Industry Coding & Industry Value Add

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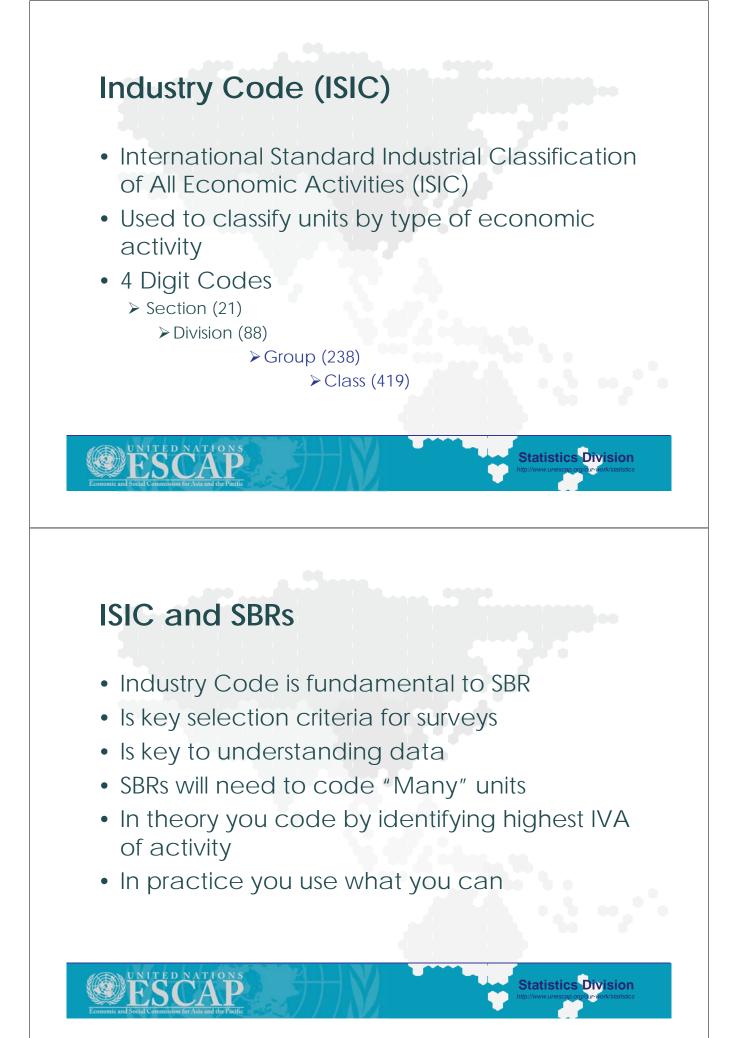
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Industry Value Add (IVA)

ESCA

- Measures Economic Contribution
- A few ways to calculate it;
 IVA = Revenue Input Costs
 IVA = Profits + Wages + Taxes
- Is sort of a GDP measure for businesses



How National Accountants think ISIC coding works - Part 1

- Unit should be classified to ISIC class with the largest share of IVA by using "top-down" method.
- If IVA cannot be determined:
 - An approximation by other criteria such as:
 - The proportion of gross output of the goods or services
 - Value of sales of those groups of products
 - Employment according to the proportion of people engaged in these different kinds of activity

Economic and Social Commission for Asia and the Pacific		Statistics Division http://www.unescep.org/our-Work/statistics
Part 2		
 should be classified largest share of value Identifying principa List activities of u added/ output Determine the second 	, as per principal ac ue added by using t I activity by top dow unit attributing to ea ection that has high	ich class, the value
share		roup that has highest
0 1	o, determine the cla es the principal acti	iss that has highest share ivity
 To get all this 	per unit Unl	likely
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How it really works...

- Just get ISIC value from other agency no exact idea how they do it.
- Or question 8 of Registration / Census form:
 - Please describe your Main Business Activity?
- Common (Bad) Answers:
 - Consultant
 - Farming / Farmer
 - Manufacturing
 - Selling
- Do your best to code the unit using that...

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How it really works...

- For Australia 50% of answers used to have insufficient information to ISIC code
- Different government departments gave the same unit different ISICs
- Big difference between self populated and staff populated descriptions
 - How businesses described themselves
 - How Statisticians describe the businesses
- Very big different results for ISIC

How ABS previously did it Text matching (50%) of records - 10,000 units per month Matches text field to Code - Was 96% accurate (checking with survey data) Manual Coding (other 50%) - ISIC coders would call 10,000 units - 40 people = 250 codes per month - They did some other work as well Would discuss with registrant what the business did and ISIC code them while on the phone - Costly, labour intensive & processing risk Statistics Division Point of Contact Coder (PoCC) Is part of the registration process - www.abr.gov.au There is still the same question - What is your main business activity?

- As you type descriptions come up

 'Plumbing'
- The PoCC suggests five most likely answers
- The registrant picks one or changes what's in the text field and tries again

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Results

- 100% of units now ISIC coded on registration
- No manual coding required
- Quality is similar to old process
- Works because registrants respond to the options provided
- Many enter 2-3 descriptions before they pick an option

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How it was built / Works

- G-Code (Statistics Canada Technology)
- List of Descriptions (there were 5000+)
 For only 400+ classes
- Weighting (How frequent was this ISIC)
- This can be used for any online process
- Malaysia SMM
- Or can be used by field staff (less training required

Key lessons / Notes

- ISIC coding is a major problem / issue for SBRs
- Many units
- Insufficient information
- Complex activity
- Don't just give them a book and tell them to code it!
- ISIC coding strategy
 - Efficient
 - Automate as much as possible
 - Be aware of common issues
 - Quality matters

