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Items for information: business registers

Report of the Wiesbaden Group on Business Registers

Note by the Secretary-General

In accordance with Economic and Social Council decision 2014/219, the Secretary-General has the honour to transmit the report of the Wiesbaden Group on Business Registers, which is presented to the Commission for information. The Commission is requested to take note of the report.

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* E/CN.3/2015/1.

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Report of the Wiesbaden Group on Business Registers

I. Introduction

1.   The 24th meeting of the Wiesbaden Group on Business Registers was held from 15 to 18 September 2014, in Vienna,[1] and hosted by Statistics Austria. The meeting gathered 94 participants from 42 countries and 7 international organizations. It was organized in 10 sessions, one special session and a round table discussion. This report provides a brief summary of the themes discussed in each of the sessions and concludes with a number of current challenges for statistical business registers and ways to tackle them.

II. Report of the 24th meeting of the Wiesbaden Group on Business Registers

A. Session 1: country progress reports

2.   The session, chaired by Norbert Rainer of Statistics Austria, was devoted to the presentation of the country progress reports. It is a tradition for the Wiesbaden Group to open the meeting with a review of recent developments in the framework of business registers in each member country and organization. A total of 38 reports were presented during this session, while a total of 54 reports had been submitted in advance. All reports — the ones presented at the meeting as well as the reports of countries and organizations that could not attend the 24th meeting — can be found on the conference website.[1]

3.   These past two years, progress reports had been prepared using a template comprising several parts: the first part providing some general information on the statistical business register in the country, the second briefly presenting the main achievements and developments in the past year and the third presenting future plans for the register. A fourth part on the main challenges to the development, maintenance and use of the registers has now been included in the template for the first time.

4.   The country progress reports showed that important developments have been carried out or are planned. The list of future topics include: the increased use of administrative data; improvements in register quality; profiling; the introduction of new classifications, new variables and statistical units not yet covered; the production of business demography data; the re-engineering of the register basis; and increasing the backbone role of statistical business registers. Main challenges lie in: legal constraints in the access to administrative data; the lack of common identifiers; the quality of input data; and profiling activities. A general problem that countries reported was the decreasing resources allocated to registers as a consequence of the budget constraints faced by national statistical offices.

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[1] See www.statistik.at/wiesbaden2014.

B. Session 2: statistical units and profiling

5.   The session focused on business profiling activities and the identification of statistical units in a statistical business register. The session was chaired by Gaétan St-Luis of Statistics Canada. Eleven experts from 10 countries (Australia, Canada, France, Jordan, Mexico, Mongolia, the Netherlands, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America) and from Eurostat presented their profiling activities and experience. The quality and quantity of information shared during this session clearly demonstrated the interest in and the importance of business profiling and the identification of statistical units in the implementation and maintenance of a register. The presentations ranged from identifying and defining business and statistical units to implementing, maintaining and improving business profiling with verification tools using tax data, as well as to the benefits and challenges of maintaining such a programme.

6.   As discussed and clearly stated during the session, many countries have access to administrative data to build or maintain a statistical business register. However, very few countries have administrative data that provide registers with sufficient detailed information on complex enterprises, which significantly limits the capacity to maintain these business structures in an automated way. Without this important information, the maintenance of a coherent register for the purpose of providing the necessary survey frames for the desired geographical area and sector of activity becomes extremely difficult. This is the main reason why so many countries invest in business profiling and why the identification of coherent statistical units is possible.

7.   Based on the content presented and the questions asked during this session, business profiling is definitely a worthwhile investment for statistical organizations; although the depth of information collected during this exercise could vary according to the needs of the statistical office. It was also highlighted that statistical organizations are looking for ways to diminish the response burden and cost created by business profiling, by means of tools and administrative data, such as tax data. It was also evident that it is a challenge for Eurostat to implement the EuroGroups Register, which will contain the profiles of large multinational enterprise groups active in Europe. Finally, some statistical organizations still have problems gaining access to administrative data, while, for those that do have access, the challenge lies in the accurate matching of files owing to the lack of unique identifiers.

C. Session 3: administrative and statistical business registers at the international level: new developments, new uses and new ideas for unique identification codes

8.   The session was devoted to a topic currently considered as being vital to the quality of the data on businesses, in a context where the use of administrative data is fast increasing and where the road is being opened towards data warehouse practices in which the merging of microdata is necessary: the management or the creation of unique identification codes, mostly by administrative bodies, that can be used by statisticians or, better, in which statisticians take part. The session was chaired by Pierre Teillet of the Institut national de la statistique et des études économiques (INSEE) of France.

9.   Four presentations were given during the session. The first presentation, made by the United Nations Industrial Development Organization, was a case study from Viet Nam on the creation of the national business registrations system. In the past, the registration of businesses was complex and burdensome because the highly decentralized administrative system comprised 68 independent registers that did not communicate with one another. Today, the unique identification system is highly integrated, inter-administrative and managed through information technology processes. It also allows for data checks and the electronic sharing of information.

10.   The second presentation, by Eurostat, analysed all the initiatives of unique identification codes that impact the European Statistical System (ESS). The current statistical EuroGroups Register (EGR) was developed mainly as an instrument to improve the quality and consistence of European Union member States statistics, through the introduction of an identification system of the legal units that are part of, or controlled by, enterprise groups. The Business Register Interconnection System initiative of the European Commission shows how a legal interconnection of administrative business registers is being developed in the European Union and how it can be used by European statisticians for improving the quality and timeliness of the EuroGroups Register.

11.   The third presentation, by the European Central Bank, was on the Legal Entity Identifier, which offers a worldwide coverage of the entities involved in financial transactions. It was stressed that the reasons for such an initiative to be taken by the Group of 20 and developed quickly also concerned statisticians. The Legal Entity Identifier system was then described as a three-level system based on: a register of "entities" (close to legal units), with an identification card unique at the world level and public; a collection of "relations" (hierarchical links of ownership), whose legal status and confidentiality are not yet defined; and a network of groups representations opened to multiple (commercial) use.

12.   The fourth presentation, by INSEE, explained why a national statistical institute, which has historically managed the French administrative register as a non-statistical task, is interested in being the local operator of the Legal Entity Identifier system for France. The linking of the national identification system to Legal Entity Identifier codes increases the value added of the national inter-administrative business register.

D.   Session 4: managing the respondents' burden

13.   The session was chaired by Roland Sturm of the Federal Statistical Office of Germany (DESTATIS). The burden for respondents of answering statistical surveys continues to raise widespread discussions. Various statistical offices have taken action in measuring the burden in order to quantify its actual amount and distribution. This information makes it possible to manage the burden in order to reach a fair distribution among the respondents according to their capability to deliver statistics. Moreover, a clever combination of statistical data sources and better knowledge about existing survey information can help to avoid unnecessary surveys, thereby reducing the respondents' burden.

14.   Two presentations from Austria and France gave good insight on how this issue could be approached and showed the crucial role of statistical business registers. The registers, as the basic infrastructure for survey conduction, can

contain or gather valuable data about survey participation, thereby providing sound evidence on the burden by enterprise for providing statistics. Moreover, the registers can help to ease the burden itself. The increasing importance of the registers as the backbone of data sharing and data combination to achieve integrated statistical systems also makes it a tool for ensuring a fair and balanced burden of the survey populations. Both presentations showed that burden measurement led to a better documentation of survey participation in the registers. Therefore, that which had been an issue for official statistics turned out to have a positive effect on the registers. The storage of survey participation means a big profit for the registers, as it strengthens its role as the basic and indispensable infrastructure and backbone for business statistics.

E. Session 5: backbone role of the statistical business register

15. The session comprised presentations from Belarus, Bosnia and Herzegovina, Egypt and New Zealand, as well as from international organizations (the Statistics Division of the Department of Economic and Social Affairs of the United Nations, Eurostat and the European Central Bank), and was chaired by Tuula Viitaharju of Statistics Finland. The session focused on statistical business registers serving as backbones in statistics production. The backbone role of the registers means that they serve as a business population frame, offer mailing lists for surveys, identify units and cover the most essential units and their basic characteristics. In addition, the registers fulfil their modern function of supporting the statistics production process through its different stages. They serve as tool in linking administrative and survey data and make it possible to improve and maintain the consistency of statistical results in different domains when various statistics use the same classifications and units. The registers also represent core data in data warehouse solutions and they cover variables that help to handle cross-border links between enterprises and to produce harmonized statistics in the case of globalized businesses. In the past 30 years, the role of the registers has developed from just business survey frames to a versatile and sophisticated backbone of business statistics.

16. Participants learned from country presentations how countries such as Belarus and Bosnia Herzegovina have recently intensified their efforts to structure their statistical business registers and their units and use of administrative files to better serve register users. In Belarus, the register consists of an administrative part and a statistical part. The former covers the legal units and the latter the statistical units. Future work will focus on developing centralized metadata system and microdata linking. Bosnia and Herzegovina uses administrative data but not yet turnover data, the use of which is under negotiations with the tax administration. The plans are to create an enterprise group unit and to implement institutional sector classification and profiling in register maintenance. Egypt, even though it does not use unique business identification codes yet, aims to make effective use of administrative data and, between census years, to link administrative data to census data in order to compensate the lack of permanently maintained registers. The aim is to give a consistent base to business surveys. The development work is designed to establish a warehouse of business data, enlarge coverage and improve quality. New Zealand has intensified the use of administrative data in the new microeconomic platform with standard processes that now offer a consistent microdata source to serve all

business statistics. The new data architecture is flexible and the system replaces separate data collections. The user interface is flexible and can be modified according to each user's needs.

17.   Participants discussed the Generic Statistical Business Process Model and the Statistics Division presented in its paper a collection of ideas and rules on how business registers fulfil their backbone role of supporting statistics production at different stages of the process, that is to facilitate the collection, processing, analysis and dissemination of data. The paper also contained the results of the global assessment survey questionnaire (to which 116 countries had responded) on the current status of statistical business register programmes. Eurostat presented the project on the European System of interoperable Business Registers that is going to establish a business architecture at the European level with consistent and interoperable business registers as a core element supporting harmonized business statistics in European countries. The European Central Bank reported on the status of the Register of Institutions and Affiliates Database, which is the result of cooperation among national central banks of the European Union and is a register that both serves statistical uses and meets supervisory needs.

F.   Session 6: business registers frame methodology

18.   The session was chaired by Andrew Allen of the Office for National Statistics of the United Kingdom. The aim of this session was to explore different practices in the creation of survey frames from statistical business registers. While most registers are based on administrative data, there is a wide variation in practice and terminology for frame methodology, with systems ranging from annual fixed frames to entirely live registers from which a daily frame can be extracted. Given the wide scope of this subject, it was surprising that only three papers were submitted. These were from Switzerland, France and Georgia. The key points of discussion that emerged were:

- The relationship between administrative and statistical registers and how the two can be used in the production of statistics to reduce the need for survey data. This requires a close relationship between the two types of register, which in France are maintained by the same organization. This changes the function of the register, moving it away from just a sampling frame to a more integral part of data production.

- Getting access to administrative data is the start of a process. Considering how to use it in the construction of the frame is just as important, for example in considering updating policy, validation and suitability for data to be used as an auxiliary variable, which was shown in the paper from Switzerland.

- The range of filtering processes that need to be used to transform business register inputs into an appropriate frame was shown for the Georgian business register.

G. Session 7: measurement of the quality of statistical business registers: practical experience

19. The session was chaired by Svetlana Shutova of Statistics Estonia. It is evident that statistical business registers play a very important role, located as they are at the start of the production chain of economic statistics that ends with the production of data on the gross domestic product. Registers, being the basis for statistics and providing a frame, feed the production process with data on economic population at every stage of the process: data collection, processing and analysis. Consequently, the quality of economic statistics depends a lot on the quality of business register data. Three presentations were made in this session (by Montenegro, Finland and Denmark). In the first presentation, the development of a new register was introduced. It is very important to adopt principles for measuring quality at the development stage of the register. This makes it possible to create successful frameworks, including for measuring quality.

20. In the following presentation, the plans for and experience in implementing quality measurement of the register data within the business statistics production system were presented. Participants discussed the efficiency of the integration of data from different statistical domains into one common information system, when users of statistical business registers have access to those data at the microlevel (for the purpose of comparing and checking their data). They also debated receiving appropriate information about the main quality indicators of register data. It was obvious that the integrated system improved both the efficiency of the production process and the quality of the data produced.

21. The third presentation addressed the practice of compiling and disseminating quality reports of frozen versions of the register. The detailed overview on the content and principles of compilation of the quality reports were presented. Common issues that were addressed in the presentations were quality indicators, sources and instruments for compiling those indicators, and channels and methods for sharing that information with users. The discussion focussed on sharing practices, the quality issue, the importance of distinguishing errors from real changes in data, and the need for compiling an action plan for improving quality.

H. Session 8: maintenance methods and policy

22. The purpose of the session, chaired by Fabio Tomasini of the Swiss Federal Statistical Office, was to present issues related to methods and policies for maintaining statistical business registers. The contributions provided examples of maintenance strategies implemented in different countries based on different sources, using enterprise censuses or administrative data. The papers and the presentations gave a good idea of the latest developments in the implementation of the processes and principle of maintenance strategy. Those were directly connected to the current situation in each country and showed the next step needed to reach a better involvement of business registers in statistical processes.

23. Presentations were made by Albania, Georgia, the Netherlands and Tunisia, as follows:

- Tunisia presented its register system and maintenance strategy, especially the statistical procedure to derive the status of units.

- The Netherlands presented the principle of fully integrated output-oriented processes that incorporate electronic data collection.

- Albania presented its maintenance system based on enterprise censuses. It highlighted the importance of checking and reporting classification errors in order to consolidate the quality of business registers and to improve their procedures.

- Georgia, as Tunisia, presented its strategy to integrate administrative sources, mentioning in particular the necessity to conduct a survey, through computer-assisted telephone interviewing, to update information on local units.

24. In their concluding comments, participants stressed the need for communication, collaboration with the users and sharing experience with others national statistics institutes.

I. Session 9: dissemination and outputs from the statistical business registers

25. Four papers were presented during the session, which was chaired by Richard Clayton of the Bureau of Labor Statistics of the United States. Three of them, from Tunisia, Mexico and the Organization for Economic Cooperation and Development (OECD), dealt with business demography data. In the paper from Tunisia, the authors presented data based on size and age that showed that the birth of new and small businesses is key to overall employment growth. Similar data from other countries, such as the United States, showed analogous patterns. Without new business creation, net employment change would likely be negative, which shows the key role of entrepreneurship. The paper from Mexico dealt with business demography statistics in that country and presented the results of two studies. The first study provided business demography data showing employment at the birth and death of businesses and net changes, overall and by industry. The second study provided insights into economic dynamism, using survival patterns from several cohorts over 20 years. These studies revealed portrayals of growth and decline patterns useful for understanding underlying economic dynamism and the important role of business start-ups and entrepreneurs.

26. The paper by OECD emphasized the key role of the statistical business register as the source of business demography data and the importance of applying international standards to maximize comparability. In addition, according to a global survey, 71 countries now provide business demography data, which illustrates the impressive progress made in the past 20 years. The growing availability of business demography data on roughly comparable methodologies is adding to our understanding of both national economies, as shown in all of those papers, and the global economy.

27. The fourth paper, from the Bureau of Labor Statistics of the United States, presented varying definitions of big data. It presented one definition that the Bureau of Labor Statistics is using in its statistical business register to add variety to the register that allows it to create new products, such as mapping hurricane impacts or the non-profit sector. The paper also outlined other initiatives underway in the United States to use existing administrative data more effectively to address information needs without developing new data collection vehicles.

J. Session 10: international guidelines for statistical business registers

28.   The session was chaired by Carsten Boldsen of the Economic Commission for Europe (ECE) and Norbert Rainer of Statistics Austria. The aim of the session was to give a short presentation of the current status of the guidelines draft and to invite the Wiesbaden Group to provide written comments and proposals on the draft. For that purpose, a questionnaire was presented in which comments could be provided on each chapter. ECE would then summarize those comments and forward them to the task force established by the Bureau of the Conference of European Statisticians to prepare the guidelines. The current draft version of the guideline chapters and glossary and the questionnaire for submitting comments (which had a deadline of 10 October 2014) can be found on the conference website.

29.   The outline of all the planned chapters was presented at the 23rd meeting of the Wiesbaden Group, in 2012. The discussion of the outline provided valuable feedback on many issues, such as clarification, missing content and the need to switch content between chapters. Those comments were taken into account in the subsequent drafts. A questionnaire was presented at the 24th meeting with the same goal of inviting comments, with the difference that a draft version of the chapters, annexes and glossary was now available and would be the basis for the requested feedback.

K. Special session: EuroGroups Register

30.   The EuroGroups Register (EGR) is a unique statistical business register. It goes beyond national borders, containing information on multinational enterprise groups that carry out statistically relevant transnational operations in at least one European country. It was created in 2008 for statistical purposes only, with the aim to facilitate the coordination of survey frames in the European Statistical System (ESS) for producing high-quality statistics on global business activities, such as Foreign Affiliates Trade Statistics and foreign direct investment statistics. Based on the cooperation between Eurostat and the statistical authorities in ESS, the EuroGroups Register covers at present more than 10,000 enterprise groups and aims to become the backbone for globalized business statistics in ESS.

31.   The special session on the EuroGroups Register, chaired by Amerigo Liotti of Eurostat, aimed to present the structure and processes currently in place for EGR. The first presentation by the Netherlands and Eurostat:

  • Provided a detailed description of the structure and processes

  • Stressed the recent developments (in particular the EGR identification service)

  • Underlined the future challenges

32.   The second presentation, also by Eurostat, showed, on the basis of a study, that the information contained in EGR could be used for the compilation of economic indicators according to two dimensions:

  • The economic impact of globalization in European Union countries

  • The global economic impact of European multinational enterprise groups

33. The potential use of these statistics, including the enhancement of the EuroGroups Register and national business register quality, was also analysed. Concerning questions related to confidentiality aspects of EGR data, reference was made to regulation (EC) No. 177/2008 of the European Parliament and of the Council establishing a common framework for business registers for statistical purposes. It was also stressed that EGR was an important component of the 2013-2017 ESS project on the European System of interoperable Statistical Business Registers.

III. Round table discussion: current challenges for statistical business registers and how to tackle them

34. The final round table discussion aimed to identify the current challenges for statistical business registers and ways to tackle them and was chaired by Norbert Rainer of Statistics Austria. Members of the round table were: Shirin Anne Ahmed of the Census Bureau of the United States; Iman El Hitta of the Central Agency for Public Mobilization and Statistics of Egypt; Irina Karaseva and Marina Schimbireva of the Federal Service of State Statistics of the Russian Federation; Irene Salemink of Statistics Netherlands; and Masao Takahashi of the Statistics Bureau of Japan.

35. The following main challenges were identified during the discussion:

(a) **Growing demands**. The challenge concerns the growing demands of user groups, internally in the statistical office and by external national and international users, for more statistical information, more details and improved quality and timeliness. National statistical offices should be aware of the current and possible future needs of users, take those into consideration when developing statistical business registers and consider enhancing the use of the registers;

(b) **Budget restrictions**. Many statistical offices, including their teams on registers, are experiencing budget restrictions, while registers still need to be maintained and developed to meet user requirements. This calls for initiatives to streamline the production of registers and for exchanging experiences and best practices among countries.

(c) **Use of administrative data sources**. This not only continues to be a major challenge but also carries potential gains in many countries. The challenges include issues with coverage and definitions, which may not be in line with statistical requirements, and timeliness. In some countries, the lack of access to administrative sources is also an obstacle. Potential gains include access to sources with often good coverage and detailed information that can be used directly in registers or in the validation of register information, the reduction of the response burden and an increased efficiency in the statistical office. Establishing good cooperation with the owners of administrative data sources is essential to ensure sustainable solutions and offers a possibility for the statistical office to be kept informed of and exercise influence on changes to the administrative registers;

(d) **Common unique identifier**. A common unique identifier of enterprises exists in some countries but not in all. A lack of a unique identifier creates additional work to link or match information across different data sources (e.g. between statistical business registers, other statistical registers and administrative registers);

(e)   **Statistical business registers as the backbone of business statistics**. The statistical business registers play a backbone role by integrating information from different data sources (surveys and censuses, statistical registers and administrative registers) and facilitating the collection of economic data and the production of coherent statistics. It can also facilitate the development of a standardized production process of business statistics. Countries will need to move forward with sharing experiences made in developing integrated approaches and operational designs;

(f)   **Methodological developments**. Further work on profiling, using different data sources, aligning units and classifications with international recommendations, and using and producing geographical information is needed to ensure the quality and relevance of statistical business registers to meet current and future users' needs;

(g)   **International cooperation**. Developing new methods and good practices are resource-demanding, which is why countries should share experiences and support common development projects. Sharing methods and practices may, eventually, also help to improve the international comparability of statistical business register information. International cooperation can help to reduce gaps between developed and less developed statistical systems, while capacity-building and training activities will be useful to support countries with less developed statistical systems;

(h)   **International comparability** of statistical business registers. The international comparability of statistical business registers and derived business statistics is likely to grow in importance, and statistical offices will need to address this issue when developing methods and practices. National differences in terms of legislation, institutional set-up and structural diversities, among others, put some limits to enabling international comparability.

36.   It was concluded that the challenges identified should be tackled step by step. However, proper strategies and prioritization are needed, as budgets and resources are restricted.

37.   The Commission is invited to take note of the present report.

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