Wiesbaden 2014 – Session 2
Automatic profiling of small groups in the EGR and compilation of national statistics based on enterprises

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The context of the study

- The revision of the definition of the "enterprise"
  - Improve consistency of European business statistics
  - Take into account the globalisation of the economies
  - Help the NSIs in the implementation
    - Development of operational rules
    - For global groups: development of a method to delineate the enterprises (profiling)
      - For the national enterprises: development of methods (tools) to automatically delineate enterprises and gather statistics on them

- 2013: ESS.VIP.ESBRs
  - Reinforce and rationalise the statistical business registers
  - Make the SBRs the backbone of business statistics
The purpose of the presentation

- Two interrelated aspects which play a role in the implementation of the updated definition
  - **Automatic delineation of enterprises in small global enterprise groups**
    - ✓ EGR: EuroGroup Register: includes the largest global groups that are active in Europe
  - **Compilation of statistics based on enterprises at the national level**
    - ✓ Delineation of enterprises in small domestic groups
    - ✓ Automatic compilation of statistics on enterprises in small domestic groups
Central delineation of the enterprises in the EGR

The purpose of the delineation

- Delineate enterprises in all the groups in the EGR
  - With European profiling for large and medium groups
  - Automatically for small groups
  - Use the same principles, as much as possible

2 steps:

- Segmentation of the population into 3 sub-populations
  - Large and medium EU groups (~1600 groups)
  - Small and non EU groups (~9400 groups)
- Automatic delineation of the enterprises in the small groups
  - Definition of their perimeter in terms of legal units
  - Definition of their economic characteristics (employment and NACE code)
• 3 criteria:
  • **The size of the group**
    ✓ employment and number of subsidiaries
  • **The complexity in terms of number of performed activities**
    ✓ Computing an indicator of multi-activity
  • **The geographical scope of the group**
    ✓ Part of the activity performed outside the country of the global decision centre (GDC)
    ✓ Number of countries in which the group is active
  • **Indicators related to the size of the countries where the global decision centre is located**
Central delineation of the enterprises in the EGR

Population in scope for automatic delineation

Mono-active & quasi-mono-active: more than 80% in the same activity
• **Step 1: definition of the GENs**
  - attribution of the NACE code

• **Step 2: allocation of the legal units to the GENs**
  - calculation of the GEN's employment (sum of legal units' employment)

• **Step 3: delineation of the TENs**
  - Automatic result of the GEN's split per country

• **Step 4: calculation of TEN's economic characteristics**
  - calculation of the TEN's employment (sum of legal units' employment)
  - attribution of the TEN NACE code
Central delineation of the enterprises in the EGR

- 9385 groups
- 19100 global enterprises
- 63000 truncated enterprises

➤ incl. 8000 truncated enterprises outside the EU

Distribution of groups according to the number of GENs

- 44% of groups with 1 GEN
Central delineation of the enterprises in the EGR

Delineation: results

Distribution of TENs according to the number of legal units they include

In average: 59% of TENs with 1 legal unit

Eurostat
Central delineation of the enterprises in the EGR

- Consistent definition of enterprises of the same group across EU
- Consistent definition of enterprises whether they are part of a group or independent legal units

**Delineation: is it better than doing nothing?**

**Distribution of work force per activity depending on the delineation of the enterprise**

- Increase the weight of the manufacturing industry
- Lower the weight of the services
Central delineation of the enterprises in the EGR

Delineation: is it better than doing nothing?

- Place the national enterprise in a wider perspective
Delineated enterprises outside the EU:
   - Support for Outward FATS statistics

Application of the method on medium groups (in the target of light profiling):
   - To give a first proposal of delineation to be confirmed with manual process

Side effect: contribute to the overall quality of the business registers:
   - Detect quality issues in the EGR
   - Detect quality issues in the national business register
   - Employment, NACE code, duplicated units
Common methodology for all types of enterprises

Delineation

Domestic

Manual profiling

Domestic groups

Automatic profiling

Independent legal units

Global

Manual profiling

Part of a global group in EGR

Automatic profiling

Manual profiling

Part of a global group not in EGR

Automatic profiling

TENs delineated by Eurostat

ENTs delineated by NSIs according to the Eurostat algorithm

Eurostat
Common methodology for all types of enterprises

Identification of simple enterprises

Domestic

Independent legal units

Domestic groups

Simple ENT=1DEG

Global

Part of a global group in EGB

Simple ENT=simple TEN

Part of a global group not in

Simple ENT=1 truncated GEG

Same criteria for the 3 sub-populations

Common methodology for all types of enterprises

Identification of simple enterprises

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Same criteria for the 3 sub-populations
<table>
<thead>
<tr>
<th>Category</th>
<th>Simple 1ENT</th>
<th>Complex ENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEG not in the EGR</td>
<td>Consolidate existing data</td>
<td>Specific data collection</td>
</tr>
<tr>
<td>GEG in the EGR</td>
<td>Consolidate existing data</td>
<td>Use data from profiling/complete with specific data collection</td>
</tr>
<tr>
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<td>Consolidate existing data</td>
<td>Specific data collection</td>
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<tr>
<td>Independent LeUs</td>
<td>Use existing data</td>
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Conclusion

- Several initiatives in the domain of the definition of the enterprise
  - Related to different aspects of the definition
  - Inter-connexions between them
- The show is going on
  - 2 grants in 2014 to support the NSIs in the testing of both methods
Thank you for Your attention