

## *Chapter 2*

# **Interpreting OECD Social Indicators**

## The purpose of *Society at a Glance*

*Society at a Glance 2011* provides a broad picture of social outcomes and social responses across the OECD. It informs responses to two questions:

- Compared with their own past and with other OECD countries, what progress have countries made in their social development?
- How effective have been the actions of societies in furthering social development?

Assessing societal progress requires indicators covering a range of social outcomes across countries and time, for example in material well-being, education and health, as well in terms of social interactions.

Societies try to influence social outcomes through government policy. A critical issue is whether policies are effective in achieving their aims. A first step is to compare the resources intended to change outcomes across countries and contrast them with social outcomes. A second, often more informative step, is to compare *changes* in resources to *changes* in social outcomes, since this approach factors out unchanging country-specific factors which may influence both resources and outcomes observed at a point in time.

## The framework of OECD social indicators

The structure applied here has been informed by experiences in policy and outcome assessment in a variety of fields. The structure applied here is not a full-scale social indicators framework. But it is more than a simple list of indicators. It draws, in particular, on the OECD experience with environmental indicators. These indicators are organised in a framework known as “Pressure-State-Response” (PSR).<sup>1</sup> In this framework human activities exert *pressures* on the environment, which affect natural resources and environmental conditions (*state*), and which prompt society to respond to these changes through various policies (*societal response*). The PSR framework highlights these sequential links which in turn helps decision makers and the public see interconnections that are often over-looked.

A similar approach for social indicators is followed in this report. Indicators are grouped along two dimensions. The first dimension considers the *nature* of these indicators, grouping them in three areas:

- **Social context** refers to variables that, while not usually direct policy targets, are crucial for understanding the social policy context. For example, the proportion of elderly people to working age people is not a policy target. However, it is relevant information on the social landscape in which, for example, health, taxation or pension policy responses are made. Unlike other indicators, in most cases and for most countries, trends in social context indicators cannot be unambiguously interpreted as desirable or undesirable.
- **Social status** indicators describe the social outcomes that policies try to influence. These indicators describe the general conditions of the population. Ideally, the indicators chosen are ones that can be easily and unambiguously interpreted – all countries would rather have low poverty rates than high ones, for example.

- **Societal response** indicators provide information about what society is doing to affect social status indicators. Societal responses include indicators of government policy settings. Activities of non-governmental organisations, families and broader civil society are also societal responses. By comparing societal response indicators with social status indicators, one can get an initial indication of policy effectiveness, the more so when *changes* are considered.

While social indicators are allocated to one of the three groups above, the allocation between context and status categories is not always straightforward. For example, fertility rates may be a policy objective in some countries, while in others they are simply part of the overall context of social policy. Similarly, legal marriage may be a policy aim in some countries, whereas it may not be a policy concern in others.

An important limitation of the social context, social status and social response indicators used here is that these are presented at a national level. For member countries with a significant degree of federalism, such as Australia, Canada, Germany or the United States, indicators may not fully reflect regions within the federation, who may have different contexts, outcomes and social responses. This limitation should always be borne in mind in considering the indicators presented in this report.

The second dimension of the OECD framework groups indicators according to the broad policy fields that they cover. Four broad *objectives* of social policy are used to classify indicators of *social status* and *social response*:

- **Self-sufficiency** is an underlying social policy objective. Self-sufficiency is promoted by ensuring active social and economic participation by people, and their autonomy in activities of daily life.
- **Equity** is another common social policy objective. Equitable outcomes are measured mainly in terms of access by people to resources.
- **Health status** is a fundamental objective of health care systems, but improving health status also requires a wider focus on its social determinants, making health a central objective of social policy.
- **Social cohesion** is often identified as an over-arching objective of countries' social policies. While little agreement exists on what it means, a range of symptoms are informative about *lack* of social cohesion. Social cohesion is positively evident in the extent to which people participate in their communities or trust others.

## The selection and description of indicators

OECD countries differ substantially in their collection and publication of social indicators. In selecting indicators for this report, the following questions were considered.

- What is the degree of indicator comparability across countries? This report strives to present the best comparative information for each of the areas covered. However the indicators presented are not confined to those for which there is “absolute” comparability. Readers are, however, alerted as to the nature of the data used and the limits to comparability.
- What is the minimum number of countries for which the data must be available? This report includes only indicators that are available for two thirds or more of OECD countries.
- What breakdowns should be used at a country level? Social indicators can often be decomposed at a national level into outcomes by social sub-categories, such as people's age, gender and family type. Pragmatism governs here: the breakdowns presented here vary according to the indicator considered, and are determined by what is readily available.

Chapters 4 to 8 describe the key evidence. Some of these indicators are published in other OECD publications on a regular basis (e.g. *Social Expenditure Database* and *OECD Health Data*). Others have been collected on an *ad hoc* basis. Yet others involve some transformation of existing indicators.

Throughout this volume, the code associated with each indicator (e.g. GE1) is used to relate it to a policy field (as listed in the tables below), while a numbering of the indicators is used to simplify cross-references. While the name and coding of indicators used in this volume may differ from those in previous issues of *Society at a Glance*, an effort is made to assure continuity in the areas covered.

### General social context indicators (GE)

When comparing social status and societal response indicators, it is easy to suggest that one country is doing badly relative to others, or that another is spending a lot of money in a particular area compared with others. It is important to put such statements into a broader context. For example, national income levels vary across OECD countries. If there is any link between income and health, richer countries may have better health conditions than poor ones, irrespective of societal responses. If the demand for health care services increases with income (as appears to be the case), rich countries may spend more on health care (as a percentage of national income) than poorer countries. These observations do not mean that the indicators of health status and health spending are misleading. They do mean, however, that the general context behind the data should be borne in mind when considering policy implications.

General context (GE) indicators, including fertility, migration, family and the old age support rate, provide the general background for other indicators in this report. Household income is a social outcome in its own right, giving an indication of the material well-being of family members, as well as a contextual variable.

Table 2.1. List of general context indicators (GE)

GE1.	Household income
GE2.	Fertility
GE3.	Migration
GE4.	Family
GE5.	Old age support rate

### Self-sufficiency (SS)

For many people, paid employment (SS1) provides income, identity and social interactions. Social security systems are also funded by taxes levied on those in paid employment. Thus promoting higher paid employment is a priority for all OECD countries. Being unemployed (SS2) means that supporting oneself and one's family is not always possible. Student performance (SS3) signals an important dimension of human capital accumulation, measured towards the end of compulsory education in most countries. Good student performance enables longer term self-sufficiency, including in paid employment. The number of years people spend on a pension is a societal response, determined by age of pension eligibility, to issues of self-sufficiency in old age (SS4). A major societal response to enable people to become self-sufficient is public and private expenditure in education (SS5).

Table 2.2 lists the chosen indicators of social status and societal response for assessing whether OECD countries have been successful in meeting goals for assuring the self-sufficiency of people and their families.

**Table 2.2. List of self-sufficiency indicators (SS)**

Social status	Societal responses
SS1. Employment	SS4. Pensionable years
SS2. Unemployment	SS5. Education spending
SS3. Student performance	
<i>EQ1. Income inequality</i>	<i>EQ4. Leaving low income from benefits</i>
<i>EQ2. Poverty</i>	<i>EQ5. Social spending</i>
<i>EQ3. Income difficulties</i>	

Note: Indicators in italics are those that, while presented in another sub-section, are also relevant for an assessment of self-sufficiency.

### Equity (EQ)

Equity has many dimensions. It includes the ability to access social services and economic opportunities, as well as equity in outcomes. Opinions vary as to what exactly entails a fair distribution of opportunities or outcomes. Additionally, as it is hard to obtain information on all equity dimensions, the *social status* equity indicators presented here are limited to inequality in financial resources.

Income inequality (EQ1) is a natural starting point for considering equity across the whole of society. Often however, policy concerns are more strongly focussed on those at the bottom end of the income distribution. Hence the use of poverty measures (EQ2), in addition to overall inequality. Consideration of whether people can get by on their current income (EQ3) is an alternative measure of equity, incorporating an important subjective, individually determined indicator to complement the more objective, externally driven measures of EQ1 and EQ2. The ease of leaving low income for those on welfare benefits of last resort is an important factor in assessing the policy context for mobility at the bottom of the income distribution (EQ4). Social protection is a major tool through which countries respond to equity concerns. All OECD countries have social protection systems that redistribute resources and insure people against various contingencies. These interventions are summarised by public social spending (EQ5). Equity indicators are clearly related to self-sufficiency indicators. Taken together, they reveal how national social protection systems address the challenge of balancing adequate provision with system sustainability and promotion of citizens' self-sufficiency.

**Table 2.3. List of equity indicators (EQ)**

Social status	Societal responses
EQ1. Income inequality	EQ4. Leaving low income
EQ2. Poverty	EQ5. Social spending
EQ3. Income difficulties	
<i>SS1. Employment</i>	<i>HE5. Health spending</i>
<i>SS2. Unemployment</i>	
<i>SS3. Student performance</i>	

Note: Indicators in italics are those that, while presented in another sub-section, are also relevant for an assessment of equity outcomes.

## Health (HE)

The links between social and health conditions are well-established. Indeed, educational gains, public health measures, better access to health care and continuing progress in medical technology, have contributed to significant improvements in health status, as measured by life expectancy (HE1). To a significant extent, life expectancy improvements reflect lower infant mortality (HE2). Often the health focus is on physical health, with more subjective psychological population-based indicators of health, such as positive and negative experiences (HE3), overlooked.<sup>2</sup> This lacuna is partly because of measurement and data problems. Yet psychological health is important for overall well-being. Having access to satisfactory air and water quality, a dimension of the local environment, is an important and often neglected part of healthy living (HE4). Health spending (HE5) is a more general and key part of the policy response of health care systems to concerns about health conditions. Nevertheless, health problems can sometimes have origins in interrelated social conditions – such as unemployment, poverty, and inadequate housing – beyond the reach of health policies. Moreover, more than spending levels *per se*, the effectiveness of health interventions often depends on other characteristics of the health care system, such as low coverage of medical insurance or co-payments, which may act as barriers to seeking medical help. A much broader range of indicators on health conditions and interventions is provided in *OECD Health Data* and in *Health at a Glance*, a biennial companion volume.

Table 2.4. **List of health indicators (HE)**

Social status	Societal responses
HE1. Life expectancy	HE5. Health spending
HE2. Infant mortality	
HE3. Positive and negative experiences	
HE4. Water and air quality	
	<i>EQ5. Public social spending</i>

Note: Indicators in italics are those that, while presented in another sub-section, are also relevant for an assessment of health outcomes.

## Social cohesion (CO)

Promoting social cohesion is an important social policy goal in many OECD countries. However, because there is no commonly-accepted definition of social cohesion, identifying suitable indicators is especially difficult. In *Society at a Glance 2011* considerable effort has been made to find better indicators of social cohesion.

A general measure of trust in other people (CO1) may indicate the degree to which economic and social exchange is facilitated, enhancing well-being and facilitating socially beneficial collective action. A cohesive society is one where citizens have confidence in national-level institutions and believe that social and economic institutions are not prey to corruption (CO2). Pro-social behaviour is behaviour which contributes to the positive functioning of society, such as giving money, time or helping strangers. Anti-social behaviour, typically criminal, is the contrary (CO3). High voter turnout indicates a country's political system enjoys a strong degree of participation, enabling its effectiveness and reflecting a broad public consensus about its legitimacy (CO4). The degree of community acceptance of various minority groups measures social cohesion between traditional

majorities and those often historically considered to be outsiders (CO5). It is difficult to identify directly relevant and comparable response indicators at a country level on social cohesion issues. Policies that are relevant to other dimensions of social policy (self-sufficiency, equity and health) may also influence social cohesion.

Table 2.5. **List of social cohesion indicators (CO)**

Social status	Societal responses
C01. Trust	
C02. Confidence in social institutions	
C03. Pro- and anti-social behaviour	
C04. Voting	
C05. Tolerance	
<i>EQ1. Income inequality</i>	
<i>EQ2. Poverty</i>	

Note: Indicators in italics are those that, while presented in another sub-section, are also relevant for an assessment of social cohesion outcomes.

## What can be found in this publication

In each of the five domains covered in Chapters 4 to 8 of this report, each of the five indicators chosen provides a page of text and a page of charts. Both charts and text generally follow a standardised pattern. Both text and charts address the most recent headline indicator data, with countries ranked from highest to lowest performer. Changes in the indicator over time are then considered on a chart to the right. By providing a standardised introduction and opening charts for each of the 25 indicators, interpretation is facilitated. The choice of the time period over which change is considered is partly determined by data constraints. However, ideally changes are examined over: 1) the last generation, to compare how society is evolving in the longer term; or 2) over the period of the current economic crisis (typically between 2007-09), so the extent to which recent adverse economic events are influencing social indicators can be studied. The text and charts consider interesting alternative breakdowns of the indicator, or relationships with other social outcomes or policies. Cross-plot charts with an added regression line show a statistically significant relationship at 5% or better. No added line means that there is no statistical significance at a 5% level for cross-plots.

Some focus is put on a common theme across indicators which cross-plots are considered. A recent influential publication has claimed that income inequality is the “glue” tying social indicators together in rich countries (Wilkinson and Pickett, 2009). Because *Society at a Glance 2011* has high quality data on income distribution from the OECD’s *Growing Unequal?* project for a large number of member countries, this hypothesis can be examined for levels and for changes in levels of income and income inequality for a number of the indicators presented here.

Finally, a boxed section on “Definition and measurement” provides the definitions of data used and a discussion of potential measurement issues.

The data underlying each indicator are available on the OECD website ([www.oecd.org/els/social/indicators/sag](http://www.oecd.org/els/social/indicators/sag)), or by typing or clicking for “electronic books” on the “StatLink” at bottom right of each indicator (where data for more countries are also available).

### Notes

1. The PSR framework is itself a variant of an approach which has also given rise to the “Driving force-State-Response” (DSR) model used by the United Nations Committee for Sustainable Development; and the “Driving force-Pressure-State-Impact-Response” (DPSIR) model used by the European Environment Agency.
2. Similar measures of positive mental health and life satisfaction have been used as broad mental health indicators in recent Canadian and Scottish government reports (Canadian Institute for Health Information, 2009; Taulbut et al., 2009), as well as being covered in recent work establishing a comprehensive health monitoring system in the European Union (Korkeila et al., 2003).

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