The Main Principles on the Economic Census Organization
in the Russian Federation

1. The main goal of statistics is to provide society with the reliable information timely and in accessible form. Thus it is necessary to find balance between the information needs and underreporting of respondents.

2. In the international practice the total statistical reporting on business units is not used. As an exception there are single (periodically every 5-10 years) economic censuses. The tool of the survey is the register of statistical units in which the numbers of market agents are fixed. In Russia this is the Statistical Register of Rosstat.

3. Economic indicators on activity of business units are gathered by the sample surveys. These indicators are allowed society to estimate processes in economic and social fields.

4. Russian statistics also develops in the given direction. *Statistical observation of Russian economy which follows international statistical mainstreams is based on economic censuses which are carried out every 5-10 years. In inter-census periods the sample surveys on a wide spectrum of problems is used.*

5. At census it is allowed to gather data on business units for the particular period of time under the uniform program and criteria. It makes the census very important in the economic and statistical analysis and for the geoinformation system which is adequately described the national economy. Rosstat has considered this basic advantage at decision-making of the census.

6. We assume that the census is a survey of the organizations of all sectors of productive economic activity.

7. Usually the only exception is agriculture. Agricultural censuses are conducted separately, as it had been in Russia in 2006.

8. The census main purpose is to form the information which contain the multiple and detailed characteristic of economic activities on business units. Using of this

information helps in improvement of social and economic forecasting and development of measures to increase the efficiency of the Russian economy.

9. Since 2005 in Russia the All-Russian Classification of Economic Activities, harmonized with the international standards is implemented. It permits to reflect the economic trends more adequately. In 2009 Rosstat has begun to use new Classification of the goods and services. Census will ensure the detailed information on manufacturing and sales by all business units according to the new All-Russian Classification of Production.

10. Identification of activity of business units will be more adequate thanks to census (especially in the new, emerging areas – high technologies, nanotechnologies, market services, tourism, financial operations, etc.).

11. For Russia the necessity of the census is caused also by absence of the basic data on all operating business units in official statistics. These data permit to compile information necessary for users.

12. It is especially relevant for small entrepreneurship. The information on small entrepreneurship sector is delinked, and on separate kinds of activity is absent.

13. According to the Russian legislation Rosstat applies the sample survey at current statistical observation over activity of small entrepreneurs.

14. This minimizes the response burden and provides key indicators for this sector of economy.

15. The sample population for the small entrepreneurship survey is created once a year on the basis of random sampling from the Statistical Register of Rosstat. The formation of the sample faced with some limitations. The main of them is that there are no economic characteristics in the Statistical Register by the majority of small entrepreneurs. Only on one-third of business units has reported data about profit and/or volume of employment. That is why the sample survey does not allow to trace specific indicators – investments into a fixed capital, the structure of a fixed capital, production and sales nomenclature because the sample does not contain economic parameters permitting to stratify business units ensuring representativeness for economic indicators.

16.   The sample survey imposes the specific bounds on detalization of data on small entrepreneurship in geographical and functional breakdowns. According to the Russian legislation a business unit indicates its kinds of economic activities in registration form. But it is not obliged to detail them below 3rd digit of the current Classification by the Kinds of Economic Activities. So business units are identified in the Statistical Register. Thus, nowadays there are no possibilities to form the sample and to get representative result by lower levels of kinds of activity. At disaggregating of a sample base by territory the stratification is carried out by the subjects of the Russian Federation (republics, regions, areas, Moscow and St.-Petersburg). While stratificating at level of districts, cities or other territorial subdivisions within the subject of the Russian Federation the sample sizes come nearer to a general population of small entrepreneurship. But that contradicts to requirements of the legislation on current statistical observation over the given group of respondents. Besides, it will require the attraction of additional labour, material and financial assets from statistical authorities and will increase time for the information processing.

17.   Solving of these problems is possible in the frames of single survey over the small entrepreneurship.

18.   In Russia last total survey of small entrepreneurs was organized in 2001. But nowadays it doesn't permit to give a multiple estimation of current small entrepreneurship "contribution" into a national economy because of dynamic development in the sector.

19.   Activity of small entrepreneurs extends. More than 4 million small entrepreneurs are officially registered on 01.01.2009. In some kinds of activity (for example trade, services) small entrepreneurs have a leading position. Till 2008 surveys in this sector were carried out only for some kinds of activity and as a sample survey. Annual sample surveys (approximately 5-7 % of business units) estimate the key parametres of small entrepreneurs sector. But there is no possibility to represent the information by all indicators and breakdowns.

20.   According to the Russian legislation from 01.01.2008 the criteria of

identification of organization of small and medium-sized entrepreneurs are changed. New category of microenterprises was added. So within the census there is a possibility to consider all changes in small entrepreneurship, to estimate the economic potential of this business sector and its "contribution" to Russian economy in whole and on branches, and also by territorial breakdown.

21. Small entrepreneurship census will allow to receive full and proved information on parameters of this sector of economy, which is necessary for forecasting of its development and working out the ways of the government support. Economic information by each business unit will be the base of the general population. The reliable basis for the planning and organisation of business unit sample surveys will be created. Enlargement of a sample survey application will optimize the response burden.

22. The economic census results and the sample survey of expenses will be the necessary information base for "input-output" tables. Quality of enterprise statistics and reliability of Russian economy parameters will be provided.

23. In the frames of economic census preparation it is necessary to find the decision on some methodological and organizational issues.

24. *Shortly about some key issues.*

25. ***1) definition of clear principles for forming population of business unit covered by the census.***

26. In Russia commercial organisations are included into the business unit population for census.

27. The base for lists of the business units which are units of the census is the Statistical Register of Rosstat. However nowadays in the Russian Statistical Register there are many inactive enterprises, or liquidated business units, especially in small entrepreneurship.

28. According to the Russian legislation business unit are obliged to be registered by the tax authorities of the Russian Federation. These authorities form the Unified State Register of Legal Entities and the Unified State Register of Individual Entrepreneurs. The information on registration is transferred to the Federal State Statistics Service and it is one of the tools of the Statistical Register

updating. At the same time the business units are to inform about all their transformations, including liquidations. The mechanisms of its reflection in the state registers are not perfect.

29. Thus, if we base only on the Statistical Register, the number of observation units for the particular period of time can differ from number of really operating business units for the same period. It creates difficulties of business unit population covered by the census, a choosing of a survey method, etc. Thereupon it is important to find reliable sources for timely and proved actualization of the census population.

30. In the developed countries population of the survey units is traditionally formed on the basis of administrative databases (e.g. registering, licensing, transport, etc.). At their regular updating the number of business units for the particular period of time corresponds to number of real operating on the same period, i.e. to the actual size of population to be covered by the census.

31. Following the international experience, Rosstat elaborates approaches for using of administrative sources. Tax authorities have databases, which allow to define the real status of the business unit (operating, temporarily suspended the activity, liquidated, etc.) by the time of the census.

32. Data from the government authorities regulating economy, licensing companies and providing government support of small and medium-sized entrepreneurship could be considered as alternative sources for updating census population.

33. *Thus, the list of the business units for the census will be formed on the basis of the Statistical Register and the administrative data.*

34. **2) choice of the observation unit.**

35. Transregional corporations, holdings, vertically-integrated companies are the main problems in calculating basic economic indicators and trends, reflecting a real situation in economy in Russian regions.

36. Rosstat could solve this problem in the following way. The reporting unit is an organization as a whole. Upon that some indicators are reported by the organisation for its regional affiliates. Such practice is applied for the annual

observations of large and medium-sized organisations.

37. ***For the general population of the census Rosstat is going to use the combined method of data gathering on various groups of business units.***

38. It has been done by the following reasons.

39. In Russia for the business units out of small entrepreneurship we created sound and detailed information base. It is important to involve available methodological and technological base for these organisations as much as possible. Compilation data will be based on the current of questionnaires.

40. It is necessary to organize the total survey of the small entrepreneurship. According to Russian legislation the small and medium-sized entrepreneurship survey must be every 5 years. Small and medium-sized entrepreneurship survey will be in 2011.

41. Because of variety of the business units in the small entrepreneurship, various degree of economic preparation of the registration personnel, particularities in accounting and statistical account, it is supposed to use different methods of interviewing (self-filling of the questionnaires by the respondents, and/or interviewing and other methods). Experience of the 2001 small entrepreneurship survey, marketing researches, and also foreign experience in the small entrepreneurship statistics were considered for the choosing the survey methods.

42. The international experience shows that organisations with insignificant production and compounding the overwhelming majority of the small entrepreneurship, do not provide the statistical reporting. Their cumulative contribution to economy is insignificant. Data by them is joined in summary results on the basis of the administrative sources, first of all the tax reporting.

43. Rosstat will apply the international principles and standards for small entrepreneurship survey. It should decrease the response burden, avoid duplication of information flows and inefficient use of financial resources.

44. For implementation of this approach it is important that the Federal Tax Service of the Russian Federation provide us not only lists of the tax payers actually paying taxes, but also the key economic information on them from the tax

reporting will be the important condition of realisation of the this approach. It will permit to specify first of all the number of the surveyed organizations and exclude inactive units.

45. Received economic information will allow to identify statistically significant and statistically insignificant units. Separation will be based on the threshold values of employment and income.

46. *Consolidated data by this sector of economy will be received on the basis of the survey and the tax reporting.*

47. **3) establishing the clear principles for the system of indicators.**

48. In creating system of indicators information could be more or less limited or could be very detailed on economic and technological operations. A lot of information can be collected and disaggregated for the manufacturing sector. At the same time small number of standard characteristics could be collected as a basic for the future regular sample surveys.

49. The specific key information is necessary for the reliable organisation of the survey in each statistical field. This is a set of the basic statistical features (indicators), which values are known on each survey unit. Therefore one of the key problems is how to define basis indicators characterizing organization size for each statistical field.

50. System of indicators of the small and medium-sized entrepreneurship survey is based on the following principles:
   • Comparability – the system of indicators should permit to trace any events in economy and also to define the contribution to the basic macroeconomic indicators;
   • Reliability;
   • Adequacy.

51. The system of indicators will contain not only the indicators characterizing own resources, financial and economic results of activity, but also estimate the contribution of this sector to macroeconomic indicators. The system of indicators

will ensure the multiple information on activity of the small and medium-sized entrepreneurship on federal, regional and municipal levels.

52. The system of indicators will be disaggregated for various types of business units for the response burden optimisation, conformity with accounting rules at the enterprise. Thus this information should give the wide and multiple characteristic of a condition and development of the whole sector of the small and medium-sized entrepreneurship.

53. Elaboration of the scientifically well-founded system of the survey indicators will be prepared with the participation of the government authorities, public organisations, Rosstat Council on Small and Medium-sized Entrepreneurship of the Russian Federation.

54. In the course of the statistical survey the following data on the small and medium-sized entrepreneurship will be gathered:

- the address (location) according to the state registration and territorial unit of economic activity (region – subject of the Russian Federation, municipalities);
- types of the economic activity;
- parameters of manufacturing (profit, turnover, volumes of manufacturing and sales, works, services in natural and cost measurement according the All-Russian Classification of Products by Economic Activities, expenses on manufacturing);
- cost and structure of the fixed capital;
- sizes and directions of the investments into a fixed capital;
- number of employees and wages.

55. For the time being Rosstat created draft system of indicators for the survey and draft questionnaires. The statistical toolkit has been considered by the Rosstat Council on Small and Medium-sized Entrepreneurship of the Russian Federation and the Ministry of Economic Development of the Russian Federation.

56. In 2009 we plan to test the toolkit on business units on various categories and kinds of activity.

57. Within of this proceeding the following statistical toolkit will be tested:
    - various methods of data getting from the business units: self-filling of survey forms by the respondents and interviewing;
    - possibilities obtaining information on business unit as a whole and on regional affiliates;
    - quality of survey toolkit for each category of small entrepreneurship, substantial structure of survey toolkit, adequacy of response answers to the questions, response rate, interview burden.

58. *The goal of the test is to form the system of indicators and methodology basing on pilot interview of small and medium-sized entrepreneurship.*

59. International experience shows that **any survey (including economic census) does not provide the full coverage of all survey units**.

60. Not all respondents, especially small entrepreneurs, fill in the census questionnaire wholly, i.e. they refuse to give the information by some indicators.

61. To minimize non-response and to raise the information quality the following should be done.

    - *It is necessary to form legislative base of census.* This is special acts for census and using the current laws.

    - *The organization of the advocacy campaign for the census.* Its primary task is to raise motivation of all business units to participate in the census and to give proved information about the business.

62. This campaign should provide:

63. *1. increasing the awareness of the economic census and acceptance of it by respondents on data gathering stage*, i.e. respondents will be informed about the census purposes, guarantees of confidentiality, obligation to participate in the census and also about possible penalty of refusal, etc.,

64. *2. increasing of the awareness on benefits of the census itself and results among potential users*, i.e. respondents should know that they are potential users of the census output.

65. Many segments of the Russian economy are competitive, and data on business tendencies are of large commercial value. Readiness of respondents to give exact and a true and adequate data about themselves depends on understanding of guarantees of confidentiality by the obtained information.

66. The advocacy will be organized in the following ways:

a)   speeches and interviews of Rosstat chair-persons in the federal mass media;

b)   discussion of the Survey Program with academic and public communities;

c)   organisation and presentation in local mass media the interviews of chair-persons of regional statistic al offices, representatives of authorities of the small and medium-sized entrepreneurship support, and also the survey information distribution;

d)   preparation of information materials and press releases and their distribution in mass media;

e)   distribution of survey methodological materials over the small and medium-sized entrepreneurship, organizational positions of its carrying out, information materials, press releases and other materials on a official Rosstat website.

f)   distribution of posters and leaflets.

67. *Also we understand that it is very important to provide quality of the census. There are two aspects of this item.*

68. 1. Professional training for census on all levels of statistical system of the census (methods and principles of work with respondents, preprocessing and control, automated processing, including coding etc.) and in case of use the interviewing.

69. 2. To solve the problems of non-response it is necessary to elaborate special mathematical tools to correct source information. Experience of such updating was not applied in the Russian statistics yet.

70. Thus let make the following conclusions.

71.   According to Russian legislation the small and medium-sized entrepreneurship survey must be every 5 years. Small and medium-sized entrepreneurship survey will be in 2011.

72.   The census main purpose is to form the information which contain the multiple and deta iled characteristic of economic activities on business units. Using of this information helps in improvement of social and economic forecasting and development of measures to increase the efficiency of the Russian economy.

73.   Besides within the census there is a possibility to consider all changes in small entrepreneurship, to estimate the economic potential of this business sector and its "contribution" to Russian economy in whole and on branches, and also by territorial breakdown.

74.   The list of the business units for the census will be formed on the basis of the Statistical Register of Rosstat and the administrative data.