Regional Course on Statistical Business Registers: Making a Business Case for an Operational Statistical Business Register

26 – 30 January 2015
Sungkai, Perak, Malaysia

2.2 – Conceptual issues: characteristics of units
To decide on statistical content of SBR, we need to keep in mind the uses of the SBR:

- Sampling frame
- Production of business statistics
- Production of demographic statistics
- Source of information about businesses
Structure of session

- Statistical content of an SBR – characteristics of units
  - Characteristics that should be recorded in the SBR for each of the types of units discussed previously (enterprise group, enterprise, establishment, legal unit, administrative unit, etc.)

- Classification of units in an SBR
  - Classification is used for the purposes of sample selection and production of statistics from the SBR
Statistical content can be grouped in four major groups:

- Identification and contact characteristics
- Demographic characteristics
- Descriptive (economic/stratification) characteristics
- Linkage characteristics

- Metadata about the characteristics
  - For every characteristic value, the associated metadata (data source, date of update, reference date, etc.) should be recorded.
Purpose: identify the observation unit and contact for surveying or profiling purposes

SBR should include at least the following:

* **Type of unit**
  * Depends on the main types of units included in the SBR, which could be: enterprise group, enterprise, establishment; kind-of-activity-unit, local unit, legal unit, administrative unit, and legal local unit.

* **Type of enterprise group**
  * The options are all resident, multinational domestically controlled, and multinational foreign controlled.
Identification characteristics (cont’d)

- Identification number(s)
  - To identify the unit and to enable it to be linked to other units in the SBR, and in administrative and other statistical sources.
  - Preferably no embedded information

- Name(s)

- Physical and mailing address(es)

- Communication characteristics
  - Phone and fax numbers, website and e-mail address

- Contact person(s)
## Summary – identification characteristics

### Characteristics of the Unit

<table>
<thead>
<tr>
<th>Characteristics of the Unit</th>
<th>Enterprise Group</th>
<th>Enterprise</th>
<th>Establishment</th>
<th>Local Unit (of Enterprise)</th>
<th>Legal Unit</th>
<th>Local Unit of Legal Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Unit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Type of Enterprise Group</td>
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<tr>
<td>ID number</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>Name, address</td>
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<td>✓</td>
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<td>✓</td>
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<tr>
<td>Communication characteristics</td>
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<td>✓</td>
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<td>✓</td>
</tr>
<tr>
<td>Administrative IDs (tax number…)</td>
<td>✓</td>
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<td></td>
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</tr>
<tr>
<td>Geographical code (zip code…)</td>
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<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Country code</td>
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<td>✓</td>
</tr>
</tbody>
</table>
Purpose: to understand business dynamics and preparation of demographic statistics

SBR should include at least the following:

- Date of birth/incorporation
  - It may be the date on which an identification number is assigned, or the date in which the legal existence was accepted, be it through a company/trade register number, assignment of a VAT number or other means.

- Date of commencement of activities

- Date of entry into SBR

- Activity status
  - In formation (birth), active, seasonally active, temporarily inactive, permanently inactive, no longer exist
Demographic characteristics (cont’d)

- Date of death / cessation of activities
  - Death can be difficult to determine with precision, as liquidation can last a long time after economic activities have been stopped
  - Closely dependent on continuity rules

- Date of other demographic events, such as split or merger

- Dates of recent changes (e.g. activity status, economic activity, or structure)

- Identifier of unit continuing activities after concerned unit has ceased
  - Needed for monitoring the restructuring of units
### Summary – demographic characteristics

<table>
<thead>
<tr>
<th>Characteristics of the Unit</th>
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<th>Local Unit of Legal Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of birth / incorporation / entry into SBR</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Activity status (active / inactive …)</td>
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<tr>
<td>Date of commencement of activities</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Dates of recent changes / other demographic events</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Date of death</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Purpose: for sampling and analysis, including for compilation of business statistics

SBR should include at least the following:

* Legal form
  * The possible types of legal form differ across countries according to the particular legislation.

* Institutional sector
  * Defined by SNA: Non-financial corporations, financial corporations, general government, households, non-profit institutions serving households (NPISHs)
Economic activity (principal / secondary)
- Following ISIC classification or a national adaptation

Size measure(s)
- Value added is considered the most appropriate measure, but it is difficult to measure so it is replaced by proxies: turnover (monetary proxy) and employment (physical proxy)
- Turnover: the main drawback is that it is not additive when changing the level of observation, for example establishment to enterprises, due to consolidation process.
- Number of persons employed: the total number of persons who work in the unit, including wage-earners as self-employed, as well as persons who work outside the unit but who belong to it and are paid by it.
- Number of employees: those persons who work for an employer and who have a contract of employment and receive compensation.
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<tbody>
<tr>
<td>Legal form</td>
<td></td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Institutional sector</td>
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<td>Principal activity</td>
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<td>Secondary activity (if any)</td>
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<td>Employment</td>
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<td>Turnover</td>
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</tbody>
</table>
Linkage characteristics

Purpose: for conducting a profile of an enterprise and linking data across different databases, as well as producing business statistics

Linkages are expressed in terms of identification numbers and the external source information

- Links between units in the SBR
  - Establishment belonging to an enterprise, enterprise belonging to enterprise group
  - Links between statistical and legal units
  - Links between statistical and administrative units
- Links with other registers
  - Links between SBR units and units in other registers, e.g. VAT register, trade register, social security, farm register, tourist establishment register, etc.
## Summary – linkage characteristics

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</tr>
</thead>
<tbody>
<tr>
<td>Link between unit and Enterprise Group</td>
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<tr>
<td>Percentage control</td>
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<tr>
<td>Percentage interest (ownership)</td>
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<tr>
<td>Type of management/control unit (within group)</td>
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<tr>
<td>Link between unit and Enterprise</td>
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<tr>
<td>Link between unit and Local Unit (of Enterprises)</td>
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<tr>
<td>Link between unit and Legal Unit</td>
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<tr>
<td>Link between unit and Local Unit of Legal Unit</td>
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<td>External register (name of register, IDs…)</td>
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</tr>
</tbody>
</table>
Classifications are used for:
- sample selection; and
- production of statistics.

Classification by:
- Activity status
- Economic activity
- Geography
- Size
- Legal form / type of ownership
- Institutional sector
No international standard – national standard needs to be defined

The following activity states are recommended:

- In formation (birth)
- Active
- Seasonally active
- Temporarily inactive
- Permanently inactive
- No longer exist
NSO needs to define which economic activity classification to use
Classification fully compatible with ISIC should be used (preferably version 3.1 or higher)
The SBR should include economic activity classification code to the finest level of detail for every statistical unit
Classification of geography

- National geographic classification needs to be defined (usually not developed by NSO)
- No international classification available
  - Example of regional standard: ESS nomenclature of the statistical territorial units (NUTS)
- It is important to base the geographic classification on the sampling needs (stratification) and administrative boundaries that might be reflected in sources
Classification of size

- No international standard available – NSO needs to define its own
- Classification can be based on: sales, income, assets, or employment
- Recommended to define more than one classification, e.g. an income-based (for production surveys) and an employment-based (for labour cost surveys)
- Four size categories are optimal for sampling
Classification of legal form / type of ownership

- Depends on local legislation – NSO needs to develop own classification
- Possible legal forms: sole proprietorship, partnership, limited liability company, co-operative society, non-profit organizations, etc.
The SNA classification should be adopted without any change

SNA classification of institutional sectors:
- Non-financial corporations
- Financial corporations
- General government
- Households
- Non-profit institutions serving households (NPISHs)