The structure and processes of a supranational business register

EuroGroups Register
Statistics Netherlands (SN)
Overview

- Design principles
- EGR value chain
- EGR cycle
- EGR Identification Service
- Input
- Processing data
- DQM
- Master frame population
Euro Group Register (1)

Reasons:
– Increasing economic globalisation
– Need for a coordinated data from multinational enterprise groups

Needs
– support the production of micro based statistics on globalization in Europe
– enterprise groups which have statistically relevant transnational operations in at least 1 of the European countries
– By way of collecting, comparing and selecting information from different commercial and institutional sources
Euro Group Register (2)

- EGR provides a set of coordinated data to compilers of statistics
- Compilers of statistics use the EGR data as the population frame for their statistics

What is the main EGR benefit:
- European coordination of national statistics on globalisation
  - Each NSI has a unique population of reporting units for OFATS
  - For all EU enterprise it is known if they are under foreign control and what the country of the UCI is.
Euro Group Register (3)
Main design principles

1. **EGR is output driven**
   The following main groups of stakeholders are defined:
   1. Inward Foreign Affiliates Statistics (Inward FATS)
   2. Outward Foreign Affiliates Statistics (Outward FATS)
   3. *Foreign Direct Investment Statistics (FDI)*
   4. *Foreign trade in goods and services statistics*

1. **Statistical Business Registers of the participating NSIs are considered as the ‘authoritative source’ for**
   1. the resident legal units;
   2. the control relationships between resident legal units;
   3. the resident statistical units ‘enterprise’
EGR Value Chain (1)

01 Select CDP data

02 Select, identify standardise and validate SBR data

03 Load and validate SBR data

04 Load, validate, standardise and identify CDP data

05 Integrate data

06 Compile and validate global enterprise groups

07 Data Quality management

08 Create master frame populations

09 Select frame populations

Statistical Business Register

EuroGroups Register
EGR Value Chain (2)

Source data
- National units (same conceptual model)

Standardized source data
- All units from different sources technical identical

Integrated standardized source data
- One integrated population subject to DQM

Improved EGR preliminary data
- One integrated population improved by DQM

EGR final frame
- Final accepted and coordinated population:
  - Reporting units for OFATS
  - Enterprise incl country UCI
EGR cycle

Outward FATS population of reporting units reference year T

- Initial frame population of Reporting Units
- Master frame population of Reporting Units
- Intermediate frame population of Reporting Units
- Data quality management
- Validation
- Frame error correction procedure

Reference year T

okt  jan  apr  jul  okt  jan  apr  mei

Data quality management on group structure

Reference year T+1

Reference year T+2

Inward FATS population of enterprises reference year T

- Initial frame population of enterprises
- Master frame population of enterprises
- Intermediate frame population of enterprises
- Validation
- Frame error correction procedure
NSI data

OFATS

- **Starting point for the selection:**
  - national populations of reporting units (UCI’s)
- provide for these reporting units the national group structure (control relationships between legal units).

IFATS

- **Starting point for the selection:**
  - population of (known) foreign controlled enterprises
- provide for these enterprises the national group structures (including foreign ‘owners’ as far as known) and provide these data to the EGR.
EGR input (2)

**CDP data**

- Complete structure (as known by CDP) of 5000, for the EU area most relevant, multinational enterprise groups
- CDP Information is received in a customised format
EGR input (3)

NSA Data selection

– Legal units:
  - is the Legal Unit the Global Group Head of an Enterprise Group?
  - is the legal unit the UCI of an Enterprise Group?
  - is the legal unit foreign owned?

– Relationships:
  - What is the type of relationships (control, no control, unknown)?
  - Which percentages (control, ownership)?
EGR Identification Service (EGR IS)

- Legal units are critical to the EGR process
- Many issues with correct identification of legal units

- EGR Identification Service organizes the unique identification of legal units worldwide
- NSIs are requested to send all resident incorporated legal units, not liquidated on 31/12/Year T or liquidated during year T
- NSIs are obliged to use the EGR IS legal unit identifications in their EGR datafiles

- EGR Identification service is essential to the EGR process
Identifying information on all resident incorporated legal units.

Identifying the resident legal units, the control relationships between resident legal units and the resident statistical units ‘enterprise’.
Processing source data

- Data coming from the sources is validated.
  - Technically validated
  - Use of classifications
  - Business logic is checked
- NSI check the same rules
- In case of error responsible source is asked to check and correct the datafile
- All data from the different sources is made identical from a technical perspective
Integration of source data

- EGR integrates/consolidates data from all NSI and different commercial data providers

- Logic in EGR processing order:
  - Legal units
  - Relationships
  - Cluster of Control
  - Enterprises
  - Global Enterprise Groups

Based on priority rules the best entity is chosen from the different sources
Data quality management (1)

- NSI are responsible for the quality of their part of the EGR population
- Tools for maintaining the quality
  - Macro validation:
    Nationally analysing and validating developments in the frame populations by a NSI as well as by Eurostat.
  - Micro validation:
    the data and changes on the level of the individual global enterprise groups will be monitored
- When validation process results in possible errors, the EGR must be corrected and accepted by the other users
Data quality management (2)

- An important tool shall be the interactive module which will support users in their daily work

- Important changes (e.g. changes in country of UCI) in the EGR are communicated to the different users

- The DQM is highly dependent on the collaboration within NSI’s and between NSI’s
Creating master frame populations

– When quality of preliminary frame is approved, the EGR master frame population is created.

– The national relevant part of the master frame shall be used by FATS statisticians in defining their national populations for their statistical activity.

– With the on-line data browser, the EGR FATS interface, statisticians are able to select and download their national master frame populations from EGR.
Future challenges

– A common frame population methodology
– Cooperation and sharing information
– Unique identification of legal units
– Standardising of cross-border information
– User driven data quality management

Should result in:
– Become the backbone for globalised business statistics
– Towards a system of interoperable statistical business registers
Thank you

For more information:

Barry Coenen: b.coenen@cbs.nl
Harrie van der Ven: hven@cbs.nl