

When talking about sectors

27/11/2015  [Primary sector & utilities](#), [Agriculture, forestry & fishing](#), [Mining & quarrying](#), [Energy supply services](#), [Water and waste treatment](#), [Manufacturing](#), [Manufacturing](#), [Construction](#), [Construction](#), [Distribution & transport](#), [Wholesale & retail trade](#), [Transport & storage](#), [Accommodation & food](#), [Business services](#), [ICT services](#), [Finance & insurance](#), [Professional services](#), [Administrative services](#), [Arts & recreation](#), [Non-marketed services](#), [Public sector & defence](#), [Education](#), [Health & social care](#)

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The Skills Panorama offers information and data for economic sectors and sub-sectors. But how are sectors defined and classified?

There are potentially numerous ways of classifying any primary economic activity. For instance, one could classify anything to do with vehicles to the transport sector. This would then include their manufacture (e.g. the production of car, trains, and aeroplanes) as well as the services provided for transportation (e.g. the delivery of road, rail and air passenger transport services). Alternatively, one could separate manufacture of vehicles from the transport services.

To codify which economic activity is allocated to which sector, classification systems have been introduced and are widely used. These classification systems are not fixed in time. They are periodically revised to reflect changes taking place in the economy. For example, a classification system from, say, the 1940s would have few categories concerned with information and communication technologies other than those that recorded activities associated with traditional forms of telephony and postal services.

In Europe, NACE (**N**omenclature générale des **A**ctivités économiques dans les **C**ommunautés **E**uropéennes) - first developed in 1961 - is used to classify industrial sectors^[1] NACE is part of an international classificatory system that has been developed to provide a consistent set of economic statistics at national, European, and global levels.

Accordingly, economic and labour market data collected by national statistical offices in each Member State can be classified according to NACE. In consequence, it is possible to compare the percentage of the labour force employed in the manufacturing sector in France with that in, for example, Slovenia and be sure that the definition of manufacturing is the same.

In this way, we are comparing like with like. And because so much data are collected according to NACE, such as measures of output or the value of exports, alongside a range of labour market indicators, a sound basis is provided for making a variety of analytical comparisons.

From gelateria to manufacturing: the four levels of NACE

NACE is a hierarchical system based on four levels:

1. a first level consisting of headings identified by an alphabetical code (Sections);
2. a second level consisting of headings identified by a two-digit numerical code (Divisions);
3. a third level consisting of headings identified by a three-digit numerical code (Groups);
4. a fourth level consisting of headings identified by a four-digit numerical code (Classes).

Each successive level provides a more detailed classification of activities. In general, one moves from the general (Section) to the specific (Classes) using classification criteria developed by Eurostat.

An Italian gelateria producing artisanal ice cream, for instance, belongs to the fourth level class of "Manufacture of ice cream" (Class 15.52). One level up, offering less detail, the gelateria employs activities involved in the manufacture of dairy products (Group 15.5), which in turn belong to the division of manufacture of food and beverages (Division 15). At the highest aggregation level, our ice cream producer belongs to the Section of manufacturing (Section D). Manufacturing is defined as: "the physical or chemical transformation of materials, substances, or components into new products, although this cannot be used as the single universal criterion for defining manufacturing." This contains a wide range of activities including the manufacture of among other things vehicles, instruments, computers, clothing, food and drink, and... ice cream.

This example shows it is possible to look at activities in considerable detail. But in order to do so, ample data are required. The Skills Panorama draws heavily on data from surveys, such as the EU Labour Force Survey, often involving a sample of a few thousand respondents per Member State. When disaggregating at class level, it is likely that there are only a handful of respondents working in the ice cream manufacturing sector. Accordingly sample sizes are much too small to derive any statistically robust conclusions, explaining why data may not be available for all classes, groups or divisions.

How the Skills Panorama uses sectors

With this in mind, the Skills Panorama provides data that have been classified based on NACE. However, some modifications are made, as appropriate, to improve the user experience while navigating into data that come from different sources. The first navigation level is an amalgamation of Division level categories that makes a distinction between primary, manufacturing and services sectors, with a distinction made between key service activities including marketed and non-marketed services. In the second navigation level, data are provided by Sections. The third navigation level provides a classification that is a half-way house between Sections and Divisions. This reflects the fact that statistically robust

that is a half-way house between sections and divisions. This reflects the fact that statistically robust skills data are not always available at the Division level.

At the time of writing, end of 2015, data are provided for the classifications in the first two navigation level, but we will expand this in the near future to provide a more detailed 41-industrial sector classification.

The NACE-derived classificatory system outlined in the table below provides both the generality and the detail. This allows Panorama users interested in skills to investigate the characteristics of jobs across broad industrial sectors, such as Business Services, but also to look in more detail at specific sectors, such as the Information & Communication sector within Business Services. In doing so, the Panorama disaggregates data to provide a meaningful distinction between sectors, while still keeping large enough sample sizes for the numbers to be statistically robust.

Table: Sectoral Classification used in the Skills Panorama

Broad Industry (6 sectors)	Subsectors (17 sectors)	Sub-secto
Primary sector & utilities	Agriculture, forestry & fishing	Agriculture
	Mining & quarrying	Mining & c
	Electricity, gas, steam & air conditioning	Electricity
		Gas, stean
Water supply, sewerage & related activities	Water sup	
		Food, Drin
		Textiles, Cl

		Wood, pap
		Coke & ref
		Other cher
		Pharmace
		Rubber & products
Manufacturing	Manufacturing	Basic met:
		Computer,
		Electrical e
		Other mac
		Motor Veh
		Other Trar
		Manufactu
Construction	Construction	Constructi

Distribution & transport	Wholesale & retail trade	Wholesale
	Transport & storage	Land trans
		Water Trai
		Air Transp
		Warehous
Accommodation & food service activities	Accommo	
Business services	Information & communication	Media
		Telecomm
		Computer
		Financial &
	Real estate, professional, & related activities	Real estat
		Legal, acco
		Architectu
		R&D

		Advertisin
		Administra
	Financial & insurance activities	Financial &
	Arts, recreation, and other activities	Arts, enter
		Other serv
Non-marketed services	Public administration & defence	Public adr
	Education	Education
	Human health & social work activities	Health

[1] Further information is provided at: <http://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>

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