Intersectoral partnership and outsourcing of data collection in the Statistical Office of the Republic of Slovenia
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Abstract
Data collection in National Statistical Institutes can be organized in different ways. Transferring the complete process of data collection or only a specific task to another public institution or to a private company are common solutions. There are different reasons for outsourcing data collection, including compensation of lack of knowledge and expertise, coping with seasonal increase in workload, implementation of extensive periodical surveys, etc. Economic reasons such as improvement of efficiency and reducing of costs can also be factors of decisions. The paper presents experience in outsourcing in the case of data collection for the Statistical Office of the Republic of Slovenia. The focus is primarily on the reasons and on advantages and disadvantages of outsourcing.
Intrasectoral partnership and outsourcing of data collection in Statistical Office of the Republic of Slovenia

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1 Outsourcing statistical data collection

Collection and processing of data into statistical information is the core business of each National Statistical Institute (NSI). This, however, does not mean that the whole process and all activities should be necessarily carried out directly and exclusively by NSIs. Different processes and activities can also be assigned to external agencies, while the data collection methodology usually remains completely in NSI’s domain. Maximising the revenue is the most common reason for outsourcing in the business sector. This is not generally true in the case of NSIs, although diligence of a good businessman can be an important factor.

Other considerations are more important when deciding for outsourcing of data collection in the NSI. One of important reasons can be possible gaps in in-house knowledge and in technical equipment and solutions. Work of a typical NSI is very diverse and it is therefore difficult to follow the methodological, technical and IT development in all operating areas. Hiring a specialized company to carry out particular tasks, activities or processes is therefore a possible or even necessary solution.

Other important reasons for outsourcing are usually short-term outlays. These are extensive non-regular activities (e.g. censuses) or seasonal increased workload (e.g. regular periodical surveys) since these activities often cannot be carried out by means of regular internal resources or implemented in regular data process.

2 Experience of SURS with intrasectoral partnership and outsourcing of data collection

In the Statistical Office of Republic of Slovenia (SURS) organization, implementation and managing of data collection is performed almost completely internally. Only few processes are outsourced, such as printing of statistical material
related to data collection and hiring interviewers for fieldwork (CATI, CAPI, PAPI, collecting of prices). In some cases, data collection for individual business surveys is performed completely by other public institutions. We also had some experience with outsourcing the entire organization of fieldwork for extensive data collections (e.g. Farm Census 2010).

2.1 Outsourcing printing of statistical material

Printing of statistical material includes printing of questionnaires, notification letters, reminders, usernames and passwords, etc. In SURS much of the data is gathered using administrative data sources. Currently we use roughly one hundred different datasets from administrative and other secondary sources with new sources still appearing. On the other hand, electronic reporting is increasingly replacing conventional data collection via paper questionnaires. In 2016 companies were able to report data electronically for 93% of all questionnaires. Printing of statistical material was therefore reduced to such an extent that keeping specialized printing facilities inside SURS was no longer reasonable.

In 2017 an external contractor was selected for these services via a public tender. The selected company is specialized in variable printing and has a suitable technology and all appropriate references for the job. Nevertheless, we were soon confronted with a great deal of problems and challenges. There have been some errors due to misunderstanding and sometimes due to mistakes in the processes within the external provider. These errors did not have a significant impact on the quality of the data; however, if repeated too often, they could have a great impact on SURS’s reputation as a trusted institution. In addition to changes in processes and the adaptation of certain procedures, we had to introduce additional controls before dispatching consignments.

On the other hand, the price of printing decreased drastically, not only because of exploiting the benefits of lower production costs but also due to changes in the preparation of the dispatches proposed by the external contractor.

2.2 Hiring field interviewers for CATI and CAPI surveys

SURS employs exclusively external interviewers for fieldwork in implementing computer-assisted personal interviewing (CAPI) and computer-assisted telephones interviewing (CATI). We usually use our own permanent network of verified and experienced interviewers. In some cases of large-scale one-off surveys, we hire an external institution to organize the entire fieldwork through a public tender.
The main reason for outsourcing is an unevenly distributed period of conducting surveys in a specific year or even a month. Use of own employees for this activity would represent a challenge for effective use of working time (appropriate assignments should be found for them in the period when they do not conduct field surveys). Working hours of interviewers are also significantly different than working hours of any other employee at SURS. Payment is also easier to set for external providers. In the case of CAPI payment is done for each completed questionnaire and in the case of CATI we pay interviewers per hour worked.

We are avoiding handing over the entire data collection together with the methodology and preparation of electronic questionnaire to outside institutions. SURS has a qualified team and developed software for the preparation of e-questionnaires. We have also developed standards and rules for creating questionnaires, which are strongly linked to the further process of data processing. Some questionnaires are quite complex and some surveys are carried out longitudinally and include data from previous surveys and other sources. We have several cases of ad-hoc modules and mixed survey mode with relatively short time periods between them.

2.3 Contracting out data collection to other public institutions

SURS has a lot of experience in contracting out data collection to other public institutions. For 13 out of 91 surveys on business entities, primary reporting is conducted in three other public institutions. Among them are some of the most extensive surveys such as the Survey on Earnings Paid by Legal Persons and the Survey on Trade of Goods between EU Member States.

There are various reasons why SURS decided to cooperate with other institutions. The first is the case in which data are collected for the needs of both institutions. This kind of cooperation brings many challenges, e.g. what is the legal basis for data collection, statistical confidentiality etc. Conditions of participating in such a case must be specified in detail. Only the Survey on Waste Generation in Production and Service Activities is currently underway in such cooperation together with the Slovenian Environment Agency.

The other reason for intrasectoral cooperation was lack of knowledge and experience in introducing electronic reporting in the past. Because of that we used the services of the Customs Administration of the Republic of Slovenia (CURS) and the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES). Both institutions have a very well developed reporting system within their own activities and, more importantly, a very effective data collection system with reminders and penalties for possible non-reporting. The enforcement of possible penalties in cases of statistical surveys is, of course, the domain of SURS; however,
cooperation of CURS and AJPES has additional positive effect on the response rate. On the other hand, creating new questionnaires or modifying them can be quite costly since external IT companies are included in both cases.

SURT has in the meantime developed its own electronic reporting system, which is much less dependent on subcontractors. We are still in the phase of optimizing this system at end of which we will consider transferring data collection back to SURT.

3 Pros and cons of contracting out statistical data collection

Instead of conclusion we will try to summarize as much as possible the advantages and disadvantages of outsourcing data collection to private companies and cooperation with other public institutions in the case of SURT. We will not include reasons related to the economic and administrative environment in Slovenia and SURT’s organizational structure.

First let us examine some of the shortcomings that we have encountered. Among the most important are loss of quality and managerial control and problems with turnaround time. Quality control is one of the most important aspects of conducting a statistical survey. The Code of Practice and the Quality Declaration of the ESS set a high standard in developing, producing and disseminating European statistics. These standards are in our case supplemented by the Statement of the Statistical Office of the Republic of Slovenia on Quality and the system for regular measurement and dissemination of reports on the quality of statistical surveys. The outsourcing company often functions in a different reference environment so in that case quality control and following of quality guidelines should be given even greater importance.

Possible loss of control over a company's business processes is another risk. The outsourcing company is often motivated by profit. Since the contract will fix the price, the only way for them to increase profit will be to decrease expenses. In addition, with a fixed contract we sometimes lose the ability to rapidly respond to changes in the business environment. Quick changes are difficult to achieve and can represent major additional costs.

On the other hand, in our experience outsourcing sometimes brought enhancing effect on quality and made some processes more flexible.

Threat to security and confidentiality can be another major shortcoming when deciding for outsourcing the data collection. The concern for the security of data that has been entrusted to NSIs is one of the crucial elements of its functioning. For any confidential information that might be transmitted to the outsourcing company, there
is a risk that the confidentiality may be compromised. This applies both to personal data and to data that are subject to statistical confidentiality.

The external contractor must accept all the declarations and take all measures to properly protect the data. Occasional inspections, controls and training by the client (NSI) are highly desirable.

Other disadvantages include threats associated with financial well-being and other problems of the outsourcing company, which can soon become your problems. Another hazard is possible bad publicity attributed to the client, although it may be a result of poor performance of a subcontractor.

The usual benefits of subcontracting are of typical economic nature and include better revenue realization and enhanced returns on investment or lower labour cost and increased realization of economy of scale.

The use of services in areas where there is a lack of experience has already been mentioned; however, we can at the same time use outsourcing also as an opportunity for tapping into a knowledge base for possible developing of own solution in the future.

The choice of external contractors in the public administration is subject to a number of regulations. It is often the case that a new company is selected in the possible re-tender. This makes it difficult to carry out longitudinal surveys and requires unnecessary adaptation to otherwise constant processes.

It is advisable to use outsourcing for simple, but time-consuming tasks, enabling us to free our management time, so we can focus on activities with which we can create the added value and increase the quality of our services. On the other hand, the core business functions should be carried out internally to obtain managerial and quality control over the entire process.

Partial outsourcing is sometimes a good solution (for example, hiring a workforce for a field survey rather than outsourcing complete data collection), but sometimes partial outsourcing can cause difficulties in placement in the overall process flow. Contracting out the end-to-end activities rather than activities in the middle of the process is usually a lot easier.