

The Philippine List of Establishments

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1. Introduction

- 1.1 The current register of businesses in the Philippines is referred to as the List of Establishments (LE). The LE is maintained by the Statistical Sampling and Operations Division of the Industry and Trade Statistics Department of the former National Statistics Office (now Philippine Statistics Authority). It is updated annually and both the central office and field offices are involved in the updating activity. The 2014 LE contains about 900,000 establishments.
- 1.2 The LE is a database or structured list of establishments engaged in the production of goods and services in the country. It contains identification data, classification data, maintenance and linkage data.
- 1.3 The LE stores statistical information regarding the composition of the population of businesses in the Philippines in terms of their organization, industrial activity, size, geography and their dynamic evolution over time. Other variables include information on why, when and where the last information came onto the LE database with the “old” information saved in historical files. It likewise contains information (starting 2004) to create a family of establishments (enterprise) under the same ownership and control.
- 1.4 The maintenance tasks include: adding “new” establishments (Birthing); de-listing “closed or dead” establishments (Deathing); finding and removing duplicate establishments; updating of status and characteristics of “old and existing” establishments; maintaining classifications; creating reporting units; linking with the enterprise; and identifying “out-of-scope” units.
- 1.5 The primary use of the LE is to provide the statistical frame for establishment and enterprise-based censuses and surveys which PSA conducts. As a population register of establishments, the distribution of establishments derived from the LE which the National Statistician certifies is one of the bases for the creation of a barangay/municipality/province and the classification of a barangay into urban/ rural area. As such, it is a critical activity that a continuous updating of the LE is done to capture and record the changes as mentioned in paragraph 1.4 depending on the level of available resources.

- 1.6 The preliminary LE is available 4 months (April) after the reference year and the final LE, 7 months (July) after the reference year.
- 1.7 The general public, however, does not have access to the LE. The confidentiality provision of Commonwealth Act 591 of 1940 and Republic Act 10625 (Philippine Statistical Act of 2013) requires the mandatory exemption from disclosure of information. Statistics from the LE are released in aggregate form only, with no potential identification of individual information. If necessary, data are suppressed to prevent direct or residual disclosure of information.
- 1.8 Frequent users of statistics from the LE, in the form of distribution of number of establishments are the students doing their thesis; businesses planning for expansion and Local Government Units (LGUs) for creation of a political subdivision. Government institutions and International agencies, likewise avail of the LE for the frame of surveys contracted to PSA (then NSO).

2. Contents of the List of Establishments (LE)

- 2.1 The establishment is the listed unit in the LE. An establishment is defined as an economic unit which engages, under a single ownership or control, i.e., under a single entity, in one or predominantly one kind of economic activity at a single fixed location, e.g. an individual farm, mine, factory, store or office.
- 2.2 For some type of economic activities, the kind-of-activity unit is used. This unit differs from the establishment in that there is no restriction in respect of the geographic area in which a given kind of activity is carried on by a single legal entity. This unit was applied to electricity, gas & water (prior to 1990, except National Power Corp in 1990, no longer applied beginning 1993); construction; transportation, storage and communication; insurance; security agencies (beginning 1999); and real estate developers (beginning 1996).
- 2.3 The minimum data items for inclusion of an establishment in the LE are:
 - Name of establishment
 - Address of establishment
 - Description of economic activity
 - Economic organization
 - Legal Organization
 - Total employment
 - Paid employees

Other data items in the LE data base are presented in Appendix 1:

- 2.4 Starting in 2009, initiatives to include additional items of information (or variables) to delineate enterprises as another statistical unit on the LE data base were pursued. Linking with constituent establishments was done through the Tax Identification Number (TIN), the unique business identifier for units belonging to the same enterprise or enterprise group. The TIN is assigned by the Bureau of Internal Revenue (BIR) in the registration process of a business. The TIN from the active tax filers is an indicator of a business unit of its current operations.
- 2.5 Additional data items collected for identification of the enterprise are: total assets (2004); Name/address of parent company (2009) and TIN.
- 2.6 The LE adheres to the UN ISIC in classifying economic activities of the establishment. The current LE uses the 2009 Philippine Standard Industrial Classification (PSIC) which is aligned to ISIC rev4. A correspondence with the earlier version of the economic activity of the units in the LE is contained in the LE data base.
- 2.7 All economic activities are covered in the LE, except for those classified under Section O (Public Administration and Defense; Compulsory Social Security), Section T (Activities of Households as Employers; Undifferentiated Goods and Services Producing Activities of Households for Own Use; and Section U (Activities of Extra-territorial Organization and Bodies). Ambulant peddlers and hawkers are likewise excluded from the LE.
- 2.8 The Philippine Standard Geographic Classification (PSGC) for coding the location of businesses is updated every quarter.

3. Updating Strategies

- 3.1 Records on the efforts of the PSA (then NSO) to construct, update and improve the LE for censuses and establishment surveys are available from 1961 onwards.
- 3.2 To keep the LE up-to-date, the characteristics of establishments and the contents of the LE are update continuously. The updating strategies employed are: door-to-door canvassing; use of administrative and secondary sources (Mail Inquiry); reports and feedback from other establishment surveys; the Decentralized Registry of Establishments System (DRES), and; profiling.
- 3.3 Door-to door canvassing was usually undertaken prior to a census of establishments. The LE is built by enumerating and listing establishments. The Updating of the LE (ULE) utilizing the strategy were done for the 1961, 1967 and Economic Censuses. These were also employed for the Census of Establishments (CE) for 1978, 1983, 1988 and 2000 Census of Philippine Business and Industry (CPBI).

- 3.4 The administrative and secondary source lists were used for 1962-1966; 1968-1969; 1970-1974; 1976-1977; 1979-1982; 1984-1987; 1989-1992; 1994-1995 and 2002 onwards updating. Lists came from the Department of Labor, municipal and city treasurer's offices, newspapers and telephone directories. These were supplemented with Mail Inquiries of "No Matched" units.
- 3.5 The desire to further improve the quality of the LE coupled with the need for the list and statistics on small and medium enterprises prompted the NSO to expand its coverage and change the strategy in updating. It was in 1996 that the LE was merged with the list of exporters/importers (Trader's list from the NSO), and lists from LGU (business permits), Bureau of Trade Regulation and Consumer Protection (BTRCP), Philippine Chamber of Commerce & Industry (PCCI), Board of Investments (BOI), Bangko Sentral ng Pilipinas (BSP) and National Statistical & Coordination Board (NSCB). The "No Matched" units from the merged lists were field verified. For succeeding years lists were obtained from Department of Tourism, Department of Health and the Securities and Exchange Commission (SEC), among others
- 3.6 Unfortunately, there is no comprehensive single source to cover all the aspects of LE updating processes. The most utilized administrative source for corporations and very large businesses are the Securities and Exchange Commission (SEC) list of top 1000 and/or 5000 corporations (since early '90s).
- 3.7 With limited financial resources for the some years, selected field listing activities were resorted to. In those years, updating were done only in growth centers (1993-1995; 2004-2005; 2011-2013); some years focus on establishments with cut-off employment sizes of 20 or more and/or 50 and over; and other years on the in-scope and coverage of the annual establishment surveys (2008-2009)..
- 3.8 The Philippines-Australia Governance Facility (PAGF) project on the "Improvement of Methodology the Annual Survey of Philippine Business and Industry (ASPBI)" in 2001 was instrumental in the introduction of the Decentralized Registry of Establishments System (DRES). The DRES is a software developed for the computerization of business permits application and designed to be an embryo Business Register at various levels at the local government units (LGUs) and the links and relationships between them and NSO. The created database from the system could provide an extensive and accurate list of establishments for sampling frame of surveys of Philippine businesses and industry, at the same time,. When deployed to LGUs, this could provide a better frame and wider coverage for the ASPBI, at a least cost for the NSO. Other than the four pilot municipalities in Pampanga and the eight municipalities in the province of Sarangani, there were no takers of the system. Resource constraints

especially on the part of the small municipalities prevent its widespread adoption and application. Slowly, the utility of the DRES was not sustained.

- 3.9 Another opportunity to enhance the utility of the LE came in mid-2009 when the NSO received financial assistance from the World Bank Country Assistance Strategy (WB-CAS), a grant under the Trust Fund for Statistical Capacity Building (TFSCB): Improving the Quality and Usefulness of the Philippine System of National Accounts (PNSA) (TF093517); and the Australian Grant for Improving Data Coverage and Quality of Surveys in Support of the PNSA- Phase II (TF098613) in early 2011.
- 3.10 Through the Grant, the Large Business Unit (LBU) at ITSD-NSO which spearheads the profiling of enterprises was reactivated. The LBU was created in 2009 and is composed of sector specialists from the Industry and Business Divisions of ITSD and is lead by SSOD, specifically to act as key persons for their specific sectors and profile establishments.
- 3.11 Profiling of very large units (establishments) was pursued to build enterprises, link with constituent establishments and identify its position in hierarchy level of the organization. Profiling is a method for analysing the legal, operational and accounting structures of an enterprise group at national and global level. It establishes statistical units within that group, their links, and the most efficient structures for collection of statistical data. Also it improves the quality of the Business Register, as a survey frame and source of information because it enhances cooperation with respondents and improves delineation of the statistical units.
- 3.12 To ease the burden of field personnel for call backs and facilitates faster retrieval of accomplished ULE Inquiry Forms, an on-line facility was developed and made available to establishments starting with 2012 ULE. Establishments may access and submit the accomplished Inquiry Form at PSA website <https://ule.psa.gov.ph>. A low 3 percent response rate was recorded for 2012 ULE. For the field verification of "NO Matched" in 2014, only 1 percent responded through the web.
- 3.13 Survey feedbacks utilized in all ULE operations identified the following problems in frame/ samples: presence of units which actually are out-of scope in the survey; presence of dead establishments in the frame (need to have information as to number which stopped operation before survey year); "cannot be located" – which could be the reality or could be dependent on the search effort of the field men.; duplicates; presence of "structural problems" - those responded with consolidated reports and referrals to other units ; presence of changes in establishments characteristics or unit details (those which changed PSIC, employment size, economic and legal organization) ; and presence of cases of transferred establishments. Quantification of all these cases will be most useful to improve the quality of the LE and frame for the succeeding survey/census operation.

4 Main Challenges in Developing and Maintaining the List of Establishments

- 4.1 The development and maintenance of the LE was not an easy task. With the increasing volume of records on the data base, the problem of a system that is able to manage and ensure a secure database environment was the primordial concern of the Statistical Sampling and Operations Division of the Industry and Trade Statistics Department of the NSO, the unit that maintains the LE.
- 4.2 From the LE system on the mainframe, a micro-computerized system was introduced in 1993. This evolved into the Maintenance of the List of Establishment (MLE), a customized application program using Visual Basic and was developed by the IT Department of the NSO. It was in Microsoft Office Access format and is stored in a server that has a Linux Fedora as its operating system. Full migration to MySQL was achieved in 2013. It is lodged in a central server at the IT department and can be accessed through the ITSD intranet.
- 4.3 In 2010, when work on the creation/construction of the list of enterprises started, the MLE System still lack fields to adequately capture characteristics of enterprise. In the absence of a system with the enterprise variables, remedial measure such as the creation of separate files to contain characteristics of linked establishments with the enterprise and then integrating with the extracts from the MLE system often resulted to duplication of staff efforts which delayed updating establishment/enterprise characteristics.
- 4.4 The delineation of the enterprise as another statistical unit in the LE is a response to the conduct of the 2011 Survey of Enterprises (SEP), expected to yield better input data in the estimation of national accounts. Completeness of coverage of frame, however, was a problem.
- 4.5 Since the enterprise survey was the first ever to be conducted by NSO, frame construction was limited to the existing LE data base and the SEC Top 25,000 Corporations as linked through TIN from BIR. Single establishment enterprises owned by single proprietors and with less than 10 employed (informal sector) which comprise about 90 percent of the current LE were not given priority in the linking activity. Nonetheless, in the process of linking there were indications that those considered to be “informal” for some units are also part of an enterprise group.
- 4.6 Total employment, in the absence of revenue and assets, was used in the classifying and building the enterprise frame, which is not consistent with the variable (revenue) used for annual survey of establishments. An improved understanding of the enterprise organizational structure gained from the profiling activity was a big help.

The extent, however, of possible misclassification need to be quantified and feedback to the LE as soon as processing and final results of the 2011SEP is completed. The pilot survey on enterprises done in 2010 brought out opportunities of improving the coverage of the LE. Firms provided information on parent companies and subsidiaries as well as branches. Some 62% of total branches reported by 48 enterprises were not included in the LE

- 4.7 The timing of the conduct of actual filed listing or door-to-door canvassing affects the accuracy of the LE. The time of the field operation for the different ULEs are:

1988 Integrated Listing of Households and Establishments – February 1990

1990 ULE - September 17 to December 14, 1990

1991 ULE - June 17 to September 13, 1991

1992 ULE - 3rd quarter 1992

1996 ULE - November 11, 1996 to Feb 7, 1997

1999 ULE – May 3 – July 15, 1999

2000 ULE – 1st Qtr, 2000

Thereafter, updating was conducted in May to July and/or 3rd Qtr of the reference year as dictated by the availability of excess funds from the Annual Surveys of Philippine Business and Industry (ASPBI). For years with wider geographic coverage, budget was embedded in the preparatory activities of ASPBI.

- 4.7 When no excess funds from ASPBI can support the ULE operations, SSOD obtained lists from regulatory bodies, industry associations, the media and other secondary sources. These were matched with the LE. In general, SSOD found a match in at least two-thirds of the time with other lists but took a lot of manual and machine processing time. Firstly, the files are **not** “in sync” with the LE data base. There were numerous problems on duplication, identification whether an establishment is out-of-scope of NSO surveys, insufficient description of main activities and on linking establishments from different lists. A further Inquiry by mail is conducted for establishments that are not in the LE (referred as “NO Matched”) to complete information for inclusion in the LE data base. The response rate, on the average, was about 3-4 %.
- 4.8 Major administrative sources identified by the PAGF and WB-assisted projects for updating the LE are the BIR list of taxfilers and the Securities and Exchange Commission (SEC) list of top corporations.
- 4.9 The SEC lists on the top 1000 corporations were utilized since the early 90’s. A 98.5% match, for most years, indicated that top grossers were well represented and has substantive coverage in the LE.

- 4.10 The sustained amicable relationship established with the biggest source of administrative data on corporations - the SEC through the coordination meetings facilitated in the TF098613 and TF093517 (Phase I and Phase II project with WB and AusAid)) on initiatives in data sharing and access to economic statistics, kept open the communication lines with the agency. Provision of electronic copies of lists from SEC continued in 2014. A possible MOA to access the Financial Statements (F/S) and information sheets of the corporations is being worked up.
- 4.11 The BIR list of taxfilers in CDs was made available to NSO in 2005 and 2011. These were extensively utilized to match the establishments and populate the TIN on the LE data base. Requests for more up-to-date lists, however, were denied in 2013 when agency changed management.

5 On-Going Issues and Problems

- 5.1 With the continuing development in the economy, increasing demand for business demography and related statistics from the LE by stakeholders put pressure on the quality and completeness of the LE. A key requirement of an LE or Business Register is that it should be complete, accurate and should reflect the current status of active business population, at a given time.
- 5.2 Since a comprehensive field updating is costly, an alternative and relatively least expensive strategy to keep the LE up-to-date needs to be explored. The access to data from administrative sources offers the opportunity. Experience, however, on the availability of BIR and SEC lists is frequency of provision, coverage, legal constraints and depends on management of respective offices.
- 5.3 Hence, the need to continue high level coordination work with the Bureau of Internal Revenue (BIR) on sharing the Tax Identification Number (TIN) from the List of Tax Filers and tax filer characteristics.
- 5.4 A MOA between the PSA and BIR need to be put in place for the mechanism on the mode of access to TIN data base; frequency of access or provision of the updated List and new tax filers. The agreement will provide PSA the opportunity for making the Business Register up-to-date. The Business Register before the passage of RA 10625 (Philippine Statistical Act of 2013) is maintained by the Statistical Sampling and Operations Division at the Industry and Trade Statistics Department, NSO. It is now transferred to the National Censuses and Coordination Office (CTCO) under the new set-up. The time saved in collecting the information through minimal conduct of field updating activities can then be devoted to the cleaning of the data base and ensuring the complete coverage of units at the various levels, the links to multi-unit establishments and relationship between them.

- 5.5 A review of scope and coverage to address need for MSME statistics.
- 5.6 Assessment of the operational definition of the enterprise. Initial feedback from the processing of the 2011 SEP and 2012 CPBI for enterprises reported the occurrence still of consolidated reports and referrals to other units within the enterprise. This translates to
- 5.7 To have an annual budget allocation for updating LE. Considering the importance of establishing a business register, the generation and updating of this information may be proposed for inclusion in the activities to be prioritized in the Philippine Statistical Development Program.
- 5.8 Re-thinking of the units captured in the LE [(from Kind-of-Activity unit (KAU) to Type-of-Activity Unit (TAU)] in the case of the Australian Business Register. This will further minimize the consolidated reporting of multi-activity enterprises and provide better estimates for activities which have big impact on sector estimates.