

CONFERENCE OF EUROPEAN STATISTICIANS

For discussion

Third meeting of the 2006/2007 Bureau
Geneva, 12-13 February 2007

Item 1c of the Provisional
Agenda

IN-DEPTH REVIEW OF BUSINESS STATISTICS
Some additional points to R.W. Edwards' note of 11 January 2007

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THE SCOPE OF THIS REVIEW?

1. Should we define what we mean by business statistics here: economic censuses for businesses, annual (structural) business statistics (including statistics on profit and loss accounts and balance sheet data of businesses), traditional industrial and services statistics, short term business statistics, business registers?

**SHOULD WE TALK HERE ABOUT MULTINATIONAL ENTERPRISES AND
CHALLENGES RELATED TO THEIR EXISTENCE, ORGANIZATION AND
OPERATIONS?**

2. In my notes, I added three references, to items (a), (b) and (f). But perhaps the reference to immaterial production and its links to current business statistics should also be dealt with. After all, the MNE's and their operations are still the biggest challenge to business statistics.

(a) Strategies for a coherent program of business statistics

There are two viewpoints to coherence:

- 'internal coherence' of business statistics: questions related to coherence between e.g. annual and short-term business statistics, and between these and business register. The common identifier system of businesses helps a lot in quality assurance and quality control. The common identifier system is also crucial in maintaining a high quality of statistics when data come from different sources (direct surveys, administrative (taxation) files, directly from business accounting systems etc.);
- 'external coherence' of business statistics, i.e. the results of business statistics vis-à-vis results of other (mainly) economic statistics: national accounts (issues related to the definitions of concepts and to the sufficiency and/or coverage of data), statistics on prices and wages (issues related to the 'holy trinity' of prices, volumes and values and to productivity measurement as well), external trade and BoP statistics (e.g. issue of transfer prices of multinational enterprises).

(b) Statistical units

This is a rather tricky question. How do we want them to be defined and how can these definitions be adapted in practice (look at point (d) updating of business registers)? Should we have a closer look at the current business practices (how do they organise themselves, especially the production chains of MNE's) before updating the current definitions? The number of business companies and organizations with global operations has increased rapidly in the last years. The fact that national borders have lost their meaning as regards the operations of the big MNE's is problematic from the perspective of business and economic statistics. These enterprises cannot easily report the production shares of individual countries from their global production network. Not all the national production is done by identifiable units.

(d) Contemporary best practices in maintenance of business registers

Perhaps we should mention the main challenges (main issues discussed by the Round Table) like the updating system of business registers due to the continuous and rapid changes of business organizations, etc.

(f) Organization of the work within NSO's

Should we add here a reference to the experiences from those countries which have established special units for handling big companies/MNE's?

While a major part of business data comes to NSO's in electronic form, the nature of work has changed. Currently, more and more data collection and quality checking work has been removed from the NSOs to businesses with the help of 'intelligent' web based questionnaires. Also the use of the administrative data has an impact on the nature of work done by the NSOs and on its internal organization. The weight of work is moving increasingly to management of different data flows and to building up the automated quality assurance and control systems and programs, to automated editing and imputations programs, etc. instead of data collection operations as such. Any views/experience on this?

(g) Reducing business reporting burden

As to reporting burden, there is a question of 'factual' burden (such as how many questionnaires, how many businesses, how often and how many data items to be collected?). The NSOs can not do so much to reduce this burden due to the increasing demand of new data as requested by the international and supra-national organizations and, to some extent, by the national users. However, there are several options to organise data collection in a more efficient way.

As to the businesses' feeling of burden, here the interesting issue is the cooperation between the (representatives of) businesses and the NSOs. How can we work more closely with businesses in order to make necessary data collection more efficient and less costly and less time consuming to both parties? Countries' experience on this?

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