

Assessing the estimation accuracy of LQ method for regionalization of input coefficients: a case study in Japan

Topic: Input-Output accounts and statistics

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A survey-based technique is regarded as a reliable method for constructing regional input-output tables; however, it requires huge amounts of time and money. On the other hand, a non-survey technique only requires existing statistics data, and its recent advances and developments are remarkable, especially in location quotient method. LQ method is found to be a useful and strong tool through some empirical studies, but more empirical evidences are needed to prove its efficiency. Furthermore, different behaviors of parameter θ of FLQ and AFLQ in existing researches also suggest that more applications and examinations should be carried out. The objective of the present study is to compare accuracies of estimated regional input-output tables with various LQ techniques using nine Japanese regions data. Moreover, the obtained optimum values of parameter θ in FLQ and AFLQ are examined to have insight into further development of regionalization techniques of IO tables.