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**Classification revision frame
Proposal for the family of UN economic and social classifications**

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UN economic and social classifications are revised from time to time. These revisions represent a huge burden for statisticians, specialists of classification, business register administrators and producers of statistical data. On the users' side, up to date classifications are welcome but breaks in time series and inconsistent data for the same time reference are less appreciated. So revising classifications needs to be carefully prepared, seeking for a good cost/effectiveness ratio. Fortunately the life expectancy of a classification may be long, provided that appropriate updating is carried out when necessary.

This paper tries to propose a framework for UN economic and social classifications. The first section provides definitions, content and expected consequences of revisions of classifications. According to their scope, three kinds of classification revisions are considered: an update, a review and a major revision. The second section focuses on the time frame for revisions. It wonders when to revise and what should be considered in the decision making process.

1. Types of revision: definition, scope and consequences

ξ Update

It is the minimal step for a revision process. An update is aimed at improving the understanding and use of a classification. Errors, inconsistencies within the classification or with other related classifications should be corrected and clarification should be brought where necessary. In this respect, the wording of headings (titles) for categories or of metadata related to the classification (i.e. methodological documents describing concepts, definitions, structure and detail content of classes - e.g. explanatory notes -, correspondence tables) should be improved. But all these changes should have a limited impact. No methodological change is expected. The broad structure of the classification should be kept. Only minor changes at the lowest level (grouping or splitting a few classes) could be considered but no change at all is as well a valid option. Correspondence tables should be little impacted but could have to be updated to take account of some slight changes in boundaries between classes.

A specific attention should be paid to inform users of the changes, which might be not visible at first sight. Thus the UN classification website should provide the most comprehensive information about the content of the update. As far as the description of categories is concerned, it will notably include interactive links either to the previous text description or to a description of the performed change. A summary list of these changes could be made available, sorted by categories codes or by dates of change.

An update should have little impact on data production (current production and backcasting to get consistent time series). It will more result in a better quality of data production processes due to the improvement of the classification and related metadata. Avoiding a costly statistical implementation is an important goal for of a classification update.

Actually there are two kinds of update, an ongoing update or a new version of the classification, requiring different management actions.

- Ongoing update

An ongoing update is an ongoing process aiming to improve metadata related to the classification, especially explanatory notes at the lowest level but without any change in headings and structure.

One key point is that no formal agreement is needed. This is true at the international level and should as well generally be true at regional and national levels for derived classifications as regional and national legal acts for classifications only deal usually with structure, coding and headings (titles). It implies an updating mechanism to formalize proposals of improvement, discuss them, agree on a decision, introduce them in the classification or related documentation and release them.

- **New version**

Where changes in headings, structure and coding are required, a new version of the classification has to be set up. A formal agreement is needed (approval by the UN Statistical Commission at the international level) and it should generally be the same at regional and national levels for derived classifications. The project of new version has to be prepared and validated by the UN Expert Group.

Regarding the final classification, a new version is close to the one resulting from an ongoing update (only limited changes). But as far as the revision process is concerned, bringing up a new version looks much more like a review (see below).

ξ **Review (or minor revision)**

It is the intermediary step. A review is supposed to happen after a major change (revision) if an update seems not enough. The scope of a review includes the one of an update but is larger. It may entail one or several of the following:

- improving the wording of headings (titles) for categories or of methodological documents describing concepts, definitions, structure and detail content of classes (e.g. explanatory notes) on a larger scale.
- Changing the structure of the classification at the lowest levels but keeping unchanged the highest levels. The aim is to modernize the classification to better reflect the real word by introducing new classes (emerging categories, new significant groupings or large categories where more details are needed) or deleting old classes (irrelevant categories, categories the size of which has become too limited) while keeping the broad structure. The coding system should remain the same and categories without any modification should as far as possible keep their old code.
- Updating correspondence tables: this task is compulsory to provide an analytic understanding of the revision and to get an operational tool to implement the revision in the statistical system (business registers, surveys, administrative sources, national accounts). Among these, emphasis should be put on the correspondence table with the previous version of the classification.
- Bringing very limited methodological changes, taking into account their impact on data production. External changes due to consistencies with other classifications or international standard (like SNA) should be considered more than “internal” changes only related to this classification.

The reviewing project has to be prepared and validated by the UN Expert Group and a formal agreement is needed (approval by the UN Statistical Commission).

A review will have impact to some extent on data production (current production and backcasting). It will provide more up to date statistics especially at the most detailed level or allow for specific analysis in the improved areas of the classification. The incidence on aggregated data, like national accounts, is expected to be limited. The cost of a statistical

implementation of a classification review should be balanced, taking account of the knowledge improvements allowed by the revamped classification.

A review can be seen as setting up a new version with extended changes.

ξ **Major revision**

It is the last step. A major revision has in principal a broad scope addressing both conceptual and structural issues. It entails the following:

- bringing important methodological changes regarding concepts, definitions and methods taking into account their impact on data production. These changes may be driven by specific thoughts on the classification or by links with other classifications or statistical tools (as national accounts).
- Changing the coding system and the specific codes of categories, whether their content is modified or not.
- Undertaking a complete revision of methodological documents describing concepts, definitions, structure and detail content of classes (e.g. headings and explanatory notes)
- Updating correspondence tables: this task is compulsory to provide an analytic understanding of the revision and to get an operational tool to implement the revision in the statistical system (business registers, surveys, administrative sources, national accounts). Among these, emphasis should be put on the correspondence table with the previous version of the classification.
- Writing manuals to help users working with the classification. Two kinds of manuals should be considered: a methodological one, designed to explain more in depth the rationale, concepts and structure of the classification; a more practical one, designed to make easier the implementation of the classification within the statistical system.

The revision project has to be prepared and validated by the UN Expert Group and a formal agreement is needed (approval by the UN Statistical Commission).

A major revision will provide more relevant detailed and aggregate data to depict the socioeconomic world. It will have a large impact on data production. National accounts or specific satellite accounts should be in particular strongly impacted. In this respect, backcasting of time series should be carefully prepared. The cost and complexity of statistical implementation are high and coordination for implementation is needed between statistical domains and tools and between national and international level.

2. Time frame for revisions

ξ **General considerations to plan a revision**

Deciding the necessity and scope of a revision requires to get materials for the decision making process.

First of all, an assessment of the present classification should be carried out. In particular, when a major revision has recently taken place, taking stock of the change is necessary.

Then main issues should be identified (old unsolved or new ones), addressing both conceptual and structural matters. Inputs should come from stakeholders of the classification, classifications specialists at international and national levels, statisticians interested in the use of the whole classification or portions of it, other users of the classification (professional bodies, trade organizations, administrations and researchers in social or economic fields,

general public). Complaints and protests regarding the previous classification sent to statistical agencies (including principal activity assigned to businesses in registers) would be a first input. As far as possible, considerations and proposals should be based on data analysis provided with the previous classification. Specific research to go more in depth in some fields or to assess some proposals should be undertaken. Formal consultations should be arranged at all geographical levels: at the international level, they could take the form of world-wide questionnaires or dedicated workshops. Of course, the scope for analyzing and consulting would depend on the importance of the revision, when there is an *a priori* consensus about it.

On the basis of information and proposals collected, the UN Expert Group should make a choice regarding the launch of a revision and its scope. For reviews or major revisions, this choice should of course be approved by the UN Statistical Commission.

ξ A standard schedule

The timing for revision should as far as possible respect some rules for a better preparation (statisticians) and a better information (users). There are domains where specific operations are carried out or revised at regular intervals of time (populations' censuses, national accounts, customs descriptions of goods...). Plans of revision for involved classifications should hence take these constraints into account. For other classifications, it seems that regular schedules of revision should be set up. They should be considered as "windows" in which revisions can take place. The basic time interval for UN socioeconomic classifications is proposed to be 5 years: this is a common reference for the revision (or the change in base year) of economic statistics like indexes or national accounts.

So every five years (except when specific arrangements are needed) the question of revision should be asked with two steps: is a revision needed? If yes, what kind of revision (update and to what extent, review, or major revision)?

Planning the process of revision as described above should take care of time constraints. Preparing a review and especially a major revision takes a long time (often 5-7 years for the latter). The preliminary stage for deciding the kind of revision to undertake is to add extra time. Other considerations tend not to make important revisions very often: implementing a big classification revision (updating of business registers, coding tools, sample frames and weights for surveys and indexes, data dissemination, backcasting of time series and elaborating new aggregate data as for national accounts) request a lot of time and money for statistical agencies and users are reluctant to breaks in time series or to switch from old to new series.

Finally, it seems that the gap from a major revision to a review should generally be 5 or 10 years while a major revision would occur 10 or 15 years after the previous one. In case of reviewing after a 10-year gap, an update after 5 years, or on an ongoing basis should be considered.