Statistics on enterprise groups – the EGR potential

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Outline of the presentation

• Background
• What is the EGR?
• EGR evolution
• Variables in the EGR
• EGR production
• Information use and potentials
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Background

• An enterprise group (EG) is a set of legal units bound together by legal and/or financial links under the same control.

• EGs are major actors of the global economy, have complex structures and work beyond purely domestic market considerations.

• EGs represent a statistical challenge because their activities cannot be measured in the same traditional way as domestic enterprises.

• Profiling and the use of consolidating information are two tools to capture the structure and activities of EGs.
The EGR – what is it?

• The EuroGroups Register (EGR) is the statistical register on multinational enterprise groups of the European Communities.

• Main goals of the project:
  ✓ to keep a record of the multinational groups present in Europe (units, relationships of units, group characteristics)
  ✓ to provide a harmonised picture on groups for statistical purposes (e.g. define sampling frames for statistical surveys).

• All 28 EU Member States and EFTA countries participate (NSIs, Eurostat, NCBs and ECB).
EGR evolution

• Settled down in 2009.

• Four yearly cycles up to 2013 for reference years 2008 to 2011.

• EGR has expanded its coverage from the 5,000 to more than 10,000 most important multinational enterprise groups in Europe.

• In the frame for reference year 2011, the EGR reports 116 characteristics in total, covering the enterprise group but also the constituent units.
Variables in the EGR

• Demographic Variables: dates of commencement and cessation of the enterprise, ...

• Economic variables: Main economic activity, number of persons employed, turnover, ...

• Control and ownership characteristics: ownership relationships, information on global decision centre (GDC), ...

• Further stratification, geographical or other variables: legal form, county codes of constituent entities, ...
EGR production

Current procedure
- So far, the production cycles are based on commercial data acquired by Eurostat from two private providers
- The records of the two commercial data providers were linked by Eurostat
- NSIs validate the legal units and the relationships between them
- From the validated relationships preliminary enterprise groups are created
- Group structures and groups characteristics are also validated by NSIs
- Lengthy and burdensome procedure

Next evolution:
- Less commercial data
- NSI and Business Registers as source of primary data in the EGR
- EGR creates the groups from the pair-wise relationships
- Less verification iterations
EGR production

New production and validation process

Statistician

Data collection

Register staff

EGR

Validation by rules

EGR

Validation by staff
EGR: information use

• EGR data are not available yet to the public but for restricted use within the European Statistical System to safeguard statistical confidentiality.

• The EGR information is increasingly used for internal statistical purposes.

• EGR potential to disseminate information to external users is yet to be developed. Two basic ways:
  ✓ Public EGR products for all interested users inside and outside the EGR network.
  ✓ Internal EGR products that address in particular the Business Register network or statisticians.
Potential uses of EGR output

• Economic impact of globalization in EU countries.
  ✓ % of enterprises in EGs by country
  ✓ Share of employment in enterprises belonging to EGs by country

• Global economic impact of European enterprise groups.
  ✓ Growth of employment in EGs with GDC in EU/EFTA
  ✓ Number of countries where the Enterprise group is acting

• Globalisation and diversification in EU countries.
  ✓ Share of employment in GDC country and abroad
  ✓ Share of different main activities within the group
European groups contribution to global employment (according to GDC country)
Employment evolution (2010-2012) in enterprise groups by country of GDC
EGR – some limitations

• The EGR includes information only on the biggest multinational enterprise groups with at least one affiliate in one reporting European country.

• Quality issues related to the sources of information:
  ✓ intrinsic errors on some variables (missing information, wrong codification, not updated data...)
  ✓ use of different sources which are inconsistent (duplication of legal units, inconsistent treatments across sources...
Thank you for your attention!