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Accounting for sampling design in the SHIW

by Ivan Faiella

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ACCOUNTING FOR SAMPLING DESIGN IN THE SHIW

by Ivan Faiella*

Abstract

This paper analyses how sampling design affects variance estimates and inference using the data collected by the Survey on Household Income and Wealth (SHIW). The SHIW combines three basic features: stratification, clustering, and weighting to correct for unequal probabilities of selection among sampling units. A model to assess variance is presented and a Jackknife Repeated Replication method is employed to estimate variance. Empirical evidence shows that: 1) simple random sampling formula for variance underestimates by a factor of between 3 and 2 the estimates that take into account all the design features; 2) the bias of unweighted estimates may be fairly substantial; 3) all these factors can seriously mislead inference based on SHIW data.

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* Bank of Italy, Economic and Financial Statistics Department.

Acronyms

- BR** Bias ratio.
- BRR** Balanced repeated replications.
- BRS** Rescaling bootstrap.
- Deff** Design effect.
- Deft** Square root of the Deff.
- Epsem** Equal probability selection method.
- fpc** Finite population correction.
- GVF** Generalized variance function.
- HT** Horvitz-Thompson estimator.
- JRR** Jackknife repeated replications.
- Meff** Misspecification effect.
- Meft** Square root of the Meff.
- MSE** Mean square error.
- NSRU** Non-self-representing Unit.
- PPS** Probability proportional to size selection method.
- PSU** Primary sampling unit. Cluster of population elements.
- RHO** Rate of homogeneity. A measure of intra-cluster correlation.
- RMSE** Square root of the mean square error.
- SECU** Standard error computation unit.
- SHIW** Survey on Household Income and Wealth.
- SRS** Simple random sampling without replacement.
- SRU** Self-representing unit.
- URS** Uniform random sampling. Simple random sampling with replacement.

1 Introduction

Standard statistical analysis generally does not take sampling design into account, thus neglecting important features of survey data. Many statistical methods are developed assuming that sample information comes from a population model where the sampling scheme plays no role (Chambers and Skinner 2003).

In particular, sampling variability cannot be properly assessed under the hypothesis that survey variables are independently and identically distributed across all possible samples (i.e. they follow an *iid* process). This implies that survey data come from a sample obtained through Simple Random Sampling (SRS) with replacement (also known as Uniform Random Sampling - URS). Sample design typically involves specific techniques such as clustering and stratification which, if ignored, generally lead to inaccurate estimation of the variance.

Furthermore, when the process of sample selection and the response mechanism is *not ignorable*,¹ univariate and multivariate analyses disregarding survey weights can be biased.

The impact exerted by these three factors (clustering, stratification and weighting) on the variance estimates differs according to the estimator, but has some common features (Purdon and Pickering 2001):

- the effect of stratification is a reduction in sampling variance;
- the effect of clustering is an increase in sampling variance;
- the effect of weighting is generally a reduction in bias and an increase in sampling variance.

These features of sampling design must be taken into account in evaluating the variance of the estimator of interest. Straightforward formulas are available in sampling textbooks only for simple estimators, such as totals, and simple designs. As two seminal papers of Frankel (1971) and Kish and Frankel (1974) show, more difficult problems arise when the objective of the research is to assess the variance of non-linear estimators such as ratios, linear regression coefficients and order statistics in presence of complex designs.

¹If the selection of the theoretical sample and the response mechanism that leads to the actual sample depend only on the observed data, the design is *ignorable*. More formally, given the definition of a ξ model to estimate a parameter θ , the concept of design ignorability implies that, under ξ model validity, the data collection process and response mechanism do not provide any additional information to estimate θ (for an analytical description see Chapter 7 of Gelman et al. 2003).

Many of these problems, however, have lately found solutions shared by the statistical community (see Binder 1983; Rust, 1985; Wolter, 1985). Moreover, the increasing computational power of modern PCs and the availability of several survey software packages (e.g. R, Stata and SAS) greatly help the analyst to properly compute the variance of the estimators.

The objective of the present study is to assess how ignoring sampling design can affect the results of statistical inference regarding univariate and multivariate statistics, using data collected from the Survey on Household Income and Wealth (SHIW).

For this purpose, a flexible strategy to estimate sampling variance is required in order to assess properly the statistical reliability of a wide class of estimators. A model to assess variance is presented and the *Jackknife Repeated Replication* is suggested as a strategy for variance estimation. Empirical evidence shows that:

- SRS formula for variance underestimates by a factor of between 3 and 2 the estimates that take into account all the design features.
- In the majority of cases, the increase in bias associated with unweighted estimates is not compensated for by the decrease in the standard errors
- When one takes into account all the design features, the effective coverage probabilities of the estimators are lower than the nominal threshold.²
- For regression models, the increase in the standard errors that include information on sampling design can reverse the significance level of some coefficients.

The study is structured as follows. Section 2 describes the main features of complex surveys and their impact on inference. Section 3 introduces a strategy for variance estimation for SHIW data and evaluates the effect of disregarding sampling information in computing the confidence intervals of the estimators. Finally, the main conclusions are drawn.

2 Features of complex surveys

The purpose of sample surveys is to obtain an estimate of a population parameter from the sample. If the sample is a probability sample – i.e. if

²This implies that, from a statistical point of view, confidence intervals built using SRS formula for variance are not *valid* (Särndal, Swensson, and Wretman 1992).

all the population units have a non-zero probability to be included – and if it is *measurable*, it is possible to determine the sampling distribution of the estimator.³ When households are the target population, for example because we want to study their average income, expenditure or wealth, information is typically collected through complex surveys.

In fact, the use of SRS is often unpractical and uneconomical: frequently there are no lists that exactly enumerate all the units of the population. Apart from the several problems afflicting such a list, if it exists at all, (blanks, duplications, etc., see Groves et al. 2004), it may not be economically sustainable to sample statistical units directly. Large-scale surveys are then generally based on *cluster sampling*. Under this design, a cluster of element is selected (*primary sampling unit* - PSU), and from the selected clusters a sub-sample of elements or of other clusters (in case of *multi-stage design*) is drawn. The PSUs are usually divided into mutually exclusive *strata* before the selection in order to reduce sampling variability and to control for certain domains of analysis.⁴

Schematically, complex surveys have some common features (Lohr 1999):

1. Mainly for cost-effectiveness they sample *clusters* of elements. For example, they sample municipalities or counties and then households or individuals pertaining to the cluster (*multi-stage sampling*).
2. They employ stratification of the clusters to mimic certain population sub-groups within the population.
3. Clustering, stratification and the response process implies that in the end statistical units are selected into the sample with unequal probabilities. Furthermore, unequal probabilities of selection can also reflect the response process or are implied by the design when clusters are not proportionally allocated to the strata, due to the oversampling of some sub-classes, or are sampled with probability proportional to cluster size (*PPS sampling*) in order to reduce sampling error. With these procedures the use of weight is required to obtain unbiased estimators.

³A sample is *measurable* if an unbiased estimate of the sampling variance can be derived from the variability observed between units within the sample. See Särndal et al (1992), Chapter 14.3.

⁴Intuitively, stratification reduces the possibility to draw samples that are “very different” from the survey population. The choice of how allocate the sample units to the strata is essential to maximize the gain of efficiency of this sampling strategy.

2.1 Variance estimation for complex sample survey data

The analysis of survey data involves the estimation of one or more population parameters (e.g. totals, means, regression coefficients, etc.). An estimator of the variance is required in order to assess the statistical reliability of the point estimates through the construction of confidence intervals.^{5 6}

Most of the statistical methods implies that survey data come from a sample obtained through URS.

Under URS design the variance of the sampling mean \bar{y} can be estimated through:

$$var(\bar{y}) = \frac{1}{n} s^2. \quad (1)$$

According to (1) the sampling variance of an estimator depends upon two factors:

1. The sample size n ;
2. The sampling element variance s^2 .

As previously mentioned, however, samples are selected from finite populations and SRS is almost never used.

Neglecting the finite population correction⁷ has often a small impact on the estimates because in large sample surveys - such as household surveys - the sample is a negligible fraction of the population.

The impact of implementing a complex survey design is potentially greater. In particular, the consequence of sampling clusters instead of elements is an increase in the variance of the estimators for two main reasons:

1. the number of independent choices is reduced because the randomization process is based on clusters and not on elements (with a loss of degrees of freedom);

⁵The importance of the subject for official statistics is confirmed by a Eurostat publication focusing on variance estimation strategies (Eurostat 2002).

⁶In the presence of *item non-response*, a further variance component to be assessed, not considered in the present study, is the one induced by the process of imputation. See for example Särndal and Lundström (2005), Chapter 13.

⁷The *finite population correction* is the reduction of sampling variance due to the fact that sampling is *without replacement*. (1) is then multiplied by $(1 - \frac{n}{N})$. Not considering this factor greatly simplifies variance formula and produces more conservative variance estimates (i.e. positively biased).

2. the distribution of the elements in each cluster is not at random because, within a cluster, environmental and socio-economic factors induce an aggregation of elements with similar characteristics. This positive intra-cluster correlation (also popularized as *rate of homogeneity* – *rho* – by Kish, 1965) reduces the effective size of the sample because acquiring data on more elements of the same cluster does not increase proportionally the amount of information on the object of study.

Note that in a *multi-stage* sampling framework the *sampling error computing units* (SECUs) are the PSUs only. These are known as *ultimate clusters* and, in the presence of small sampling fractions in the subsequent stages, they provide all the necessary information about the variance of the sampling process.⁸

To begin with, computing the variance requires a variance model. This means that we have to include all the features of the selection process in the relevant formula (i.e. stratum and PSU IDs). Then a method, possibly with optimality properties, can be applied as a feasible way to obtain variance estimates.

2.1.1 Strategies to estimate sampling variance

To obtain estimates for the variance of estimators in a complex survey framework, two broad strategies are suggested: the *linearization method* and the *replication-based method*.

According to the former, non-linear estimators are expressed as a function of linear estimators (such as totals) and the delta method is then applied to obtain a biased but consistent estimate of the variance.⁹ This method has the advantage of providing an analytical formula for the variance, but it requires computation of numerical derivatives (for the first order Taylor expansion) and rests on the hypothesis that higher order terms are negligible.¹⁰

⁸“ [...] from the values of the primary variates y_α alone we can compute the entire variance, including both the between-cluster and within-cluster components of variation.” (Kish, 1965, p.158).

⁹Both the bias and the variance are characteristics of an estimator and not of one of its possible realizations (i.e. the estimate). In what follows I adhere to the interpretation of Särndal et al (1992), p. 41, indicating for biased estimate “an estimate calculated from an estimator that is biased”.

¹⁰As pointed out by Wolter, a statement about the order of the “remainders” is possible only in the context of infinite populations. For finite populations an evaluation of the order of higher Taylor terms is possible only under the hypothesis of a superpopulation model (Wolter 1985).

Replication methods rest on the idea of selecting k samples from the population (*replicates*) by sub-sampling the original sample and computing the estimates of interest for each sub-sample. The variance can then be computed as a measure of the deviance of the k -th estimate from the estimate for the original sample (an average of the estimates across the k replicates or the value of the estimate for the whole sample). Among the random group methods, two are usually adopted to estimate variance within complex surveys: the *Jackknife Repeated Replications* (JRR) and the *Balanced Repeated Replications* (BRR)(Rust 1985).

Table 1. Replication methods for complex surveys

	JRR	BRR
Step1	Delete a PSU from the first stratum: this is equivalent to zero-weighting it	Delete a PSU from strata according to a Hadamard matrix: this is equivalent to zero-weighting the deleted PSU
Step2	Increase the weight of the other PSUs in the stratum by (PSU in the stratum)/(PSU in the stratum - 1)	Increase the weight of the other PSUs in the stratum by 2
Step3	Compute the statistic of interest with the set of replicated weights	
Step4	Compute the deviance (sum of squared distances) from each replicate statistic (step 3) from the total sample statistic	
Step5	Multiply the deviance by the factor (replicates-1)/(replicates)	Divide the deviance by the number of replicates

The difference between the two techniques lies in how sub-samples are drawn. The BRR implies that, for variance computation, there are two PSUs per stratum; in each replication a cluster is selected from a given stratum according to a pattern that ensures “balanced replicates” using a Hadamard matrix (for details see Wolter, 1985, Chapter 3).¹¹ The JRR uses a drop-out procedure: in each replication it drops a cluster from a given stratum, appropriately re-weighting the remaining clusters in the same stratum, a method also known as JK_n jackknife.

Another replication method widely used in practice is the *Bootstrap*. This method needs to be properly modified to deal with survey data (*Rescaling*

¹¹A Hadamard matrix has columns pairwise orthogonally and gives a pattern such that the variance estimated with the BRR has equal asymptotic properties to the same estimator evaluated over all the possible $2^{\#of\ strata}$ samples.

Bootstrap - BRS (Rao and Wu 1984). The method is not treated here because it does not possess good empirical properties. In a simulation study comparing linearization and the replication methods (JRR, BRR and two modified Bootstrap methods), Shao and Tu (1995) conclude that

Overall, the linearization and the jackknife variance estimators have the best performance; the BRR variance estimator is the second best; and the BRS variance estimators are the worst [p.252] [...] Furthermore, the bootstrap variance estimator usually requires more computations than the jackknife or the BRR [p.281].

The linearization and replication methods present similar features: they provide biased estimates of the variance, the order of the bias being usually negligible for large samples (the bias of replication methods depends on the number of replications), but the Taylor expansion method generally shows a lower mean square error (MSE); on the other hand, replication methods have a better performance in terms of confidence intervals and coverage probabilities (Wolter 1985, Chapter 8). Since both methods produce basically the same results, they can be used interchangeably according to the nature of the estimator¹² and the software procedures available.¹³

An indirect way to assess the variance of an estimator using complex survey data is the Generalized Variance Function approach (GVF). It consists in estimating the variance through an analytical relation that links the expected value of the estimator with its variance. This relation can be estimated using data on previous surveys or it can be computed for a few key variables of the actual survey and then applied to other statistics presenting “similar characteristics” (i.e. statistics that follow a common model).

Although the GVF does not possess well-behaved asymptotic properties (as pointed out by Wolter, 1985, it can involve non-normal confidence intervals), a class of these models can be extremely useful to provide a rough idea of how the inference based on standard variance formulas (i.e. assuming URS sampling) changes considering the complexity of sampling design. This is known as the design effect (*Deff*) model (Kish, 1965, Chapter 5). Given the estimator $\hat{\theta}$ of the population parameter θ the design effect is the ratio

¹²An important difference concerns the estimate of the variance of a domain estimator. In each domain the sampling design must be preserved for this estimate to be valid. This is most easily accomplished by replication methods (the JRR in particular).

¹³A comprehensive review of the available software can be found in Chantala (2003).

between its variance computed according to the complex survey design and that computed under the hypothesis of SRS.

$$Deff(\hat{\theta}) = \frac{var(\hat{\theta})_{compl}}{var(\hat{\theta})_{srs}}. \quad (2)$$

These relations can be used to adjust the SRS variance estimates and the critical level of the confidence intervals and to compute the effective sample size (i.e. the sample size needed to achieve the same level of precision as using SRS).¹⁴ This formula is useful because it is “portable”. For example, it can be used to approximate correct standard errors in domains of study. When the analysis focuses on sub-classes (such as gender, geographical area, etc.) the total sample *Deff* for the mean of the *g* – *th* domain \bar{y}_g can be adjusted for the relative cluster size with the following formula:

$$Deff(\bar{y}_g) = 1 + \frac{n_g}{a} * rho, \quad (3)$$

where n_g is the domain size, the intraclass correlation *rho* is estimated using the *Deff*(\bar{y}) for the total sample as $(deff - 1)/[(n/a) - 1]$, n is the total sample size and a is the number of clusters. Skinner et al. (1989) show that (3) can easily be approximated as:

$$Deff(\bar{y}_g) = 1 + \frac{n_g}{n} * [Deff(\bar{y}) - 1], \quad (4)$$

where the only information necessary to compute *Deff*(\bar{y}_g) is *Deff*(\bar{y}) and the proportion of the sample in the *g* domain ($\frac{n_g}{n}$).

The design effect appraises the impact of sampling design on the variance of the true estimator $\hat{\theta}$. Skinner et al. (1989, pp. 24-31) focus instead on the effect of the design on the estimator of variance. According to these authors it is appropriate to compare the complex variance not with SRS variance (the unbiased variance under SRS) but with a biased estimator of variance obtained ignoring all the design features, i.e. weights, clustering and stratification. This measure is usually known as the misspecification effect (*Meff*):

$$Meff(\hat{\theta}) = \frac{var(\hat{\theta})_{compl}}{var(\hat{\theta})_{unw}}, \quad (5)$$

¹⁴For example, given a measure of the intraclass correlation, *rho*, it is possible to derive a series of relations linking *Deff* and the average cluster size (Kish, 1965). In particular, for the sampling mean $Deff = 1 + (b-1)*rho$, where b =average cluster size, rho =intraclass correlation.

where the numerator is the same as in $Deff$, while the denominator is the unweighted variance of $\hat{\theta}$ under the hypothesis of SRS (Eltinge and Sribney 1996).

Finally, to estimate the variance of population quantiles where the JRR performs poorly (see Kovar, Rao, and Wu 1988; Wolter, 1985), it is possible to employ an indirect method (Woodruff 1952). This procedure requires the following steps:

1. estimate y_{50} , the median value of y ;
2. define an indicator variable P_{y_i} equal to 1 when $y_i < y_{50}$ and 0 otherwise and compute the statistics $P_{y_{50}} = \frac{\sum_{i=1}^n w_i P_{y_i}}{\sum_{i=1}^n w_i}$;
3. estimate the standard error of $P_{y_{50}}$ and derive the associated boundaries for a given confidence interval;
4. compute the empirical value of the cumulative distribution and take the inverse corresponding to the boundaries of $P_{y_{50}}$ calculated in step 3. These are the boundaries of y_{50} ;
5. given a confidence level and the associated z -score the standard error of the median will be equal to the width of the confidence interval (the difference between the boundaries computed in step 4) divided by twice the z -score.¹⁵

2.1.2 Inference with complex survey data

The concepts of the previous section can be used to evaluate the impact of disregarding the sample design on the inference from sample data, computing the effective coverage probabilities of the $(1-\alpha)\%$ probability statements. To correct for the bias of the unweighted estimates it can be useful to refer to the concept of bias ratio, i.e. the bias of the estimator normalized with its standard error.

$$BR(\hat{\theta}) = \frac{E(\hat{\theta}) - \theta}{\sqrt{V(\hat{\theta})}} \quad (6)$$

In fact, given the standard normal z -score Z , it can be shown that the effective probabilities are given by

$$P \left\{ -z_{1-\alpha/2} - BR(\hat{\theta}) < Z < z_{1-\alpha/2} - BR(\hat{\theta}) \right\}. \quad (7)$$

¹⁵Francisco and Fuller somehow refined this method using the inversion of a robust score test (Francisco and Fuller 1991).

The coverage probabilities are therefore computed by taking the difference of two cumulative standard normal curves evaluated at the critical value ($z_{1-\alpha/2}$) “netted” by the bias ratio (Särndal, Swensson, and Wretman 1992). If no information on the design is considered, the modified z -score is divided by the square root of $Meff$ (also called $Meft$). When survey weights are used and variance is estimated using the SRS, the normal score can be corrected dividing it by the $Deff$ square root (a measure called $Deft$), so that $z' = z/\sqrt{Deff} = z/Deft$ (see Skinner et al., 1989, p. 30).

Note that, to compute confidence intervals, a standard normal distribution is only an approximation of the effective distribution of the estimators. In the case of an estimator with unknown variance, a t statistic should be used. Making use of the t distribution can be a conservative approach, particularly when there are few degrees of freedom for variance computation. Furthermore, in computing degrees of freedom the appropriate level of randomization should be taken into consideration: for example, in presence of a stratified cluster sample, the degrees of freedom equal to the number of clusters - number of strata.¹⁶ If a replication technique is adopted, the degrees of freedom are related to the number of replications (see Skinner et al., 1989, pp. 56-57).

2.2 The role of survey weights

If, according to the selection process, all the elements of the population have an equal chance to be included in the sample, the design is known as *epsem* (equal probability selection method). If the design is *epsem* and the sample size is fixed, given the sampling scheme, then the unweighted estimator of a mean (or a total) is unbiased (i.e. its expected value is equal to the true population value). In practice, units included in the sample have unequal probabilities of selection. To correct for this possible source of bias, each observation is weighted using the inverse of the sampling fraction (sampling weight) adjusted for the non-response mechanism (non-response weight) and often incorporates auxiliary information about the population (post-stratification).

The survey weight w_i is used to obtain unbiased estimates from the sample through the Horvitz-Thompson (HT) estimator, also known as the π -estimator (Särndal, Swensson, and Wretman 1992). The rationale of this class of estimators is to inflate each sample observation y_i dividing it by its

¹⁶The degrees of freedom are determined by the randomization process that involves the random selection of clusters within each H strata.

inclusion probability π_i . For example, the survey-weighted sample mean is an approximately unbiased estimator of the population mean given a fixed sample size.

$$\bar{y} = \frac{\sum_{i=1}^n w_i y_i}{\sum_{i=1}^n w_i}, w_i \propto \frac{1}{\pi_i} \quad (8)$$

The estimator (8) is technically biased (because it is a ratio of two random variables) but its relative bias is bounded by the coefficient of variation of the denominator (the sample total of survey weights), usually very small for large samples (Kish,1965, Chapter 2).

Note that using survey weights implies that the weighted mean is not a linear estimator and the sampling variance of (8) under SRS is not correctly estimated by (1) but we must resort to a formula for the variance of two random variables.¹⁷ If we indicate with W and Y the estimators of the sample totals of the numerator and the denominator of (8), its variance can be estimated by:

$$\text{var}(\bar{y}) = \frac{1}{W^2} [\text{var}(Y) + \bar{y}^2 \text{var}(W) - 2\bar{y} \text{cov}(Y, W)]. \quad (9)$$

The unbiasedness of the π -estimator is not without costs: usually, there is a loss of efficiency, L_w , due to the use of weights. In the case of the estimate of the variance of the mean and complete incorrelation between y_i and w_i , this loss is proportional to the squared coefficient of variation of the weights (Kish 1992).

$$L_w = (1 + CV_w^2), \text{ where } CV_w = \frac{s_w}{\bar{w}} \quad (10)$$

In fact, the unweighted estimators can be viewed as weighted estimators whose attached weights are all constant, thereby unaffacting the variance (note that in this case (9) reduces to (1)). On the contrary, the π -estimator of a mean is a cross-product of the study variable and the relative weight. If this cross-product does not vary much across observations, this can limit the loss of efficiency due to weighting.¹⁸

A possibility to reduce the impact of weights on the variance of the estimator is to make use of the *Generalized Regression Estimator* (GREG). The idea behind the GREG is to supplement the HT estimator with a set of auxiliary information (in a multivariate context) correlated to the study variable

¹⁷Some authors refer to (8) as a *ratio mean*. See (Kish 1965).

¹⁸This reason is the rationale of PPS sampling as a tool to limit the variance of the estimators. See Särndal et al. (1992), Chapter 3.6.

(Särndal and Lundström 2005). The HT estimator is corrected using the gap between the sample estimate and information on the value of the auxiliary vector in the population (available from larger surveys or census data). In general, the aim of calibration is to increase precision as it serves both to reduce differences between the sample and the population distribution with respect to some auxiliary variables and to reduce the variability of weights (in the case of post-stratification this happens only if the post-strata have a smaller within-stratum variance with respect to the overall variance).

Purdon and Pickering (2001), analysing the Workplace Employee Relations Survey, assess whether the increase in bias associated with unweighted estimates is compensated for by the decrease in the standard error, estimating the mean square error (i.e. the square of the bias plus the design-based variance). With the exception of a variable, all the figures are smaller for the weighted estimate than for the unweighted estimate. This suggests that weighted estimates, even with their increased standard errors, are almost always preferable to the unweighted estimates. A replication of this analysis on SHIW data confirms these results (Faiella and Gambacorta 2007).

When evaluating confidence intervals using weighted estimates it is always safer to check the degrees of freedom. In fact, following a standard practice, survey weights are considered an expansion factor summing up to the total survey population. Therefore, it is very important to compute appropriately the denominator of the variance estimates, otherwise the number of degrees of freedom has the same order of magnitude as the population, pushing the probability to reject the null hypothesis towards one. A solution is to properly specify degrees of freedom for variance computation or to normalize survey weights by re-scaling the original weights to their mean so they have mean equal to 1 and sum up to the sample size.¹⁹

In conclusion, it is established practice in the statistical community to use weights in the analysis of survey data. If some portions of the population are oversampled and these factors are somehow related to the analysis variables, then point estimates taken from unweighted analyses could be seriously biased.

2.2.1 A short digression on the use of weights in regression analysis

Often survey data users are interested in using multivariate analysis, such as regression techniques, to assess the association between the study variables

¹⁹Even if the majority of the statistical packages (Stata, SAS, R,...) handle the problem correctly, it is always better to check for the sum of weights when performing inference using survey weights.

and sets of sample information used as controls. In a *design-based* framework this involves the use of weights to obtain design-unbiased estimates²⁰ and a measure of the variance of those estimates that correctly includes design features. Kott shows that weighted estimates are more robust to omitted variable problems and to the heteroskedasticity that normally characterizes sample survey data (Kott 1991).

In a *model-based* framework, under the hypothesis that the model is correctly specified, using survey weights in regression analysis involve a loss of efficiency. In the case of regression analysis, the effect of the design is expected to be limited because of the controls used (especially if design variables are included among the covariates). Nathan and Smith (1989) show that unless the selection of the sampling units is *ignorable* (see footnote 1), conditional on the covariates of the model, OLS estimates are biased and inconsistent. Note that this selection pattern depends both on the actual sampling scheme (i.e. how the population elements are included the sample) and on the response process. When this information is not relevant for the model a condition of *design ignorability* is met.

Särndal et al. (1992), criticize a purely *model-based* approach, where design unbiasedness is neglected, underlining that the parameters estimated using sampling weights are more robust because they are model-unbiased if the model is true, and design-consistent if it is not (on this point see also Little 1981).

Entering the debate between *model-based* and *design-based* approach to regression analysis is outside the scope of this paper. Still, it is possible to refer to the conclusions of Hansen, Meadow and Tepping (1983) and Lohr (1999) suggesting use all the design features in regression models when sample size is large and the sample size helps to mitigate the possible loss of efficiency due to survey weights. When the sample size is small, the design feature can be neglected, but it is anyway advisable to check the consistency of these results with those including sampling information and to make use of a robust measure of variance.

²⁰Non-linear estimators such as the regression or the ratio estimator are only approximately unbiased, presenting a bias of order $n - 1$, negligible in large samples (Wolter 1985).

3 The Survey on Household Income and Wealth (SHIW)

The SHIW²¹ has been conducted by the Bank of Italy since 1965 to collect information on the economic behaviour of Italian households and specifically to measure the income and wealth components. The main objective is to estimate how these are distributed across Italian households.

The basic statistical unit is the household, defined as a group of individuals linked by ties of blood, marriage or affection, sharing the same dwelling and pooling all or part of their incomes. Institutionalized population is not included. The sample comprises about 8,000 households. In this paper we used data from the 2002 wave of the SHIW (8,011 households and 21,148 individuals).

The sample for the survey is drawn in two stages (municipalities and households), with the stratification of the primary sampling units (municipalities) by region and demographic size.

Until 1987 the survey was conducted with time-independent samples (cross sections) of households. Since 1989 part of the sample has comprised households interviewed in previous surveys (panel households) in order to facilitate the analysis of changes in the phenomena being investigated. This design is known as a *split panel survey* (Kish 1987) and has the advantage that it is flexible in providing both cross-sectional and longitudinal measures (Duncan and Kalton 1987).

Data are collected by means of personal interviews conducted by professionally trained interviewers and using computer-assisted devices (computer assisted personal interviewing). Data collection is entrusted to a specialized company and the interview stage is preceded by a series of meetings at which officials from the Bank of Italy and representatives of the company give instructions directly to the interviewers. The households contacted for interviews, who are guaranteed complete anonymity, receive a booklet describing the purpose of the survey and giving a number of examples of the ways in which the data are used. The participating households may request a copy of the results of a previous survey.

The core sections of the questionnaire remain basically unchanged. In order to reduce the response burden, two monographic sections, administered to a random subset of the sample, are added in each wave.

Microdata, documentation and publications (in Italian and English) can

²¹Further details on the SHIW are given in Faiella et al. (2006).

be downloaded free of charge from the Bank of Italy’s website.²²

3.1 Variance estimation in the SHIW

As mentioned, the SHIW design uses a two-stage stratified sample with the stratification of the primary sampling units (municipalities) by region and demographic size. Within each stratum, the municipalities are selected by including all municipalities with a population of more than 40,000 inhabitants (SRUs) and by random selection of smaller towns (NSRUs) with probability proportional to the resident population. The individual households to be interviewed are then randomly selected.

In 2002, the original design involved 50 primary stage strata with 344 PSUs (175 SRUs and 169 NSRUs). The panel municipalities that are home to households that have taken part in at least two surveys are placed in a separate stratum because they make no contribution to random variability in the first stage. Thus, including these municipalities we end with 307 SRUs. Because these municipalities enter the sample with certainty, they are assigned a self-representing stratum in the primary stage of selection (Särndal et al. 1992, pp. 137-138).²³ Within each SRU the elements are then randomized to form two SECUs (also called “pseudo” PSUs - PPSUs). The remaining 37 NSRUs, after collapsing the adjacent strata with just one PSU, are combined in their stratum to form a pair of SECUs per stratum for a total of 26 NSRUs. This set-up is also known as paired selections of clusters (Kish, 1965), a design used to gain the most from stratification and to simplify variance formulas.

As shown in Table 2, the chosen variance model departs from the original design by somehow “averaging” the different intra-cluster coefficients in each PSU, but in doing so it increases the average cluster size providing more stable variance estimates.²⁴

In variance computations finite population correction is not considered, thus producing slightly conservative estimates, and the JRR is used to produce standard errors for the SHIW.²⁵ The reasons for preferring replication techniques to linearization methods are twofold.

²²www.bancaditalia.it/statistiche/indcamp/bilfait.

²³In this way they will not contribute to between-cluster variance.

²⁴This choice aims to limit the “variance” of the variance estimator (the second order variance).

²⁵This method is also known as a particular form of delete-a-group jackknife with two PSU per stratum (JK2).

Table 2. A model for variance estimation in the SHIW (2002)

	Strata (h)	PSU (a_h)	Sample size (n_{a_h})	Average PSU size
SRUs	307	614	7,194	12
NSRUs	13	26	817	31
Total	320	640	8,011	13

Linearization methods entail a high degree of complexity in defining the variance estimators of complex statistics and present a limited possibility of accounting for weighting adjustment (such as post-stratification). Furthermore, to allow survey data users to apply this method it is necessary to provide them with the design variables (i.e. stratum and cluster IDs). These are often related to geographical information (e.g. the IDs of the municipalities) that is usually not disseminated in the public datasets due to confidentiality. Large-scale surveys then disseminate *replication weights*, thus avoiding the inclusion of design variables in the public datasets to balance confidentiality protection and the users' possibility to properly compute variance.²⁶

In order to generate replication weights the sample is broken up into subsamples, called replicates. The estimate of interest is calculated from both the full sample and from each replicate and the deviance of each replicate-based estimate from the full-sample estimate (or from the average of the replicates) is used to derive the variance of the estimator. These weights are produced according to the complex survey plan and to the chosen variance estimation techniques (such as the BRR, JRR or *Bootstrap*).

The user provided with such a set of replication weights can easily compute the variance of very complex non-linear estimators and can often rely on statistical packages where it is possible to load the replication weights that are then automatically used in computing the variance of a variety of estimators.²⁷ In the case of the SHIW, following the variance computation model design devised and applying the JRR method,²⁸ the replication

²⁶This is the strategy adopted by many large scale US surveys such as the National Comorbidity Survey (www.hcp.med.harvard.edu/ncs), the Survey of Income and Program Participation (www.sipp.census.gov/sipp/index.html) and the Survey of Consumer Finances (www.federalreserve.gov/pubs/oss/oss2/scfindex.html).

²⁷This possibility is straightforward with packages such STATA and also with software available on the public domain (R www.r-project.org, WESVAR www.westat.com, VPLX www.census.gov/sdms/www/vwelcome.html).

²⁸The JRR was preferred over BRR and *Bootstrap* because it does not need the cumbersome computation of an Hadamard matrix - like the BRR - and it possesses good

weights are computed as follows. For each of the 320 “pseudo” strata (h) with two “pseudo” PSU (j) the replicated weight is:

$$w_{hji}^r = \begin{cases} 0, & \text{if the } i - th \text{ unit belongs to PSU 1} \\ w_{h2i} \frac{\sum_{j=1}^2 \sum_{i=1}^{n_j} w_{hji}}{\sum_{j=1}^2 \sum_{i=1}^{n_j} w_{hji} - \sum_{i=1}^{n_1} w_{h1i}}, & \text{if the } i - th \text{ unit belongs to PSU 2} \\ w_{hji}, & \text{for all the other units.} \end{cases}$$

The JRR variance is finally calculated using the following steps:

1. the number R of replications is equal to the number of “pseudo” strata,²⁹ $R = \sum_h (a_h - 1) = 320$;

2. in each replicate the weight of the first “pseudo” primary sampling unit is set equal to zero and the sampling weight of the other is raised by a factor equal to the weight of the cancelled unit on the total weight in the stratum (see above);

3. this weight is used to calculate, for each replicate, the relevant estimators $\hat{\theta}_{(r)}$;

4. since the design for variance estimation contains two units per stratum, the estimate of the standard error is calculated as the square root of the sum of the square deviations of the estimate of the replications from the estimate on the total sample $\hat{\theta}$ (see Kish and Frankel 1974).³⁰

$$stderr_{JRR} = \sqrt{\sum_{r=1}^R (\hat{\theta}_{(r)} - \hat{\theta})^2} \quad (11)$$

3.2 SHIW weights

Faiella and Gambacorta (2007) provide a detailed description of the SHIW weighting process and its impact on the estimates. Their main findings are that the increasing variability induced by using weighted estimators is

empirical properties - unlike the *Bootstrap*.

²⁹These are called “pseudo” strata because the original strata, determined by the sampling design, are modified according to the model used to compute sampling variance.

³⁰Note that this variance estimator (v_4 in the Wolter classification) is also robust to the possible bias of the replicates, and is also known as an MSE formula for variance estimation (Wolter 1985).

compensated for by the bias reduction even when performing analysis on sample domains.³¹

3.3 Design and misspecification effects for some influential statistics in the SHIW

In this section the concepts analysed previously are applied to assess the effect of not considering sampling design on inference. A number of univariate and multivariate statistics computed on SHIW 2002 data are considered.

The design and misspecification effects are evaluated under three different scenarios:

1. that the variables were collected with an equal probability SRS, i.e. estimators and their variance do not include survey weights and SRS formula for variance is applied (UNW);
2. that the variables were collected with an unequal probability SRS, i.e. estimators and their variance use survey weights coupled with SRS formula (SRS);
3. that the variables were collected according to the actual sampling plan, i.e. the estimates include both survey weights and use the correct estimation formula for variance (COMPL).

To clarify the hypotheses under these different scenarios in Table 3 we report the formulas used to estimate the sample mean and its variance.

Table 3. Sampling mean and its variance under three different scenarios

Scenarios	Sampling mean - \bar{y}	Variance of the sampling mean - $var(\bar{y})$
UNW	$\bar{y}_{unw} = \frac{\sum_{i=1}^n y_i}{n}$	$var(\bar{y}_{unw}) = \frac{\sum_{i=1}^n (y_i - \bar{y}_{unw})^2}{n}$
SRS	$\bar{y}_{srs} = \frac{\sum_{i=1}^n w_i y_i}{\sum_{i=1}^n w_i}$	$var(\bar{y}_{srs}) = \frac{\sum_{i=1}^n w_i (y_i - \bar{y}_{srs})^2}{\sum_{i=1}^n w_i}$
COMPL ⁽¹⁾	$\bar{y}_{compl} = \frac{\sum_{i=1}^n w_i y_i}{\sum_{i=1}^n w_i}$	$var(\bar{y}_{compl}) = \sum_{r=1}^R (\bar{y}_{(r)} - \bar{y}_{compl})^2$

⁽¹⁾ $\bar{y}_{(r)}$ is computed for each r, using the set of replicated weights computed as described in Section 3.1.

³¹The study also proposes for the first time a set of longitudinal weights for the SHIW, i.e. weights that, giving their enhanced description of the “panel population”, are better suited to perform longitudinal analysis.

3.3.1 Univariate analysis

Producing their survey reports, sample survey statisticians mainly focus on univariate statistics (means, ratios, proportions or quantiles). In Table A1 means and proportions for a subset of SHIW variables are reported. These 15 variables are household income, expenditure and wealth (A-C), age of the head of household and of household members (D and H), household size (F) and the proportion of people having certain characteristics (according to gender, working status and education) (G-Q). The table reports the mean, the standard error of the mean and the 95% confidence limit for each of these variables under the three hypotheses previously illustrated (UNW, SRS, COMPL).

Table A2 contains information on $Deffs$, $Meffs$ and other measures of the statistical reliability of the estimates. In the first column the bias of the unweighted estimates (approximated by the difference between weighted and unweighted estimates) is reported and in the second column the bias is normalized with the standard error of the estimates (the *Bias Ratio*). A measure of the empirical counterpart of bias is computed, following Kish (1992, p.191), as the difference between the unweighted and the weighted estimate.³² The bias can be fairly large ranging in absolute value from 1 to 14 times the standard error, according to the measured variable.

In columns 3 and 4, the reported $Meff$ and the $Deff$ present an average value of 3.2, thus indicating that not taking into account sampling weights and other design features leads to downward biased variance estimates. In the next three columns for each design the *Root Mean Square Error* (RMSE) is computed (the square root of the variance for SRS and COMPL and of the sum of the squared bias and the variance for UNW). As previously mentioned, these results confirm those of Purdon and Pickering (2001) and show that, in general, the increase in bias associated with unweighted estimates is not compensated for by their lower standard errors.

Finally, in the last three columns the 95% probability statements are confronted with the effective coverage probabilities when one takes into account the inflation factor due to the design variance and to the bias of the unweighted estimates. The probabilities under UNW design are adjusted using the $BR(\hat{\theta})$ and the $Meft(\sqrt{Meff})$ while those under SRS are adjusted dividing the *z-score* by the $Deft(\sqrt{Deff})$.

For example, rather than being included in the standard error range for

³²A refinement of this approach, based on Little et al. (1997), is to correct for the possible “overestimation” of the empirical measure of the squared bias. This approach is used extensively in Faiella and Gambacorta (2007).

95% of the possible samples, the mean of income is included in the z^* standard error range in 64% under UNW design and in 92% under SRS design. The same percentages are respectively 73% and 93% for wealth and household expenditure.

The median is a robust estimator in the presence of skewed distributions. This statistic is widely used (with other quantiles) to analyse income and wealth distribution (see for example Faiella and Neri 2004, and Brandolini et al. 2004). In order to have an alternative to the JRR, which performs poorly with order statistics, an estimate of the variance of the median is obtained by the procedure due to Woodruff described earlier (Woodruff 1952). The results of this procedure are reported in Table A3. The standard errors of the median are, as expected, lower than those of the mean for very skewed variables such as household wealth. Moreover, for this statistic the effect of the design heavily influences variance estimates. The $Deff$ ranges from 1 for expenditure and income to 1.28 for wealth. The $Meff$ goes from 1.69 in the case of income to 2.39 for wealth.³³

Another measure often used in income and wealth distribution analysis is the Gini index. The standard error of this index can be approximated using an asymptotic formula (Cowell 1989). In the hypothesis that the $Deff$ formula for the mean is also valid for this measure of concentration, its variance can be adjusted to account for complex design using the simple GVF³⁴

$$Std.err(Gini)_{compl} = Std.err(Gini)_{asymptotic} * Deft(Mean). \quad (12)$$

Suppose we want to adjust the asymptotic standard error of the Gini of household income to account for complex design. Considering the square root of the $Deff$ for the mean income in Table A2 and using it as an adjustment factor, the asymptotic standard error is increased by 38% ($\sqrt{1.893}$).

This procedure is straightforward to apply but must be carefully evaluated. For example, in the case of the Gini index, the estimate is 0.357, the JRR standard error is 0.0042 (with a coefficient of variation - CV - of

³³A study by Hansen and Tepping (1985) points out that when the sample size is large and the sample is a multistage cluster design, then the JRR method produces satisfactory estimates of variances for medians. With SHIW data, the use of the JRR to estimate median standard errors (row COMPL2 in Table A3) seems to confirm the instability of this method in appraising the standard error of order statistics.

³⁴The same procedure can be applied for other variables (such as wealth, financial assets, expenditure) and other highly non-linear statistics to improve the reliability of survey-based inference.

1.2%), the asymptotic standard error is 0.0058 (with a CV of 1.6%) and after the correction through the Deft it is 0.008 (with a CV of 2.2%). These differences probably originate from asymptotic standard error formula that are too conservative or from the fact that the *Deff* formula, derived for the sample mean, is not really portable for very different statistics (such as the Gini index). This example is useful as a reminder that the GVF is only an imperfect tool to give a rough idea of the variance of an estimator, but it cannot replace a proper variance model.

3.3.2 Multivariate analysis

In a preceding section we briefly mentioned that in a multivariate context there is no agreement on the need to incorporate survey information in the analysis. This section measures the consequences of disregarding this information in regression analysis using very simple examples. As the purpose of the comparison is only to illustrate the effect of the complex design on variance estimates, the models presented are simple and goodness-of-fit measures are not reported.

In Tables A4-A7 the outcomes of a linear and a logistic regression are presented.

Table A4 shows the results of a linear regression for estimating an earning function model. The log of the labour income is regressed on a set of covariates, including age, experience, education, marital status, gender and household size. Table A5 reports, as in the previous section, the bias (absolute and relative), the Meffs and the Deffs and the coverage probabilities.

The effect of bias seems to be smaller than in the univariate analysis, ranging from 2 to 0.06. Both the Meffs and the Deffs appear to be pretty high, with values of around 3. This increase in the standard error of estimates can reverse the significance level of some coefficients: the “age” coefficient, significant at the 5% level under the UNW design, is not different from zero in the other two set-ups; the t statistic of “experience” is almost halved once one accounts for design features. Coverage probabilities of the nominal 95% confidence level can be as low as 50% for the UNW and average around 89% for SRS.

Table A6 reports the estimates of a logistic model used to predict the probability of participating in the labour force for individuals aged between 14 and 65. A labour force indicator is the response variable and the set of predictors is age, education, marital status, gender, number of income earners and of dependants (children less than 18 years old). Table A7 contains

the same information as Table A5 (bias, Meffs, Deffs, coverage probabilities).

For the logistic model the relative bias of the unweighted estimates ranges from 3.6 to 0.005. Both the Meffs and Deffs are between 2 and 3. The effect of the number of dependents is significant at the 3% level under the UNW design, while it is significant at the 6% level using complex design adjustment. The z statistic of most of the regressors is halved once one accounts for design features. Coverage probabilities of the nominal 95% confidence level average 60% for the UNW and around 86% for SRS.

4 Conclusions

The study analysed the rationale of incorporating the sampling features when making inference using survey data.

A correct estimate of sampling variance is required in order to properly assess the statistical reliability of the point estimates through the construction of confidence intervals. The analysis points out the following.

- The standard estimators for sampling variance assume URS, i.e. that sampling units are independently and identically distributed. On the contrary, sample data are collected from finite populations and seldom using simple random sampling, but using some kind of stratification and clustering. Neglecting the finite population hypothesis has a small impact on the estimates when the sample is a negligible fraction of the population, but the consequence of sampling clusters instead of elements is to increase the variance of the estimates, because the randomization process is based on clusters of elements and the distribution of the elements in each cluster is not random but rather influenced by positive intra-cluster correlation. This higher variance can be partially mitigated by stratifying the PSUs and using controlled selection methods such as probability proportional to size (PPS).
- These features of sampling design must be taken into account in evaluating the variance of the estimator of interest. Because straightforward variance formula are often not available in a complex survey framework, the research must resort to linearization- or replication-based methods. Both methods provide biased estimates of the variance, the order of the bias being usually negligible for large samples. Given that they basically produce the same results, they can be used interchangeably according to the nature of the estimator and the software procedures

available. Always check that the number of degrees of freedom for variance estimates is coherent with the method used to estimate sampling variance.

- The GVF can also be useful to get an idea of how the inference drawn with standard estimation formula for variance is affected by the complex design. In survey practice, a popular GVF is the Kish design effect, i.e. the ratio of the variance computed according to the complex survey design to the variance computed under the hypothesis of SRS.

Regarding the use of sampling weights the following conclusions are drawn.

- It is suggested to use survey weights for descriptive statistics. If some portion of the population is over-sampled or the list presents problems of imperfect coverage, or unit non-response is significant, and these factors are somehow related to the analysis variables, then point estimates from unweighted analyses could be seriously biased. This is going to affect the coverage of the confidence level statements through the bias ratio.
- The use of survey weights generally increases the variance of the estimates, approximately in proportion to the squared coefficient of variation of the weights. But, at least for descriptive inference in the SHIW, the net effect on the MSE shows that the increased variance of the weighted estimator is more than compensated for by the bias reduction (Faiella and Gambacorta 2007).
- Using survey weights in regression analysis gives design unbiased parameters that are robust to model misspecification.
- To avoid misleading inference on the parameters, the survey weights should be normalized dividing them by their mean, so that they sum up to the sample size.

A model to estimate the variance in the SHIW is proposed, using JRR. This method makes it possible to estimate straightforwardly the variance of even highly non-linear statistics and to account for weighting adjustment, and it can be applied without providing the design variables in the public datasets (thus protecting confidentiality).

The study then briefly reviews the impact of these factors using variance estimates in the SHIW both in an univariate and multivariate context. The main findings are as follows.

- The bias of unweighted univariate estimates can be rather considerable, ranging from 1 to 14 times the standard error, depending on the variable measured.
- The computed RMSE confirms that, in the majority of cases, the increase in bias associated with unweighted estimates is not compensated for by the decrease in the standard error.
- The Meffs and Deffs present an average value of 3.2 for univariate estimates. The 95% probability statements are confronted with the effective coverage probabilities when one takes into account both the inflation factor due to the design variance and the bias of the unweighted estimates. The mean of the income is included in the z *standard error range in only 64% of the samples, if weights and design features are ignored (92% using weights under the SRS assumption).
- For regression models, coverage probabilities can be as low as 50% if we include both the weights and the variance correction, while they are around 86-89% if we use weights and an SRS variance estimate. The increase in the standard error of estimates can reverse the significance level of some coefficients: some coefficients significant at 5% level under the UNW design are not different from zero in the other two set-ups and the t statistic computed on other covariates is almost halved once one accounts for design features. This result must be treated cautiously given the simple structure of the models presented. Further research is needed to evaluate the impact of survey design on regression analysis.

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APPENDIX: Statistical Tables

Table A.1. Means, standard errors and 95 per cent confidence intervals*

Variables	Estimate			Standard errors			Lower bound			Upper bound		
	UNW	SRS	COMPL	UNW	SRS	COMPL	UNW	SRS	COMPL	UNW	SRS	COMPL
A. Income	27,962	27,608	27,608	243	235	323	27,485	27,148	26,972	28,438	28,069	28,244
B. Expenditure	20,419	20,243	20,243	152	150	189	20,120	19,948	19,870	20,717	20,537	20,616
C. Wealth	179,998	176,412	176,412	3,272	3,304	4,331	173,584	169,936	167,892	186,413	182,888	184,932
D. Age of head of HH	55.23	53.41	53.41	0.1845	0.1873	0.3441	54.87	53.04	52.73	55.60	53.77	54.08
E. Head of HH male	69.90	70.63	70.63	0.5125	0.5089	0.8278	68.90	69.64	69.00	70.91	71.63	72.26
F. Household size	2.64	2.69	2.69	0.0143	0.0146	0.0319	2.61	2.66	2.63	2.67	2.72	2.75
G. Male	48.25	48.50	48.50	0.34	0.34	0.39	47.58	47.83	47.73	48.92	49.18	49.28
H. Age of individuals	43.36	41.28	41.28	0.00	0.15	0.34	43.06	40.98	40.61	43.67	41.58	41.95
I. Employee	27.51	28.55	28.55	0.31	0.31	0.62	26.90	27.94	27.33	28.11	29.16	29.77
L. Self-Employed	7.76	8.18	8.18	0.18	0.19	0.32	7.40	7.81	7.55	8.13	8.55	8.81
M. Retired	25.79	22.74	22.74	0.30	0.29	0.57	25.20	22.17	21.62	26.38	23.30	23.85
N. Unemployed	13.56	13.29	13.29	0.24	0.23	0.44	13.10	12.83	12.42	14.02	13.74	14.15
O. Housewife	12.85	12.56	12.56	0.23	0.23	0.43	12.40	12.11	11.70	13.30	13.00	13.41
P. Low level of education	65.62	66.12	66.12	0.33	0.33	0.69	64.98	65.48	64.76	66.26	66.76	67.49
Q. High level of education	6.03	5.72	5.72	0.16	0.16	0.28	5.71	5.41	5.17	6.35	6.03	6.27

* SHIW 2002. Euros, units, age, percentages.

UNW=unweighted estimates; SRS=weighted estimates; variance estimated with SRS formulas;

COMPL=weighted estimates; variance estimated using JRR replicated weights;

JRR replicated weights loaded in STATA 9.1 with the command: svyset _n [pw=pesof1],vce(jack) jkrweight(pwt*,multiplier(1));

JRR replicated weights loaded in R 2.5 with the command: svrepdesign(data=dataset, type=c("JKn"), repweights=pesirep, scale=1, rscales=1).

Table A.2. Deffs, Meffs and other effects of the sampling design*

Variables	Bias	Bias Ratio	Meff	Deff	RMSE			Effective coverage probabilities		
					UNW	SRS	COMPL	Nominal	UNW	SRS
A. Income	-354	-1.456	1.769	1.893	429	235	323	0.9500	0.6426	0.9229
B. Expenditure	-176	-1.154	1.545	1.589	233	150	189	0.9500	0.7356	0.9400
C. Wealth	-3,586	-1.096	1.751	1.718	4,855	3,304	4,331	0.9500	0.7326	0.9326
D. Age of head of HH	-1.83	-9.9	3.478	3.374	1.84	0.19	0.34	0.9500	0.0000	0.8570
E. Head of HH male	0.0073	1.423	2.609	2.646	0.0089	0.0051	0.0083	0.9500	0.612	0.8859
F. Household size	0.0493	3.442	4.934	4.79	0.0514	0.0146	0.0319	0.9500	0.2449	0.8147
G. Male	0.2531	0.737	1.315	1.315	0.4268	0.3437	0.3941	0.9500	0.8476	0.9563
H. Age of individuals	-2.0871	-13.606	4.943	4.97	2.0927	0.153	0.341	0.9500	0.0000	0.8103
I. Employee	1.0455	3.405	4.088	3.996	1.0897	0.3106	0.6208	0.9500	0.2334	0.8366
L. Self-Employed	0.4149	2.255	2.994	2.855	0.4539	0.1885	0.3184	0.9500	0.4249	0.8770
M. Retired	-3.053	-10.148	3.529	3.844	3.0678	0.2882	0.5651	0.9500	0.0000	0.8413
N. Unemployed	-0.2701	-1.147	3.497	3.557	0.3583	0.2334	0.4402	0.9500	0.6197	0.8506
O. Housewife	-0.2916	-1.267	3.569	3.639	0.3714	0.2279	0.4347	0.9500	0.5993	0.8479
P. Low level of education	0.5042	1.544	4.497	4.529	0.6007	0.3255	0.6927	0.9500	0.5286	0.8215
Q. High level of education	-0.3154	-1.926	2.903	3.053	0.3554	0.1597	0.279	0.9500	0.4966	0.8690

* SHIW 2002. Euros, units, age, percentages.

Table A.3. Medians, standard errors and 95 per cent confidence intervals*

Variables	Income				Expenditure				Wealth			
	UNW	SRS	COMPL1	COMPL2	UNW	SRS	COMPL1	COMPL2	UNW	SRS	COMPL1	COMPL2
Design	UNW	SRS	COMPL1	COMPL2	UNW	SRS	COMPL1	COMPL2	UNW	SRS	COMPL1	COMPL2
Estimate	23,088	22,892	22,892	22,892	17,000	16,800	16,800	16,800	108,000	102,200	102,200	102,200
Standard error	218.78	281.68	284.67	378.54	88.81	133.21	133.21	468.8	1,221.14	1,665.19	1,887.21	3,061.49
Lower Bound	22,415	22,215	22,206	22,150	16,800	16,800	16,800	15,881	100,000	99,000	98,500	96,199
Upper Bound	23,400	23,484	23,488	23,634	17,200	17,400	17,400	17,719	105,500	106,500	107,000	108,201
DEFF		1	1.0214	1.8059		1	1	12.3844		1	1.2844	3.3802
MEFF	1		1.693	2.9936	1		2.25	27.8649	1		2.3884	6.2855

* SHIW 2002. Euros, percentages.

UNW=unweighted estimates; SRS=weighted estimates; variance estimated with SRS formulas;

COMPL1=weighted estimates; variance estimated using the Woodruff procedure;

COMPL2=weighted estimates; variance estimated using JRR replicated weights.

Table A.4. Linear Regression*

Dep. variable is $\ln(\text{Labour Income})$	UNW				SRS				COMPL			
	Estimate	StdErr	t	P-value	Estimate	StdErr	t	P-value	Estimate	StdErr	t	P-value
Intercept	9.2122	0.1196	77.01	<.0001	9.3545	0.1215	77.02	<.0001	9.3545	0.2301	40.65	<.0001
Age	0.0132	0.0067	1.96	0.0496	0.0068	0.0069	0.98	0.3263	0.0068	0.0123	0.55	0.5820
Age squared	-0.0001	0.0001	-0.89	0.3743	0.0000	0.0001	0.39	0.6970	0.0000	0.0001	0.22	0.8260
Experience (years)	0.0395	0.0033	12.04	<.0001	0.0429	0.0034	12.76	<.0001	0.0429	0.0054	7.99	<.0001
Experience squared	-0.0008	0.0001	-11.25	<.0001	-0.0009	0.0001	-12.30	<.0001	-0.0009	0.0001	-7.94	<.0001
Male	0.2974	0.0141	-21.12	<.0001	0.3121	0.0143	-21.81	<.0001	0.3121	0.0179	-17.46	<.0001
Lower education	-0.3045	0.0155	-19.59	<.0001	-0.3251	0.0158	-20.60	<.0001	-0.3251	0.0232	-14.01	<.0001
Higher education	0.2662	0.0238	11.19	<.0001	0.2646	0.0244	10.86	<.0001	0.2646	0.0340	7.77	<.0001
Married	0.0208	0.0179	1.16	0.2451	0.0316	0.0179	1.76	0.0780	0.0316	0.0276	1.14	0.2530
Household size	-0.0261	0.0061	-4.27	<.0001	-0.0386	0.0061	-6.31	<.0001	-0.0386	0.0086	-4.50	<.0001

* SHIW 2002. Earning function.

UNW=unweighted estimates; SRS=weighted estimates; variance estimated with SRS formulas;

COMPL=weighted estimates; variance estimated using JRR replicated weights;

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JRR replicated weights loaded in R 2.5 with the command: `svrepdesign(data=dataset, type=c("JKn"), repweights=pesirep, scale=1, rscales=1).`

Table A.5. Deffs, Meffs and other effects of the sampling design

Variables	Bias	Bias ratio	Meff	Deff	Effective coverage probabilities		
					Nominal	UNW	SRS
Intercept	0.1422	1.1892	3.7004	3.5898	0.9500	0.6049	0.8495
Age	-0.0065	-0.9599	3.3116	3.1690	0.9500	0.6544	0.8646
Age squared	0.0001	1.2949	3.4086	3.1289	0.9500	0.6017	0.8661
Experience (years)	0.0034	1.0244	2.6788	2.5528	0.9500	0.6821	0.8900
Experience squared	-0.0001	-1.8634	2.7230	2.3951	0.9500	0.5131	0.8973
Male	0.0148	1.0504	1.6123	1.5609	0.9500	0.7542	0.9417
Lower education	-0.0206	-1.3256	2.2307	2.1634	0.9500	0.6506	0.9087
Higher education	-0.0016	-0.0685	2.0485	1.9521	0.9500	0.8286	0.9197
Married	0.0108	0.6051	2.3845	2.3712	0.9500	0.7615	0.8985
Household size	-0.0125	-2.0426	1.9745	1.9680	0.9500	0.4743	0.9188

Table A.6. Logistic Regression*

Dep. variable is <i>labour force=1</i>	UNW				SRS				COMPL			
	Estimate	StdErr	z	P value	Estimate	StdErr	z	P value	Estimate	StdErr	z	P value
Intercept	-7.6527	0.2115	-36.17	<.0001	-7.6538	0.2141	-35.74	<.0001	-7.6538	0.4108	-18.63	<.0001
Age	0.5924	0.0114	51.89	<.0001	0.6033	0.0116	52.15	<.0001	0.6033	0.0229	26.39	<.0001
Age squared	-0.0075	0.0001	-55.15	<.0001	-0.0076	0.0001	-55.11	<.0001	-0.0076	0.0003	-27.28	<.0001
Male	1.6937	0.0463	-36.61	<.0001	1.8624	0.0473	-39.40	<.0001	1.8624	0.0888	-20.97	<.0001
Lower education	-0.4828	0.0456	-10.58	<.0001	-0.5741	0.0455	-12.62	<.0001	-0.5741	0.0649	-8.85	<.0001
Higher education	1.0962	0.1024	10.71	<.0001	1.0777	0.1054	10.23	<.0001	1.0777	0.1236	8.72	<.0001
Married	-0.5596	0.0642	-8.71	<.0001	-0.5817	0.0636	-9.14	<.0001	-0.5817	0.0951	-6.12	<.0001
Number of earners	0.5349	0.0257	20.85	<.0001	0.6008	0.0265	22.64	<.0001	0.6008	0.0448	13.41	<.0001
Number of dependants	-0.0608	0.0278	-2.20	0.0280	-0.0697	0.0269	-2.60	0.0090	-0.0697	0.0338	-2.07	0.0400

* *SHIW 2002. Labour Force Participation.*

UNW=unweighted estimates; SRS=weighted estimates; variance estimated with SRS formulas;

COMPL=weighted estimates; variance estimated using JRR replicated weights;

JRR replicated weights loaded in STATA 9.1 with the command: `svyset _n [pw=pesof1],vce(jack) jkrweight(pwt*,multiplier(1));`

JRR replicated weights loaded in R 2.5 with the command: `svrepdesign(data=dataset,type=c("JKn"),repweights=pesirep,scale=1,rscales=1).`

Table A.7. Deffs, Meffs and other effects of the sampling design

Variables	Bias	Bias ratio	Meff	Deff	Effective coverage probabilities		
					Nominal	UNW	SRS
Intercept	-0.0011	-0.0052	3.7705	3.6797	0.9500	0.6872	0.8074
Age	0.0109	0.9547	4.0100	3.9052	0.9500	0.6194	0.7971
Age squared	-0.0001	-0.8130	4.2096	4.0819	0.9500	0.6237	0.7893
Male	0.1687	3.6464	3.6848	3.5308	0.9500	0.1881	0.8145
Lower education	-0.0913	-2.0014	2.0209	2.0314	0.9500	0.4857	0.9016
Higher education	-0.0185	-0.1807	1.4579	1.3766	0.9500	0.8916	0.9478
Married	-0.0221	-0.3441	2.1903	2.2310	0.9500	0.8028	0.8883
Number of earners	0.0659	2.5690	3.0509	2.8519	0.9500	0.3589	0.8503
Number of dependants	-0.0089	-0.3200	1.4794	1.5825	0.9500	0.8808	0.9323

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