Canadian Business Register Profiling

Benefits and Challenges

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Introduction

- The Canadian Business Register is a statistical business register built using multiple tax data sources and complemented through business profiling activities.
- Economic programs, including the System of National Accounts, require the production of reliable estimates in the right geographic area and industrial activity.
- A significant annual investment is made to conduct profiling activities in order to delineate the operating entities used to derive the statistical indicators.
## Canadian Business Register
### Active Universe

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Number of enterprises</th>
<th>Generated Revenue</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple</td>
<td>5.4 million (95%)</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Complex</td>
<td>20,000 (0.4%)</td>
<td>53%</td>
<td>41%</td>
</tr>
<tr>
<td>Administrative Complex</td>
<td>260,000 (4.6%)</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>
Benefits of Profiling

- **Delineation of Complex Structures**
  - Profiling permits the accurate delineation of pertinent information at the operating unit level in order to derive statistical indicators for sampling, data collection and estimation

- **Improved Respondent Relations**
  - Direct Communication – in person or by telephone with the business, builds trust and reassurance
  - Visible efforts to co-ordinate the survey collection builds confidence
Benefits of Profiling

- Reduction in Response Burden
  - Accuracy and timeliness of a profile ensures the appropriate representation of business structures
  - Increased efficiency of survey sampling and reduction in the need for pre-contact

- Co-ordination of Efforts – Frame and Survey
  - The consistent implementation of concepts by a specialized team reduces the overall agency costs related to methodology, sampling and economic program management
Benefits of Profiling

- Creation and Utilization of Allocation Factors
  - Profiling permits the accurate derivation of allocation factors
  - Allocation factors allows the systematic distribution of the most recent enterprise level data (administrative or survey collected data) to be allocated down to the establishments and locations based on the most recent profiled values for employment and revenue
Allocation Factor Implementation

Enterprise
Ontario - Retail
2012 - Rev $ 5 million Emp 50

2014 - Rev $ 15 million Emp 80

Establishment /Location One
Quebec - Wholesale
2012 - Rev $ 1 million Emp 20

2014 - Rev $ 3 million Emp 32

Allocation Factor Rev=0.2 and Emp=0.4

Establishment /Location Two
Ontario – Head Office
2012 Rev $ 0 Emp 10

2014 - Rev $ 0 Emp 16

Allocation Factor Rev=0 and Emp=0.2

Establishment Three
Alberta - Retail
2012 - Rev $ 4 million Emp 20

2014 - Rev $ 12 million Emp 32

Allocation Factor Rev=0.8 and Emp=0.4

Location One
Alberta - Revenue Center Retail
2012 - Rev $ 2 million Emp 10

2014 - Rev $ 6 million Emp 16

Allocation Factor Rev=0.4 and Emp=0.2

Location Two
Alberta – Revenue Center Retail
2012 - Rev $ 2 million Emp 10

2014 - Rev $ 6 million Emp 16

Allocation Factor Rev=0.4 and Emp=0.2
Challenges in Profiling

- Changes in the Economic Environment
  - Increase in globalization of the economy
    - International investments and economic interests
    - Factoryless Goods Producers

- Treatment of Specialized Operating Units
  - Pipelines, Electrical Generation Plants, Transmission Towers
Challenges in Profiling

- Increase in Mandate and Role of the Canadian Business Register
  - Increased access to allow BR content modifications by general Statistics Canada employees
  - Flow and processing of information has changed requiring changes to the profiler’s role
  - Increase in diversity of survey types
  - Consistency in concepts becomes a concern, requiring an increase in training and quality assurance processes
Challenges in Profiling

- Human Resources
  - Current workforce seeks challenges, opportunities and advancements
  - Resources with significant Business Register experience are hunted by economic program divisions
  - Budgetary implications of staff fluctuation and increased training requirements
  - Statistics Canada Recruitment Processes
Future Direction of Profiling

- Increased use in administrative sources
  - Industrial Classification self-coding mandatory by Canada Revenue Agency
  - Increased alignment in concepts
- Opening access to Provincial and Federal Partners
- Increased usage of the electronic questionnaire model
- Opening access to Business Respondents
- Standardized framework for economic surveys
Conclusion

- Profiling program at Statistics Canada is extensive and requires a significant investment from the agency

- Positive impacts
  - Reduction in response burden
  - Increased coherency and relevance for economic programs and the System of National Accounts
  - Reduction in survey sampling costs
  - Increased accuracy in estimates

- Although there are continual challenges to face, the program has achieved overall success and continues towards improved efficiencies in the future