

How Reliable are Income Data Collected with a Single Question?

John Micklewright and Sylke V. Schnepf

University of Southampton

Income is a key potential correlate for many phenomena in the social sciences. But numerous surveys collect data with only a single question on all forms of income. The data are typically banded, respondents being asked to indicate an interval in which their total income lies. We investigate the quality of such data using two UK surveys as examples, the ONS Omnibus survey and the British Social Attitudes (BSA) survey. We compare the distribution of income in these surveys (individual in the Omnibus and household in the BSA) with those in the Family Resource Survey (FRS) and the Expenditure and Food Survey (EFS), both much larger surveys that measure income in much greater detail. Second, by imposing the Omnibus income bands on EFS data, we assess the impact of the loss of information implied by collection of banded data, including the effect on estimated income coefficients and their standard errors in regression models of expenditure in which band mid-points are used (a common practice with such data). Third, we investigate the implication of the Omnibus survey's restriction to individual income, another common feature of data collection in many surveys. If only one adult per household is interviewed and asked about their individual income, total household income in the household is unobserved. We examine the relationship between individual and household income in the FRS. Disaggregation by gender proves fruitful in much of the paper's analysis.

Contact author: John Micklewright (jm4@soton.ac.uk)