Regional Course on Statistical Business Registers

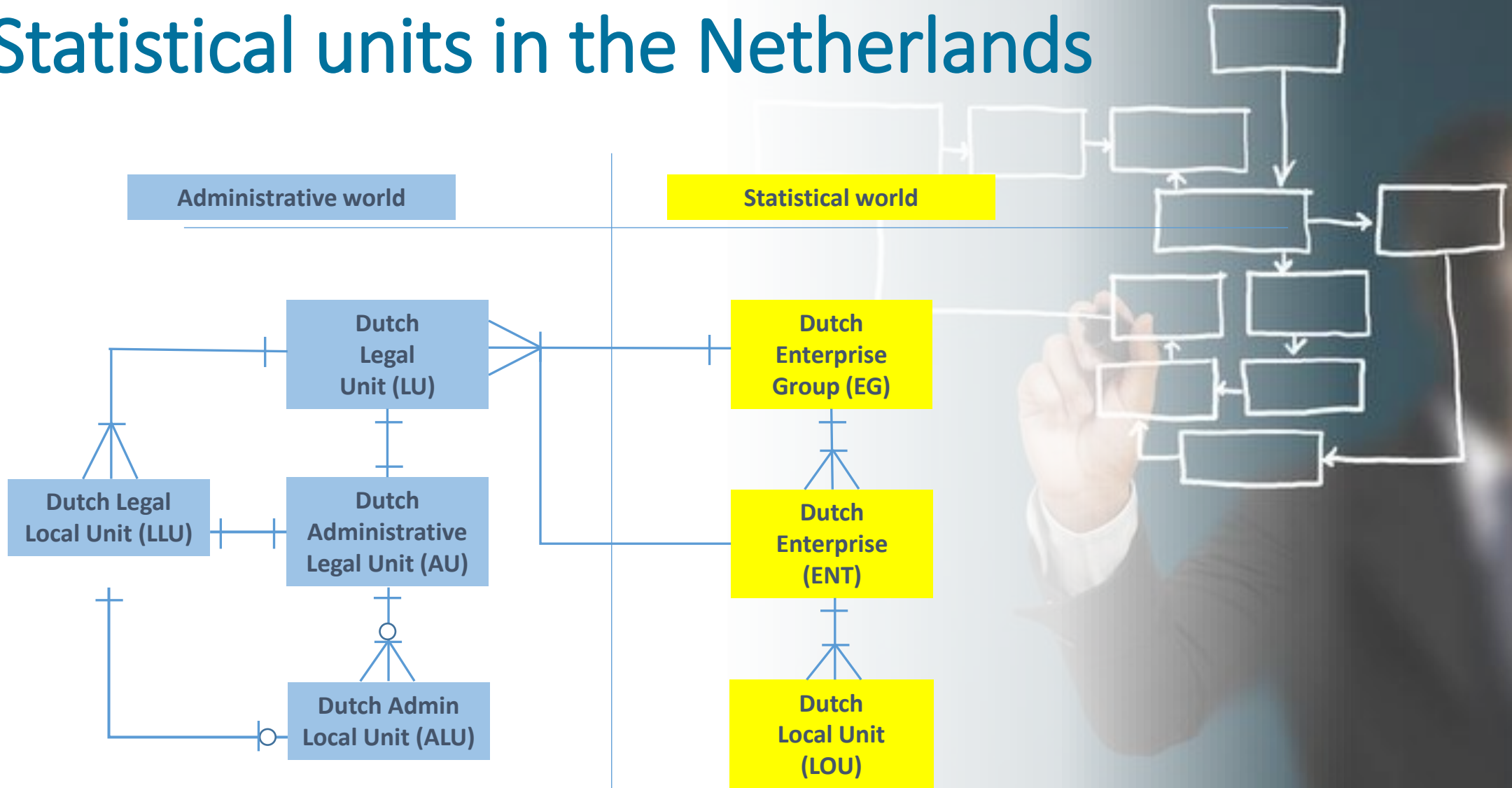Session 14: Profiling and Global/Regional Registers

Definition of Profiling

*"Profiling is a **method** to analyze the legal, operational and accounting **structure** of an **enterprise group** at national and world level, in order to establish the **statistical units** within that group, their links, and the most efficient structures for the collection of statistical data"*

European business statistics methodological manual for statistical business registers

Statistical units in the Netherlands

Administrative world	Statistical world

Dutch Legal Unit (LU)

Dutch Legal Local Unit (LLU)

Dutch Administrative Legal Unit (AU)

Dutch Admin Local Unit (ALU)

Dutch Enterprise Group (EG)

Dutch Enterprise (ENT)

Dutch Local Unit (LOU)

Definitions

|	
Legal unit	• A legal unit is a legal construct through which the law allows a group of natural persons to act as if they were a single person for certain purposes.
Enterprise Group	• An Enterprise Group is considered as the actual actor in the **financial** process, particularly the financial- and distribution process. The Enterprise Group is the largest **collection of legal units** in the Netherlands between which predominating (more than 50%) control exists.
Enterprise	• The (Dutch) enterprise is the actual actor in the production process characterised by autonomy in decisions about the process and by providing products to others. It is identified by **autonomy, describability** and **external orientation**
Local unit	• A Local Unit is that part of the Enterprise which is situated on one **geographical location**.

Defining a profiling population

- Kind of unit
  - SN: EG
- Which units:
  - Importance of the unit for statistics
  - Complexity of the maintenance of the unit
  - Quality of the automated process to derive units
    - Low quality area's (ISIC, inst. sector, legal form) or unstable units.
- How many units:
  - Budget, staff
  - Frequency of updating the register / profiles

Maintenance subgroups

Automatic profiling

Light profiling

Intense profiling
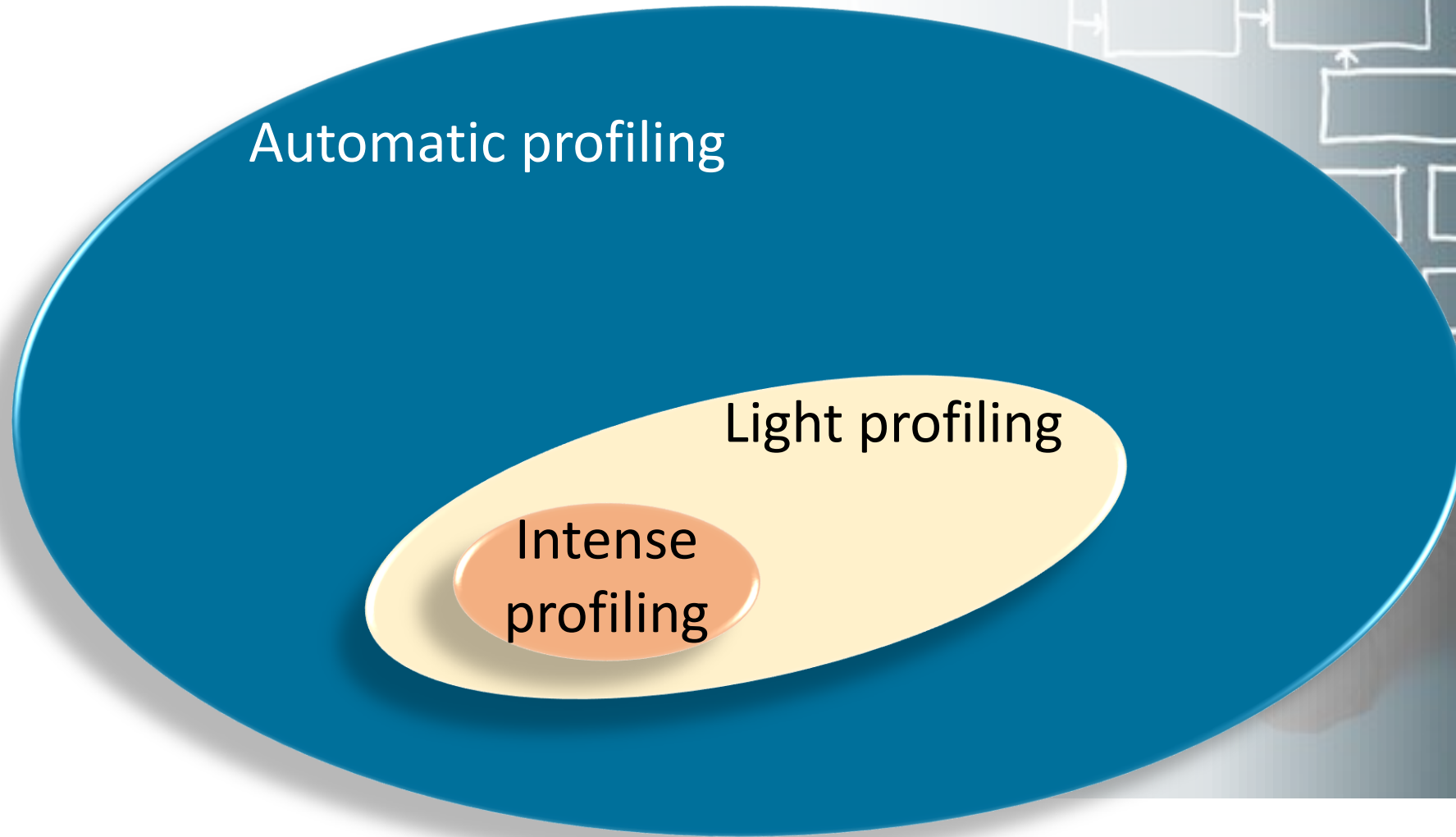
Light profiling - approach

- Profilers maintain the structure of the statistical units in the business register

- Profilers are responsible for relationship management within their own panel

- Statistical departments edit survey data and are responsible for consistent data

- Profilers and statistical analysts exchange information

Intensive profiling - approach

One multi disciplinary team, that consists of:

- Account managers, responsible for relationship management and consistent data

- Profilers, who maintain the structure of the enterprise groups in the business register

- Analysts, that edit survey data and assist in assessing the consistency

- International trade specialists

Sources for profiling

- Trade register
- Tax register
- Annual reports
- Information from statistical departments
- Account management
- Statistical data
- Internet, press releases, financial/business sites.
- The AFM register

Triggers for profiling

1. Triggered by updating procedures which affects the structure of a relevant statistical unit

2. Triggered by incoherence in data collection to prevent inconsistencies
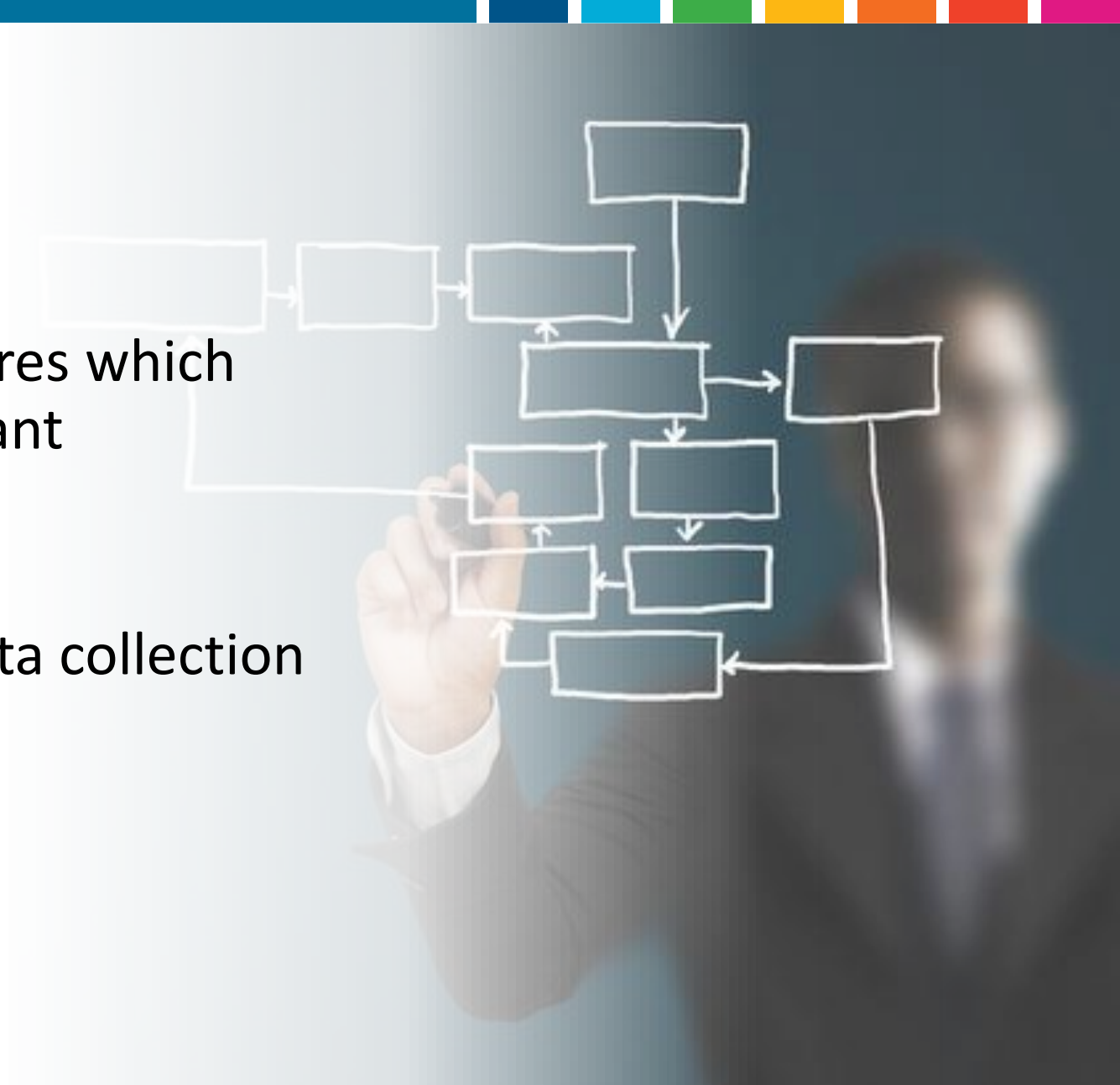
Active and reactive approach

- Active – create cluster of control and delineate (national) Enterprise Group; check the consolidation cluster

- Create enterprises and link the legal units

- Make a report of the research and the results

- Reactive – continuously ongoing process

- Change in sources – what are the consequences for structure and statistics?

- Frame errors – ISIC, size and sector code

What is CSI?

CSI factor is an indicator which gives an idea about the **C**omplexity and **S**tatistical **I**mpact (and the size) of the enterprise group, which makes it possible to rank all the enterprise groups in the Statistical Business Register in order to decide which enterprise groups should be profiled.
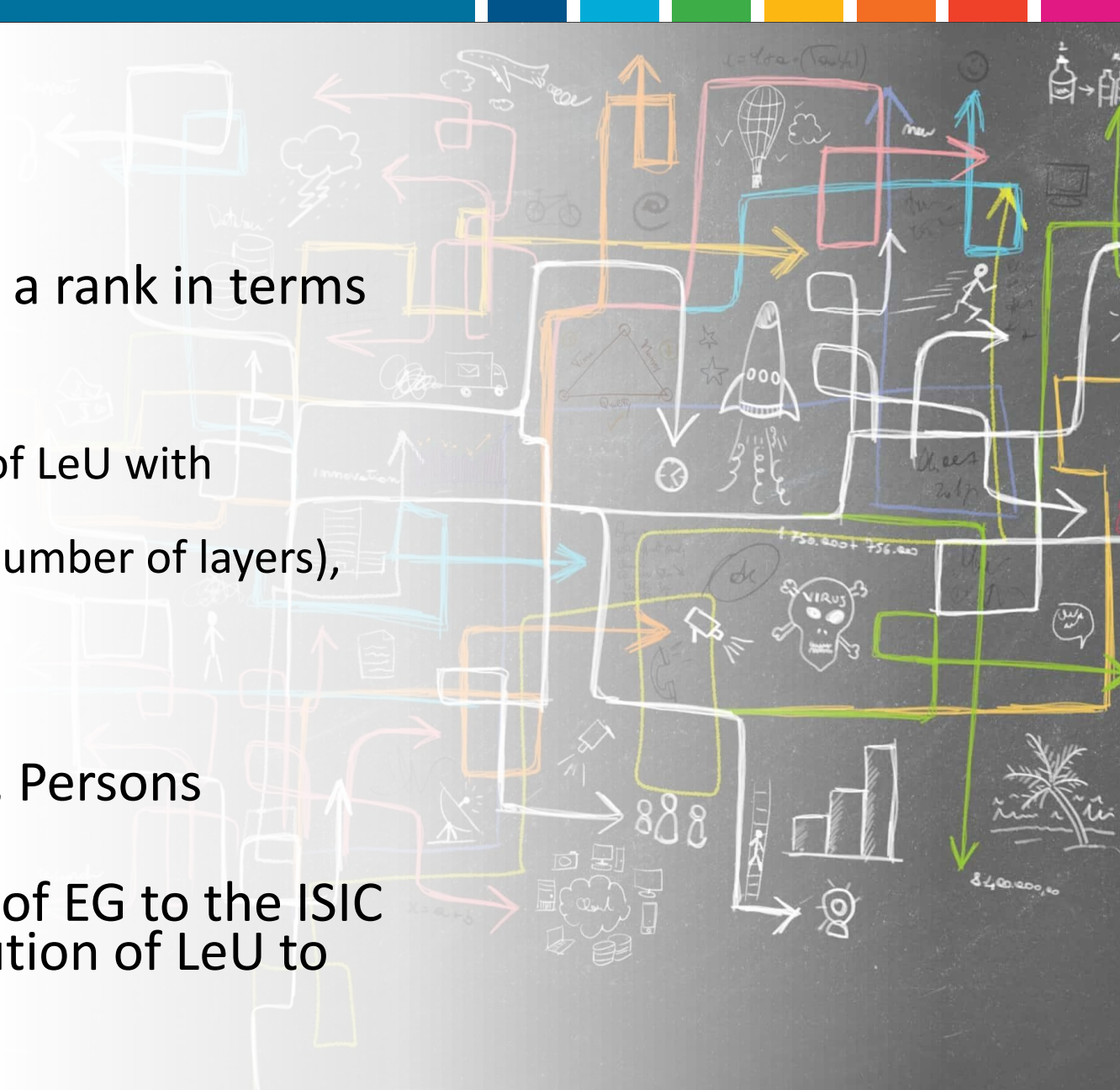
CSI derivation

On the level of enterprise group (EG) a rank in terms of complexity, size and relevance

- **Complexity**:
    - Legal units (number of LeU, number of LeU with employement),
    - Control relationships (total number, number of layers),
    - Locations,
    - Number of ISIC sections,
    - Number of fiscal units.

- **Size of the EG**: Balance Sheet Total, Persons Employed

- **Statistical Relevance**: contribution of EG to the ISIC (in terms of employment), contribution of LeU to the ISIC (in terms of employment)

CSI derivation

- Each criteria is divided into 3-5 scores

- the weighted value is translated into a score of 0 tot 4.

- In the end the sum of the scores will be translated into a CSI-factor.

More information available in detailed report

Key success factors for good profiling (1)

- Define a population of important groups
- Create a reactive procedure
- Update profiles regularly
- Profile on level of national EG, preferably on Global EG
- Delineation of units should be suitable for statistics and for the company
- Establish a good contact with the EG

Key success factors for good profiling (2)

- Results of profile/corrections should be implemented in BR asap in a coordinated way

- Communicate with the statistical users and send profile reports to all stakeholders

- Create the best view on the EG before contact the EG

- Use the top-down method

- Stay in contact with FATS

# Uses of global registers of multinational enterprises (MNEs)

- To facilitate analysis of globalization and global value chains (GVCs)

- To help countries improve the coverage of their statistical business registers and compile better, more detailed business and trade statistics

- To help statistical offices better profile their national part in a complex MNE group and to see the non-national part of MNEs in their country

- To facilitate data sharing among countries, using a common, public source

The EuroGroups Register (EGR)

- The EGR is a database containing a large amount of information on multinational enterprise (MNE) groups operating in Europe.

- The EGR is built from the national statistical business registers of EU countries in collaboration with NSOs

- The EGR is available to all statistical authorities in EU Member States and EFTA countries.

- The EGR is supported by the Regulation (EU) 2019/2152.
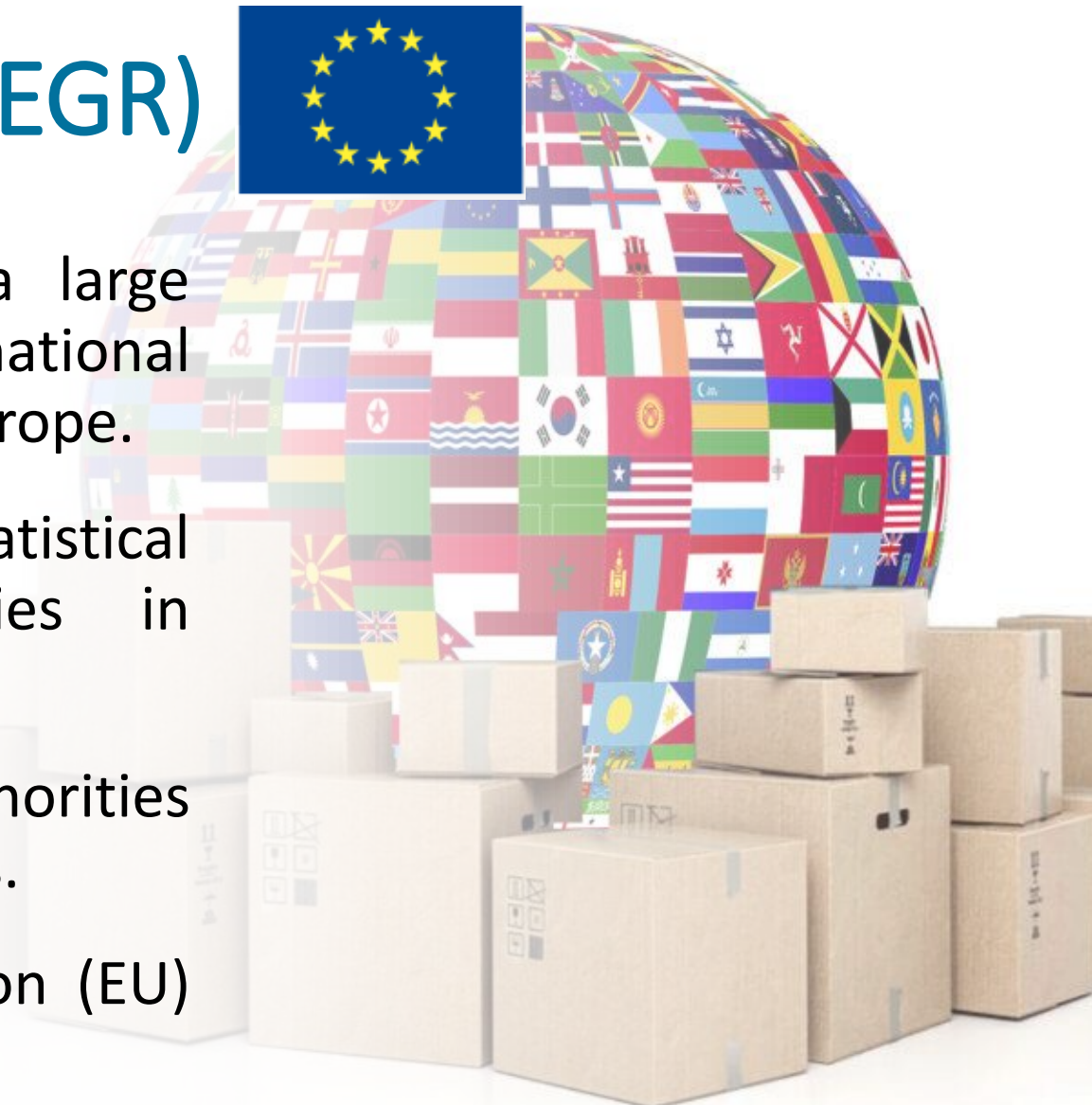
European (or global) profiling

- For multinationals two levels are distinguished: European (or global) and national profiling

- **European profiling**: The NSI of the country of the global decision center (GDC) delineates the global enterprise (GEN) in cooperation with the group, and, in order not to lose sight of the global dimension of groups and their cross-border structure, the NSIs of the countries in which a GEG has operations link their national enterprises to the group's GENs, thus linking national and European profiling.

European (or global) profiling

National profiling: Each NSI defines the national statistical units' structure within a group, in a way that reflects the national needs. These national enterprises are the output of national profiling. In cases of GEGs, it is recommended that NSIs link their national enterprises to the group's GENs, thus linking national and European profiling.

Workflow

- **European or global level:**
  - STEP 1: Maintenance of the population of global enterprise groups to be profiled.
  - STEP 2: Validation of the information on GDC, the perimeter and global enterprise structure by the GDC NSI
  - STEP 3: Profiling by the GDC NSI
- **National level:**
  - STEP 1: Maintenance of the population of national enterprise groups to be profiled
  - STEP 2: Profiling of all resident groups and national parts of global enterprise groups

End of Session 14