Composite Indicators as a Tool for Better Understanding of Socio-Economic Development

Monica Nelson Edberg
Statistics Sweden

Paper Abstract:

Demand for a more focused presentation of statistical indicators for socio-economic indicators such as well-being has increased during the last decade. The main reasons behind this are an increased complexity in economic and social development as well as an aim to link micro data to macro data.

The System of national accounts (SNA) forms a solid base for indicators, with links to microeconomic statistics. SNA can be used as a base for the construction of indicators for both economic and socio-economic use. As these indicators tend to be complex the calculation and dissemination of these must be made clear and transparent, to help users in the interpretation of data. This can be done by the use of dash-boards or by the construction of composite indicators.

The UNECE TF on Leading, Coincident and Sentiment indicators (LCS) aims to give advice to National Statistical Office (NSO): s of how to use composite indicators in a simple and transparent way. By standardizing the NSO use of models for composite indicators comparison between countries will also be made easier for users. By the use of composite indicators it is possible to find changes in trends for economic and socio-economic indicators, such as wellbeing trends and cross-national differences at an earlier stage.