Profiling: a better way to apprehend the globalisation

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Outlines of the presentation

1) What are we talking about?
2) The French Business Register Network
3) The French Profiling Process of Large cases
4) The new data in the French SBR to enables new trade statistics
5) The new vision of the French exportation statistics
6) The European solution
7) Conclusion
What are we talking about (1/3)?
The Administrative Framework

Administrative information
- Consolidated account
  - Unit of collection for some surveys (OFATS) but no obligation to answer

Statistics variables
- Tax data (turnover etc.) collected by fiscal administration
  - Statistical law of 1951: The main statistical collection unit (structural business surveys etc)
- Employment data collected by social administration
  - Law of 1951: Can be a collection unit

Administrative Units
- Gr 1
- Group
- UL 1, UL 2, UL 3
- Legal units
- Etab 11, Etab 12, Local Units, Etab 21, Etab 31

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What are we talking about (2/3)?

The Enterprise definition

An Enterprise is defined as the smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making.
What are we talking about (3/3)? The new economic vision

The real life

The current statistics

Breakdown of export turnover by unit size

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The French Business Register Network (1/2): The different registers and their links

Register for Legal (and local) Units

Many Administrative stakeholders

Register for groups

Statistical register

Statistical Applications (Surveys, etc.)

Register for Entreprises

Administrative world

Statistical world

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The French Business Register Network (2/2): The different registers and their units

SBR - SIRUS

BCE
Enterprise register

SIRENE
(ABR)

LIFI
Group register

UL 1
UL 2
UL 3
UL 4
UL 5
UL 6
UL 7
UL 8
UL 9
UL 10

E1
E2
E3
E4
E5
E6
G1
G2

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The French profiling process of Large cases (1/3)
A dedicated division at INSEE

- French profiling of Global Enterprise Group (GEG) located in France is carried out by a specific division at Insee
  - under the Business Statistics Directorate
  - under the department responsible for
    - business registers,
    - structural business statistics (required by the SBS regulation, the national accounts and the sector classification of the business units).

- This division « Profilage et traitement des grandes unités » (PTGU) was set up in 2008
  - implementing the economic definition of the Enterprise from national law in 2008
  - Based on the 1993 European Regulation:
    “The Smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources.”

- PTGU gathers
  - 7 profilers dedicated to manual profiling of the LCUs (and involved in European profiling): statistical, accounting and financial skills, partly from the private sector,
  - 2 statisticians dedicated for 2 years to a consolidation algorithm development to deal with other groups (above 100 000, excluding agriculture and financial sector).
The French profiling process of Large cases (2/3)

Profiling all the groups located in France at INSEE means:

1. A top down approach for the delineation

2. A bottom up approach to obtain the data

3. Updating each of these elements each year.

4. Derivation of the French SBS indicators:
   - achieved since 2014 reference year for the Large Cases (manually profiled);
   - ongoing for the other (automatically consolidated) groups, by 2019 (2017 reference year).
The French profiling process of Large cases (3/3)

The scope and methods

Groups are profiled using different methods according to their size and complexity:

➤ The LCUs (target 1)
  - The largest groups located in France are profiled by face to face, by PTGU division.
  - The profilers meet groups on a yearly basis (contacts: mostly the head of consolidated accounts).
    - 51 groups for 2016 exercise = 12% of the full time equivalent employees, 16% of the added value for non-farm and non-financial business sector.
  - This category of large groups is progressively extended.

➤ Small or medium groups (target 2)
  - More than 100,000 small or medium-sized groups (< 250 employees).
  - These groups will be profiled by algorithm;
  - Assumption that each group = a single enterprise.

➤ Groups between these two size classes (target 3)
  - The groups between these two classes (about 5,000), will be profiled later according to methods mixing desk profiling and surveys. In a first time, will be profiled in the same way that the small/medium groups of target 2.

The remaining units are independant LEUs: 30% of the full time equiv. employees of the economy, 28% of the added value.
New data in the French SBR SIRUS

- SIRUS contains new units:
  - The enterprise units (in plus of legal units)

- SIRUS contains new variables:
  - The categorie of the enterprises:
    SME-Micro, SME, ISE, LE
  - The types of the enterprise group:
    GET-MNE, GFR-MEN, GFR-FRA, IND-FRA

=> enables to calculate new trade statistics
New vision of the French exportation statistics

- In the enterprise approach: the exportations are more concentrated
New vision of the French exportation statistics

- In the enterprise approach: industry is more consistent
New vision of the French exportations statistics

- The main factor for exportation: to be a multinational enterprise
The French multinational enterprises export more than the Foreign multinational enterprises implanted in France.
European solution: The European Group Register

- A better global view of MNEs

- Without EGR
  - FR
  - IT
  - NL

- With EGR
  - D
  - A
  - B
  - C
  - E

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European solution: European Profiling and Units

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Conclusion

1 – To have more relevant information about globalisation:
   - NSOs must use different units of interest (enterprises, groups, legal units, local units…)
   - SBRs must store information about different kinds of units and their links
   - NSOs must develop process to delineate and collect information on Enterprise units (Profiling) by using information on Groups
     - Especially on Large Cases (Profiling by Face to Face)
     - … also on smaller Groups (Profiling by Algorithm)
     - Profiling is not only unit’s perimeter delineation activity but also obtaining business information (Turnover, Employment…) on the new delineated units.
   - NSOs must change of unit of interest: Enterprise vs Legal unit
     - Study unit (Enterprise) ≠ Reporting unit (legal Unit)
     - BR is the backbone of the system

2 - The European solution:
   - EGR and European Profiling and Units
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Thanks for your attention!

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Why is profiling essential?

The legal units are not sufficient today to provide good quality business statistics: profiling is necessary.

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