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

UNITED NATIONS
SIAP
Statistical Institute for
Asia and the Pacific

What do we need it for?

* 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

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.

Identification characteristics

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)

UNITED NATIONS
SIAP
Statistical Institute for
Asia and the Pacific

Summary – identification characteristics

Characteristics of the Unit	Enterprise Group	Enterprise	Establishment	Local Unit (of Enterprise)	Legal Unit	Local Unit of Legal Unit
Type of Unit	✓	✓	✓	✓	✓	✓
Type of Enterprise Group	✓					
ID number	✓	✓	✓	✓	✓	✓
Name, address	✓	✓	✓	✓	✓	✓
Communication characteristics	✓	✓	✓	✓	✓	✓
Administrative IDs (tax number…)					✓	✓
Geographical code (zip code…)	✓	✓	✓	✓	✓	✓
Country code	✓	✓	✓	✓	✓	✓

Demographic characteristics

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

UNITED NATIONS
SIAP
Statistical Institute for
Asia and the Pacific

Summary – demographic characteristics

Characteristics of the Unit	Enterprise Group	Enterprise	Establishment	Local Unit (of Enterprise)	Legal Unit	Local Unit of Legal Unit
Date of birth / incorporation / entry into SBR	✓	✓	✓	✓	✓	✓
Activity status (active / inactive …)	✓	✓	✓	✓	✓	✓
Date of commencement of activities	✓	✓	✓	✓	✓	✓
Dates of recent changes / other demographic events	✓	✓	✓	✓	✓	✓
Date of death	✓	✓	✓	✓	✓	✓

UNITED NATIONS
SIAP
Statistical Institute for
Asia and the Pacific

Descriptive characteristics

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)

Descriptive characteristics (cont'd)

* 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.

Summary – descriptive characteristics

Characteristics of the Unit	Enterprise Group	Enterprise	Establishment	Local Unit (of Enterprise)	Legal Unit	Local Unit of Legal Unit
Legal form					✓	
Institutional sector		✓	✓		✓	✓?
Principal activity	✓	✓	✓	✓	✓	✓
Secondary activity (if any)	✓	✓	✓	✓	✓	✓
Employment	✓	✓	✓	✓	✓	✓
Turnover	✓	✓	✓			

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

Characteristics of the Unit	Enterprise Group	Enterprise	Establishment	Local Unit (of Enterprise)	Legal Unit	Local Unit of Legal Unit
Link between unit and Enterprise Group		✓			✓	
Percentage control					✓	
Percentage interest (ownership)					✓	
Type of management/control unit (within group)					✓	
Link between unit and Enterprise			✓	✓	✓	✓
Link between unit and Establishment		✓		✓	✓	✓
Link between unit and Local Unit (of Enterprises)		✓	✓		✓	✓
Link between unit and Legal Unit	✓	✓				✓
Link between unit and Local Unit of Legal Unit		✓	✓	✓	✓	
External register (name of register, IDs…)			✓		✓	✓

Classification of units in an SBR

* 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

Classification by activity status

* 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

Classification by economic activity

* 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.

Classification of institutional sector

* 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)