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ELITE QUALITY REPORT 2023

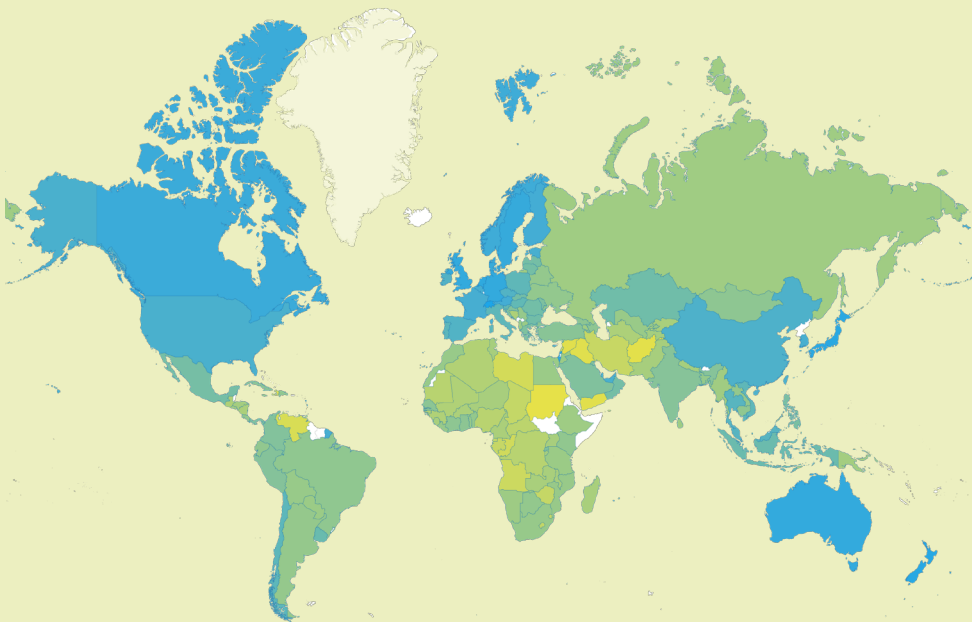
The new PanelEQx (PEQx2023) dataset:
Measuring Elite Quality over time for academic and
policy purposes

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2.5 The new PanelEQx (PEQx2023) dataset: Measuring Elite Quality over time for academic and policy purposes

What is the role of elite agency in a country's economic and human development? Can we measure when elites are 'good' or 'bad' for their nations? Since 2020, the annual EQx reports have presented a data-driven answer to these questions. The reports reveal a temporary snapshot of how a countries elites perform comparatively to each another over one particular year.

Two key questions then arise: how does elite quality evolve over time? And is it possible to measure the evolving impact of elite business models since 2005? To answer these questions, the annual EQx reports represent a natural starting point. However, there are some technical limitations. For instance, due to the unavailability of some historical data, it isn't possible to compute the EQx back in time for all the 134 Indicators used in the 2023 report. Furthermore, the annual EQx reports are only partially comparable to each another. This is because each annual iteration attempts to improve the index by adapting the list of Indicators to incorporate current events or newly discussed aspects of Elite Quality. Nevertheless, to analyse how Elite Quality is related to other aspects of human and economic development, an empirical and stable measure of Elite Quality over time would likely provide interesting new insights.

28 Thus, we propose the PanelEQx (PEQx), a historical measure of annual Elite Quality, starting in 2005. The PEQx conceptually corresponds to the EQx. In particular, the PEQx maintains the conceptual framework and resulting multi-level architecture of the EQx. However, taking into account the unavailability of some historical data, the PEQx is computed using only a subset of EQx Indicators. Moreover, it is only available for a subset of EQx countries. The size of this subset depends on the amount of missing values a given researcher is willing to accept in the context of his or her research aims. The PEQx provides a high quality, comparative empirical measure of Value Creation and Extraction by a countries' elite over time. Additionally, it represents a flexible and promising tool for researchers interested in empirically analyzing the topic of Elite Quality.

Methodology

How can Elite Quality be measured over time? The PEQx always follows the EQx methodology for a particular year, i.e., the PanelEQx2023 is based on the EQx2023. Taking into account the availability of historical data, the PEQx uses the 69 EQx Indicators that generally all have annual data going back to 2005. By ensuring that the PEQx is based on a common set of Indicators each year, the comparability and meaningfulness of the data over time is ensured. However, other considerations are also required. For example, reducing the number of Indicators per Pillar also implicitly affects the underlying weighting scheme of the EQx. Following the EQx methodology, the weight of a missing Indicator (or Pillar) is distributed among the remaining Indicators of the same Pillar (or remaining Pillars of the same Index Area) in proportion to their respective weights.

The resulting dataset provides the data for the PEQx at all index levels between 2005 and 2023. That is, the dataset covers all available historical Indicator values in a normalised format as Indicator scores as well as the weighted and aggregated index values of countries at the Pillar, Index Area, Sub-Index and overall EQx level, for each year between 2005 and 2023.

The PEQx only uses publicly available data retrieved from renowned international organizations. However, limitations on the availability of data, especially for the earliest years, poses issues in assuring the meaningfulness and comparability of index values over time. This is because index country scores that are computed based on differing sets of Indicators are less comparable to one another, thus restricting the informative value of the implied country ranking over time. For instance, for the 69 generally available EQx Indicators used for each PEQx year, up to 54% of values per year are not available for a country such as Timor-Leste.

Visual 2.7: Table with sets of PanelEQx countries subject to data availability (percentage of missing values)

Percentage of missing values allowed for any country and year	Implied nr. of countries	Countries (additionally) included
5	21	Austria, Belgium, Czech Republic, Germany, Denmark, Estonia, Finland, France, United Kingdom, Croatia, Hungary, Ireland, Israel, Italy, Lithuania, Netherlands, Norway, Poland, Portugal, Slovak Republic, Sweden
15	66	Argentina, Armenia, Australia, Azerbaijan, Bangladesh, Bulgaria, Belarus, Brazil, Canada, Switzerland, Chile, China, Colombia, Costa Rica, Cyprus, Spain, Georgia, Ghana, Greece, Indonesia, India, Jamaica, Japan, Kazakhstan, South Korea, Sri Lanka, Latvia, Morocco, Moldova, Mexico, Malaysia, New Zealand, Pakistan, Peru, Philippines, Paraguay, Romania, Russian Federation, Slovenia, Thailand, Tunisia, Turkey, Ukraine, United States, South Africa
25	113	Albania, Burkina Faso, Bosnia and Herzegovina, Bolivia, Botswana, Côte d'Ivoire, Cameroon, Congo Republic, Dominican Republic, Algeria, Ecuador, Egypt, Ethiopia, Gabon, Guatemala, Honduras, Iran, Jordan, Kenya, Kyrgyz Republic, Cambodia, Kuwait, Lebanon, Madagascar, North Macedonia, Mongolia, Mozambique, Mauritius, Namibia, Niger, Nigeria, Nicaragua, Oman, Panama, Rwanda, Saudi Arabia, Senegal, Singapore, El Salvador, Tajikistan, Trinidad and Tobago, Tanzania, Uganda, Uruguay, Venezuela, Vietnam, Zambia
35	136	Angola, United Arab Emirates, Burundi, Benin, Bahrain, Central African Republic, Guinea, Gambia, Lesotho, Mali, Myanmar, Malawi, Nepal, Papua New Guinea, Qatar, Sudan, Sierra Leone, Eswatini, Syrian Arab Republic, Togo, Uzbekistan, Yemen Republic, Zimbabwe
45	149	Democratic Republic of Congo, Cuba, Guinea-Bissau, Equatorial Guinea, Haiti, Iraq, Lao, Liberia, Libya, Mauritania, Serbia, Chad, Turkmenistan
55	151	Afghanistan, Timor-Leste

Note: The table indicates the number and set of countries covered by the PanelEQx, depending on the maximum proportion of missing values allowed for.

On the other hand, the aim is to comparatively measure Elite Quality for as many countries as possible. In this context it is important to note that the selection of countries affects the computation of all index values via the normalization process. We address this trade-off as transparently as possible. Data will be made freely available for use at www.elitequality.org/peqx. Researchers interested in investigating Elite Quality can specify the maximum proportion of missing values that they are comfortable with and then use the PEQx for the implied set of countries. Visual 2.7 indicates the number of countries included in the PEQx depending on the maximum proportion of missing values in the underlying dataset.

Descriptive results of the PanelEQx, allowing up to 5% of missing values per country and year

A fairly restrictive requirement of only up to 5% of missing values for the 69 considered Indicators for any country and year results in a PanelEQx covering 21 countries. Visual 2.8 summarizes the PEQx ranking between 2005 and 2023 regarding overall Elite Quality, as well as the Sub-Indices for Power and Value. The ranking reveals interesting differences in the state of Elite Quality across the considered countries over time.

Visual 2.8: Table of PEQx2023 Rankings at EQx and Sub-Index levels, for 2023 and the differences to 2005, for countries with up to 5% missing values each year

Country	EQx level ranking in 2023	Difference to ranking in 2005	Power Sub-Index ranking in 2023	Difference to ranking in 2005	Value Sub-Index ranking in 2023	Difference to ranking in 2005
Netherlands	1	4	5	3	1	1
Denmark	2	0	7	-5	2	5
Germany	3	3	3	2	5	4
United Kingdom	4	0	10	-3	3	0
Israel	5	8	8	2	7	9
Sweden	6	-3	2	1	12	-8
France	7	2	4	0	10	2
Finland	8	-7	1	0	13	-5
Norway	9	1	11	1	4	1
Belgium	10	2	6	3	8	5
Austria	11	-4	9	-3	11	-1
Czech Republic	12	-1	15	-2	6	0
Ireland	13	-5	18	-7	9	-8
Portugal	14	0	17	-1	14	-3
Estonia	15	0	14	1	16	-2
Italy	16	0	12	2	18	-3
Poland	17	3	19	-2	15	5
Hungary	18	-1	16	2	17	1
Slovak Republic	19	-1	20	-1	19	0
Croatia	20	1	21	0	20	1
Lithuania	21	-2	13	7	21	-4

Note: Countries are sorted according to their PEQx ranking at the EQx level in 2023. A positive difference indicates a relative improvement in elite quality between 2005 and 2023, and a negative difference indicates a decline in the ranking position.

As discussed, as a result of the methodological adjustments, the PEQx2023 rankings will differ from the EQx2023 rankings. This allows for a unique analysis over time and could suggest policy recommendations. The Netherlands leads the ranking in 2023, having improved by 4 ranking positions since 2005. Denmark performs steadily in overall Elite Quality (rank # 2 in both 2005 and 2023), but with some interesting dynamics playing out at the Sub-Index level: Danish elites appear to have become more powerful (dropping

by 5 ranking positions in the Sub-Index for Power) but have used this power to deepen their commitment to Value Creation rather than Extraction over time (moving up by 5 ranking positions in the Sub-Index for Value). British elites have also managed to slightly increase their power and focused their efforts on Value Creation. The largest improvement in Elite Quality is displayed by Israel. The Middle Eastern country gains 8 ranking positions in overall Elite Quality between 2005 and 2023. Visual 2.9 illustrates the individual trajectories of countries assessed using the PEQx over time.

Visual 2.9: Graph of PEQx2023 annual Scores at EQx level, for countries with up to 5% missing values per year

