

GENERAL CONSIDERATIONS FOR UPDATING CATEGORIES IN ECONOMIC CLASSIFICATIONS

Eva Castillo Navarrete

**INSTITUTO NACIONAL DE ESTADÍSTICA Y GEOGRAFÍA (INEGI)
Dirección General de Estadísticas Económicas
Dirección de Normatividad y Metodología Conceptual
Subdirección de Clasificaciones Económicas de Actividades y
Productos**

September 2009

The purpose of this paper is to capture a number of situations that can help not to lose from sight the result that might be reached when an economic classification is being updated, as well as to help in assessing if the decision being taken is the one which effectively generates the greatest benefit.

It is advisable to analyze the current and proposed categories as well as the transcendent changes before and during the process of updating a classification, taking into account several criteria simultaneously in order to consider important aspects and to visualize the impact of the decisions.

Some elements to consider for determining updates are:

1.- Consider the possible problems when implementing the categories in the statistical programs, with the purpose of avoiding as far as possible classifications which are conceptually perfect but difficult to implement.

2.- Corroborate the categories are developed according to the classification's framework, otherwise they would become "close follow-up" cases and the background reasons of having developed them in such way might be found or not; for example, there might be exceptional categories or categories that have been traditionally classified in certain way and it could be that their data is being measured adequately in such way, or there might be an error which would imply an update.

3.- Identify the categories where the limits with regard to the classification's framework are so narrow that they cause problems for deciding their coding in one category or another.

4.- Evaluate the categories which are economically significant in terms of the number of economic units, occupied personnel (employees) or other important economic variable; for example, the categories should be kept in the classification when they:

- a) Represent more than X% of the total number of economic units within the group of categories which form a certain level of the classification.
- b) Represent more than X% of the total number of occupied personnel within the group of categories which form a certain level of the classification.
- c) Represent more than X% of the total value added within the group of categories which form a certain level of the classification.

5.- Corroborate the categories don't cause confidentiality problems.

6.- Identify the categories which are useful for a certain, specific statistical project and therefore should be kept in the classification, regardless of the economic data they account for.

7.- Identify the categories which exist in order to satisfy the needs of important specific users and therefore should be kept in the classification, regardless of the economic data they account for.

8.- Identify the strategic categories which for that reason should be kept in the classification, regardless of the economic data they account for.

9.- Identify emerging activities which could be important enough to deserve specific categories in the classification.

10.- Analyze the direction of the categories in the future: will they remain over time?, are there expectations for their growth?, will they be substituted by other categories in the near future?, are there external aspects to the economy of a country which will exert an important influence on the current categories?, etcetera.

11.- Evaluate the cost-benefit of producing time series for activities whose data are of marginal significance within the economy.

Even though there are no unique criteria but a combination of them for updating a classification and these could vary depending on the category being studied, it is important that the decisions taken are stable, can be implemented and above all, that they are useful for data measurement.