Results of the survey on large cases units

Group of Experts on National Accounts
Special meeting on Global Production
8 July 2015
Survey by the Task Force

• First survey round (March 2013)
  • To provide an understanding of LCUs and identify best practices
  • Sent to 14 countries where consistency work had started
  • 10 replied: Canada, Czech Republic, Finland, France, Hungary, Ireland, Netherlands, New Zealand, Norway and Sweden

• Second survey round (April-May 2015)
  • Countries that replied in 2013 updated information
  ➢ Chapter 6 on LCUs in the Guide to Measuring Global Production is being updated
Organizational aspects (1) – organizational place of LCUs

• 5 countries: within business statistics and/or national accounts

• 2 countries: in a centralized data collection department

• 1 country: respondent relationship management and ensuring data supply from large units part of an integrated data collection unit, other LCU work distributed throughout the organisation

• Some NSIs have created working groups or networks of experts to complement the LCU work
Organizational aspects (2) - human resources

• Average size of LCUs: 0.5% of total staff
• LCUs’ time use to tasks differs across countries:
  – Data analysis 15-50%
  – Profiling 5-50%
  – Surveying 0-30%
  – Coordination 10-20%
  – Visiting companies 5-20%
Organizational aspects (3) - skills and competencies of LCU staff

• Good communication and interpersonal skills
• Knowledge of accounting & business economics, especially in multinational enterprises (MNEs)
• Understanding of economic statistics and surveys
• Subject matter expertise on particular industries
• Good analytical skills
• Solid technical skills for data mining and analyzing
Organizational aspects (4) - use of data sources

• Various statistics used as data sources
  – All countries: business surveys
  – 87.5%: Investment surveys; register data
  – 75%: International trade in services; corporate accounts
  – 62.5%: International trade in goods; R&D; producers prices
  – 37.5%: Balance of payments survey
  – 62.5%: Other data sources
Operational aspects (1) - selection of examined enterprises

• Target:
  – most important and challenging respondents
  – who influence the quality of economic statistics
• Typically determined according to criteria such as:
  – Size, complexity and significance
• Population updates with varying frequencies
• Depending on the country, LCUs handle from less than 20 to more than 300 enterprise groups
Operational aspects (2) - respondent relationships

• Respondent relationship management at the LCU (and one contact person at the NSI) helps:
  – Decrease response burden
  – Increase the quality of data received
  – Reduce time in data collection
  – Provide a holistic view of the enterprise group
  – Tailor data collections
Operational aspects (3) - conceptual challenges of data reporting

• Complex concepts used in data collection
  – Align to enterprises’ language
  – Clear instructions, definitions and examples
  – Study data available at the corporate level

• Detecting different global production activities:
  – Resident and non-resident activities
  – Merchanting
  – Goods for processing abroad

• Change of ownership
  – Difficult to identify due to lack of data sources
  – Different treatment (trade / national accounts)
Operational aspects (6) - data linkage and exchange

• MNEs included in most economic surveys
  – Often data reported by different units of the MNE
• LCUs link unit level data across statistics, including with trade surveys
  – Underlines the need for a common ID code
• Half of the countries exchange data internationally among NSIs on an ad-hoc basis
• Typically data exchange limited or prevented even among producers of official statistics of a country
Operational aspects (7) - solving data consistency issues

• Ways of solving inconsistencies:
  – Initiative by the subject matter department or LCU
  – Shared work with LCU
  – Regular working group meetings
  – Ad-hoc meetings
  – Contacts to respondents

• Some solve consistency issues only annually

• In short-term statistics comparable time series may be more important than structural correctness
Operational aspects (8) - types of global production cases analysed

• Cases of global production analysed most often:
  – Merchanting
  – Production abroad of materials owned domestically
  – Domestic production of materials owned abroad

• Half of the countries quite often encounter cases of factoryless production

• All countries had not yet implemented all of the cases suggested by the typology

• A couple of countries have encountered cases not fully covered by the typology
Conclusions

• LCU work – a useful tool for improving statistics
• Globalization continues to challenge statisticians
  – Complicated and evolving cases
  – Conceptual differences between statistics
  – Lack of suitable data sources
• Additional surveying: better understanding of MNEs
• Identified as a priority in the global consultation:
  – Review data sources and methods to compile data for complex MNEs
  – Study strategies and organization of LCUs
  – Share experience and provide practical guidance
Recommendations of the Guide

• Analyse the need for setting up an LCU
• Learn from other countries’ experience
• Consider the alternatives of organizing LCU work
• Develop cooperation mechanisms and collaboration among producers of statistics, both nationally and internationally