

Sectoral Concentration in Industry Statistics – Opportunities and Challenges

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To facilitate analysis of business concentration (or industry concentration) in selected economic sectors, the Census and Statistics Department (C&SD) in Hong Kong has developed a statistical framework for compiling statistics on sectoral concentration (SSC) since 2000s. The first set of SSC for the reference years of 2004 and 2005 was released in 2007. The statistical series are updated regularly with enhancements introduced as necessary. In addition to basic analysis on overall operating characteristics and analytical ratios, there is increasing interest in distribution analysis of individual economic sectors. Recent research on sectoral concentration indicates that its applications are useful in examining the extent of business concentration of economic activities in an industry. This paper will first introduce the statistical framework of SSC used by the C&SD. It will then present some statistical indicators relevant to SSC applied in other economies, followed by a discussion on the limitations and implications of concentration analysis.

Key Words: Business concentration, concentration ratio, Herfindahl-Hirschman Index, industry concentration