

## *Chapter 2*

# **Interpreting OECD social indicators**

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

## The purpose of *Society at a Glance*

*Society at a Glance* 2014 aims to address the growing demand for quantitative evidence on the social situation, its trends, and its possible drivers across OECD countries. One objective is to assess and compare social outcomes that are currently the focus of policy debates. Another is to provide an overview of societal responses, and how effective policy actions have been in furthering social development. This edition of *Society at a Glance* discusses policy actions in response to the recent and on-going financial, economic and fiscal crisis. Indicators of policy responses are therefore a particular focus.

The indicators are based on a variant of the “Pressure-State-Response” framework that has also been used in other policy areas [United Nations (1997), *Glossary of Environment Statistics*, Studies in Methods, Series F, No. 67, New York]. This groups indicators into three areas:

- “Social context”: refers to general indicators that, while not usually direct policy targets are relevant information for understanding the social landscape. An example is the proportion of elderly people to working age people.
- “Social status”: describes the social outcomes that policies try to influence. Ideally, the selected indicators can be easily and unambiguously interpreted. As an example all countries would rather have low poverty rates than high ones.
- “Societal response”: provides information about measures and activities to affect social status indicators. Examples are governmental policies, but also activities of NGOs, families and broader civil society.

In addition, the framework used in *Society at a Glance* groups social status and societal response indicators according to the broad policy fields they cover:

- “self-sufficiency”
- “equity”
- “health status” and
- “social cohesion”.

A related OECD publication, *How's Life? Measuring Well-being*, presents a large set of well-being indicators, with an aim to give an accurate picture of societal well-being and progress. Compared with *Society at a Glance*, *How's Life* uses a broader set of outcome measures but excludes indicators of policy responses. In addition, the special chapter in *Society at a Glance* provides policy analysis and recommendations.

OECD countries differ substantially in their collection and publication of social indicators. In selection of 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 primary indicators that are available for two thirds 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 vary according to the indicator considered, and are determined by what is readily available.

Chapters 3 to 7 describe the key evidence. Some of these indicators are published by the OECD on a regular basis (e.g. Social Expenditure Database and OECD Health Statistics). Others have been collected on an ad hoc basis. Yet others involve some transformation of existing indicators.

## The selection and description of indicators

### General context indicators

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. General context indicators including household income, fertility, migration, family and the old age support rate, provide the general background for other indicators in this report (see Chapter 3).

Table 2.1. **List of general context indicators**

Household income
Fertility
Migration
Family
Old age support rate

### Self-sufficiency indicators

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. A selection of indicators is shown in Chapter 4.

For many people, paid employment provides income, identity and social interaction. 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. To be *unemployed* means that supporting oneself and one's family is not always possible. The rate of youth neither in employment, education nor training, NEETs, signals an important dimension of hampered human capital accumulation, measured towards the end of compulsory education in most countries. High NEET rates not only reduce self-sufficiency among young people, but can also more permanently reduce their possibility to establish in paid employment. The number of *expected years in retirement* is a societal response, determined by employment among older people and age of pension eligibility, to issues of self-sufficiency in old age. A major societal response to enable people to become self-sufficient is public and private *expenditure in education*.

The table below lists the chosen indicators 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**

Social status	Societal responses
Employment	Expected years in retirement
Unemployment	Education spending
NEETs	

### Equity indicators

Equity is another common social policy objective. Equitable outcomes are measured mainly in terms of access by people to resources.

Equity has many dimensions (Chapter 5). 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* 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, in addition to overall inequality. Consideration of guaranteed minimum income benefits shows financial support and obtainable living standard for low-income families. This indicator of *living on benefits* complements the more general measures of income inequality and poverty. All OECD countries have social protection systems that redistribute resources and insure

people against various contingencies. These interventions are summarised by public *social spending*. 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. In periods with high unemployment, cash transfers for working-age people are a major income safety net (*recipients of out-of-work benefits*).

**Table 2.3. List of equity indicators**

Social status	Societal responses
Income inequality	Social spending
Poverty	
Living on benefits	
Recipients of out-of-work benefits	

### Health indicators

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 (Chapter 6).

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*. Often the health focus is on objective health indicators. More subjective population-based indicators of health, such as *perceived health status* can be important to assess overall well-being. *Suicide* give additional information about health and societal challenges, since there are a complex set of reasons why some people commit suicide. *Health expenditure* is a more general and key part of the policy response of health care systems to concerns about health conditions. *Coverage for health care* gives additional information about the access to health care.

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 Statistics* and in *Health at a Glance*.

**Table 2.4. List of health indicators**

Social status	Societal responses
Life expectancy	Health expenditure
Perceived health status	
Suicide	
Coverage for health care	

### Social cohesion indicators

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 feel safe (Chapter 7).

Life satisfaction is determined not only by economic development, but also by the diverse experiences and living conditions. One of these experiences can be the degree of tolerance and social cohesion between traditional majorities and those often historically considered to be outsiders. A cohesive society is one where citizens have confidence in institutions and believe that social and economic institutions are not prey to corruption. A general measure of safety and crime may indicate the degree to which economic and social exchange is facilitated, enhancing well-being and facilitating socially beneficial collective action. One way of helping others can be donations to charities, voluntary work or help to a stranger.

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**

Social status	Societal responses
Life satisfaction	
Tolerance	
Confidence in institutions	
Safety and crime	
Helping others	

### What can be found in this publication

In each of the five domains covered in Chapters 3 to 7 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. The choice of the time period over which change is considered is partly determined by data constraints. However, ideally changes are examined: 1) over 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 2007-08), so the extent to which recent adverse economic events are influencing social indicators can be studied.

Finally, a box 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/social/societyataglance.htm](http://www.oecd.org/social/societyataglance.htm)), 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).

**Further reading**

OECD (2013), *How's Life? 2013: Measuring Well-being*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264201392-en>.

United Nations (1997), *Glossary of Environment Statistics*, Studies in Methods, Series F, No. 67, New York.



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