robustness and sensitivity*
8. *Index validity and links to other variables*



Overview of the chapter – IV

Conclusions/recommendations

Conclusion 6-1: pros and cons of a composite socio-economic indicator

It is important to combine both worlds, that is, to present the composite indicator, as well as the separate indicators.

Recommendation 6-1: steps for constructing composite socio-economic indicators

Several steps are to be taken in the construction of composite socio-economic indicators

Recommendation 6-2: on dissemination

One cannot expect one single figure to tell the entire story of a complex phenomenon



Remaining challenges

- Reaching full/more agreement on which domains and indicators to measure
- Building time series to track trends over time
- Have/keep stakeholders involved (governments as well as the general public)
- Getting as much attention as GDP



Topics for future work

- Which way of weighting is best in what circumstances
- Theory building
- Explore relation between objective and subjective measures



Questions?

Thank you!