



STATISTICS DIRECTORATE  
DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY

## Working Party on SMEs and Entrepreneurship

**SME STATISTICS: TOWARDS A MORE SYSTEMATIC STATISTICAL MEASUREMENT OF SME BEHAVIOUR**

**THE OECD BOLOGNA PROCESS**

**2nd OECD Ministerial Conference on SMEs on "Promoting Entrepreneurship and Innovative SMEs in a Global Economy -- Towards a more Responsible and Inclusive Globalisation" organised by the OECD and the Turkish Ministry of Industry and Trade, Istanbul, Turkey, 3-5 June 2004**

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## FOREWORD

At the first OECD Conference of Ministers responsible for SMEs, hosted by the Italian government in Bologna, Italy, in June 2000, Ministers from nearly 50 member and non-member economies adopted the “Bologna Charter for SME Policies”. They envisaged the Bologna Conference as the start of a policy dialogue among OECD Member countries and non-Member economies and that it would be followed up by a continuous monitoring of progress with the implementation of the Bologna Charter. This dialogue and monitoring have become known as the “OECD Bologna Process”. The second OECD Conference of Ministers Responsible for SMEs, hosted by the Turkish Ministry for Industry and Trade, envisaged by Ministers at Bologna, provides an occasion to assess the impact on SMEs of new developments relating to globalisation.

This report is one of ten background reports prepared for the Istanbul Ministerial Conference, and is the main reference report for the *Special Workshop on SME Statistics: Towards a more systematic statistical measurement of SME behaviour* to be held 4 June in the framework of the Ministerial Conference. Earlier versions of the report were reviewed by the Working Party on SMEs and Entrepreneurship and by the Statistical Working Party of the Committee on Industry and Business Environment whose comments have been incorporated into the final version. Non member economies participating in the OECD Bologna Process have also had an opportunity to provide comments. This final report also sets out the main policy messages and recommendations that have emerged from the preparatory work undertaken in the OECD Working Party for SMEs and Entrepreneurship since the Bologna Conference. This preparatory work included a special OECD Workshop on Improving Statistics on SMEs and Entrepreneurship, held in Paris, 17-19 September 2003. The wide variation in stages of economic development, institutional arrangements and political context across the economies participating in the Bologna Process, now more than 80, means that specific policies and programmes are not always appropriate in terms of their specific elements for all economies. Policymakers are encouraged to draw from these recommendations as appropriate to their respective economic context.

This report was prepared by Andreas Lindner and Morvarid Bagherzadeh of the OECD’s Statistics Directorate, in cooperation with the SME Unit of the Directorate of Science, Technology and Industry. This report builds on the deliberations and the conclusions of the preparatory Workshop on Improving Statistics on SMEs and Entrepreneurship, held in Paris, 17-19 September 2003.

This report is published on the responsibility of the Secretary-General of the OECD. Views expressed are those of the authors and do not necessarily reflect those of the Organisation or its member governments.

This and other background documents prepared for the 2<sup>nd</sup> OECD Conference of Ministers Responsible for SMEs may be downloaded free of charge from the following Web sites:

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**TABLE OF CONTENTS**

FOREWORD .....	2
EXECUTIVE SUMMARY .....	4
INTRODUCTION .....	8
Part 1: Definition of SMEs.....	8
Part 2: Consultation with stakeholders and users of SME statistics.....	10
Part 3: The business frames used for SME statistics.....	14
Part 4: Data collection and compilation strategies .....	18
Part 5: SME data linkage with administrative sources.....	21
Part 6: Dissemination strategies for SME statistics.....	22
Concluding remarks .....	23
ANNEX 1. SYNOPSIS OF RESPONSES .....	25

## SME Statistics Towards a More Systematic Measurement of SME Behaviour

### EXECUTIVE SUMMARY

In the context of the preparation of the second Conference of Ministers responsible for Small and Medium-sized Enterprises (SMEs) on “Promoting Entrepreneurship and Innovative SMEs in a Global Economy” to be held in Istanbul on 3-5 June 2004, SME Statistics were identified as a cross-cutting theme of general interest and importance. In response to the request by governments, a systematic stocktaking and identification of key issues, problems and possible solutions has been undertaken by the OECD Secretariat<sup>1</sup>.

This research, summarized in this background report, is expected to facilitate agreement amongst countries concerning the identification of feasible and concrete proposals for possible policy action, formulated as key policy recommendations for Ministers, which would enhance the quantitative and qualitative underpinning of SME behaviour and international comparability.

Given the global nature of the policy issues and the particular role played by SMEs in developing economies, issues and needs from non-member economies have to be taken fully into account. These countries face similar key problems, but with a more pronounced bias caused by activities of the underground economy, pluri- or pseudo activity, and often a deficient quantitative basis. It was strongly recommended that OECD continue to promote sharing experiences and best practices with these economies.

The five **Key Policy Recommendations** are detailed further in this Executive Summary and translated one by one into an **OECD Action Plan** of possible future OECD work to be continued, intensified or initiated. Attention of the reader is also drawn to the creation (February 2004) of an International Statistical Expert Group (under the auspices of the SWIC) to advise OECD in this process<sup>2</sup>

The importance of better involving providers (firms and providers of administrative data) as well as users in the development and use of data on SMEs and entrepreneurship has been underlined and it can not be stressed often enough that, given the diverse, incomplete and deficient state of SME statistics, careful analysis of the raw data is important before attempting to draw any policy conclusions. In addition, it needs to be underlined that SME statistics can not be separated from business statistics for the economy as a whole; they are a sub-set of structural business statistics and should not be seen in isolation. This has implications for data collections and comparability issues.

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<sup>1</sup> The OECD Secretariat organised a **Workshop on improving statistics on SMEs and Entrepreneurship at OECD from 17-19 September 2003**. The overriding objective of the Workshop was the examination of the degree of efficiency and effectiveness of statistical systems and their links and interaction within a country and internationally. This Workshop, addressed key issues of a systemic nature relating to SMEs as well as more specific statistical issues of interest to both statisticians and policy makers. In addition to an analysis of the current situation and strategies pursued by data providers and users, it covered analytical work underway in four areas, namely enterprise demography, the role of gender, factors of success and longitudinal analysis.

<sup>2</sup> This Group, SBSNet, functions as virtual discussion group to allow exchange of views amongst experts across countries without associated travel costs. Participation is open to OECD and Non-OECD Economies participating in the Bologna Process and requests for participation should be addressed to Mr. A. Lindner, Head of STD/TASS, OECD.

The OECD Workshop provided an excellent opportunity for a comprehensive stocktaking and analysis of SME data and system approaches together with country experts. The five key policy recommendations below take into account the Workshop outcome, written comments received from countries and comments received from delegates of Statistical Working Party of the Industry Committee (SWIC) and from the Working Party on SME and Entrepreneurship.

#### Key Policy Recommendations

- **Promote international convergence of statistical concepts and processes.** Common target definitions should be encouraged across countries, data formats and procedures, notably as regards statistical observation units and size classes. OECD should continue to act as a forum that promotes best practices in statistical data collection, processing and dissemination.
- **Foster greater international comparability of statistics.** This requires OECD to strengthen its inventory of business statistics and prepare recommendations to improve their quality and international comparability. Non-member economies should be involved in this work where possible.
- **Develop an integrated business statistical register.** This requires that countries introduce a single identification number for enterprises, so that data from different sources can be matched. It also requires that policy makers address those barriers, often legal, that prevent national statistical authorities to have access to administrative data, such as tax offices and chambers of commerce.
- **Promote data linking to make better use of existing data and reduce respondent burden on SMEs.** Databases with linked data can strengthen the information base for policy-relevant research, but require that statistical authorities arrange access while ensuring the confidentiality of information provided by individual firms.
- **Carry out policy-relevant empirical analyses to underpin evidence-based policy making.** Cross-country comparative analysis and longitudinal studies which allow the analysis of firm behaviour over time, provide insights about the impact of policies on enterprise performance and growth as well as differences across OECD countries.

These recommendations address the five key areas in which improvements would lead to a better national and cross-country availability and comparability of data and in particular also more pertinent data. They offer a good starting point for working towards more harmonised and comparable SME statistics and provide a set of concrete action points in which OECD could make a significant contribution as driver and coordinator of enabling change.

Concerning **international convergence of statistical concepts and processes**, the OECD action plan should include:

- Investigating the possibility of developing a target set of **statistical indicators on SMEs**, and an **internationally comparable set of indicators** for ongoing and regular monitoring of the level of entrepreneurial activity and the entrepreneurial environment in each country.
- Promoting an agreement on data **matching of size classes** between National Statistics Offices (NSOs). While accepting the rich diversity of national size classes, collaboration and possible agreement is needed amongst statistical authorities on where to put the upper and lower bounds within the range of size classes in different surveys. The lack of matching size classes, together with different classifications used, is one of the main impediments to better comparability as identified by the OECD inventory.

Regarding **greater international comparability of statistics**, OECD recognizes the need for different classification systems to be used in defining SMEs. Non-member countries should be involved in this work. Future work will focus on:

- Continuing to draw up a detailed inventory of different practices and to formulate target definitions to facilitate cross-country comparisons;
- Promoting a SME classification for statistical purposes to allow for international comparisons. Such a classification would have to be compatible with the EU system. This latter point is of particular importance to avoid a conceptual “drifting apart” between the EU and non-EU countries. This “bridging” role is an increasingly acknowledged function of the OECD in the field of statistics in general.

Concerning the development of an **integrated business statistical register**, OECD could play a very useful role in:

- Helping to advance the move towards an **integrated statistical system** which should be able to capture demographic changes through regular and timely updating. Elaborating a proposal for a common minimum format for statistical business registers would be a logical first step. This would entail the development of a unique (national) ID for SMEs across registers and surveys.
- Promoting to include, for instance, a more systematic integration of **gender variables** in statistical business registers, although this depends often on the providers of administrative data, such as tax offices, rather than NSOs. Therefore, this recommendation aims for a higher degree of data access and sharing across institutions **within** a country. Good and successful practices may be applied in (and adapted to) situations of other countries.

With respect to **data linking to make better use of existing data and reduce the respondent burden on SMEs**, OECD action could include:

- Promoting the best use of existing data, sources, working together with NSOs to foster the linking and matching of sources while at the same time reducing the administrative burden on SMEs;
- Encouraging NSOs to engage in data linking. Common firm identifiers are key in order for this to happen;
- Supporting the greater use of administrative data. To advance on this issue, NSOs should also be allowed to access administrative individual, not anonymous, data;
- Acting as a forum for discussion, sharing of best practices and analysis in this area (*ref. OECD SME Statistics Workshop in September 2003*).

Lastly, concerning **carrying out policy-relevant empirical analyses to underpin evidence-based policy making**, the OECD is encouraged to continue to:

- carrying out international analyses, comparing data on firm level
- studying the impact of policies on enterprise performance and growth and

- identifying commonalities and discrepancies across countries

The following six parts of this background and stocktaking report underpin the formulation of the five key policy recommendations above by analysing the information obtained from countries regarding statistical systems and behavioural practices obtained. This report is, thus, very evidence-driven and addresses shortcomings and limitations and possible ways to overcome some – or at least reduce – these.

After the detailed analysis, synoptical tables provide in **Annex 1** the country responses for all six parts (see below). **Annex 2** provides, as promised right from the start in the context of OECDs role in the statistical part of the Istanbul preparations, a comprehensive stocktaking of definitions and methods, data availability and organisational responsibilities across countries.

## SME Statistics Towards a More Systematic Measurement of SME Behaviour

### INTRODUCTION

This background document compiles and analyses national SME strategies, both in OECD and non-OECD countries and economies.

Based upon a questionnaire, the emphasis has been on how NSOs currently handle SME statistics and whether or not they see a need for change in the medium term. The focus, hence, has been on the matching or mismatching between objectives in SME coverage and methods used than on technical aspects. The information obtained was analysed and a first synthesis of findings was discussed at the Workshop on improving Statistics on SMEs. Since the workshop, a considerable effort has been made to complete and further analyse the information obtained. This document takes account of these new submissions and provides a substantive revision to the document discussed at the September Workshop. It also takes into account comments received from countries as well as from Delegates<sup>3</sup>.

The first part of this paper summarizes how SMEs are defined in different countries. The second part addresses the degree to which stakeholders and users are involved in the questionnaire design process and, if so, to which action such a consultation process may lead. In the third part, the sources of the business frames are identified together with coverage and information on how the business frame and register are built. The fourth part reviews data collection and compilation strategies, the fifth part addresses data linkage issues with administrative sources and, finally, dissemination strategies for SME statistics are analysed in the sixth part.

#### **Part 1: Definition of SMEs**

The characteristics of a SME reflect not only the economic, but also the cultural and social dimensions of a country. Not surprisingly, very different practices are used across countries and over time. Some countries tend not to make a distinction between legal and statistical definitions. This is the case for Canada, Greece, Portugal, Mexico and the Slovak Republic. The definition can be based on a threshold in revenue, like it is the case in Canada, it can be based on number of employees, as in the UK, or it can combine the number of employees and turnover for legal and statistical purposes like in Portugal. The Slovak Republic, Mexico and Greece use the number of employees as criterion.

In most EU countries, there is a distinction between the legal definition and the statistical definition. The legal definition, based on EU recommendation number 2003/361/EC takes account of the number of employees, annual turnover, annual balance sheet and independence (see box below). In some

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<sup>3</sup> OECD, *A first analysis of statistical strategies regarding SMEs* COM/STD/NAES/DSTI/EAS(2003)1, 15 September 2003. See also various progress reports on this matter, such as *Workshop on improving statistics on SMEs and Entrepreneurship- Outcomes and Recommendations*, document DSTI/EAS/IND/SWP(2003)15, presented to the Working Party on Statistics of the Committee on Industry and Business Environment, 6-7 November 2003 at OECD. See also *Towards a more systematic statistical measurement of SME behaviour*, COM/STD/NAES/DSTI/PME(2003)1, presented at the 21<sup>st</sup> session of the Working Party Meeting on SMEs and Entrepreneurship, held 1-3 December 2003 at OECD.



cases the monetary thresholds have been adapted (Italy). More generally, this definition has served as a basis for other European countries, such as accession countries (*e.g.* the Czech Republic) and Turkey.

**Box 1: The definition of SMEs according to the European Commission recommendation 2003/361/EC**

**- For legal and administrative purposes:**

Enterprises	Employees	Annual Turnover	Annual Balance sheet	Autonomous
Micro enterprise	1 to 9	< 2 million euro	< 2 million euro	25% or more of the capital or voting rights of another enterprise
Small enterprise	10 to 49	< 10 million euro	< 10 million euro	
Medium enterprise	50 to 249	< 50 million euro	< 43 million euro	
Large enterprise	More than 250	> 50 million euro	> 43 million euro	

**- For statistical purposes:**

The main criteria of SME statistics for statistical purposes are the number of persons employed.

Other EU countries use a simplified legal definition based on employment and turnover. This is also the case with Hungary and Moldova. Some EU countries do not have a commonly accepted legal and administrative definition; this is the case for the Netherlands and Spain. Similarly, in New Zealand there is no common administrative definition; turnover is used by some, taxes on employee salaries and wages by other administrations. In Brazil, different criteria and thresholds are used for different legal, fiscal and international trade purposes.

Denmark, France, Norway and Switzerland do not use a legal definition. In Japan, the regular workforce, together with capital or investment, determine the size class, however, thresholds vary for the different activity classifications. This is also the case in Korea, where SMEs are classified by the number of permanent workers, capital and sales. In the US the number of employees is used to identify small businesses in most sectors, except in the non goods producing sectors where annual receipts are the criteria.

The statistical definition is generally based on the number of employees or takes account of a mix of the number of persons employed and turnover. However, a number of countries do not differentiate SME statistics collection from other statistics; this is the case, for instance, in Denmark, Germany, New Zealand and the US. Norway uses the number of employees together with the independence criteria. Finally, a simplified definition, based on the number of employees, is used in France and Finland in addition to the EU recommendation.

Size thresholds and the definition of an SME vary also according to the sector of economic activity. Different combinations of criteria are sometimes used. For instance, in Australia employment is used as a criterion for identifying size classes in all sectors but agriculture. Australia is considering introducing alternative or additional criteria for non-employing businesses. In the agricultural sector, size classes are defined using the estimated value of agricultural operations (EVAO) that is evaluated based on physical production criteria and sales value.

In Japan, capital or total amount of investment together with the workforce is used to define SMEs, but even though the same criteria are used, thresholds that apply to each element not only vary by

sector but also by criteria. To illustrate this point: taking the criteria “workforce” and “capital/investment”, a SME in Japan has an upper bound of:

- 300 persons and 300 million yen in manufacturing, construction and transportation;
- 100 persons and 100 million yen in wholesale trade;
- 100 persons and 50 million yen in services industry;
- 50 persons and 50 million yen in retail trade.

The evidence gained from the strategy questionnaire clearly shows that the diversity and richness of SME characteristics, political strategies and economic conditions are unlikely to ever yield a commonly used and accepted definition of SMEs. This may also be unpractical from an analytical point of view. However, the stocktaking so far allows already identifying 4 different dimensions for greater harmonisation and the possible **elaboration of target definitions** as shown in box 2 below:

**Box 2: Four dimensions for elaborating an SME target definition**

**National:**

**Comparability between legal/administrative and statistical inquiries and regular data collections;**

**Agreement on common size-classes for data collections and the recommended choice of “enterprise dimension” variable (physical and/or monetary);**

**Agreement on recommended and common size-classes for sectors.**

**International:**

**Elaboration of OECD target recommendations, for OECD’s non-EU countries, comparable to those formulated by the European Commission.**

**Part 2: Consultation with stakeholders and users of SME statistics**

All but five countries which replied conduct consultations prior to the launching of new surveys or data collections on SMEs. Typically these consultations are not compulsory, but regular and institutionalised. Some countries also report having ad hoc consultations. Eleven countries reported having compulsory by law consultations (Belgium, Finland, France, Germany, Hungary, Japan, Korea, Poland, Sweden, Switzerland and the US). Some countries reported carrying several types of consultations. These are the Czech Republic, France, Japan, and Sweden. It should be noted that some respondents have specified that consultations apply to the entire business population, and not specifically to SMEs (see Annex 1, Table 2).

Ministries and, more generally, data users are the most consulted stakeholders, closely followed by the business community. The consultations mainly result in recommendations, sometimes combined with mandatory actions (see Annex 1, Tables 2 and 3).

The role of consultations is mainly to define the scope and coverage of surveys and to agree on definitions of variables. They are also used, to define the final product and to promote the survey with a view to increase the response rate. In a few countries these consultations are used to approve data collection techniques, but seldom to define goals and priorities and to discuss possible policy applications. Not surprisingly, consultations are not used to approve data processing methods, indicating that the NSOs expertise in this field is clearly established (see Annex 1, Table 4).

Of particular interest to OECD were the responses about **concerns expressed** (see Annex 1, Tables 5-7) regarding:

- SME data collection,
- SME data compilation, and
- SME data dissemination.

These questions are key in finding out and distilling patterns which would allow formulating strategies in response to perceived shortcomings.

With respect to (a) data collection, **all** countries but one recognized an excessive burden on respondents as a concern. In **not less than 20** countries duplication with other statistical or administrative data collections is the other common concern.

These two findings provide a strong basis for arguing for reducing data redundancy already as a first measure to alleviate response burden.

Generally, the effectiveness of data collection tools is not questioned, although several countries stated that respondents face difficulties in filling in questionnaires due to the specialised and/or statistical vocabulary used.

About a third of respondents reported respondent difficulties in interpreting statistical definitions and reporting confidential data. Other difficulties mentioned were: reporting the requested variables, reporting for the specified statistical units, resource limitations together with the small size of the SME population. Sometimes, the utility of statistical surveys per se was questioned.

Clearly identified **obstacles** to SME **data collection** are the low response rates observed and the size of the survey population (Annex 1, Table 8). These obstacles may result from unavailability of variables collected. Often only core variables are available. Countries also report difficulties breaking down existing indicators by size class. This is the case for data on the supply of financing for Canada.

As concerns size classes, the lowest band of size classes is frequently omitted from business surveys altogether. This has been the case for Australia where non-employing businesses have only recently been included in surveys. Exclusions apply to businesses with less than 10 employees in Austria, Hungary for 1 to 4 employees, Poland for micro-enterprises, Portugal for companies with less than 50 persons employed and sole proprietors. Commonly the statistical coverage of smallest businesses is weaker and often this weakness can not be compensated by the use of administrative sources, as administrative sources also often exclude the same smallest units, reflecting strategies to minimise direct surveying activity. These enterprises are the most numerous (95% of Italian enterprises employ less than 10 persons) and the most sensitive to any administrative burden. At the same time, larger SMEs which represent a small fraction in terms of number in total SMEs, may be systematically surveyed and hence subject to a relatively consistent and heavy burden. This is the case in Greece where all SMEs in the manufacturing sector employing more than 10 persons are systematically surveyed. In the United Kingdom a "Survey control unit" monitors the compliance of costs and burdens on businesses.

The cost of data collection is also mentioned amongst specific obstacles, be it because of the sophisticated collection techniques needed to compensate for low response rates, or simply because of the cost of surveying a large number of units. Insufficient budgets also limit possibilities to survey small businesses.

In many countries these obstacles are **not SME-specific**. But they are **more acute** for the SME population of enterprises. As an example, countries using the business register for their business frame must clean the register from 'dead' enterprises before sending out questionnaires. This is surely a simpler exercise for large enterprises than for SMEs.

**Data compilation** (b) seems to be the area where less concerns are expressed. Concerns seem to derive from data collection obstacles. The low response rate and quality of data collected are most frequently quoted, probably reflecting the perception of an excessive burden put on respondents as well as data quality problems which may have several dimensions, ranging from insufficient or insufficiently clear definitions and superficial reporting to difficulties of compiling more consistently across sectors and variables. The volume of data collected was also perceived as problematic in six countries. It is interesting to note that only three countries were concerned with the volume of data compiled. Other concerns touch upon discrepancies between mandatory accounting standards, quality of classification by economic activity and cost of data validation. Insufficient availability of adequate information technology tools seems to be of particular concern in particular in non-OECD countries.

Considering (c) **data dissemination, timeliness** of data and **limited feedback** to SMEs have most commonly been reported as main reasons for concern. Interestingly, other factors perceived as limiting the usefulness of data were the **inadequate size-class breakdowns**, limited availability and **insufficient spatial disaggregation of data**. Typically, concerns made upstream in the collection and compilation phases crystallise in the final phase of the process.

The findings made above provide relevant pointers for future action. If SMEs are to be encouraged to become stakeholders, they must get timely and relevant feedback from NSOs where they stand with respect to others. Timely feedback on similarities and differences, opportunities to be grasped and the like could make them stakeholders in this exercise. The question of SME indicators to be made available is clearly one of the OECD action items to be followed up concretely. Following the SME Workshop recommendations, OECD is starting to work on SME Indicators as part of the work of the Task Force on Structural Business Statistics and will investigate the possibility of developing a target set of **statistical indicators on SMEs**, and an internationally comparable set of indicators for ongoing and regular monitoring of the level of entrepreneurial activity and the entrepreneurial environment in each country.

The question on size-class breakdowns is complex and sensitive one. Promoting an agreement on data **matching of size classes** between National Statistics Offices (NSOs) while accepting the rich diversity of national size classes, collaboration and possible agreement is needed amongst statistical authorities on where to put the upper and lower bounds **within** the range of size classes in different surveys. The lack of matching size classes, together with different classifications used, is one of the main impediments to better comparability as identified by the OECD inventory.

**Confidentiality** becomes an issue when disaggregating simultaneously for economic activity, spatially and by size class. Data quality and reliability are also questioned when disaggregating results of sample surveys. Another concern is raised when different governmental sources issue conflicting numbers.

Against the background of identified concerns and obstacles, countries have developed **strategies** to improve the existing situation and also development plans for future survey strategies. To reduce the burden on respondents, some countries have increased the use of administrative sources, for some leading to a common data collection and the issue of a unique questionnaire. Other countries have developed tools for a better monitoring of the statistical response burden on enterprises. Some have put in place permanent consultation frameworks specifically on response burden reduction. Shorter and clearer questionnaires,

smaller samples, sample rotation and exclusion of smaller enterprises, estimation of data are some of the answers that countries have offered.

For a more efficient use of administrative sources, some countries are in the process of **building bridges between different sources**, standardising definitions. The use of administrative data for Register updates has been implemented. **Data linking** is envisaged through matching registers. In some cases, revisions to the legal frameworks covering enterprise statistics have been implemented to allow the use of administrative data, in particular for information based on tax records. In France administrative data replace business surveys every two years.

Consultations with data users have improved knowledge about their expectations, and allowed their better understanding of the statistics produced. Increased numbers of publications, together with better visibility in newspapers and on the Internet have enhanced awareness and data availability.

Various ways to improve the quality of data have been implemented. Regular surveys on areas less well covered, individual enterprise census to improve the business frame, and surveyor training have been used as ways to enhance quality of SME statistics.

Simpler and more user-friendly questionnaires, electronic data collection have improved communication with data providers. Data processing and survey methods have been changed to allow for non-response and a better capture of changes in business activity.

In some countries, statistical resources were not available to allow to address SME specific issues.

Strategies followed and/or envisaged include the increased use of **administrative data**, improved **metadata**, a complete **inventory** of available SME data, the development of **SME indicators**, just to mention key areas. These may be useful pointers towards elaborating possible avenues for future work in the international context. A diversified use of the Internet and other electronic means are seen as ways to improve data capture, processing and dissemination. Some countries reported to develop systematic enterprise specific feedback, to improve timeliness of data, expand the sample for surveys to individual enterprises. Micro-integration issues and data linking were mentioned as well.

Response strategies also included **legislative changes** with a view to implement a **single Register**, the plan to include **Enterprise groups** and groups of companies in business registers, and, more generally, the increased use of administrative information for regular register updates. However, in some countries the anticipated **lack of resources** prevents them to plan improvements in the field of SME data.

In about half of the replies, consultations have had **a measurable outcome**. Consultations have improved mutual understanding, allowed identifying data gaps and led to the formation of partnerships that have helped overcome the gaps. On the basis of consultations, surveys have been modified in their shape or content, definitions have been clarified, methodology has been improved and the use of data estimation facilitated. Response rates have been improved. New data from administrative sources have been released. In other countries consultations are still in a trial phase. Inter-agency cooperation has proved an efficient alternative to direct surveys.

In the future, consultations are expected primarily to build on what exists so far: They should help find ways to decrease the response burden through new techniques of data collection and better feedback, better use of administrative sources and simplified data collection exercises. They will be held on new issues and will be extended to new partners to identify cross-cutting issues. New collection techniques will lead to improved timeliness of data. Countries will also use consultations to improve survey understanding and acceptance and enhance pro-active participation. Progressively extend burden

alleviating techniques to larger enterprises. But consultations are not limited to countries alone; international bodies and agencies increasingly play a key role in gauging views across countries and to ensure increased coherence, transparency and comparability of statistical data collections and methodologies used.

### Box 3: SME consultation and user issues

**Consultation process: is done with public and private stakeholders**

- Fairly user driven
- Focus on survey characteristics
- Focus on product, not process

**Issues of concern:**

**Data collection:**

- All countries but one report complains about excessive responsive burden
- 2/3 of respondents report complaints about duplication in data collections

**Data compilation:**

- Low response rate
- Data quality concerns

**Data dissemination:**

- Insufficient feedback to SMEs
- Data availability/timeliness concerns
- Inadequate size-class breakdowns

**Key obstacles:**

- Low response rate
- Size of survey population
- Quality of business frame

**Pursued/envisaged strategies**

- Increased use of administrative data
- Improved and enriched Metadata
- Inventory of available SME data and sources
- “Single” Business Register

### Part 3: The business frames used for SME statistics

The business frame is a key element for ensuring adequate survey population coverage, data reliability and continuity over time. In some countries the business frame covers all sectors and size classes; it is not specific to SMEs.

For half of the countries that have replied to the OECD questionnaire, the **business frame brings together several sources**, sometimes according to sectors or size class. In Australia, Brazil (for agriculture, electricity and construction), Greece (for almost all sectors of activity), Spain and agriculture in the US, the business frame is based on **administrative sources**. **Statistical sources** are used in Greece (agriculture) Korea, Mexico, Portugal, Switzerland and Turkey (agriculture) for the business frame. The business frame brings together administrative sources and statistical sources in Germany (except for sectors 01-02-05 and 75), Hungary and Spain. As specified, agriculture receives a different treatment in Austria, Germany, Greece, Italy, Mexico, Spain, Switzerland, Turkey, the UK and the US. Only Germany, Spain and the US have specified that some services are not included in the main business frame.

In Australia, Austria, Greece, Italy, Mexico, Spain and Switzerland, all size classes are covered in the business frame for all sectors but agriculture, forestry and fisheries. It should be noted, however, that in Greece the register does not include the employment variable. Canada excludes non employers and businesses with less than 30 000 CAD in Goods and Services Tax sales, while New Zealand excludes businesses with Goods and Services Tax annual turnover less than 30 000 NZD, regardless of number of

employees. In Spain, some non-employers in sectors 80, 85 and 90 are excluded as well as agriculture, forestry and fisheries. In the UK the 1 employment size band and some 2 employment size band that are not registered in administrative sources (with less than 56 000 GBP or paying wages below 4 000 GBP) are not covered. Brazil, the Czech Republic, Denmark, Finland, France, Hungary, Japan, Korea, Moldova, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Sweden, Turkey declare full size class and sectoral coverage.

The business frame<sup>4</sup> covers a variety of units in different countries. However, before drawing any conclusions, it should be said that different designations may well cover similar content. As an example what in Canada is called 'location' may cover what in the EU is called 'local unit', or the Australian 'Type of Activity Unit' may well be a 'kind of activity unit'.

In Australia, the business frame covers the administrative tax unit and the Type of Activity Unit (entity that can report production and employment for similar economic activities). In Brazil it covers the local unit and the enterprise. Only some non-European countries report covering establishments, this is the case for Canada, Japan, Korea and the US. Further to establishments, enterprises are covered in Canada and the US. The location is another unit covered in Canada and the tax unit is covered in the US. In Japan the business frame covers establishments, as defined as a single physical location where economic activities, such as the production or supply of goods and services are conducted.

In the EU and other European countries the situation is less harmonised than could be expected. In fact, the EC Regulation 696/93 on the statistical units prescribes the list and definitions of units for all EU members (see next paragraph). Several non-members use the same framework. Enterprises are covered in most European countries, except Finland, France, Hungary, Norway and Portugal. In these countries it is the legal unit that is covered. The legal unit may be different from the enterprise in the fact that it may take several legal units to form an enterprise. Further to enterprises, European business frames would typically cover a local entity (either local unit or local kind of activity unit). Extra dimensions could cover the legal unit or the enterprise group as is the case in Denmark, Finland, France, the Netherlands, Sweden and the UK. In Hungary the business frame covers legal units: companies, partnerships and sole proprietors. Sweden has the largest variety of coverage with no less than 7 different units for statistical and administrative uses.

The Council Regulation [(EEC), No. 696/93 of 15 March 1993] on **statistical units** for the observation and analysis of the production system in the Community lays down a list of eight (types of) statistical units defined on the basis of three criteria (legal, geographical and activity criteria):

- the Enterprise;
- the Institutional Unit;
- the Enterprise Group;
- the Kind-of-activity Unit (KAU);
- the Unit of Homogeneous Production (UHP);
- the Local Unit;

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<sup>4</sup> The question of Business registers is also addressed by the Eurostat/UNECE/OECD Steering Group on Business Registers and at the yearly meeting of the Roundtable on Business Registers (the 17<sup>th</sup> Round Table meeting has taken place end October 2003 in Rome).

- the Local Kind-of-Activity Unit (local KAU);
- the Local Unit of Homogeneous Production (local UHP).

In the UN classification ISIC, **statistical units**<sup>5</sup> are the entities for which information is sought and for which statistics are ultimately compiled. These units can, in turn, be divided into observation units and analytical units. The statistical units in the International Standard Industrial Classification (ISIC) Rev. 3 comprise:

- the enterprise;
- enterprise group;
- kind-of-activity unit (KAU);
- local unit;
- establishment;
- homogeneous unit of production.

For all countries that responded to the questionnaire, the SME business frame, if it exists, is embedded in the business frame used for all enterprises. One would therefore expect exclusions in the business frame to apply to the SME business frame as well. This is most often the case, however, in few cases countries reported no exclusions to the SME business frame, while some exclusions were reported to the business frame. The SME business frame in Finland excludes family farms (sector 01-02 and 05). The reliability of the classification is questioned in Greece.

The business frame is **managed by the NSO** for most countries. In Denmark the Central Business Register is managed by an agency under the Ministry of Economic and Business Affairs, the NSO supplements it with additional information. Greece specified that the business register is compiled by the fiscal authorities, managed by the NSO and dynamically updated using survey results. In the US, statistical institutions are decentralised. The National Agricultural Statistics Service maintains a sectoral business frame for agriculture covering farms, and the Bureau of Labor Statistics maintains another frame covering business establishments.

In most countries the business frame is not used by other institutions for conducting surveys. Where other institutions can use the business frame, commonly those institutions are government or “authorised” bodies. Among the different institutions, the Czech Republic reports the use of the business frame by private entities for marketing purposes. Greece reported making segments of the business register available to non-governmental bodies for use for surveys but also data analysis, in the limits of confidentiality rules. In Korea, public and private institutes can use the business frame to carry on fact finding surveys on SMEs and their human resources, calculating SME business indices. In the case of New Zealand, other government agencies can fund surveys conducted by Statistics New Zealand. Interestingly, the results of such funded surveys fall into the public domain after release by Statistics New Zealand. In Sweden other public institutions responsible for official statistics and other private and public institutions conducting business surveys can access the business frame.

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<sup>5</sup> OECD/STD is carrying out a comprehensive analysis of characteristics, similarities and differences, and effects of the use of different statistical units in the framework of its structural business statistics.



The **update interval** for the SME business frame is generally less than a year. This is the case in Australia, Austria, the Czech Republic, Canada, Denmark, Finland, France, Moldova, the Netherlands, Poland and the Slovak Republic and Sweden. Brazil, Greece, Germany, Italy, Hungary, Korea and Spain have their SME business frames updated yearly, as it is for the manufacturing sector in Japan. In Belgium, Japan for other sectors than manufacturing, Mexico, Norway and Switzerland the business frame is updated less often than once a year. Few countries report different update intervals based on business size, complexity, or sector of activity. This is the case in New Zealand and Turkey.

Several countries report a **real time update** of some dimensions of their business frames. This is the case in Denmark, Portugal, the UK and the US. In Denmark, the Statistical Business Register is updated daily reflecting the compulsory reporting by owners of the legal units. Yet, delays in reporting cause lags in business frame updates. Some sources for Portugal are available real time (on a daily basis), while some other sources are updated once a year. In the UK births and deaths are updated daily, and employment and turnover yearly. In the US, updates to the frame follow administrative update cycles (weekly, monthly and quarterly). Other sources affecting larger enterprises and multi-establishments are updated annually. Results of the quinquennial economic census can only feed the business frame every five years.

As concerns **business demography**, about half the countries consider that their business frame is fully able to capture births and deaths<sup>6</sup>. This is the case in Australia, Belgium, Canada, Denmark, Hungary, Italy, New Zealand, Norway, Poland, the Slovak Republic, Spain, Turkey, the UK and the US. Nevertheless most countries in this group signal difficulties in tracing structural changes, and delays in capturing deaths, often linked to communication delays with administrative sources.

Births may sometimes be over-estimated as a change in company name, ownership or business type may be interpreted as birth. In the UK the smallest businesses are excluded from the frame, therefore many births and deaths may not be captured. However for those which are captured the quality of data is estimated to be very good.

Some countries report that the business frame is better able to capture births than deaths. This is the case in the Czech Republic, France, Greece, Mexico, the Netherlands, Sweden, and Switzerland. Where the quality of information concerning deaths is weaker, alternative sources, if available, are used. In Austria, Finland, Germany, Japan, Korea, Poland, Portugal, both births and deaths are partially covered. In Korea deaths are deduced comparing participation to surveys over two consecutive years. Absence of survey reply in the second year is seen as an indication of end of activity. Similarly, in Greece the new register is compared to the previous year's using the tax number of the enterprise as key variable. Births are therefore easily identified, while a dead enterprise may still have a tax number and not be identified as dead. In Brazil, Hungary, Portugal absence of operation signs for SMEs is assumed as death, thus delaying capture.

Austria finds insufficient information in administrative sources to improve traceability of changes. In Finland, the coverage of very small business is found as needing improvement. In Germany there is a long time lag before births and deaths appear in the register. Hungary considers that the unique ID number for each business in the Register, tax office and statistical office simplifies capturing births and deaths. Only administrative data are available for SMEs with 1-4 employees, the statistical office is therefore fully dependent on administrative sources for updates. In Japan, updates are based on the Establishment and Enterprise Census that is conducted every five years. Five years is also the frequency of

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<sup>6</sup> The Structural Business Statistics data collection from Eurostat (and from OECD/STD) considers this demographic aspect as a core element of SBS and will, henceforth, regularly include these variables in the data collection.

the Economic Census carried out in Mexico, resulting in a poor capture of deaths. In the Slovak Republic the cause of the birth or death is difficult to identify. Merger, takeover, split off, breakdown, change of legal form or real birth and death are recorded in the same way. This is also the case in Portugal where the business register does not keep record of changes of ownership, mergers or break-ups. In the Netherlands, units do not report cessation of activities. In Portugal, access for the NSO to fiscal information on sole proprietors was ceased in 1999. The business register can therefore not be updated for this category of businesses, nor can births be captured. There is still place for improvement in the economic classification of businesses that are obtained from administrative records.

In more than half the responding countries the **quality** of the business frame is considered as fully appropriate. Where it is not, countries have identified different priority areas for concentrating future efforts. Improvement in coverage, classification, traceability and timeliness are identified tracks for future work. Some countries target improvement of coverage of small businesses, the inclusion of employment information or better contact information in the business frame. Others consider improving business classification by industry and tracking changes in economic activity.

Ability to trace change through a **unique identifier** code for the local unit/establishment would allow better capture of unit activity and de-registration. Similarly the introduction of links between legal units in enterprise groups and groups of companies would enhance identification of changes in size, ownership and location for units involved in events such as mergers and splits. As concerns timeliness, more frequent updating of the business register would allow earlier recording of deaths.

Japan sees the use of administrative sources as a means to improve the accuracy of the business frame. The Statistical Frame of Establishments and Enterprises should provide population list as from 2004, feedback from SFEE should also improve accuracy of the Establishment and Enterprise Census. Similarly, Korea is planning to develop a business frame.

#### **Box 4: Business Frames for Structural Business Statistics**

- **Different updating intervals limit comprehensive coverage**
- **A specific SME frame is the exception**
- **Confidentiality issues limit availability of data for other users/producers**
- **General concern about quality and coverage of demographic data, in particular for deaths**
- **Difficulties were reported as to the proper allocation of activities to industries**
- **The quality of the Business Frame was generally considered as appropriate, although improvements are foreseen in many countries with respect to SMEs, change of activity, legal status etc.**

#### **Part 4: Data collection and compilation strategies**

In the majority of countries which responded, the **NSO is fully in charge** of the collection of official statistics. This is the case in the Czech Republic, Finland, Greece, Hungary, Italy, Mexico, Moldova, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Switzerland and Turkey. The NSO is partially in charge of official statistics in Australia, Austria, Brazil, Canada, France, Japan, Korea, Spain, Sweden and the UK. Germany and the US are the only countries in the sample under review where the NSO is not in charge of official statistics on SMEs.

Other institutions collecting data on SMEs generally do so without a mandate from the NSO. Ministries, interagency bodies or research institutions in charge of SME are often other occasional or systematic collecting institutions. These collections can lead to compilation, analysis or publication of the data by the collector. The NSO is often associated in the collection either with a consultative role in the

design or edition of questionnaires, or provision of the frame. The NSO can also coordinate sampling or receive and treat data collected by other bodies to merge with other sources and perform new analyses. In other cases these institutions may sponsor annual compilation of data by the NSO.

Almost all countries have **different treatment for core and specific statistics**. But this is not the case for the Czech Republic, Mexico, New Zealand (where statistics on SMEs are not compiled separately), Norway, Portugal and the US. The Czech Republic collects all variables annually through a comprehensive questionnaire. In Mexico, variables are collected through a quinquennial census. Norway uses the Structural Business Statistics framework through statistical and administrative data. In Portugal, two Eurostat led data collection exercises yield most of business statistics variables. Structural statistics have been improved as a result of Commission Regulation n°58/97 as it defines the contents of the data set to be produced. However they do not give any specification of variables on SME. Only core variables are presented in the Statistics of US Business, these come from the Census Bureau's Business Register that integrates administrative, survey and economic census data.

Many countries report the aim of minimising sample surveys. Some countries have developed tools to monitor response burden. The strategy developed is therefore to collect core variables through the integration of census/surveys based data and administrative data. When they are not collected together with core variables, specific variables are added to other collection exercises or collected through specifically designed ad hoc surveys. This generally applies to all businesses. Variables for smaller businesses (micro-enterprises) are sometimes estimated, or collected through sample surveys. Some countries compile longitudinal data to estimate variables. Some countries consider cost sharing for specific variables collected on demand and on ad hoc basis.

In Japan, SME related statistics that are surveyed by other governmental bodies are reprocessed at the NSO for core statistics. Specific variables are collected using single year sample surveys on topics covered by the White paper on SMEs.

In Moldova, analysis of the SME activity is carried out on a quarterly basis according to the balance sheets exhaustive for all legal units, which presented balance. The results of the SME activity analysis are presented quarterly to Government and Parliament as official brief. The Department for Statistics of Moldova provides an annual sample survey for reporting units with 19 or less employees and exhaustive statistical survey for reporting units with 20 and more employees. The Annual Structural Survey of the activity of small enterprises (up to 50 employees) in the Republic of Moldova is a component part of structural investigations carried out by the Department for Statistics and Sociology of Republic Moldova. In surveys the basic variables for assessment trends in production, employment and salaries are surveyed. Based on the obtained results evaluates the SMEs contribution to the overall economic results of the country.

In the Slovak Republic, the statistical office provides monthly, quarterly and annual sample surveys for reporting units with 19 or less employees and exhaustive statistical surveys for reporting units with 20 and more employees. In monthly surveys the basic variables for assessment trends in production, employment and salaries are surveyed. In quarterly surveys the information about creation and distribution of production factors, financial management, employment and specification of sectional activities are collected. The results are used for short term evaluation of macroeconomic indicators' development in National Accounts. In annual statistical surveys the same information is collected as in quarterly one. The specific variables regarding the sectional development (agriculture, forestry, industry, construction, transport, trade, accommodation, etc.) as well as cross-sectional variables that for example assess the IT equipment level in enterprises (number of PC, expenditures in PCs, number of employees working on PCs, etc.), transport capacities in enterprises (number of vehicles, transport of goods and persons, fuel

consumption, etc.) are included in annual surveys. Based on the obtained results SOSR evaluates the SMEs contribution to the overall economic results of the country.

**Obstacles encountered** in SME data collection are as diverse as low response rates; limitations of response burden; timeliness; poor quality of sampling frame; the legislative framework as it limits the variables that can be collected; small sample size; acceptance from respondents; actual availability of variables and level of detail. The **low response rate and the size of SME population are the most commonly quoted obstacles**. The quality of the business frame, poor use of data collection tools, volume of data collected, and compiled, poor coverage of the smallest businesses are less frequently reported. Insufficient resources for surveys have also been mentioned.

Australia, Belgium, the Czech Republic, Finland, the Netherlands, New Zealand, Sweden and the UK have improved their use of administrative data, in some cases using a common data collection exercise, using unique statistical and administrative definitions. In Australia the household based survey has been extended and the **input data warehouse (IDW)** is used to store administrative data received from the Australia Taxation Office. The IDW facilitates increased data confrontation and sharing. In Belgium the improved use of administrative sources resulted in a 50 to 70 percent reduction of the amount of questions asked. In Finland the sample sizes have been decreased. Finland, Japan, Moldova, the Slovak Republic have improved their communication tools with questionnaire respondents through clearer, simpler and more user friendly electronic questionnaires, better information on data use. In some countries, following a failure in response to statistical surveys the respondent is interviewed. Hungary sees the provision of their SME statistics to international and regional organisations as an improvement. Portugal improved the methodology of the Structural business survey and the use of data estimation. In Spain, sample coordination has reduced the response burden. In Sweden, questionnaires on economic data have been adapted to the accounting systems of the enterprises. In the UK methodological changes have allowed burden reduction. The same objective has led extension of electronic reporting for the Economic Census to all businesses in the US. Also, in a pilot project for smaller single-establishment enterprises, the Census of wholesale trade and the annual trade survey have been consolidated to avoid duplication of data collection.

Future development plans in Australia include the further development of the input data warehouse to include unit level data. It is also envisaged to develop a business longitudinal database. Better use of administrative data is also relevant to Austria, Belgium, Brazil, Finland, Hungary, Italy, Moldova, New Zealand, Portugal, the Slovak Republic, Spain Sweden, Switzerland, Turkey and the UK. The Czech Republic is considering ways to reduce the burden of respondents. France will integrate financial links between corporations in order to delineate real SMEs. Korea plans to make an obligation to register SME balance sheets. The Netherlands plan to improve the business register and develop integration. In Portugal, Spain, Sweden, Turkey and the US improved electronic data collection tools are considered. Portugal plans to use estimation procedures for small enterprises. Sweden will introduce cut-off samples with models. Switzerland considers multiple survey collections and internet based techniques for data collection. Data linking is considered in the UK.

### Box 5: Collection and compilation strategies

- In the majority of countries the NSO is fully in charge of data collection
- In the remaining countries, the NSO plays an important coordinating role (Germany is the exception where the NSO has “outsourced” SME data collection)
- In the majority of countries, SME core statistics are differentiated from specific SME variables. The typical pattern is a reduced sample for core data as opposed to – often voluntary – thematic surveys
- The “exhaustiveness” of surveys increases the bigger the reporting unit (employees: head count or FTE)
- A combination of sources (e.g. administrative) is customary. Australia mentioned its input data warehouse going into a prototype phase and the future development of a business longitudinal database
- Generally observed obstacles include low response rate, large size of SME population, and lack of quality

### Part 5: SME data linkage with administrative sources

In Australia, Belgium, Canada, Finland, Germany, Hungary, Italy, New Zealand, Norway and Sweden, the NSO has full access to individual administrative SME data in practice. In Austria, France, Greece, the Netherlands and Poland, although the NSO is entitled to access individual SME data, this happens only partially in practice.

In Brazil, the Czech Republic, Moldova, Portugal, the Slovak Republic, Spain the UK and the US, NSOs have only partial access to individual identifiable administrative data. Japan, Korea, Mexico, Switzerland, Turkey do not grant the NSO access to individual identifiable administrative data on SMEs.

Where access to administrative and other sources is partial, differences in the definition of variables have been commonly seen as a major impediment to the use of administrative sources, different observation units, classification and the absence of a unique identification number have also been mentioned. Sometimes technical problems hinder access to administrative sources. Countries generally have identified the main sources they would like to access.

The **absence of a unique identifier, differences in definitions**, and timeliness of data are reported as limitations to the use of administrative data. Austria is an example of use of administrative and fiscal sources. This has been possible thanks to the adequation between the units of the register of enterprises and the units of the social security administration and fiscal units.

Administrative sources have direct and prominent roles in countries and areas of activity where data substitution and sample supplementation takes place. This is the case in Australia, Denmark, France, Sweden, the UK and the US for core variables for all activities, Finland for core variables and some specific variables for all activities, Hungary for SMEs with 1 to 4 employees, Moldova, the Netherlands (excluding agriculture), and Norway for all variables for all sectors.

Administrative sources have direct but limited roles for the imputation of non response and sample supplementation in Australia. Austria and Italy use administrative sources for core variables for all sectors excluding agriculture, Canada core variables for all sectors, Finland for some specific variables for all activities, Sweden specific variables for all activities. Administrative data are used for estimating core variables for all activities in Portugal.

Administrative sources are used for **quality control** in Austria, in the Czech Republic for core variables for all sectors, in Finland for some specific variables, in Greece for core variables in some sectors and in Hungary for SMEs with 5 to 249 employees. Australia uses them for data confrontation with the view to improve data quality. Administrative sources intervene for the estimation of figures for enterprises

for Belgium. In the Slovak Republic administrative data are only used for updating the activity status of units.

**Box 6: Access to and linkage with administrative sources for SMEs**

- **The picture regarding access of NSOs to administrative SME data is mixed. Country practice differs ranging from full access via partial access to no access:**
- **Although about 2/3 of responding countries state that NSOs have full access, half of them reported problems in uses or little practical experiences**
- **Five countries reported only partial access**
- **Japan and Switzerland reported that no access was granted to NSOs**
- **In the case of access, but no usage, the main reason were different basic units and absence of links between registers and administrative data**
- **Similarly, the main impediments to a better use of available data in the two distinct sources were:**
- **Different definitions of variables**
- **No common identifier**
- **Different classifications and thresholds**

**Part 6: Dissemination strategies for SME statistics**

SMEs are often not direct users of official business statistics, while they usually make use of macroeconomic indicators to define their short-term plans. SMEs may prefer to use reports or studies carried out by consultants, rather than accessing directly products provided by NSOs. Sometimes they may also be unaware of the existence of such statistics or do not know how to access those. Therefore, they often feel burdened by statistical surveys, without seeing benefits from their contribution.

A wide dissemination of SME data is, therefore, important to meet user needs. Rapidity and cost effectiveness are criteria to be taken into account. Countries generally disseminate data annually. Pricing policies largely differ and both free-of-charge and charged practices were observed.

Dissemination products are designed totally by the NSO for all countries in the sample except France, Korea, partly the Netherlands, the UK and the US. In Austria, SME statistics are contained in other publications. The same time lag for publications occurs for core and specific variables. It takes a great majority of countries between 12 to 18 months to publish SME data; few countries publish data for reference years older than 18 months or together with publications with a shorter periodicity.

Few countries report no specific interest in SME statistics. User interest and needs are quite diverse and NSOs have adopted different response strategies. Australia has conducted a household-based survey to gather demographic and structural data on areas such as home-based businesses. Austria, the Slovak Republic, Sweden, Switzerland, Turkey and the US compile specific products on demand. Canada and New Zealand have a specific programme for gathering data on SME financial aspects. In France the statistical department in charge of dissemination is integrated in the Ministry that conducts SME policies. Portugal also considers the Structural Business Survey results as key vehicle for a comprehensive dissemination of SME data. Switzerland intends to improve structural business statistics to more fully capture breakdowns by size-classes. The UK has launched the Urban Renewal Programme to meet demand on SME statistics.

**Interest in or demand for SME statistics in conjunction with other statistics** than business statistics has driven Australia and Japan to envisage specific longitudinal databases. A prototype longitudinal database should be available in Australia by fall 2004, followed by a production database in

2006. Italy aims to produce a structural data warehouse. The Netherlands plan to define a special view on their output database. New Zealand has followed a different approach in the way that several government bodies have sponsored a single economy-wide survey on several aspects of business activity. Cost recovery seems to be an accepted practice for such cases.

A particular important demand for SME statistics is related to the **employment and finance dimensions**. Here, the aspect of data linking and, possibly, embedding demographic variables into the comprehensive inquiry frame of structural business statistics could be of strategic importance.

#### Box 7: SME dissemination and data demand

- SME data dissemination seems to be similar to dissemination patterns for other statistical subjects
- Timeliness of SME data dissemination is often 12-18 months after the reference period
- Charging practice ranges from prized, standard charge to cost recovery
- Generally, a specific interest in SME statistics is recognized, but there are only very few cases where specific products or databases were developed to meet SME needs
- SMEs are considered as an additional dimension to structural business statistics
- Demographic (dynamic) variables should be incorporated into the structural (static) variables
- Data Systems need to be linked up, in particular with respect to demography, employment and finance

#### Concluding remarks

This comprehensive stocktaking exercise has delivered highly interesting results for follow up and further thought and consultation for devising a strategy for improving the information base for SMEs. The elaboration of an accepted **target definition of SMEs**, respecting differences in national practices and perception, but allowing re-aggregations across common size-classes and better comparability across surveys and sectors as well as a recommended choice and definition of variables would provide a good starting point. This aspect where OECD is called upon to “bridge”.

The questionnaire replies revealed that the **NSOs generally pursued a user-driven approach** by consulting public and private stakeholders for their survey design. **Issues of concern** primarily concentrated on excessive **response burden**, possible **duplication of data collections**, a generally low response rate and sometimes **questionable data quality**. **Insufficient feedback to SMEs** was recognized as well as sometimes **inadequate data availability and breakdowns**. As **key obstacles** figured the **low response rate** which is, of course, linked to the sheer size of the survey population. **Strategies** to improve this situation include an **increased use of administrative data**, a better **integration of registers and detailed inventories and documentation**.

Although the quality of business frames was generally considered as appropriate, concerns were expressed as to the lack of comprehensive coverage, confidentiality issues and allocation difficulties of activities and industries. **Difficulties in correctly measuring the entry and exit** were often considered as impediment to tracing changes.

In many countries, the **importance of NSOs** in coordinating surveys has been recognized. They could probably play an even more important role **in driving a process** to allow combination of sources and elimination of duplication in data collection. The notions of “information system” and “input data warehouse” deserve further thought and follow up.

NSOs often reported that, despite access to administrative data, its use and usefulness were limited because of incompatible basic definitions, different classifications and thresholds and lack of a common identifier.

SME data collections do not seem to present distinctively different characteristics from other data collections. They are generally regarded as an additional dimension to structural business statistics. A number of respondents stated the need to include the dynamic dimension (demography) into the more static (structural) dimension. A clear requirement is the possibility to link up statistical systems, in particular with respect to employment and finance.



**ANNEX 1.**  
**SYNOPSIS OF RESPONSES**

**Table 1. List of responding countries**

1. Australia
2. Austria
3. Belgium
4. Brazil
5. Canada
6. Czech Republic
7. Denmark
8. Finland
9. France
10. Germany
11. Greece
12. Hungary
13. Italy
14. Japan
15. Korea
16. Mexico
17. Moldova
18. The Netherlands
19. New Zealand
20. Norway
21. Poland
22. Portugal
23. Slovak Republic
24. Spain
25. Sweden
26. Switzerland
27. Turkey
28. United Kingdom
29. United States

**Table 2. Who consults?**

COUNTRY	Holds consultations	The consultation outcomes are :		
		Mandatory actions	Recommendations	No formal outcome
Australia	Yes		X	
Austria	Yes		X	
Belgium	Yes		X	
Brazil	No			
Canada	Yes		X	
Czech Republic	Yes		X	
Denmark	Yes		X	
Finland	Yes	X	X	
France	Yes		X	
Germany	Yes		X	
Greece	No			
Hungary	Yes	X		
Italy	Yes		X	
Japan	Yes		X	X
Korea	Yes	X		
Mexico	No			
Moldova	Yes	X	X	
The Netherlands	Yes	X	X	
New Zealand	Yes		X	
Norway	No			
Poland	Yes	X	X	
Portugal	No			
Slovak Republic	Yes	X		
Spain	Yes		X	X
Sweden	Yes		X	X
Switzerland	Yes		X	
Turkey	Yes	X	X	
UK	Yes		X	
United States	Yes		X	
Count	<b>24 Yes – 5 No</b>	8	21	3

**Table 3. Who is consulted?**

<b>COUNTRY</b>	<b>Data users (ministries, research institutes, academic institutions etc.)</b>	<b>Other data providers (public or private institutions, research institutes, etc.)</b>	<b>Business associations</b>	<b>Trade unions</b>	<b>Other interest groups</b>
Australia	X	X	X	X	X
Austria	X	X	X	X	
Belgium	X	X			
Canada	X	X	X		
Czech Republic	X	X	X		
Denmark	X		X	X	
Finland			X		
France	X	X	X	X	X
Germany	X	X	X	X	
Hungary	X		X		
Italy	X		X		X
Japan	X		X		
Korea	X	X			
Moldova	X				
The Netherlands	X	X	X	X	X
New Zealand	X		X		
Poland	X	X	X	X	X
Slovak Republic	X				
Spain	X	X	X	X	regions
Sweden	X	X	X		
Switzerland	X	X	X	X	regions
Turkey	X		X	X	X
UK	X		X		
United States	X	X	X		X
Count	<b>23</b>	14	<b>20</b>	10	9

Table 4. The Role of consultations

COUNTRY	Define the scope of the survey (i.e. the sample)	Define the coverage of the survey (i.e. sectoral coverage, variables collected, etc.)	Agree on the variable definitions	Approve the data collection techniques	Approve data processing methods	Define the final product (publication, databases, etc.)	Promote the survey with the view to increase the response rate	Other
Australia	X	X	X				X	Uses and policy applications of data and specification of output
Austria	X	X	X			X		
Belgium				X				
Brazil								
Canada		X	X				X	
Czech Republic	X	X	X			X	X	
Denmark		X						
Finland	X	X	X	X			X	
France	X	X	X	X			X	
Germany	X	X	X			X	X	
Greece								
Hungary								
Italy			X				X	
Japan								Overall co-ordination (the statistics council) advice on survey items or other matters concerning the survey (experts and businesses)
Korea						X		
Mexico								
Moldova	X	X				X		
The Netherlands								Define goals and priorities
New Zealand	X	X	X				X	
Norway								
Poland	X	X	X			X		
Portugal								
Slovak Republic	X	X				X		
Spain	X	X					X	
Sweden	X	X	X	X		X		Agree on the effects of the response burden
Switzerland								

<b>COUNTRY</b>	<b>Define the scope of the survey (i.e. the sample)</b>	<b>Define the coverage of the survey (i.e. sectoral coverage, variables collected, etc.)</b>	<b>Agree on the variable definitions</b>	<b>Approve the data collection techniques</b>	<b>Approve data processing methods</b>	<b>Define the final product (publication, databases, etc.)</b>	<b>Promote the survey with the view to increase the response rate</b>	<b>Other</b>
Turkey		X	X				X	
UK							X	
United States			X	X		X		To determine the variables to be collected are available from records that businesses generally maintain. To perform usability testing for collection instruments
Count	12	15	13	5	0	9	11	

Table 5. Concerns regarding data collection

COUNTRY	Excessive burden on respondents	Difficulties in interpreting statistical definitions	Duplication with other statistical or administrative data collections	Limited efficiency of data collection tools (paper or electronic questionnaires, etc.)	Difficulties in reporting confidential data	Other
Australia	X					Accommodation of all users competing needs balanced against provider load
Austria	X	X	X		X	
Belgium	X					
Brazil	X	X	X			There is a large number of SME, about 4 million, and its coverage in surveys is small, made by sampling. There are inexpressive in terms of total income, total value added and other variables but they are expressive in terms of occupation
Canada	X		X			
Czech Republic	X	X	X			
Denmark	X	X				
Finland	X	X	X		X	
France	X		X			There may be difficulties in general with the vocabulary used in the questionnaires not specifically with the statistical definitions
Germany	X		X			
Greece	X		X			Increase in administrative costs
Hungary	X	X				
Italy	X		X			
Japan	X					
Korea			X		X	
Mexico	X				X	
Moldova	X		X		X	
The Netherlands	X		X		X	
New Zealand	X		X			
Norway	X		X			
Poland	X	X		X		
Portugal	X	X	X	X		
Slovak Republic	X				X	
Spain	X		X			
Sweden	X		X			
Switzerland	X		X	X	X	The utility of statistical surveys is questioned
Turkey	X	X		X		Difficulties in filling in questionnaire
UK	X		X			

<b>COUNTRY</b>	<b>Excessive burden on respondents</b>	<b>Difficulties in interpreting statistical definitions</b>	<b>Duplication with other statistical or administrative data collections</b>	<b>Limited efficiency of data collection tools (paper or electronic questionnaires, etc.)</b>	<b>Difficulties in reporting confidential data</b>	<b>Other</b>
United States	X		X			Difficulty reporting the requested variables difficulty reporting for the specific statistical units to which the inquiry will be directed
Count	28	9	20	4	8	

Table 6. Concerns regarding data compilation

COUNTRY	Volume of data collected	Low response rate	Quality of data collected	Volume of data compiled	Other
Australia	X				
Austria		X	X	X	
Brazil			X		
Canada		X			
Czech Republic		X	X		
Denmark					
Finland	X				
France					
Germany			X		
Greece	X	X	X		Data are collected by interview and are checked one by one for consistency and accuracy
Hungary	X	X	X	X	
Italy		X	X		
Japan		X			
Korea	X				
Mexico					
Moldova			X		Shortage in PC and software tools
The Netherlands		X			
New Zealand					
Norway					
Poland		X	X		
Portugal					The mandatory accounting standards to SME do not supply enough information in order to obtain statistic variables as value added or investment therefore estimations procedures need to be implemented.
Slovak Republic		X	X		
Spain					
Sweden		X			Problems concerning the quality of the classification by economic activity for enterprises with 10 employees
Switzerland	X			X	
Turkey		X			
UK			X		
United States					
Count	6	12	11	3	



Table 7. Concerns regarding data dissemination

COUNTRY	Limited feedback to SMEs	Limited dissemination / availability of results	Difficulties in interpreting confidentialised data	Timeliness of data	Difficulties in interpreting disseminated variable	Insufficient activity coverage	Insufficient spatial disaggregation	Inadequate dissemination tools	Size class breakdown	Other
Australia		X					X		X	Adoption of Australian Business register enables greater use of administrative data and smaller sample sizes. Increased use of administrative data for data imputation and substitution
Austria			X	X						
Belgium						X				
Brazil										
Canada	X			X		X	X		X	Conflicting numbers from LFS LEAP ED and FDI
Czech Republic	X		X	X					X	
Denmark										
Finland	X									
France					X					
Germany				X			X		X	
Greece	X			X						
Hungary	X			X						Producing data for SMEs with 1-4 persons employed
Italy	X	X					X			Insufficient multiple disaggregation by economic activity, size class and region due to confidentiality and quality reasons
Japan				X						
Korea										
Mexico			X							
Moldova	X	X		X						
The Netherlands				X			X			Insufficient disaggregation by economic activity
New Zealand	X			X			X		X	
Norway										
Poland	X	X				X		X	X	
Portugal	X									
Slovak Republic	X	X								
Spain										

COUNTRY	Limited feedback to SMEs	Limited dissemination / availability of results	Difficulties in interpreting confidentialised data	Timeliness of data	Difficulties in interpreting disseminated variable	Insufficient activity coverage	Insufficient spatial disaggregation	Inadequate dissemination tools	Size class breakdown	Other
Sweden				X			X		X	Reliability problem in sample surveys due to too detailed disaggregation eg by size and/or economic activity
Switzerland	X	X		X		X				
Turkey	X			X				X		
UK				X		X	X	X		
United States				X						
Count	<b>13</b>	6	3	<b>15</b>	1	5	8	3	7	

Table 8. Specific obstacles to SME data collection

COUNTRY	Low response rate	Size of SME population	Poor use of data collection tools	Volume of data collected	Volume of data compiled	Other
Australia		X	X	X	X	Small sample size, Provider load consideration, data availability, lack of sample design in many "business surveys" to collect non-employing businesses, lack of dedicated small business survey
Austria	X		X	X	X	Low unit-non response and item non response
Brazil						
Canada						Not SME specific Limited sample sizes resulting in lower data quality. Currently lacking business size indicators for data on the supply of financing.
Czech Republic	X					Not SME specific
Denmark						Not SME specific: as we primarily use registers the major obstacle is to identify and remove dead enterprises before sending the questionnaire.
Finland	X	X				Therefore large sample size
France						Not SME specific
Germany						
Greece	X	X				Many data of various kinds are asked from SMEs. In some cases like in the Manufacturing sector SMEs are surveyed exhaustively because their number is limited (over 10 employees). This means that in any particular data request we have to survey the same enterprises and this adds a lot to their burden. Furthermore, SMEs are not very well organised and some of the data requested cannot be easily available. This makes them unwilling to collaborate and surveys become very expensive as the collection of data via interviews becomes inevitable.
Hungary	X	X			X	The major difficulty is the collection/compilation of data of SMEs with 1 to 4 employees. These data have to be derived from tax data. The development of methodology and variables are under way.
Italy	X	X		X	X	The particular Italian productive structure which is based on the micro enterprise (95% of the total enterprises has less than 10 persons employed)
Japan	X	X				Low response rate, difficulty in acquiring sufficient budgets for surveys
Korea						Not SME specific. Regarding BSI surveys for economic status, it has been found that some cases show distorted results because respondents are psychologically affected by reports on government policy changes and by media reports on economic status. As a result, surveys conducted during economic downturn tend to produce results that point to worse economic situation
Mexico		X		X	X	The main SME data collection obstacles are the costs
Moldova		X	X			Timeliness of getting results
The Netherlands	X	X				Poor quality of sampling frame, low response rate.
New Zealand						Not SME specific. One of Statistics New Zealand's strategic goals is to maintain the cooperation of data providers. This includes managing compliance loads such that our direct surveying activity is minimised.
Norway						No specific

COUNTRY	Low response rate	Size of SME population	Poor use of data collection tools	Volume of data collected	Volume of data compiled	Other
Poland	X	X		X	X	The most important is limitations in information for micro – enterprises. According to polish law micro –enterprise can lead one of four type of book keeping. In the simplest version we can only collect information on turnover, expenses and employment.
Portugal			X			The quality of the business frame in what concerns the identification and characterisation of the enterprises (example: legal form, addresses). Portuguese administrative regulations tends to allow less demanding accounting rules to very small enterprises (companies with less than 50 persons employed and sole proprietors) and reduced fiscal forms. Therefore the collection of economic data on these enterprises has becoming less accurate
Slovak Republic	X	X				Low response rate – approximately 70%
Spain						User demand on special disaggregations at very small domains. Response burden
Sweden	X	X				Non response, timeliness, errors in economic activity classification of enterprises with less than 10 employees
Switzerland	X	X		X		Although these obstacles are not SME specific they are particularly acute for them - Acceptance by enterprises - Availability in enterprises of collected variables -Statistical burden- Level of detail (88% of all enterprises are micro-enterprises with less than 10 Full time equivalents) - Confidentiality
Turkey						Not SME specific Compilation of SMEs data by size class, four digit activity level and provinces level. Absence of budget for special survey on SMEs. Low response rate Volume of data collected
UK		X				Issue of burden. We have a Survey Control Unit to monitor the compliance costs and burdens on businesses. Of motherly rules mean that small businesses are surveyed less frequently than large (generally only every 3 years). Burden would be so bad on small businesses it must be managed. Sources – do not hold local unit details and this affect sub national estimates for multi site SMEs, we get round it using statistical methods. Administrative Sources – their approach is inconsistent with a statistical register (e.g. Multiple VATS
United States						
Count	12	14	4	6	6	

Table 9. Most important cases of differences between administrative and statistical sources

COUNTRY	Definition of variables	Statistical unit	Classification	Absence of a unique identification number	Timeliness	Comment
Australia						The Australian business number is used as key identifier for legal entities of business units
Austria	X	X	X			
Brazil			X			
Canada				X for non incorporated businesses		
Czech Republic	X					Better access to current sources and access to the employment office data
Denmark		X		X		It is possible to organise the enterprise/the business in more than one legal unit (i.e. more than one identification number). This can give us units with a lot of employees but no turnover and vice versa. This problem occurs almost only in case of bigger enterprises and almost newer for small ones.  The small units are generally easier to handle - for instance when matching different data sources.
Finland	X	X				
France						Generally the correspondence with administrative concepts is quite satisfactory.  Information on financial links collected by the tax administration is currently not available, due to technical and not legal problems.
Germany			X		X	
Greece	X		X			
Hungary	X					
Italy	X	X	x			
Japan						
Korea						Source data on import/export license provided by Korea Customs Service or corporate credit information of financial institutions.
Mexico						Better access to data available at the Secretaría de Hacienda y Crédito Público (SHCP) and Instituto Mexicano del Seguro Social (IMSS)
Moldova	X			X		Better access to tax and social security registers
The Netherlands	X	X				
New Zealand						
Norway						
Poland						Need to access social security data
Portugal						There is a legal barrier to the access of individual fiscal information. This counters updates of the business register
Slovak Republic	X	X	X	X		Need to access the tax register at the individual data level.
Spain			X	X	X	
Sweden		X				Definitions and coverage

COUNTRY	Definition of variables	Statistical unit	Classification	Absence of a unique identification number	Timeliness	Comment
Switzerland						Better access to social security registers and data. Customs data, tax data: VAT in particular
Turkey						Ministry of Finance, Ministry of Industry, Chamber of Industry, Chamber of Commerce, Turkish union of Chambers.
UK						Self employed system, corporation tax system, flat rate agriculture. Self employed system (Tax returns data)
United States						The Census Bureau does not collect data that specifically target SMEs
Count	8	7	7	5	2	

**Table 10. Dissemination strategy**

<b>COUNTRY</b>	<b>charged</b>	<b>free</b>	<b>Periodicity</b>	<b>General</b>	<b>Specific</b>
Australia	X		Annual	X	
Austria	X		Annual	X	
Belgium	X		Annual		
Brazil					
Canada	X	X	Annual		X
Czech Republic	X		Annual		
Denmark		x	By-annual	x	X
Finland	x	x	Annual	x	X
France	x	x	Annual, Multi-annual	x	X
Germany					
Greece					
Hungary	X		Annual, multi annual	X	
Italy	x		Annual	x	X
Japan		X	Annual	X	
Korea	X	X	Monthly, annual	x	X
Mexico	X	x	Annual	x	x
Moldova					
The Netherlands					
New Zealand					
Norway					
Poland					
Portugal					
Slovak Republic					
Spain					
Sweden					
Switzerland					
Turkey					
UK					
United States	X	X	Annual, multi-annual	X	X

Table 11. Business Frame Coverage

COUNTRY	Administrative unit	Type of activity unit	Enterprise	Kind of activity unit	Local unit	Establishment	Location	Legal unit	Enterprise group unit
Australia	X, ABN unit	X							
Austria			X	X	X				
Belgium			X						
Brazil									
Canada			X			X	X		
Czech Republic									
Denmark			X	X, as defined in council regulation 696/93	of the enterprise, as defined in council regulation 696/93				
Finland				X	X			X	X
France									
Germany			X		X as defined in council regulation 2186/93				
Greece			X, as defined in council regulation 696/93						
Hungary								X: companies, partnerships and sole proprietors	
Italy									
Japan						X. as defined as a single physical location where economic activities such as the production or supply of goods and services are conducted			



COUNTRY	Administrative unit	Type of activity unit	Enterprise	Kind of activity unit	Local unit	Establishment	Location	Legal unit	Enterprise group unit
Korea									
Mexico									
Moldova			X		X			X	
The Netherlands			X						X EU definition
New Zealand									
Norway				Local kind of activity unit used as establishment				X used as enterprise	
Poland								X	
Portugal								X regulation 696/93	
Slovak Republic			X in line with council regulation 696/93		X in line with council regulation 696/93			X	
Spain			X Unit with capacity to implement one or more economic activities						
Sweden									
Switzerland			X in line with EU regulation		X in line with EU regulation				
Turkey									
UK									
United States			An enterprise is an economic unit comprising one or more establishments under common ownership or control in the business register's implementation. This			An establishment is an economic unit, generally at a single physical location, where business is conducted or where services or industrial operations are performed> Examples			

COM/STD/NAES/DSTI/PME(2004)1/FINAL

COUNTRY	Administrative unit	Type of activity unit	Enterprise	Kind of activity unit	Local unit	Establishment	Location	Legal unit	Enterprise group unit
			unit represents the top-level US parent company and all subsidiary US companies of which the parent owns or controls a majority (more than 50 percent) interns plus all EITNs and establishments affiliated with the parent and its US subsidiaries			incl. a mine, factory, warehouse, sales office, grocery store, bank, hotel movie theatre, doctor's office, museum and central administrative office.			