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Subject: Constructing indexes using Principal Component Analysis/Factor Analysis  
Posted by [Robert](#) on Thu, 30 Apr 2015 16:48:10 GMT

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Hi

In my study, I am expected to pool data from DHS surveys in Tanzania (1992-2010) and I am aware that wealth index may not be used throughout due to variance in items used. However, I do not know how to go about it especially with usage of PCA or factor analysis....I would like to know how to interpret the coefficients just in case they are there. How many items should be included in determining the appropriate index? I am using STATA program. Thanks

Robert

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Subject: Re: Constructing indexes using Principal Component Analysis/Factor Analysis

Posted by [user-rhs](#) on Thu, 30 Apr 2015 22:34:10 GMT

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Robert, the DHS program has extensive documentation on how the wealth index is constructed. Read the general comparative report (link here: <http://www.dhsprogram.com/publications/publication-cr6-comparative-reports.cfm>).

Variables used for specific countries and survey years can be found here: <http://www.dhsprogram.com/topics/wealth-index/Wealth-Index-Construction.cfm>

There's a document by Shea Rutstein with the steps on creating the wealth index on that page, including some code in CSPro. My colleagues and I have used it before to guide us in creating a wealth index on some primary data that we collected. The "translation" to Stata is fairly straightforward.

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