



# **ISIC Rev.4**

## **Main concepts and application rules**

United Nations Statistics Division



# Objectives of the ISIC revision

## □ Relevance

- Reflect new industries, new production pattern, new needs for economic analysis

## □ Comparability

- Improve linkages to major regional classifications

## □ Continuity

- Maintain close links to the previous version of ISIC

## □ Main task: balancing these three objectives



# ISIC structure changes

- ❑ Increase in top-level categories
- ❑ Increase in overall detail
- ❑ New concepts (information, professional services, support services)
- ❑ New application rules (vertical integration, top-down method, outsourcing)
- ❑ This presentation provides an overview. Specific sections will be discussed separately.



# Increased detail of ISIC Rev.4

	ISIC Rev.3	ISIC Rev.4
Sections	17	21
Divisions	60	88
Groups	159	238
Classes	292	419



# High-level concordance

## ISIC Rev.4

### ISIC Rev.3.1

A Agriculture, hunting and forestry

B Fishing

C Mining and quarrying

D Manufacturing

E Electricity, gas and water supply

F Construction

G Wholesale and retail trade; ...

H Hotels and restaurants

I Transport, storage and communications

J Financial intermediation

K Real estate, renting and business ...

L Public administration ...

M Education

N Health and social work

O Other community, social, personal ...

P Activities of private households

Q Extraterritorial organizations and bodies

A Agriculture, forestry and fishing

B Mining and quarrying

C Manufacturing

D Electricity, gas, steam ...

E Water supply; sewerage, waste ...

F Construction

G Wholesale and retail trade; ...

H Transportation and storage

I Accommodation and food service activities

J Information and communication

K Financial and insurance activities

L Real estate activities

M Professional, scientific and technical activities

N Administrative and support service activities

O Public administration ...

P Education

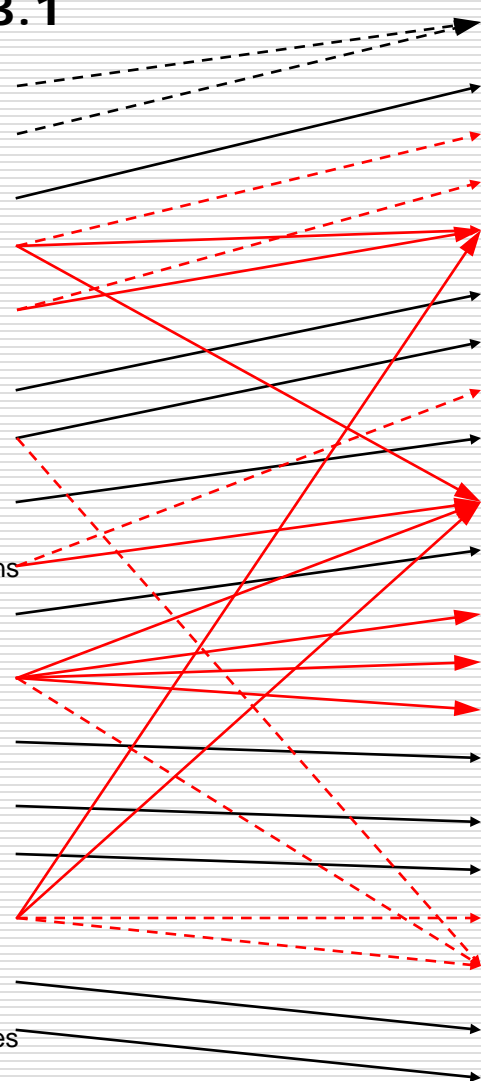
Q Human health and social work activities

R Arts, entertainment and recreation

S Other service activities

T Activities of households ...

U Activities of extraterritorial organizations ...





# Main principles

- ❑ ISIC classifies statistical units according to their principal activity
  
- ❑ Units
  - Theoretically, all types of units can be classified
  - However, structure and detail of ISIC is geared toward measuring production and therefore establishment and kind-of-activity unit are the most suitable units
  - Ideally, units should be homogeneous with respect to activities and location
    - ❑ However, the choice of unit is not really an ISIC issue
    - ❑ Limitations are often set by data availability



# Main principles

## □ “Activity”

- Classification of units is based on their actual activity, not their appearance or setup
  - E.g. a shipyard that only dismantles ships is classified in 3830 according to its activity (ship-breaking), although similar-looking units are in 3011.
- Activity is defined through inputs, process and outputs



# Main principles

- “Similar” activities are grouped together
  - Similarity is based on the three defining components for activities
  - However, at lowest level, emphasis is given to similarities in the process
  - At higher levels, the analytical use of the categories becomes more important
- A strict application of a ranking of the three defining components would often lead to categories that are not useful (e.g. by process in manufacturing)
  - A pragmatic approach of applying the criteria for grouping has been maintained, as in previous versions of ISIC





# Main principles

- ❑ Although output (products) is related to the activity, it can not always be used to determine the activity of a unit
  - Will be discussed separately in ISIC-CPC link topic
- ❑ However, with some caveats, it provides a good tool
  - Classes of ISIC are defined so that as far as possible the following two conditions are fulfilled (homogeneity rules):
    - (a) The production of the category of goods and services that characterizes a given class accounts for the bulk of the output of the units classified to that class;
    - (b) The class contains the units that produce most of the category of goods and services that characterize it.



# Main principles

- Since a unit can carry out several activities, rules are necessary to identify the primary activity of a given unit
- This still requires knowledge about the individual activities (elementary activities) of a unit