

*Initial Draft*  
*8 June 2021*

## **Manual on the Principal Indicators for Business and Trade Statistics**

This initial draft *Manual on the principal indicators for business and trade statistics* was prepared by UNSD based on the work of the UNCEBTS and its task teams. In particular it brought together the strategic view for business statistics<sup>1</sup> and the work on the core indicators and their policy and analytical frameworks of the task team on business dynamics, demography and entrepreneurship, the task team on globalization and digitalization, and the task team on well-being and sustainability.

This draft will undergo further detailed review with the task teams of the UNCEBTS and the UNCEBTS Bureau before being circulated for global consultation.

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<sup>1</sup> Stefano Menghinello and others. A strategic and data production frameworks for the development of business statistics. *Statistical Journal of the IAOS* 36 (2020) 701–713 DOI 10.3233/SJI-200687

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## **I. Introduction**

### **A. Objective**

1. This manual presents a strategic view on business and trade statistics, including their policy needs and data gaps, and puts forth a list of principal indicators on business and trade statistics, which are designed to meet users' needs in terms of better quality and increased data granularity for current statistics on business and trade statistics for business demography, business dynamics, and entrepreneurship; globalization and digitization; and well-being and sustainability in support of the 2030 Agenda for Sustainable Development. These principal indicators as proposed by the United Nations Committee on Business and Trade Statistics (UNCEBTS)<sup>2</sup> are intended to subsequently approved and recommended by the Statistical Commission in March 2022 for compilation by national statistical offices (NSOs) in an internationally comparable, flexible and sustainable approach.

2. This manual will be subject to a global consultation by experts from NSOs for their feedback on the appropriateness of the selection of the principal indicators, the feasibility of compiling and disseminating the indicators in an internationally comparable and sustainable manner, and their endorsement of the recommendations in this manual, the proposed principal indicators, and the methodological guidance provided in the technical sheets for each principal indicator presented in the Appendix.

### **B. Structure of this Manual**

3. Following this introductory section, Section II of this manual presents the frameworks applied to the selection of the principal indicators, including the strategic view on business and trade statistics and the analytical and policy framework. Section III describes the main concepts for business and trade statistics, covering: (1) the scope of business statistics, (2) statistical units, and (3) the importance of adding granularity to existing statistics by exploring relevant breakdowns to address relevant policy questions, as well as delineation of the indicators themselves. Section IV addresses the process of producing the indicators, including data availability and matters of consistency and international comparability and institutional coordination and governance. This section also addresses the fact that it is expected that at country level, several institutions may be responsible for the compilation and reporting of the principal indicators and the institutional coordination mechanisms and governance needed for the national reporting of the indicators. Section V outlines areas for future research identified by the UNCEBTS and measures to improve upon and extend the recommendations provided in this manual. The Appendix includes the technical sheets for each of the principal indicators, organized by priority area, which present the methodological guidance, such as definitions, classifications, breakdowns, algorithms, source data and other metadata. *[A glossary will be added.]*

### **C. Process of preparing this Manual**

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<sup>2</sup> The UNCEBTS has prepared this manual in response to a request from the United Nations Statistical Commission in 2019 to provide coordination and guidance for the development of business and trade-related statistics.

4. This manual reflects the research undertaken by the task teams of the UNCEBTS since its establishment in 2018, in response to a request by the United Nations Statistical Commission at its forty-eight session to create “a UNCEBTS of experts with balanced geographical representation and with terms of reference to prepare the guidelines for statistical business registers and give guidance on issues of business and basic economic statistics, taking into account the use of administrative data, the choice of statistical units in the context of globalization, and issues related to a large informal sector.”<sup>3</sup> In 2018, the UNCEBTS identified five priority areas in business and trade statistics to enhance the relevance, accuracy and coverage of business statistics. These priority areas include: Business Dynamics, Demography and Entrepreneurship, Globalization and Digitalization, Wellbeing and Sustainability, and Exhaustive Business Registers and related Capacity Building for statistical business registers (SBRs).

5. It is important to note that the priority areas on Exhaustive Business Registers and Capacity Building for SBRs are focused on the creation and maintenance of exhaustive SBRs and their evolution toward more mature and comprehensive attributes and data production infrastructures. In this regard, following the release on the UN Guidelines on Statistical Business Registers,<sup>4</sup> the UNCEBTS has prepared a handbook on a maturity model for the further development and enrichment of SBRs to fulfill the data requirements for the principal indicators presented herein. The handbook on the maturity model is also being circulated for global consultation simultaneously with this manual.<sup>5</sup>

#### **D. Intended audience of this Manual**

6. While the target audience of this manual are NSOs and the statisticians that will be responsible for the compilation and reporting of the principal indicators, compilers from different statistical domains and institutions may also be involved in the collection and compilation of the data needed to produce these indicators. Thus, compilers in NSOs and other agencies that are not traditionally directly responsible for compiling business statistics will benefit from reading this manual. Further, data users outside the NSOs will also gain more information on the interpretation and use of the principal indicators presented as well as the data sources and methods of calculation.

7. As mentioned above, these principal indicators, if approved by the United Nations Statistical Commission, will be recommended to be compiled by all NSOs as a minimum core set of indicators on business and trade statistics for reporting at the global level.

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<sup>3</sup> Report of the Statistical Commission on the forty-eighth session (2017) <https://undocs.org/E/2017/24>.

<sup>4</sup> *United Nations Guidelines on Statistical Business Registers*. United Nations, 2020.  
[https://unstats.un.org/unsd/business-stat/SBR/Documents/UN\\_Guidelines\\_on\\_SBR.pdf](https://unstats.un.org/unsd/business-stat/SBR/Documents/UN_Guidelines_on_SBR.pdf)

<sup>5</sup> *UN Handbook on the Maturity Model for Statistical Business Registers*. [\[insert link\]](#)

## **II. Framework for Business and Trade Statistics**

### **A. Strategic View on Business and Trade Statistics**

8. The current statistical framework adopted by NSOs for the production and dissemination of official business statistics has been largely designed to meet a relatively narrow set of user needs, generally related to industry-level business characteristics, such as employment, turnover, value added, labor costs, fixed investment and related productivity and profitability indicators. Additional indicators, such as research and development (R&D) expenditure, technological innovation and ICT usage, mainly focus on technology as a part of the enterprise or the industry's production function. Data quality and timely availability of short-term indicators, also play a crucial role in the production of official business statistics.

9. The NSOs responsible for business statistics are challenged to remain relevant in a new data environment with new and increasingly complex user demands, especially given the increased 'competition' from the emerging data ecosystem offering a wide variety of new data from both public and private entities. Compared to traditional data sources on business activity, these new public and private data sources often have higher granularity but are less often able to meet the quality standards adopted in official statistics. More granular and/or multi-dimensional measurement of business activity and adaptability to the measurement of emerging phenomena are not traditionally considered. More specifically, the current methodological approach does not allow for flexibility given the use of costly surveys and the rigidities in the statistical production process as well as the constraints imposed by random sampling design. The various options available to NSOs to meet these challenges and improve the quality, coverage and heterogeneity of official business statistics need to be evaluated for their effectiveness at meeting specific users' needs at the national level as well as their international comparability.

10. New users' needs warrant a re-evaluation of the international standards for statistical products on business activity. Most users now seek statistics on business activity that are multi-dimensional in nature, such as measures of the social and environmental impacts of business activity. Based on these new users' needs, the scope of business units and the characteristics of measures of business activity have broadened to include units from the non-profit and informal sectors and measures of the impact of new technology on entrepreneurial activities and self-employment. Coupled with this is a need for the business statistics community to better respond to existing and emerging mega-trends such as globalization and digitalization. These trends raise challenges related to, for example, the cross-border fragmentation of business activities, the adoption of new business models, and the way in which these businesses are defined, measured, and classified. These challenges are to be addressed while being mindful of budget and respondent burden resource constraints.

11. For analytical purposes, it is useful to cluster enterprises into relatively homogeneous groups based on simple characteristics so that it becomes possible to understand if a specific phenomenon applies to all enterprises or only to a specific sub-group. Traditional business statistics classifications focus mostly on the activities of an enterprise (ISIC) and its size in terms of employment or turnover. However, other characteristics are also important. For example, younger enterprises are typically more innovative than older enterprises but also more likely to go

out of business; exporting and importing enterprises and enterprises that are part of an enterprise group typically have a better growth potential because their markets are bigger or they have easier access to finance or knowledge than other enterprises.

12. For policy purposes, similar breakdowns can be used to design industry-specific policy initiatives. This illustrates well the value business statistics adds to macro-economic statistics as the higher level of detail, alternative aggregations and versatile data linking allow new analytical possibilities for policies directed at specific sectors, business activities, geographical areas or entrepreneurship.

### **B. The role of the domestic and potentially globally interconnected SBR as the backbone in the new data infrastructure**

13. The SBR already plays a crucial role in official statistics. It provides the frame to correctly identify the target population for business surveys, to randomly select the sample of units under investigation, and to gross-up the sample of survey respondents. However, with a few limited exceptions, such as in the case of business demography indicators, NSOs have usually given little attention to the SBR as a direct source of information to produce business statistics. Indeed, the SBR contains some highly desirable characteristics for data dissemination, such as its exhaustive nature and the high level of coherence of information on business units. Because SBRs are not constrained to survey-specific sample designs, the information included therein can be disseminated with a high degree of granularity (such as breakdowns by industry, location and enterprise size), reclassified ex-post according to non-standard classification schemes, and consistently integrated with other data sources. In addition, the set-up and maintenance of SBRs should rely mainly upon administrative or fiscal data sources, which limits the response burden and lowers the data collection costs as compared to survey collection.

14. As a result, the SBR can play a pivotal role in the process of data integration with different and multiple data sources by generating new information with the desirable characteristics described above. Appropriate micro-data linking methodologies based upon unique identifiers could be applied to produce consistent information scalable from micro to aggregated figures. The Linked Employer Employee Data (LEED) approach, in which business micro data is being linked to jobs and other social statistics, is an example of data linking between statistical business and household units.

15. However, the ability of the SBR to easily generate consistent and extended data sets through data linking crucially relies upon successful matching of micro data sources that hold similar characteristics. An example is the linking of SBRS with census-like administrative data sources that have been harmonized for statistical definitions of the statistical units and variables. In addition, the SBR can be linked with other company lists or registers, such as the list of exporting and importing enterprises from customs records as demonstrated by the production of TEC (trade by enterprise characteristics statistics) in many countries.

16. Innovative approaches can be developed to fully exploit SBRs to enhance data integration, using a spine model consisting of a principal set of business characteristics with the enterprise being the statistical reference unit. The integration of business registers according to the spine

model will also be explored for purposes of the Global Groups Register (GGR)<sup>6</sup> developed by UNSD,<sup>7</sup> a register of the world's largest MNEs built on publicly available sources (such as the Global Legal Entity Identifier Foundation,<sup>8</sup> companies' annual reports, corporate websites, etc.) and no confidential data input from NSOs, containing the legal structure of the MNE, namely their affiliates and subsidiaries, together with their location, and the detailed types of relationship between the MNE head and its affiliates. The concepts and methods for the profiling of the MNEs will continue to be improved under the guidance of the UNCEBTS.

17. In order to improve the quality and granularity of business statistics, and to understand the increasingly complex role of businesses and MNEs in global production and employment, it is necessary to develop more efficient ways of producing statistics. Such strategies include microdata linking (MDL); profiling large and complex MNEs; and data sharing or data exchange. MDL, or the combining of micro-data on entities, such as enterprises, jobs and persons, not only reduces respondent burden, but also supports analysis of both business and employee characteristics and can help in answering questions on job dynamics, income and welfare.

18. [Also elaborate on the use of SBRs for sampling frames for the various surveys needed to compile business and trade statistics and to integrate the data collection].

19. Furthermore, to ensure meaningful and correct measurement of global production and trade, many NSOs are considering how to improve data specifically on large and complex MNEs. At the national level, Large Case Units (LCUs) are increasingly being established in NSOs to improve the quality, consistency and coherency of data on MNEs by coordinating data collection and compilation, ensuring data consistency across all data sources, and building client relationships with the respondent MNEs. For producing statistical data related to MNEs the use of new and innovative data sources for reducing statistical burden and cost to NSOs including direct data collection from MNEs, an improved legal framework and more intensive use of administrative data should be supported.

20. Bilateral exchange of business micro-data between NSOs and possibly with other producers of official statistics would be another way forward in improving the understanding of business dynamics and the operations of MNEs at the global level. However, it is widely known that data sharing of micro-data at the international level has proven to be limited due to strict privacy and confidentiality laws. While there are ongoing initiatives to make progress in addressing data sharing issues across countries, such as the G-20 Data Gap Initiative (DGI) and forthcoming ECE Guide to Sharing Economic Data, it is well understood that this is an area that is still being developed. Most business statistics-related projects to compile internationally comparable statistics to date have utilized “coordinated MDL” or “distributed microdata research”, which requires central coordination of the database construction, analysis and publication, respecting subsidiarity and national legislation.

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<sup>6</sup> <https://unstats.un.org/unsd/business-stat/GGR/>

<sup>7</sup> The United Nations Statistical Commission at its 46th session in 2015 endorsed the creation of a global register of MNE groups to improve the understanding and the measurement of international trade and globalization statistics. (E/2015/24, Decision 46/107, Item d(i).)

<sup>8</sup> <https://www.gleif.org/en/>.

21. One possible way to address the legal obstacles associated with data exchange is to help countries draft legislation that amend the treatment of data confidentiality. For example, it would be useful to consider an exemption to data confidentiality to allow exchange of business-level data that are already made publicly available by the respondent itself, perhaps in published annual reports or filings with financial regulators, if the data meet the statistical definitions. These public data could then also be exchanged freely among NSOs and/or consolidated by international and regional agencies. This would be a critical step towards assuring the overall quality of the macroeconomic aggregates and business statistics produced by a country at national and sub-national/regional level.

22. The indicators that have been selected do not represent a fully-fledged framework, rather they illustrate a number of key dimensions that will enable policymakers to make comparisons between countries and possibly draw conclusions as to why a particular sector is under- or high-performing. Such information can then be used to better understand the business sector and change the legal framework or improve inducements for change, as well as to monitor the developments compared to a benchmark.

### **C. Analytical and policy framework**

#### *i. Analytical Framework*

23. Businesses today navigate a complex and fast-evolving economic and regulatory environment in which they continuously arrange and re-arrange legal structures through principal and outsourced business functions facilitated by an ever-changing technological production environment. This business environment is increasingly dominated by international trade in goods and services and cross-border legal ownership relationships between businesses, where underlying transactions are often identifiable only in relation to the enterprise. Indeed, in today's global and digital economy, business operations of production, investment, ownership and finance require an integrated approach at the enterprise level to optimize the domestic and international business operations.

24. Businesses not only play a crucial role in economic development, but they also impact individuals, the environment, and society through various channels. Namely, businesses have a direct impact on individuals through their role in job creation, hiring practices, and wages and benefits they provide. They impact the environment and society through their production activities, employment creation, energy use and emissions, research and development, investments in green technology, payment of taxes, and monitoring the sustainability of their activities.

25. Given the very broad and highly diversified new demand for business statistics, high-priority areas for the global programme on official business statistics are identified to advance its methodological work on international standards based on current best practices. These high-priority areas reflect the new information needs across many initiatives, such as by the 2030 Sustainable Development Agenda and the new types of analyses conducted by users, who increasingly by-pass official structural business statistics and either (a) gain direct access to micro-data or (b) seek access to private data sources.

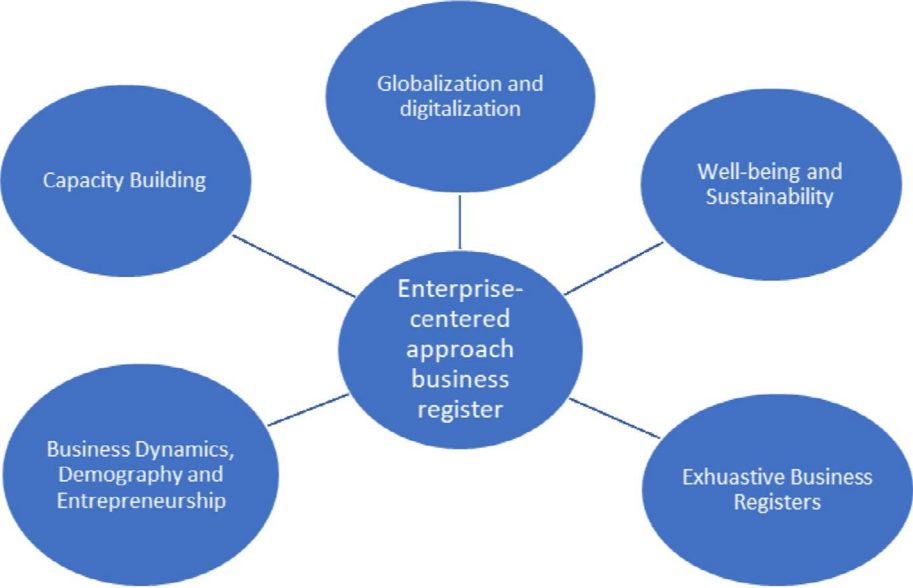


26. The five priority areas of the UN business and trade statistics program try to address and cover a large share of new users’ needs, both at global and national level. For each thematic area, a work programme is defined and a task team established, consisting of members from a diverse set of countries (and international organizations) that have vested interests in developing new and responsive business statistics. Each task team represents a country-led workstream based on agreed Terms of Reference [references needed].

27. Figure 1 demonstrates the integrating role of the SBR to ensure the overall coherence and consistency of the proposed business statistics and indicators related to the following global priority areas identified:

- 1. Globalization and digitalization
- 2. Wellbeing and sustainability
- 3. Business dynamics, demography and entrepreneurship
- 4. Exhaustive business registers
- 5. Capacity building for statistical business registers

**Figure 1 – Five global priority areas for the business and trade statistics program led by the United Nations Committee of Experts on Business and Trade Statistics (UNCEBTS) [improve this schematic]**



Source: *Strategic View on Business Statistics*, prepared by the Bureau of the Committee of Experts on Business and Trade Statistics.

Elaborate the themes in a more interconnected way, i.e., Business Demography/Dynamics explain the activities of businesses, while globalization and digitalization enables them to do so, and wellbeing and sustainability are the impacts. Further elaborate the integration of business and trade statistics.

ii. *The adoption of an enterprise-centered approach*

28. The adoption of an enterprise-centered approach plays an essential role in the strategic view on business and trade statistics. The highly fragmented nature of business and trade statistics based upon large scale independent sample surveys and a relatively wide range of concepts, definitions and classifications, calls for a unifying statistical unit before proceeding to define a feasible and common data production framework. The adoption of an enterprise-centered approach to official business statistics stems from the fact that the enterprise is considered the economic agent with the capacity to decide on all its business activities, which also means that it is often the most common unit of data collection or for which different data sets can be linked. The adoption of an enterprise-centered approach to business and trade statistics does not imply that other statistical units are less relevant. Rather, the choice of the enterprise as the main analytical unit allows for the coherent measurement of the evolution and behavior of business activity. The enterprise has to navigate a complex and fast-evolving economic and regulatory environment in which it arranges and re-arranges legal structures through core and outsourced business functions facilitated by an ever-changing technological production environment. This business environment is increasingly dominated by international trade in goods and services and cross-border legal ownership relationships between businesses, where underlying transactions are often identifiable only in relation to the enterprise. In today's global and digital economy, the business operations of production, investment, ownership and finance require an integrated approach at the enterprise level to optimize the domestic and international business operations. The choice of the enterprise as the analytical unit does not mean that the observation unit also is an enterprise, however, it does require that each of those units can be aggregated to provide a view of the enterprise. As such, the SBR should contain the appropriate characteristics of the enterprise as a statistical reference unit and delineate the relationships between the different statistical units to guide the choice of the observation and reporting units. Therefore, the enterprise as statistical reference unit has become the common statistical unit for data integration on business activities in today's global and digital economy.

29. The enterprise-centered approach addresses the following methodological and conceptual aspects:

(a) data integration within the business sector: the enterprise serves as the statistical reference unit for data integration processes and for the assessment of data quality across different statistical domains related to production, employment, trade, investment, finance and ownership. Sound data linking processes between two or more data sources should consider the enterprise as the reference unit for data integration, using a core set of characteristics of the enterprise in the SBR. This core set of characteristics of enterprises is referred to as the "spine" of the SBR. In addition, the inconsistency between variables related to different data sources after data integration (e.g., the link between business characteristics, the export values and product details) is usually resolved when managed at the enterprise level.

(b) setting priorities: it allows for the identification of enterprises with the highest impact on national business-related statistics in order to prioritize their data collection and quality control. Even in developing countries, while the availability of a limited number of units

in the SBR can result in partial coverage of the economy, the quality of the data collected can still be high for national business-related statistics if the quality and coverage of leading businesses resident in the country are assured by automatic or manual quality checks.

(c) linking relationships between units of the enterprise: it describes the link between statistical units of the enterprise and provides the key to scale up or scale down business-related information according to a well-defined set of statistical units, such as establishment, enterprise, enterprise group, and MNE. In particular, the inclusion in the SBR of other statistical units, such as local units (plants) or enterprise groups will allow for both a horizontal (across variables) and vertical (across units) coherence from micro data up to aggregated figures. This coherence will guarantee the production of high-quality and fully consistent business statistics across statistical units.

(d) ensuring data quality, consistency and coherence: it provides the possibility to more easily detect and correct major bias in the data by comparing different data sources on an enterprise's business operations related to production, trade, employment, finance and ownership. It facilitates the integration of information that is normally collected at the enterprise level (such as R&D expenditure, ownership, innovation, and balance sheets) with production, income and expenditure data, which are collected at the establishment level.

(e) facilitating data exchange and sharing arrangements: it provides a better opportunity for NSOs and international organizations to collect, share and analyze enterprise-level information to address asymmetries and thereby ensure global coherence of cross border transitions and positions.

(f) monitoring of legal structures of enterprises: with the choice of the enterprise as statistical reference unit created from enterprises as legal units in administrative registration records, it allows for a better monitoring of relatively rapidly changing legal structures of enterprises, as well as their evolution.

(g) linking micro and aggregated data; it provides a fully consistent data production framework to fully exploit the information content of micro-data in the SBR for the dissemination of new outputs through aggregation of micro data.

30. It should be emphasized that the proposed approach for official business statistics does not aim to affect the standard definitions of statistical units or traditional classification schemes. However, the adoption of an enterprise-centered approach and the strong focus on a specific set of global priority areas for the enterprise as the statistical reference unit has broadened the description of the enterprise as statistical analytical unit in business and trade statistics. For instance, as shown in Figure 2, the traditional definition of an enterprise in official statistics as an economic agent exclusively oriented in making profit, dominated by domestic and local business operations, and characterized by a high degree of homogeneity in the use of industry-specific inputs and technology is to be revisited.

31. By and large, the diverging patterns in both the organization and the economic performance of businesses included in the same industry warrant a review of the traditional assumption of the existence of a representative business activity classified by its production process, its use of inputs and its production of outputs of goods and services. Additional characteristics of the business activity must be identified for the measurement of the heterogeneity in business structure and performance by official statistics.

32. Moreover, the pervasive role of MNEs led by a controlling unit as dominant actors in the domestic and globalized economy warrants a reconsideration of the traditional role of the enterprise as the controlling unit of business behavior and the establishment (or local unit/industrial plant) as the place where the production-related decisions are made. For instance, the controlling unit of the enterprise group is defined in different ways in different contexts (e.g., ultimate controlling institutional unit; global decision center; holding company, etc.) and is the economic entity that takes most of the strategic decisions, while enterprises that are not responsible for operating the business lines of the enterprise group hold limited decision capabilities. In contrast, local industrial plants may substantially differ from each other in terms of type of products produced, technology used and geographical market orientation, and may have a degree of operational autonomy.

33. [Include a short description of the scope of business & trade statistics]

*iii. Policy Framework*

34. The 2030 Agenda for Sustainable Development provided the overarching framework for the work of the UNCEBTS. The Sustainable Development Goals (SDGs) were adopted by the Member States of the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development, in which the Member States resolved by 2030 “to end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources,” in addition to “creating conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all, taking into account different levels of national development and capacities.”<sup>9</sup>

35. Within this framework, the Task Teams focused on the measurement of the contributions of businesses to the SDGs, taking into account the availability of information at the business level (in particular the non-financial reporting of businesses), and the consistency of the information with the existing macro-economic frameworks, such as the System of National Accounts (SNA) and the System of Environmental-Economic Accounting (SEEA), so that the information compiled can also feed into these frameworks.

36. The characteristics for business information can be depicted as a three-layered framework. The bottom layer consists of *micro data*, not least the Statistical Business Register as the backbone, and – depending on national circumstances – also central geospatially enabled registers on persons,

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<sup>9</sup> United Nations General Assembly, Transforming our world: The 2030 Agenda for Sustainable Development, 21 October 2015, A/RES/70/1, available at <https://sdgs.un.org/2030agenda>.

and buildings and dwellings. This layer also contains *primary and secondary data* obtained from statistical surveys and censuses, data from administrative records accessible for the NSOs, Big Data and other data sources, including companies' annual accounts – preferably in XBRL format. With the use of unique identifiers for persons, business entities, and locations, respectively, micro data on social, economic and environmental phenomena can be linked for the compilation of statistics on the inter-connected phenomena of sustainability and well-being. The middle layer consists of modified *aggregated statistics*; i.e., aggregate (or tabular) business statistics produced according to international standards of the United Nations, European Union or OECD manuals to ensure integrity and international comparability. The upper layer consists of the *derived statistics* for macroeconomic accounting frameworks, which ensures overall coherence across sectors and from which key indicators like GDP are compiled.<sup>10</sup>

37. Obviously, this way of describing and organising an integrated information framework is non-prescriptive. The possibilities will vary considerably due to national traditions and circumstances, including the availability and access to records from public administration and Big Data from private data holders, and the level of integration in the global economy and the digitalization of society.

38. As mentioned above, business surveys and related administrative data are major data sources for the measurement of the corporate sector in national accounts. For ease of reporting by the businesses, the collection instruments should be aligned with the business accounting practices of the country of residence. Although the principles of the business accounting standards are aligned with the System of National Accounts via the International Accounting Standards (IAS), differences remain as the two standards serve their own purpose of measuring the performance of business operations and national economic activity. Data collected through statistical business surveys already facilitate the transformation of information from business accounts into national accounts because the business accounting reports on the income and expenditure statements and balance sheets may not be sufficiently detailed for the transformation into national accounts. Progressively, a high degree of consistency between business accounting reporting and official statistics should also be pursued with the emerging international accounting standards on non-financial reporting for enterprises, i.e., on environmental, social, and governance (ESG) disclosures.

39. The main elements in the transformation of business accounting information in the national accounts are:<sup>11</sup> a) the adjustment for the valuation in basic prices in national accounts by removing the (sales) taxes and subsidies on products in the business accounts; b) the adjustment for the treatment of expenditure items such as the intermediate consumption of insurance services in national accounts and the current expenditures on gross insurance premiums in business accounting; c) the adjustments for exhaustiveness in national accounts correcting for underreporting or non-reporting by businesses; and d) the adjustments for the treatment of holding gains in revaluation accounts in national accounts and the treatment in current account in business

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<sup>10</sup> See also 'New measures on contribution of corporations towards sustainability', Olsen et al., Statistical Journal of the IAOS 36 (2020) 715–726 715, DOI 10.3233/SJI-200659, IOS Press.

<sup>11</sup> United Nations (2000), Links between business accounting and national accounting, Handbook of National Accounting, Series F 76, [https://unstats.un.org/unsd/economic\\_stat/China/SeriesF\\_76E.pdf](https://unstats.un.org/unsd/economic_stat/China/SeriesF_76E.pdf)

accounts due to the use of historical prices for the sale of assets or the use of raw materials from stocks.

#### **D. Framework elaboration for the priority areas**

##### *i. Business Dynamics, Demography and Entrepreneurship*

40. The global priority area of Business Dynamics, Demography and Entrepreneurship reviews the relevance of traditional economic classification schemes, which are based on industry, enterprise size and territorial location, in explaining differences across businesses in birth, death and high-growth rates. This global priority considers new core concepts for better understanding entrepreneurship, business demography and business dynamics, and for presenting a set of indicators that can be used to support the analysis and implementation of public policies that encourage entrepreneurial activity. The statistical definitions and indicators should enable policymakers to assess the impact of policy initiatives on economic activity and its impact on jobs.

41. Like the other priority areas, the area of Business Dynamics, Demography and Entrepreneurship emphasizes relevance (for economic analysis and policymaking), measurability, and international comparability for a proposed set of internationally agreed-on business statistics and indicators. With the emphasis on the evolution of individual businesses over time, granularity, and distributional information, this priority area aims to set the basis for introducing appropriate cross-sectional groupings of business units beyond the traditional groupings by size and economic activity. It builds on (and motivates greater up-take of) existing exercises such as around measures of high-growth businesses, births and deaths by extending these towards new business characteristics, for example foreign-owned start-ups, independent start-ups, born-global start-ups, innovative start-ups, etc. The approach recognizes the scope to identify, and mainstream, new characteristics in SBRs (which can also help generate better stratification variables for business surveys) and also the considerable scope to add these links (and indeed to generate data) through linking across statistical business registers and data sources.

##### *ii. Globalization and Digitalization*

42. The global priority area of Globalization and Digitalization warrants an evaluation of the traditional definition of the enterprise to adapt to the international sourcing of business operations through business networks in global value chains, the development of new business models, and the use of cross-cutting technologies in different industries (not only for large complex enterprises, but also for small and medium-sized enterprises (SMEs)).

43. The priority area on Globalization and Digitalization acknowledges a converging pattern to define a common and integrated measurement framework in which the role of the multi-national enterprise (MNE) is recognized. Traditionally, globalization and digitalization are investigated by analysts and official statisticians as independent themes, whereas this priority area explores a more integrated approach of the measurement of globalization and digitalization based on the emerging dominance of global and national business models. These new business models reflect the integration of global and national business activity facilitated by global digital standards and intermediaries and global ICT infrastructure and operators.

44. Globalization and digitalization can be viewed as two sides of the same coin, meaning that advances in digital technologies have certainly allowed the connection between distant places. Similarly, the need to increase the reach of businesses fosters the use and adoption of digital technologies. While they have been looked at separately, it is useful to see how globalization and digitalization together impact the businesses and ultimately the society and the environment. For example, does digitalization have a different impact on the competitiveness of global businesses relative to domestic businesses? How has digitalization enabled a globalized financial sector and global trade in goods and services? How has digitalization affected cross-border production arrangements? And how has globalization contributed to the increase in capital and technology intensity at the expense of labour intensity?

45. Much research and analysis has been done on understanding global arrangements of businesses which are increasingly fragmented across national economies in a production chain made up of resident and non-resident enterprises and large multinational enterprises (MNEs), as well as small and medium-size enterprises (SMEs). In parallel, a lot of work has been done by countries and international/regional organizations to measure the digital economy and identify indicators that help the understanding of the impact of digitalization. Most recently the G20 Task Digital Economy Force developed a “Roadmap toward a common framework of measuring the digital economy,”<sup>12</sup> which proposes a common agreed definition on the Digital Economy and a set of existing indicators for measuring the Jobs, Skills, and Growth in the Digital Economy and proposes a clear step forward for Digital Economy measurement.

46. These policy areas (related to globalization and digitalization) can be organized into the following key areas:

- Jobs, skills and “know how”
- Digital infrastructure and ICT access
- Access to global markets, international orientation and cross-border policies – i.e., trade policy, foreign investment policies, bilateral tax agreements, etc.
- Innovation, R&D and Industrial policies
- Regulatory and institutional environment

47. In identifying these policies, the task team notes that it has incorporated the set of seven policy dimensions related to digitalization that are reflected in the OECD “Going Digital Toolkit,”<sup>13</sup> which include: access to communications infrastructures, services and data; use of digital technologies and data; innovation; jobs; society; trust; and market openness.

48. In identifying the principal list of indicators, the task team took into consideration existing measurement frameworks and guidance on globalization and digitalization, such as the set of indicators proposed by the G20 Digital Economy Task Force,<sup>14</sup> the International Telecommunications Union indicators, digital supply-use tables, and indicators on globalization, such as trade in value-added and GVC satellite account frameworks. These indicators cover both the enablers and impacts, as described below.

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<sup>12</sup> <http://www.oecd.org/sti/roadmap-toward-a-common-framework-for-measuring-the-digital-economy.pdf>

<sup>13</sup> <https://goingdigital.oecd.org/en/>

<sup>14</sup> *Roadmap Toward a common framework for measuring the Digital Economy: Report for the G20 Digital Economy Task Force* OECD, 2020 and G20 Toolkit for Measuring the Digital Economy, November 2018.

#### a) The “Enablers” of globalization and digitalization

49. Enablers include elements that foster and enable the digitalization and globalization of business activity. They include the infrastructure underlying globalization and digitalization, such as: technological innovation (especially in digital technologies); investment in R&D; access to and use of communications infrastructures, services and data; security of digital infrastructure; and market openness, etc. The enablers also include the regulatory frameworks which can either enable or impede progress in these two areas. Liberalizing trade rules and deregulating markets (to reduce or eliminate barriers to trade in goods and services, labour and capital) can have an immense impact on international trade and investment flows. In addition, participation in the digital and globalized economy is facilitated by the availability of a domestic workforce which has the relevant skills (i.e., not only technical skills, but also soft skills, such as managerial skills, foreign-language skills, etc.). And likewise, digitalization facilitates the participation of businesses in global value chains (GVCs) and access to foreign direct investment (FDI).

50. There are various enablers behind the digital transformation and, in order to provide a set of comprehensive measurements for informing decisions, it is important to measure the availability, evolution, access to and take-up for these enabling elements. More specifically we refer to *infrastructure* (and their related physical, service and security characteristics) and *innovation*. For the purpose of developing comparable indicators, it is important to focus on a few key pieces of infrastructure such as broadband and internet and a set of indicators which are already compiled by many NSOs<sup>15</sup> and for which developing countries could also provide estimates. Furthermore, as in the case of the identification of the digital sector, these could be considered principal indicators, with others being added as extensions. The principal indicators would provide a common benchmark for all countries.

51. Innovation is the driver behind the digital transformation and behind the ability of many businesses to have a global reach. Business expenditure on R&D, the extent of government support for research and innovation, and the number of patents, are all indicators of the extent to which innovation is valued and monetized by businesses.

52. Security and trust are challenges that have been brought about by the creation of large amounts of sensitive information as well as by the phenomenal number of digital transactions. Businesses are having to identify, mitigate and manage these risks and many have strategies and dedicated resources to this effect.

#### b) The Impacts of globalization and digitalization

53. The impacts refer to the elements that characterize the effects of globalization and digitalization on businesses, society and the environment. They include the impact of digitalization on jobs and growth of the businesses, business demography and entrepreneurship, business dynamics and businesses’ environmental impact. The fundamental question is how businesses which have access to, and make use of digital technology, perform in terms of their competitiveness, productivity, profitability, market share, international orientation, participation

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<sup>15</sup> *G20 Toolkit for Measuring the Digital Economy*, November 2018.



in GVCs, employment, wages, job force training and recruiting. In addition, by looking at the globalization of businesses (in terms of, for example, domestically-owned, foreign-owned, dependence on GVCs or FDI, etc.) one can assess whether digitalization affects businesses that are linked to global markets differently than those that are domestically-oriented.

54. From a policy perspective, digital technologies have become the drivers of modern economies, and advanced and developing countries alike are increasingly seeking to leverage their core competencies and competitive advantages, while filling important gaps to maximize the benefits of the digital economy. Digitalization can be used to contribute to the achievements towards the SDG targets, for example:

- **Goal 1 – No Poverty:** broaden financial inclusion to the poorer population without access to traditional financial services by combining mobile devices with Internet access, mobile payments and new financial instruments in the digital environment.
- **Goal 2 – Zero Hunger:** The Internet of things may increase agricultural productivity and reduce production loss in the field, as well as during transport and distribution. Digital technologies may also be able to better predict weather patterns and natural disasters that could affect crop production, distribution and supply chains. Digital technologies are also critical to managing supply chains and therefore ensuring a safer food supply and less waste.
- **Goal 3 – Good Health and Well-Being:** use of mobile terminals with access to medical databases and electronic records as well as provide e-health option for remote or poorly served communities. The Internet of Things can provide enhanced monitoring and remote diagnosis.
- **Goal 4 – Quality Education:** use of computers with access to digital content, distance learning, teacher training and vocational training that can reach remote and poorer communities, and bridge the gender divide in education.
- **Goal 9 – Industry, Innovation and Infrastructure:** expansion of Internet and communication infrastructure for industry and R&D, and technology transfers.
- **Goal 13 – Climate Action:** implement IoT sensor networks with access to the Internet, enabling swift action to prevent and mitigate natural disasters. Reduce pollution from waste by better managing supply chains with the aid of technology.

Business statistics that can measure these goals and indicators will further lead to improved policy-making in terms of digitalization and sustainable development.

55. Moreover, one of the major questions surrounding globalization and digitalization is their impact on labor markets in both developed and developing economies, not only in terms of overall employment, but also in terms of wages, skills and training gaps, labor mobility and working conditions. In particular, automation of jobs is likely to have a large long-run effect on the overall number and types of jobs across economies at all stages of development, and will require workers to acquire new skills and be more adaptable. Technological access, sophistication and diffusion

among all demographic groups and enterprise types also increasingly drive the ability to compete globally and participate in GVCs and can have huge implications for economic development and distributional effects within a region or country.

56. In addition, the regulatory environments in countries will also need to adapt to address new opportunities and risks associated with an ever-increasingly globalized and digitalized world, especially in terms of workers' and consumers' rights; privacy and data protection; taxation of cross-border and intangible digital assets; and ensuring market openness and competitiveness. And finally, macroeconomic policies, trade policies, financial market regulation and investment policies will increasingly be shaped by the interconnectedness of economies and financial systems, particularly in terms of accounting for increasing shares of imported inputs into domestically-produced goods, economies' participation in and reliance upon GVCs, the increasing importance of foreign direct investment, and contagion risks across cross-border financial markets.

57. The digitization of transactions, the relative ease and low costs of access to the internet, the availability of intermediation platforms, have created a completely new business environment. The line between business and household has been blurred, the opportunities for scaling up quickly and with little capital are endless. This has empowered individuals as well as businesses, created new opportunities while also raising concerns with respect to trust and security. Indicators of productivity and value added are also key to understanding the impact of digitalization on the ability of businesses to work in a more efficient way.

58. The creation of vast amounts of data at faster and faster speeds is an important output and by-product of the digital transformation. These data have become an important asset for businesses who are monetizing them or using them as sources of information to improve business processes. The creation of these data have also brought about many new challenges related to trust and privacy. Statistics Canada and the BEA have proposed a methodology<sup>16</sup> for measuring the value of data. Once this methodology are reviewed and refined by the expert working groups focusing on this topic, including the Inter-Secretariat Working Group on National Accounts (ISWGNA) subgroup on digitalization, the appropriateness of adopting some of these measurements for business and trade statistics will be considered.

59. Traditionally, businesses have always charged their customers for the goods and services provided to them as a means of making a revenue and staying viable. However, increasingly a number of business models rely on advertising revenue, rather than charging users for their products and services. This has essentially led to a proliferation of “free goods and services”, at least as far as their direct customers are concerned. It is relatively easy to physically measure zero-priced digital services, i.e., the quantity of tweets, the number of active users, even the number of gigabytes transferred. Assigning an economic value to this activity within the framework of the national accounts is much more challenging.<sup>17</sup> As noted above efforts are already research is ongoing in the official statistics system to consider whether these should be included within the SNA production boundary, and in any case, to provide some sense of scale, even if they remain outside

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<sup>16</sup> Consult <https://www150.statcan.gc.ca/n1/daily-quotidien/190710/dq190710a-eng.htm> for more information.

<sup>17</sup> *Roadmap Toward a common framework for measuring the Digital Economy: Report for the G20 Digital Economy Task Force* OECD, 2020.

of the production boundary.

60. Connectivity, and the globalized markets that it has engendered, have led to radical changes to the type of employment available to job seekers. The mix of skills required and the pace of change in the skills required create new challenges for employers, employees and policy makers.

61. Further, the ability of economies to meet foreign final demand increasingly determines the evolution of job markets. Traditional statistics are unable to reveal the full nature of these interdependencies – notably, how consumers in one country may drive production and sustain jobs in countries further up the value chain. New indicators, based on Inter-country Input-Output (ICIO) database, can shed light on these relationships. Estimates of jobs embodied in (or sustained by) foreign final demand in different industries, can be calculated in a manner similar to estimates of domestic value added embodied in foreign final demand from the Eurostat and OECD ICIO database, although still experimental in nature.<sup>18</sup>

### *iii. Well-being and Sustainability*

62. The global priority area of Well-being and Sustainability expands the motives of business enterprises beyond the exclusive pursuit of profit to also consider social responsibility and environmental sustainability. It focuses on the link between business activity and corporate social responsibility and extending the scope of business units to non-profit organizations and the informal sector. Its work is closely tied to the policy needs identified by the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDG) indicator framework.

63. This priority area examines a number of initiatives aimed at harmonizing the non-financial reporting of businesses to information on well-being and sustainability - most notably the initiatives of the UN Conference of Trade and Development (UNCTAD), UN Global Compact and the Global Reporting Initiative (GRI). UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) assists developing countries and economies in transition in the implementation of best practices for accounting and corporate governance with the aim of advancing a minimum set of sustainability indicators linked to the SDG indicators.<sup>19</sup> ISAR has identified several SDG indicators that refer to data already being provided by many businesses in their sustainability reports, such as on the use of energy and water, carbon dioxide emissions, waste generation and recycling, and to human resource management, gender equality and community development, among others. In 2016, during its fourteenth quadrennial conference in Kenya, UNCTAD launched an initiative on selecting a limited (minimum) number of core SDG indicators for company reporting that have been considered indispensable to assess the economic, environmental, social and governance impacts of businesses' activities, which already are available in company reports and consistent with reporting frameworks. Where relevant, and whenever possible, the indicators on well-being and sustainability (as presented in the Appendix) have largely been based on the corresponding core SDG indicators identified by UNCTAD.

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<sup>18</sup> *G20 Toolkit for Measuring the Digital Economy*, November 2018.

<sup>19</sup> United Nations Conference on Trade and Development (2020). *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals*. [https://unctad.org/system/files/official-document/diae2019d1\\_en.pdf](https://unctad.org/system/files/official-document/diae2019d1_en.pdf).

64. Corporate sustainability reporting has been facilitated by the standardization of corporate sustainability disclosures as issued by the GRI. The GRI Sustainability Reporting Standards (GRI Standards) cover topics ranging from anti-corruption to water, biodiversity to occupational health and safety, from tax to emissions from business activities.<sup>20</sup> The GRI Standards are developed following a transparent and multi-stakeholder process and are aligned with widely recognized international instruments for responsible business behavior. In addition, the UN Global Compact calls businesses to commit to align their strategies to universal sustainability goals, through its Ten Principles, derived from the Universal Declaration of Human Rights,<sup>21</sup> the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work,<sup>22</sup> the Rio Declaration on Environment and Development,<sup>23</sup> and the United Nations Convention Against Corruption.<sup>24</sup> In 2017, GRI and UN Global Compact jointly developed an inventory of possible business disclosures per SDG, at the level of 169 targets, which serves as a first step towards a uniform mechanism for business to report on their contribution to and impact on the SDGs in an effective and comparable way.<sup>25</sup> With such standardization in corporate sustainability reporting, company disclosures can increasingly be linked more directly to the SDGs and to non-financial reporting at the business level and the business statistics indicators.

65. Information available at the business level on well-being and sustainability that is consistent with the concepts, methods and quality of the information required for monitoring the SDGs and with the macro-economic accounts is particularly important as it facilitates the collection of information for national statistical offices (NSO) and reduces the response burden on businesses, especially small and medium size enterprises (SMEs).

66. Some specific examples from the 2030 Sustainable development agenda where the business sector may have a role include water quality and scarcity, renewable energy, measures to reduce climate change, as well as equality and decent jobs.

67. The dual role of businesses with respect to well-being and sustainability can be summarized as follows:

- Enterprises have a direct role in ensuring the well-being of its own labour force and an enterprise may extend this upwards along the value chain by selecting suppliers that share the same set of values or principles or downwards by assuming a responsibility for proper treatment of its products after it has been used. The UN Global Compact has published 10 principles under four main headings (Human Rights, Labour, Environment, and Anti-Corruption) that highlight different aspects which enterprises should take into account in their operations. Enterprises also play an important role because externalities caused by their activities may significantly impact the environment, either directly due to their production processes, or indirectly because they are part of a value chain where other

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<sup>20</sup> Global Reporting Initiative. <https://www.globalreporting.org/>

<sup>21</sup> <https://www.un.org/Overview/rights.html>

<sup>22</sup> <https://www.ilo.org/declaration/lang--en/index.htm>

<sup>23</sup> <https://sustainabledevelopment.un.org/rio20/futurewewant>

<sup>24</sup> <https://www.unodc.org/unodc/en/treaties/CAC/index.html>

<sup>25</sup> GRI and UN Global Compact (2017). “Business Reporting on the SDGs: An Analysis of the Goals and Targets”. [https://www.globalreporting.org/media/v5milwee/gri\\_ungc\\_business-reporting-on-sdgs\\_analysis-of-goals-and-targets.pdf](https://www.globalreporting.org/media/v5milwee/gri_ungc_business-reporting-on-sdgs_analysis-of-goals-and-targets.pdf).

enterprises contribute locally or globally to degrading the environment or depleting it of natural resources. Even for many renewable resources, there is a need to ensure time and opportunity for the renewal. The System of Environmental-Economic Accounting addresses many such issues at macro level while business statistics should be able to provide detailed information that can be used to address specific issues at the micro-enterprise level.

- Enterprises have a second crucial role to play because they can address many of the same issues. Through R&D and innovation and within the right sustainable development framework, enterprises can be encouraged – or see a business opportunity - to provide solutions to many local and global problems. For example, more energy efficient products may have a positive contribution to the efforts to reduce climate change. Similarly, growth in the business sector most often has a positive spill-over effect on the labour market by creating more jobs and, indirectly, reducing poverty. In the right framework, this may further promote sustainable development and improve living conditions and well-being of persons.

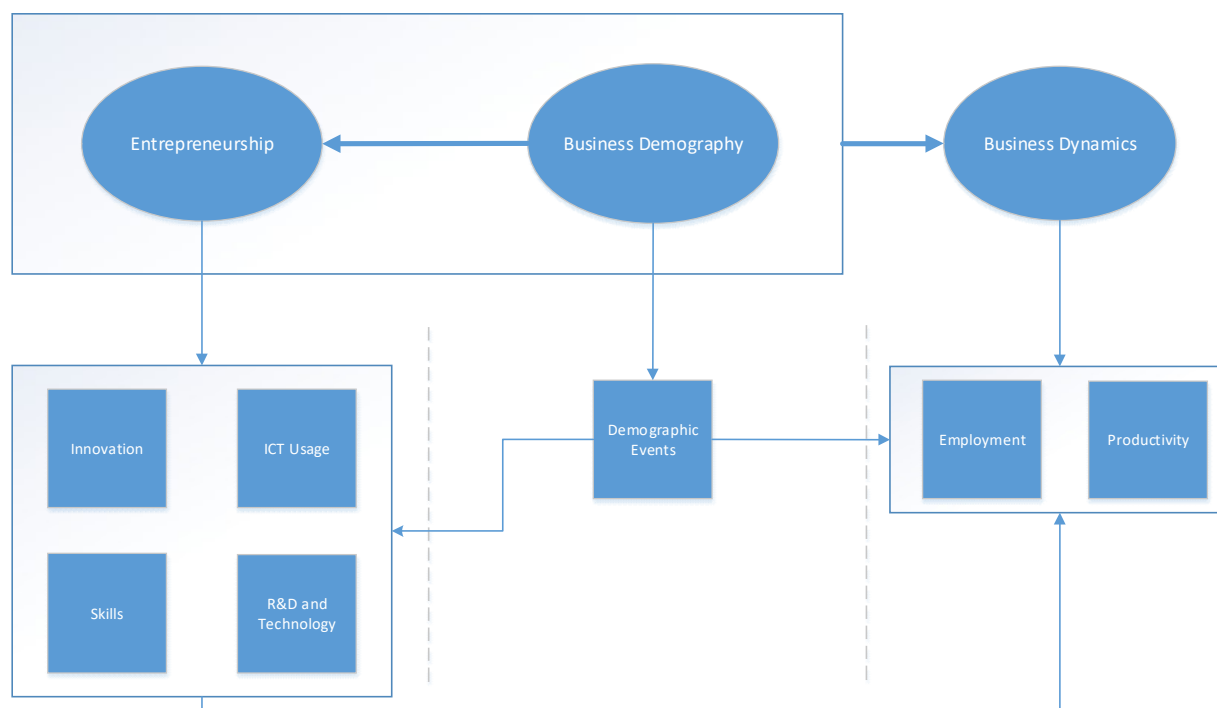
#### **E. Delineation and selection of the principal set of principal business and trade indicators**

68. The purpose of the global work program on business and trade statistics is to delineate a minimum set of principal business and trade indicators, which cover key aspects for analysis, research, and policy in the context of business dynamics, demography and entrepreneurship; the roles of businesses in globalization digitalization, as well as the ensuing impacts of globalization and digitalization on businesses; and businesses' contributions to well-being and opportunities of their employees, and to sustainable economic, social and environmental development. Secondly, the selected indicators are rooted in internationally agreed-on statistical frameworks and definitions from UN organizations, EU, and OECD, rather than created anew.

##### *i. Indicators for Business Dynamics, Demography and Entrepreneurship*

69. The approach followed for the selection of the core concepts and a set of indicators in this priority area consider business demography as the center of the analysis for producing statistics on entrepreneurship and business dynamics; thus, the indicators are not separately presented by dynamics, demography and entrepreneurship, but rather reflect one overarching priority area. The relation of business dynamics, demography and entrepreneurship is depicted in figure 2 below. The approach is mainly based on the UNECE's Guidelines on the Use of Statistical Business Registers for Business Demography and Entrepreneurship Statistics (2018) and the Eurostat-OECD Manual on Business Demography Statistics (2007). It is important to note that the principal indicators for this priority area do not cover the entrepreneurial activities related to innovation (*see*

**Figure 2. Relation of business dynamics, demography and entrepreneurship**



Source: *Core concepts and indicators on Business Dynamics, Demography and Entrepreneurship*, Task Team on Business Dynamics, Demography and Entrepreneurship.

Oslo Manual<sup>26</sup>) and the use of ICT; however, some of these indicators are covered by other priority areas.

70. The approach implicitly assumes that countries have established a comprehensive up-to-date SBR that can be used to track business demographic events. Sample surveys can also be used to trace many demographic events but, for example, the death of an enterprise is difficult to confirm through a randomized survey. The information should also be broken down by relevant characteristics of businesses, e.g., economic activity (i.e., ISIC, NAICS, NACE), as well as by other characteristics, such as location, gender, among others, to facilitate economic analysis and decision-making. Depending on the purpose of the indicator, the analytical unit will be the enterprise, and the observation unit will be both the establishment and the enterprise.

71. In terms of *business dynamics*, while the total number of enterprises within a business segment remains stable, this business population contains significant heterogeneity in the dynamic nature of the business environment. Indicators that measure the scale of demographic events (birth, death, etc.) may provide additional insight into the process of creative destruction and its impact on employment and productivity. In turn, the absence of demographic events may indicate that there are no external factors influencing that a particular business segment. The main variables

<sup>26</sup> Oslo Manual 2018: Guidelines for Collecting, Reporting and Using Data on Innovation. OECD-Eurostat. <https://www.oecd-ilibrary.org/docserver/9789264304604-en.pdf?expires=1623186743&id=id&acname=guest&checksum=A088A19BEA0AB72ADBD44AC70C5EFAC7>.

related to business dynamics are entry and exit of enterprises; creation and destruction of jobs in incumbent enterprises and new enterprises, as well as reallocation of jobs in both cases.

72. *Business Demography* covers events, such as births and other creations of units, deaths and other cessations of units, and their ratio to the business population. It covers follow-up of units in time dimension, thus gaining information on their survival or discontinuity. It also covers development in time dimension according to certain characteristics like size, thus gaining information on the growth of units, or a cohort of units, by the type of activity. Demographic information can in principle be produced for any statistical unit.

73. The demography of enterprises can be assessed by studying enterprise births and deaths, and by examining the change in the number of enterprises by the type of activity; i.e., examining the flows and stocks to have a complete picture of enterprise dynamism.<sup>27</sup>

74. A *demographic event* is defined as an event that has an impact on the existence of a statistical unit, or on links between statistical units. A demographic event is based on changes in the existence of production factors, or in their distribution, within and among statistical units. It may involve the continuity (survival) of a unit over time or its discontinuity (death). It may also be accompanied by changes to the values of certain characteristics, such as size or type of economic activity.<sup>28</sup>

75. Some important events are: a) birth<sup>8</sup> of a statistical unit, which is an independent event affecting only one enterprise in the population of active enterprises involving the creation of a new combination of factors of production; b) death<sup>9</sup>, is the independent event affecting only one enterprise, which involves the dissolution of the combination of factors of production; c) survival,<sup>10</sup> refers to when a unit is active and identifiable, both before and after a specific (business) demographic event. Mergers, acquisitions, spin-off events need specific treatment.

76. Business demography includes the main characteristics of the statistical unit such as economic activity, size, employment, turnover, location, and legal form; together with the characteristics of the enterprise, it provides useful information for statistical development.

77. In addition to the analysis on births, deaths and survivals, a further focus of business demography is the identification of enterprises that have relatively high growth and are therefore intensively contributing to the overall employment growth.<sup>29</sup>

78. It should be noted that R&D (knowledge and activities), innovation activities, and enhanced human capital (education, skills) normally contribute to economic growth. New technologies, including ICT, can improve products and business processes provided that (human) knowledge is available and that the enterprise decides to undertake the necessary innovation activities.

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<sup>27</sup> Eurostat – OECD (2007). *Manual on Business Demography Statistics*, p. 69.

<sup>28</sup> UNECE. (2015). *Guidelines on Statistical Business Registers*, para. 7.25 and 7.26.

<sup>29</sup> UNECE. (2018). *Guidelines on the use of statistical business registers for business demography and entrepreneurship statistics*, United Nation Publication, p.28.

79. Understanding the changes of productivity (and employment) in a (sub-)sector should take account of the creative destruction processes as measured; e.g., by indicators on business dynamics.

80. As previously indicated, demographic events and their relationship to employment and productivity may be analyzed through business dynamic indicators. Likewise, innovation and technology affect demographic events of enterprises, as well as the rest of the economic units within a sector. Besides, to the core concepts, there are some additional factors which influence demographic events such as globalization, digitalization (e.g., e-commerce, gig/sharing economy, internet economy, etc.); and new global production arrangements.

81. Finally, considering *entrepreneurship*, the task team applied the Schumpeterian approach according to UNECE's Guidelines,<sup>30</sup> which considers that entrepreneurship contributes to the generation of value, through the creation or expansion of the economic activity, identifying and exploiting new products, processes or markets by employing the use of resources (access to capital, R&D and technology) and opportunities (market conditions). A second mechanism known as *creative destruction* is also at work. This process is itself a driver of economic growth. New businesses entering the market displace obsolete businesses, and the business dynamics of entry and exit contribute to productivity dynamics and eventually to economic growth. The process of *creative destruction* can be measured through the demographic events (birth, survival, death) of enterprises. This is the object of study of business demography.

82. In this regard, this manual builds on the Eurostat and OECD definition of entrepreneurship below:<sup>31</sup>

*Entrepreneurial activity* is enterprising human action in pursuit of the generation of value through the creation or expansion of economic activity by identifying and exploiting new products, processes, or markets.

*Entrepreneurship* is the phenomena associated with entrepreneurial activity.

83. Under ILO's perspective, *entrepreneurs* are persons who own and control an enterprise and seek to generate value through the creation of economic activity, by identifying and exploiting new products, processes or markets. In doing so, they create employment for themselves and potentially for others. In this regard, entrepreneurs represent a subcategory of *independent workers*<sup>32</sup> and include both own-account workers and employers in both incorporated and unincorporated enterprises.

84. Entrepreneurship provides statistical information on the entrepreneurial activity and performance of the businesses. While entrepreneurs are particular important for the success of

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<sup>30</sup> UNECE. (2018). Guidelines on the use of statistical business registers for business demography and entrepreneurship statistics. United Nations Publication.

<sup>31</sup> Ahmad, Nadim and Seymour, Richard. (2008). *Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection from Statistics Working Paper*, STD/DOC. OECD Publishing, pp. 14.

<sup>32</sup> The International Classification of Status in Employment (ICSE-18) introduces the category of independent workers, who are those employed persons who own and control an economic unit for which they work, whether it is incorporated or not.



small businesses, entrepreneurial activity of all businesses irrespective of size is important for its survival and long-term contribution to economic growth. R&D and innovation, human resources (education and skills), access to finance, infrastructure (transport, internet access, etc.) are all elements that contribute to entrepreneurship.

*ii. Indicators for Globalization and Digitalization*

85. The global priority area of Globalization and Digitalization explored an integrated approach to the measurement of globalization and digitalization based on newly emerging global and national business models enabled by digital technologies and facilitated by global digital standards and intermediaries and global ICT infrastructure and operators. Historically, technological innovation has been a key enabler of globalization, especially the development of new transportation technology, such as aircraft and containerisation, and innovations in communication technology, including telecommunications and micro processing. More recently, the rapid growth of the Internet and computing technologies (such as Big Data, Artificial Intelligence, smart phones, cloud computing and the Internet of Things) have further propelled the spread of globalization.

86. The phenomena of globalization and digitalization have become increasingly inter-dependent. MNEs not only increasingly account for the lion's share of international trade, but also play a crucial role in the internationalization of technology as they are among its largest investors and consumers. Digitalization also enables small and medium enterprises to be more competitive, have access to global markets and create jobs. Additionally, in a globalized and digitalized world, where the production process is fragmented internationally and businesses can operate digitally from anywhere, traditional notions of industries and physical locations of businesses are becoming less relevant. Business statisticians are increasingly asked to produce business statistics that allow for a deeper understanding of the interlinkages between digitalization and globalization as policymakers are increasingly challenged with truly understanding and measuring the impact of digitalization and globalization on business activities and in turn their impact on the society and the environment. In fact, using traditional aggregations of enterprises by standard industrial classifications has in some ways fueled the debate around mismeasurement of these phenomena.

87. Thus, this priority area addresses the main question of how business and trade statisticians can better reflect these complex and evolving phenomena which change how and where businesses operate, how people live and work and how government, businesses, and people interact, in order to better inform policymakers on their effects and ultimately to support inclusive economic growth and sustainable development.

88. Before arriving at recommendations on the type of indicators that NSOs should consider providing, it is important to have a common understanding of what comprises the digital economy. In other words, what is the scope of the indicators<sup>33</sup>? As digitalization has permeated all aspects of business activity, we know that *digitally ordered, platform enabled and digitally delivered goods and services* fall within the scope, but we must also consider *digitally enabled businesses*, such as internet intermediaries, e-commerce enterprises and the like. The United Nations

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<sup>34</sup> Those which connect sellers with buyers, labour platforms (selling goods and leasing assets).

Committee of Experts on International Statistical Classifications is responsible for the classification of digitally ordered, platform enabled and digitally delivered goods and services, as well as that of enterprises engaging in new types of global activities, such as the Factoryless Goods Producers and the intermediation platforms.<sup>34</sup>

89. Defining the digital economy from a conceptual perspective is far from trivial, and, in practice, varies considerably depending on the policy interest. For example, a view of the digital economy seen from the production perspective, based on, say the share of GDP generated by a group of 'digital industries' will almost certainly generate different results to say an analytical representation based on digital products, and their share of production, or indeed, as is often the case, the share of e-commerce transactions. Recognizing this has been central to the efforts on digital supply-use tables, mentioned above, which do not attempt to provide an estimate of the digital economy per se but rather indicators on core aspects that are broadly understood as being relevant to the debate. The unifying theme around the approach, however, relates to whether underlying transactions were supported by either e-commerce (digital ordering) and/or digital delivery. This is also the same unifying theme that has been used in developing the OECD-WTO-IMF Handbook on Measuring Digital Trade.

90. The *Roadmap Toward a common framework for measuring the Digital Economy*, prepared by the OECD as an input for the discussions in the G20 Digital Economy Task Force in 2020,<sup>35</sup> puts forth the following comprehensive definition of the digital economy:

*The Digital Economy incorporates all economic activity reliant on, or significantly enhanced by the use of digital inputs, including digital technologies, digital infrastructure, digital services and data. It refers to all producers and consumers, including government, that are utilizing these digital inputs in their economic activities.*

91. Underpinning this definition are the following tiers incorporating complementary and mutually dependent elements or perspectives of digitalization in the economy, which would allow countries to scale up and down the extensiveness of the Digital Economy depending on the policy or measurement need.

1. The *Core measure* of the Digital Economy only includes economic activity from producers of ICT goods and digital services.
2. The *Narrow measure* includes the core sector as well as economic activity derived from enterprises that are reliant on digital inputs.
3. The *Broad measure* includes the first two measures as well as economic activity from enterprises significantly enhanced using digital inputs.
4. The final measure of *Digital society* extends further than the Digital Economy and incorporates digitalized interactions and activities not included in the GDP production boundary, such as the use of free digital platforms (including free public digital platforms).

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<sup>35</sup> *Roadmap Toward a common framework for measuring the Digital Economy: Report for the G20 Digital Economy Task Force* OECD, 2020.

While these interactions are not explicitly considered part of the Digital economy per se, this activity is important for effective digital policy by government.

5. An additional measure covers all *economic activity that is digitally ordered and/or digitally delivered*. It [can] be considered as an alternative perspective of the Digital Economy, delineated based on the nature of transactions. Rather than splitting the economy based on enterprises' outputs or production methods, this measure focuses on ordering or delivery methods, regardless of the final product or how it is produced.

92. The alternative measure of the Digital Economy would include “*all goods and services that are digitally ordered and/or digitally delivered*”, which are defined below.

- *Digitally ordered goods and services* is equivalent to the current e-commerce definition already broadly in use, which comprises “the sale or purchase of goods and services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders” (OECD, 2011).
- *Digitally delivered services* are “all services that are delivered remotely in an electronic format, using computer networks specifically designed for the purpose”. This category includes services for which a computer network is necessary for the service to be administered, as well as other intangible goods and services.

*iii. Indicators for Well-being and Sustainability*

93. The principal indicators for global priority area Well-being and Sustainability are intended to inform on the contributions of businesses to well-being and sustainability covered by the SDGs. It covers principal indicators starting obtained at the enterprise level, which can be transformed to be consistent with the macro-economic frameworks such as the SNA and the SEEA. These indicators therefore contain information that can be collected from businesses (either through direct surveys, but also from secondary sources) and about businesses. The coherence of the information from micro and macro level is key for an integrated and consistent information system.

94. The criteria for selecting the indicators are: a) policy relevance (particularly linked to the SDGs), b) measurability (including possibilities for the collection of meaningful data – directly via surveys or indirectly via administrative registers and records), c) international comparability, and (d) data availability.

95. An enterprise-oriented perspective is taken for the compilation of the indicators, but without losing the perspective from national- and environmental accounts. In other words, a coherence is maintained between macroeconomic statistics and business statistics obtained from business reporting and auditing. In both spheres, there is a rapid and rich development of emerging standards for capturing the dynamics of business developments in a broad sense – i.e., social and environmental impact and responsibility as well as financial results – and the information needed for public debate, policy-making and regulation to keep up with these developments. Ideally, the development and implementation of the new standards from the two spheres should cross-fertilize each other and go together with the utilisation of new digital data sources, including big data.

96. The global set of recommended principal indicators for this priority area has been determined by striking a balance between a) the minimum vs. the desirable amount of statistical information, and b) the needs and capabilities in developed and developing countries, respectively. The principal indicators generally follow the economic, social, and environmental dimensions of the SDGs from a business perspective by taking as point of departure the identification of the main indicators in the SDGs where business activity makes a significant contribution or have an important impact. Based on their initial selection, a further selection was made based on an assessment whether the required information can be more easily available at business level. The indicators broadly address issues of well-being, environmental impact related to energy and water use, and social impact.

97. The recommended principal set of principal indicators also take a forward-looking approach, to progress the state of business and trade statistics with the dual purpose to remain relevant for the fast-evolving policy agenda on well-being and sustainability and to take into consideration the data availability in capacities of developed and developing countries, leaving no-one behind. This approach applies to the scope of the indicators but also to the detail and breakdown by industry, size, and other characteristics.

### **III. The list of principal indicators**

- Create a visual schematic linking the different indicator topics
- Include a table organized by common themes (e.g., labor market indicators)

#### **Indicators on Business Dynamics, Demography and Entrepreneurship**

1. Number of active enterprises
2. Number of enterprise births
3. Employment created by enterprise births
4. Number of enterprise deaths
5. Loss of employment due to enterprise deaths
6. Number of X-year-old employer enterprises
7. Number of persons employed in X-year-old employer enterprises
8. Employment in the population of active enterprises
9. Employment share of enterprise births
10. Enterprise survival rate
11. Number of high-growth enterprises
12. Employment in high-growth enterprises
13. Number of young (up to 5-year old) high-growth enterprises (gazelles)
14. Employment in young (up to 5-year old) high-growth enterprises (gazelles)
15. Labour compensation paid by active enterprises
16. Gross Value Added produced by active enterprises

#### **Indicators on Globalization and Digitalization**

17. Total exports of businesses as a percentage of businesses' gross value added
18. Number of trading businesses by number of partner countries
19. Export intensity of businesses

20. Value of trade by foreign affiliates
21. Employment abroad in foreign affiliates controlled by resident enterprises as share of enterprises' total employment
22. Entry and exit rates for the digital economy sector
23. Average post-entry employment growth for the digital economy sector
24. Percentage of businesses with fixed broadband connection
25. Capital investment of businesses on ICT as a percentage of total business capital investment
26. Capital investment of businesses on ICT as a percentage of total gross value added
27. Percentage of businesses using cloud computing services
28. ICT-related patents (registered)
29. ICT-related trademarks (as a percentage of total trademarks)
30. Patents in AI technologies
31. Percentage of businesses engaged in sales via e-commerce
32. Value of e-commerce sales by businesses
33. Labour productivity growth in the ICT sector
34. Contribution of ICT sector to labor productivity growth
35. Gross value-added of ICT-related businesses as percentage of total gross value added
36. Employment in ICT occupations as a percentage of total employment
37. Percentage of workers receiving ICT-related training
38. Percentage of enterprises reporting hard-to-fill vacancies for ICT specialists

#### **Indicators on Wellbeing and Sustainability**

39. Proportion of women in managerial positions
40. Annual growth rate of real total gross value added per employed person
41. Average hourly earnings for employees in businesses by sex
42. Unemployment rate, by sex, age and persons with disabilities
43. Gross value added of businesses per employed person
44. Sector employment as a proportion of total employment
45. Water-use efficiency in businesses
46. Water stress in businesses
47. Share of renewable energy consumption in businesses
48. Energy efficiency in businesses
49. Green investment by businesses
50. Greenhouse gas emissions generated by businesses per unit of value added
51. Research and development expenditure as a proportion of gross value added
52. Researchers (in full-time equivalent) per million inhabitants
53. Number of companies publishing sustainability reports
54. Job Openings (Vacancies) in businesses
55. Taxes and other payments of businesses to the Government
56. Total taxes paid by businesses as a proportion of total government tax revenues

#### **A. Availability and organisation of data and matters of consistency**

98. The UNCEBTS acknowledges that a balance must be found between the insatiable demand for data and statistics on the one hand and the costs and burden of the statistical reporting obligations on the other hand, especially on SMEs. In relation to achieving this balance, the

UNCEBTS is aware that some topics were deliberately omitted from the list of proposed indicators, due to lack of data availability and/or lack of internationally comparable data and/or the difficulty of obtaining valid response to questions about certain activities (e.g., illegal activities), and lack of data and/or methodological guidance at the international level on emerging phenomenon, such as social enterprises. Such topics are identified as the UNCEBTS as possible future areas of research.

*i. Analytical classifications and new variance-based indicators*

99. As already highlighted earlier, an increasing heterogeneity in economic performance between business units within and across industries makes mean-based indicators (e.g., average labor costs, average productivity, and average profitability) less and less informative for data users, who wish to better understand the complexity of today's business activities. Similarly, the capability of standard classification schemes to explain firm-level variability as a result of its basic business characteristics (i.e., industry, enterprise size class and location) has sharply declined based upon the increasing relevance of business-specific assets (technological, commercial, managerial or human capital related) in explaining the heterogeneity in both level and growth rate of productivity, profitability and new job creation.

100. As a result, there is a need to develop new classification schemes and a new class of variables based upon variance-based indicators for business statistics. By leveraging the granularity and the informative power of basic and extended SBRs, it is possible to introduce new classification schemes and a new class of indicators that can provide a broader and more consistent picture of the evolution of businesses.

101. New analytical classification schemes should reflect characteristics of business profiles - such as export activities, provision of services, internationalization processes or new technology adoption (e.g., patents or digital profile) because these latter features have been proven in the academic literature to explain a larger share of firm-level heterogeneity in productivity and profitability as compared to traditional classification schemes.

102. Firm-level variance-based indicators for productivity, labor costs and profitability can be easily calculated by NSOs if the variables are integrated in the SBR for all statistical units. Those indicators are very informative in explaining differences in business performance across business units within the same industry and across different countries. For instance, given differences across countries in the level of productivity for a given industry, countries with lower firm-level variance may exhibit more similar and converging patterns of productivity across businesses, while others with higher variance may have a more polarized business community (in which there are stronger winners but also businesses with severe problems).

103. Similar considerations apply if one considers the evolution over time of a firm-level productivity distribution for a given country, industry and size class. Productivity stagnation (i.e., no change in mean values over time) can hide a strong increase in variability, whereby the best-performing businesses are more competitive, but their impact on industry and country mean productivity is cancelled out by poor performance of other struggling businesses. As a result, associating standard business statistics indicators with new indicators on variability or other

distribution-based indicators can highlight a more complex picture of the evolution of resident companies, ultimately allowing the opportunity to better fine-tune policy measures both at the national and sub-national/regional levels.

*ii. Microdata linking, profiling of MNEs, and data sharing and exchange*

104. In order to improve the quality and granularity of business statistics, and to understand the increasingly complex role of businesses and MNEs in global production and employment, it is necessary to develop more efficient ways of producing statistics. Such strategies include microdata linking (MDL); profiling large and complex MNEs; and data sharing or data exchange. MDL, or the combining of micro-data on entities, such as enterprises, jobs and persons, not only reduces respondent burden, but also supports analysis of both business and employee characteristics and can help in answering questions on job dynamics, income and welfare.

105. Furthermore, to ensure meaningful and correct measurement of global production and trade, many statistical offices are considering how to improve data specifically on large and complex MNEs. At the national level, Large Case Units (LCUs) are increasingly being established in NSOs to improve the quality, consistency and coherency of data on MNEs by coordinating data collection and compilation, ensuring data consistency across all data sources, and building client relationships with the respondent MNEs. For producing statistical data related to MNEs the use of new and innovative data sources for reducing statistical burden and cost to NSOs including direct data collection from MNEs, an improved legal framework and more intensive use of administrative data should be supported.

106. Bilateral exchange of business micro-data between national statistical offices and possibly with other producers of official statistics would be another way forward in improving the understanding of business dynamics and the operations of MNEs at the global level. However, it is widely known that data sharing of micro-data at the international level has proven to be limited due to strict privacy and confidentiality laws. While there are ongoing initiatives to make progress in addressing data sharing issues across countries, such as the G-20 Data Gap Initiative (DGI) and forthcoming ECE Guide to Sharing Economic Data, it is well understood that this is an area that is still being developed. Most business statistics-related projects to compile internationally comparable statistics to date have utilized “coordinated MDL” or “distributed microdata research”, which requires central coordination of the database construction, analysis and publication, respecting subsidiarity and national legislation.

107. One possible way to address the legal obstacles associated with data exchange is to help countries draft legislation that amend the treatment of data confidentiality. For example, it would be useful to consider an exemption to data confidentiality to allow exchange of firm-level data that are already made publicly available by the respondent itself, perhaps in published annual reports or filings with financial regulators, if the data meet the statistical definitions. These public data could then also be exchanged freely among NSOs and/or consolidated by international and regional agencies. This would be a critical step towards assuring the overall quality of the macroeconomic aggregates and business statistics produced by a country at national and sub-national/regional level.

iii. *Specific considerations for the priority areas*

This section to be further elaborated by the task teams.

a.) Business Dynamics, Demography and Entrepreneurship

E.g., thinking behind the selection of coverage, breakdowns, frequency, concept of self-employed, etc?

b.) Globalization and Digitalization

Review the trade classifications – HS, EBOPS, relationship to CPC and other classifications

Statistical unit is the enterprise

108. Several statistical frameworks have already been proposed by NSOs and international and regional organizations to measure policy-relevant aspects of digitalization and globalization. For instance, most recently, the G20 Task Digital Economy Task Force developed a “Roadmap toward a common framework of measuring the digital economy,”<sup>36</sup> which proposes a common agreed definition on the Digital Economy and a set of existing indicators for measuring the Jobs, Skills, and Growth in the Digital Economy and proposes a clear step forward for Digital Economy measurement. The framework of Digital Supply and use tables<sup>37</sup> focuses attention on new sub-categories of industry and product types within the National Accounts Supply-Use framework to make the Digital Economy more visible in macro-economic statistics. Similarly, a framework for GVC Satellite Accounts<sup>38</sup> was elaborated to provide a national approach to the compilation of GVC-specific supply and use tables and related institutional sector accounts. Also, the OECD and WTO Trade in Value-Added database were developed on the basis of a global Inter-country Input-Output table (ICIO) to measure the impact of globalization.

109. The task team takes note of these existing initiatives and will work to ensure that the indicators being developed by the Task team will be able to feed into, or at least be consistent with these frameworks.

Review the digitalization definitions and scope  
Other issues...?

c.) Well-being and Sustainability

110. The performance on sustainability in the business sector – using in particular the SDGs as reference – can be monitored at micro data (i.e., at enterprise) level, at macro (i.e., tabular) level

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<sup>36</sup> <http://www.oecd.org/sti/roadmap-toward-a-common-framework-for-measuring-the-digital-economy.pdf>.

<sup>37</sup> [https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13\\_2\\_3\\_2a\\_SA\\_Digital\\_Economy.pdf](https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13_2_3_2a_SA_Digital_Economy.pdf).

<sup>38</sup> <https://unstats.un.org/unsd/business-stat/Assets/Documents/GVC/Accounting%20for%20Global%20Value%20Chains%20-%20White%20Cover%20Version.pdf>.



as well as at accounts/indicator level. Generally, results can be compared across levels, as reporting from enterprises is the major source for business statistics, which again is a major input for national and environmental accounts. However, limitations in comparability may exist, as statistical concepts may have additional sources or somewhat different coverage. Furthermore, the proposed indicators exclude indicators on anti-corruption (due to problems of data availability and the inherent difficulty of obtaining valid response to questions about illegal activities), the prevalence of collective agreements for workers and the magnitude and activities of the emerging phenomenon such as social enterprises.

111. Generally, indicators for well-being and sustainability require a combination of data from different domains, where statistics results from Business statistics are used together with results from. For example, labour market statistics or environmental statistics. Analyses and additional work with some statistical data sources may be needed to ensure at high level of consistency as regards coverage and other elements in the definitions.

112. However, the use of the ISIC-classification is expected to be used across all statistics, or a further break down to 2-digit level (as recommended for most of the indicators) of data is possible, also taken the guidance on for example the SEEA (System of Environmental Accounts) on board. However, SEEA is more linked to the framework of National Accounts than of Business Statistics, while adjustments may be necessary to align information into indicators.

113. The environmental area (water, energy and emissions) in particular is further characterized by the fact that the importance to monitor the development differ a lot depending of type of industry. In the establishment of the indicators, it is recommended to prioritize the most important areas in the first round, while other areas and other break downs can be taken on board in further steps – as they also may require development in some statistics; e.g., on water or energy.

114. Regarding the use of statistical results from labour market statistics, salary statistics and others, again it is important to be aware of possible consistency problems vis-à-vis business statistics. Results on employment are expected for domestic employment, whilst some monetary figures in the business statistics partly also includes activities abroad. Adjustments have to be made (if possible) or information on limitations in alignment must be provided.

115. The indicators on well-being and sustainability are to some extent about comparing of monetary information by psychical information or by number of person or working hours. Such comparing makes only full sense when the monetary information is in constant prices, in 2010-prices in the first round. If the monetary values in the business statistics do not exist in constant prices, the calculation used for National Accounts compilation in constant prices can be recommended as the source.

116. Establishing some of the proposed indicators may require some work, in example monitoring of green investments (definitions still under development) and compiling of taxes paid by the business sector, as such information maybe not yet compiled, but considered relevant by reference to the SDG's. This will be further elaborated together with the issue of confidentiality that will arise in some cases when publishing detailed breakdowns.

## **B. Institutional coordination and governance**

This section covers the fact that it is expected that at country level, several institutions may be responsible for the compilation and reporting of the principal indicators. It will briefly address the topic of the institutional coordination mechanisms and governance needed for the national reporting of the indicators.

Also, coordination at the international level among international statistical organizations.

## **IV. Future agenda**

This chapter outlines some measures to improve them and identifies areas that can be further developed in the future. This can be taken from discussions in the task teams, bureau meeting and upcoming UNCEBTS meeting.

It can also include elaboration of the Tier 2 indicators which expand upon the principal indicators.

### **Appendix: Technical Sheets**

Appendix presents the technical sheets for all indicators organized by priority area.

Technical Sheets for indicators on Business Dynamics, Demography and Entrepreneurship

Technical Sheets for indicators on Globalization and Digitalization

Technical Sheets for indicators on Wellbeing and Sustainability