

# **Application of an Appropriate Method for the Urban Household Income and Expenditure Survey from the Subject-matter Design Approach**

## **Introduction**

The Urban and Rural Households' Income and Expenditure Survey, one of the Statistical Centre of Iran's long-standing statistical projects, has been conducted annually aiming at estimating the households' consumer expenditure, which has a major share in the consumer costs in the private sector.

Since the reference unit in such a survey is a household, the geographical levels (urban and rural areas and provinces) of the estimates and the items in question make it possible to identify the income distribution pattern, consumption pattern, and the extent the households enjoy living facilities and utilities at the national and sub-national levels and to assess the output of planning activities and economic policies. Therefore, this survey, as a multi-purpose project, will provide the results of which different uses can be made in addition to the achievement of its major objectives. For this reason, improvement of accuracy and quality of the survey's data is of prime importance.

The subject-matter and sample designs of this survey have been improved over 38 years after its implementation. However, due to the specific nature of the data on the household income and expenditure, it seems that the data resulting from the survey be far from the real quality, having a bias as such. One of the factors for such a bias is the errors occurring more in collection of data on income and expenditure, particularly through interviewing with one of the households' members for a long reference period. The factors for such errors should be identified to enhance the accuracy of the data and also the probability of the errors to occur can be reduced through improvement of the related forms and manuals, as well as the data collection modes.

A research project called "the Comparison Between Two Methods of Data Collection on the Household's Income and Expenditure" conducted by the time Statistical Research Department of the Statistical Centre of Iran in 1998 was in fact the first attempt to improve the quality of the data and data collection mode in this area.

The results obtained indicate that except for some rare cases where recording the data by the enumerators enjoys more accuracy (due to the complexity of the concepts), in the other cases the data recorded by the household are closer to the reality. Based on the same results, the Statistical Research Center began to review the subject-matter design, implementation processes, and data processing of the ongoing Survey of the Urban Household Income and Expenditure in mid-2000. Also, the questionnaire items, reference period of either of expenditure items, types of income earned by the employed household members with different occupations, classification and coding of the expenditure items were studied and reviewed by the Center. Moreover, the subject-matter design prepared was tested in West-Azarbayejan, Gilan and Qazvin Ostan (provinces) in October, 2001.

The results of this study made it possible to prepare the new subject-matter design (questionnaires, manuals, final tables, data processing instructions), to classify

expenditure items according to COICOP categories and to prepare the data entry and data processing softwares.

### **General Goal**

The Survey's general goal is to determine an appropriate method for conducting the Urban Household's Income and Expenditure Survey in terms of the questionnaire format, expenditure items coding, and Data collection and entry modes.

### **Detailed objectives**

- To review the questionnaire and to design the related forms for recording expenditure items by the household, and the statistical items by the enumerator
- To set the suitable reference period for each item in question
- To make the necessary revisions on the expenditure items according to the international standards, meeting the users' requirements with respect to the country's socio-economic characteristics, omitting the irrelevant items and adding certain items which contribute to the complete coverage of income and expenditure items
- To make the necessary revisions in grouping of expenditure items based on the latest international standards and recommendations
- To make the necessary revisions in the data processing system in terms of the modifications made in the subject-matter design
- To identify advantages and challenges in the implementation of the proposed project considering application of the combined method for the data collection, modifications in questionnaire design, coding, data entry as well as data processing system, all on a pilot-run basis.

### **Selection of the appropriate data collection method and reference period**

In most countries, developed or developing, the Household's Income and Expenditure Survey has been conducted by either the household undertaking to record the data or by a combination of the household's recording the data and the interview procedure. The project, "the Comparison Between Two Methods of Data Collection on the Household's Income and Expenditure", carried out by the Statistical Centre of Iran in 1998 indicated that such data as the socio-economic characteristics, employment status, types of income, the existing utilities and facilities, non-purchasing expenses, and the other expenditure items could be of more accuracy if recorded by the interviewer, than the similar data recorded by the household. However, in the other cases, the data recorded by the household appeared to enjoy more accuracy. Also the data collection mode in the other countries using a combined method is more or less the same. Therefore, considering the appropriate data collection modes for various items of the country's Household's Income and Expenditure Survey, three separate

forms were designed. The data collection mode and reference period for the items included in each form are described as follows:

- Recording the household's Income, expenditure, and Socio- Economic characteristics by the interviewer (Form 1)

Based on the results obtained from the Comparison Between the two Methods of data Collection on the Household's Income and Expenditure mentioned above, all items whose recording by the interviewer bear more accuracy, are inserted into a separate form (Form 1).

Of Course, these items carry such complex concepts and definitions that can not be readily conveyed to the household. Form 1 is made up of such items as the household's past and present members' socio-economic characteristics, occupational status of the household members, the household's income types, housing unit type and tenure, housing unit's equipment, living facilities, certain cash receipts by the household like insurance of place of work, etc (including non-consumption expenditures), types of non-purchasing expenses (receipts from a trading business, or as a wage, or as grant-in-aid from agencies, or sale of household products) and the household's other expenses such as housing, water, sewage system, fuel and lighting of the main place of residence and secondary place of residence, social and health charges, as well as investment and savings by the household.

The reference period and enumeration time of the items of this form vary from one item to another so much so that the first part (the social characteristics) and tables 1 and 2 from the second part including occupational specifications and the third part including the household's residential place characteristics and living facilities will be completed in the first visit during the first week of enumeration time in the presence of the household's members, tables 3, 4, and 5 from the second part including the income tables, and the fifth and sixth parts including the housing, water, fuel and lighting expenses at the end of fourth week, as well as tables 1, 2, 3, and 4 from the fourth part including receipts from insurance, goods and services provided by the agencies, and household products at the end of each week.

### **Registering the Annual Expenditure by the Household (Form 2)**

Since it takes more than one month for some expenditure items to occur and in other words, many expenditure items would occur in a longer period (usually one year), a separate questionnaire was designed, for a complete expenditure items coverage, in which the major annual expenditure items during the past eleven months to be registered by the household. If such cost items may be sustained during the enumeration month, they should be recorded on the Daily Expenditures Registration Form (Form 3). Thus, the related items of Form 2 would be registered by the household as well.

In order to design this form first the items in question were determined after taking into account the reference period for all expenditure items and then were coded and inserted into Form 2 in advance according to COICOP.

At the end of this form, a page has been developed to register the sale of the second-hand items whose reference period for registration is the last year including the last eleven months and the enumeration month.

### **Registering daily expenditure by the household (Form 3)**

All expenses sustained by the household during the enumeration month (composed of 4 separate weeks) can be registered in Form 3 by the household. Therefore, the reference period coincide with the enumeration time and the expenses are recorded when occurred. It is expected that this data collection mode reduce the possibility of forgetting or omitting the expenses sustained. The results of the above- mentioned research project indicates that registering data related to its daily expenses by the household is significantly more accurate than applying interview procedure by the enumerator to register such data.

The procedure is that during the week prior to the beginning of the enumeration month, the enumerator referring to the household to invite its participation, provide a literate candidate with the necessary details to complete the form. At the end of each enumeration week (each week (seven days) excluding the last week containing more than seven days), the enumerator will visit the household again to submit the new form and to receive the completed form. Also, he checks the completed forms, removes the possible problems and ambiguities and provides the necessary trainings to the household.

It is necessary to mention the codes and details of items have not been given in the form in advance, rather the household is supposed to record, for each case of its purchasing, the complete descriptions of the goods purchased and the prices paid in the pages pertaining to each day.

The items included in the form, after being checked and verified by the enumerator and the editor, will be processed by the related operator for simultaneous data entry and coding using the data entry software corresponding with COICOP.