SIC 2003 comparison of main industrial groupings in 2007 and 2008 by key variables

For the inquiry year 2008, the Annual Business Survey (ABS) moved over to the latest industrial classification system, Standard Industrial Classification (SIC) 2007. SIC 2007 is very different in structure from the previous system, SIC 2003. One consequence of moving to the new SIC is, therefore, that comparison of year 2008 figures with figures for earlier years is difficult.

In fact, not all surveys move to SIC 2007 at the same time, although there have been efforts to try to ensure that the timing of the move of the same kinds of surveys is coordinated across the EU. The National Accounts move to the new SIC later than the ABS.

The change of SIC's has created an interest in comparing the 2008 ABS figures on a SIC 2003 basis, rather than on the SIC 2007 basis on which the survey was based, with year 2007 SIC 2003 figures. Such a comparison gives a more straightforward indication of year to year movements for the main industrial groupings.

Two major problems arose as a result: finding a way to convert the SIC 2007 figures to SIC 2003; and dealing with new disclosure issues arising from the existence of figures on two different SIC's for the single year 2008.

It was apparent that 2008 SIC 2003 figures could not be produced to the same quality as the main 2008 SIC 2008 results without running a full, second ABS survey. Resource and cost constraints made this unrealistic. The option chosen was an approach based on the classification of individual businesses, using IDBR correlator to link the two SIC's.

There are some issues with such an approach. For example, where one SIC Class in SIC 2007 equates to many Classes of SIC 2003 there is not always sufficient information from other sources accurately to reclassify to the appropriate new Class. In this situation, assumptions have to be made. In relation to grossing methodology, an approach stopping short of a full survey meant that it was not feasible to retune to the second SIC to develop SIC 2003-specific weights. However, such issues notwithstanding, overall the correlation approach has delivered a good set of results. The figures produced are generally realistic in terms of the series across several years and also appear to reflect industry trends where information is available.

Difficulties arose in attempting to deal with the new disclosure issues arising from the availability of a second set of 2008 figures. In fact, the problem of two sets of figures on different SIC's for a single year had been considered at EU level and referred to EU disclosure experts and the advice had been that it was not possible to devise an automatic system to deal with the additional disclosure complications arising.

Given the desirability of having at least some aggregated figures for both 2007 and 2008 on SIC 2003, the ONS embarked on a methodological project to explore whether some manageable manual solution to these disclosure problems could be devised. It proved to be an especially complex undertaking, with little progress at all at first and indications that the project would have to be abandoned. When a method was eventually identified, it was then discovered that about 95% of all the aggregations required would have to be suppressed, suggesting that the exercise was not worth pursuing.

However, the methodologists and ABS technical staff continued to work on the problem and, after a major effort extending over many months, a way was found. The method does satisfy the requirements to give adequate protection against disclosure. Being a manual approach, however, it is feasible, in terms of complexity, costs and resources, to apply it to a limited number of aggregates only.

The two tables presented here provide those aggregates. They are based on the ABS surveys for the two years and on what, having consulted users, appeared to be the aggregations of most interest. A very small number of the industrial groupings originally selected have been suppressed to prevent disclosure, but the approach has allowed nearly all of the chosen aggregations to be published. The tables here give these aggregations for each of the four key variables employment, GVA, turnover and purchases.

The 2008 SIC 2003 estimates for agriculture presented difficulties associated with the move to the new SIC and so have been excluded from the year 2007 and year 2008 comparison tables. Figures for 'Collection, purification and distribution of water' are not comparable for these two years following a change in the way the industry recorded its activity and have also been excluded. Figures for Section M 'Education' exclude the public sector. Section N 'Health and social work' excludes the public sector and medical and dental activities.

The figures in the year 2007 table are of National Statistics quality as they come directly from the year 2007 survey which was entirely based on SIC 2003. The figures in the year 2008 table have been estimated as described above and are, therefore, not National Statistics. They have been produced in recognition of the considerable user demand for some 2008 figures on a SIC 2003 basis.

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