




ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT




OECD Work on SME Statistics: Policy and Indicators

Conference
“Past, Present and Future:
SME Policy in Egypt”
Cairo, January 15-17, 2008

Andreas Lindner OECD/STD/TAGS 2



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Preamble:
**“An opinion
without data is just
another person’s
opinion”**

Quote from A. Schleicher,
OECD, who conducted
the well-known PISA
study



Structure of this presentation

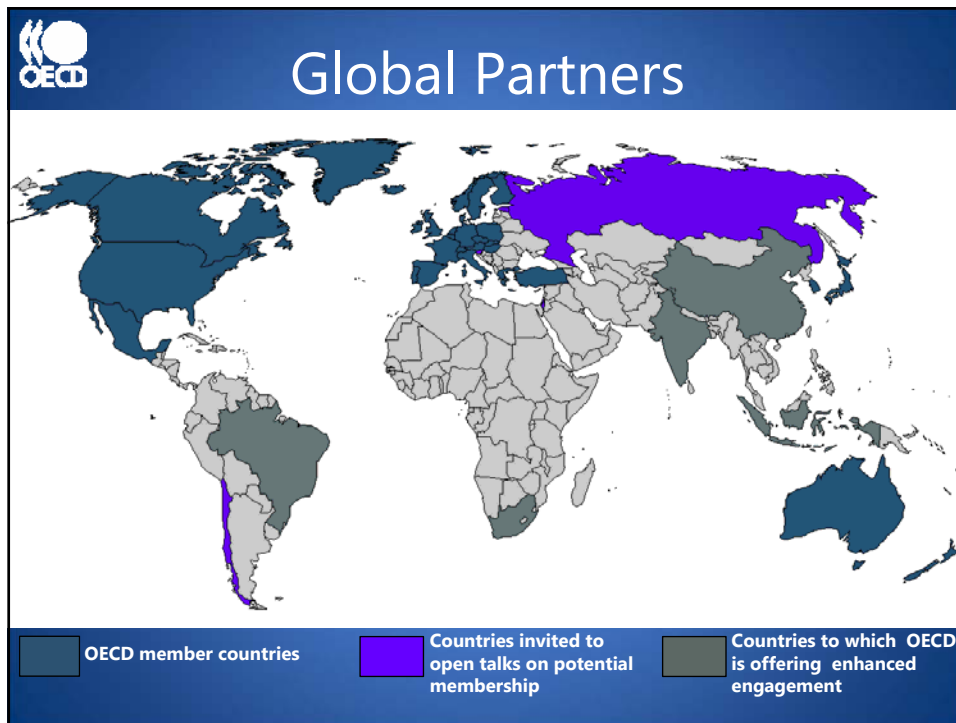
1. What is and how works the OECD ?
2. Work on SMEs
3. Linking SBS and Trade
4. The OECD-Eurostat Entrepreneurship Indicators Program
5. Business registers – the key

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1. What is the OECD?

- An Organisation of 30 member countries committed to democracy and the market economy
- A provider of comparative data, analysis and forecasts
- so that governments can:
 - compare policy experiences
 - seek answers to common problems
 - identify good practice
 - co-ordinate policies



OECD members, future members, and EEPs

<p>30 member countries</p> <p>AUSTRALIA AUSTRIA BELGIUM CANADA CZECH REPUBLIC DENMARK FINLAND FRANCE GERMANY GREECE HUNGARY ICELAND IRELAND ITALY JAPAN</p> <p>KOREA LUXEMBOURG MEXICO NETHERLANDS NEW ZEALAND NORWAY POLAND PORTUGAL SLOVAK REPUBLIC SPAIN SWEDEN SWITZERLAND TURKEY UNITED KINGDOM UNITED STATES</p>	<ul style="list-style-type: none"> Countries invited to membership talks <p>CHILE ESTONIA ISRAEL RUSSIA SLOVENIA</p>
	<ul style="list-style-type: none"> Enhanced engagement program (EEP) <p>BRAZIL CHINA INDIA INDONESIA SOUTH AFRICA</p>



The OECD mission

Article 1 of the OECD Convention:

- Support economic growth
- Boost employment
- Raise living standards
- Maintain financial stability
- Assist other countries' economic development
- Contribute to growth in world trade

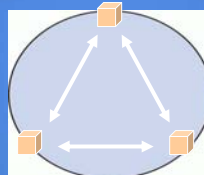


Who drives the OECD's work?

Council

Oversight and strategic direction

Representatives of member countries and of the European Commission; decisions taken by consensus



Committees

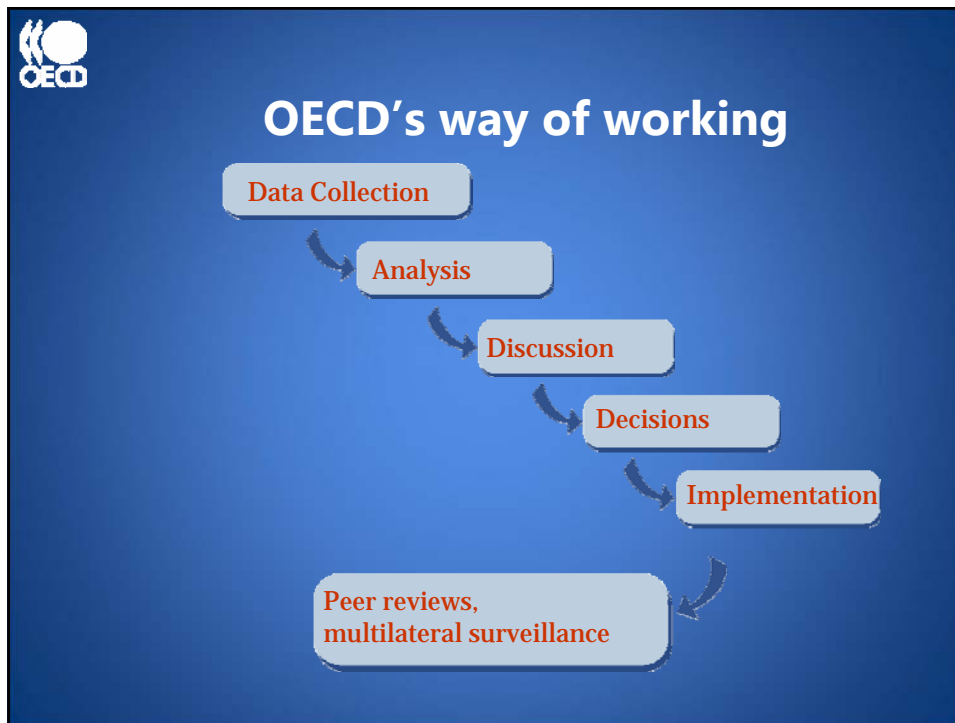
Discussion and implementation

Representatives of member countries and of invited non-Members work with the OECD Secretariat on specific issues

Secretariat

Analysis and proposals

Secretary-General
Deputy Secretaries-General
Directorates



-
- The OECD Secretariat
- Two official languages: English and French
 - Staff members are international civil servants
 - No quota system for national representation
 - 2300 staff at Paris headquarter
- The OECD logo is in the top left corner.



2. The genesis of OECD work on SMEs

- A policy-driven process
- Stocktaking of policy issues and solutions
- Stocktaking of SME statistics
- First OECD Conference for Ministers responsible for SMEs on "*Enhancing the Competitiveness of SMEs in the Global Economy: Strategies and Policies*", held in **BOLOGNA** on **13-15 June 2000**
- Second OECD Ministerial Conference on "*Promoting Entrepreneurship and Innovative SMEs in a Global Economy*" in **ISTANBUL** on **3-5 June 2004**,

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The Istanbul Ministerial Declaration contains the following Ministerial Acknowledgement relating to Statistics:

... "invite the OECD to consider...developing a robust and comparable statistical base on which SME policy can be developed. The Action Plan emerging from the Istanbul Conference Special Workshop on SME Statistics provides a good basis for this work"



OECD implemented the Istanbul recommendations:

- Creation of the CFE (Centre for Entrepreneurship) to steer the policy-process and liaise with OECD Statistics Directorate
- Creation of a Entrepreneurship Indicators Unit and programme (EIP)
- Staff increase for SBS statistics to further SME data and to build up a Business Demography database and indicators
- Intensified work on Business Register design and statistical system issues
- Building up of an indicators programme, linking SBS and Trade Statistics

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SMEs in OECD countries

- Comprehensive questionnaire sent out to OECD NSO's as part of the Istanbul Meeting
- Analysis of results, change in data collection, linkage to policy and OECD agendas
- Confirmation that SMEs are not known well enough
- But what could be done since we are talking about > 90% of the business population?

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A “forest” of statistical units

- The EU focus on “enterprise” can be considered as a compromise taken in 1993 to accommodate very different national practices
- The system of international standardisation is incoherent with respect to statistical units
- EU terms need to be translated into world-wide methodology
- The legal dimension needs to be distinguished from the economic dimension
- The economic dimension is likely to become more important

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The traceability issue

- Ability to trace change through a unique identifier code for the local unit/establishment would allow to better capture 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

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Data linkage with administrative sources: access matters

- Very different access patterns for NSOs to individual records could be identified, ranging from full to no access.
- 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

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Access and linkage with administrative sources

- 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

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Access and linkage with administrative sources (2)

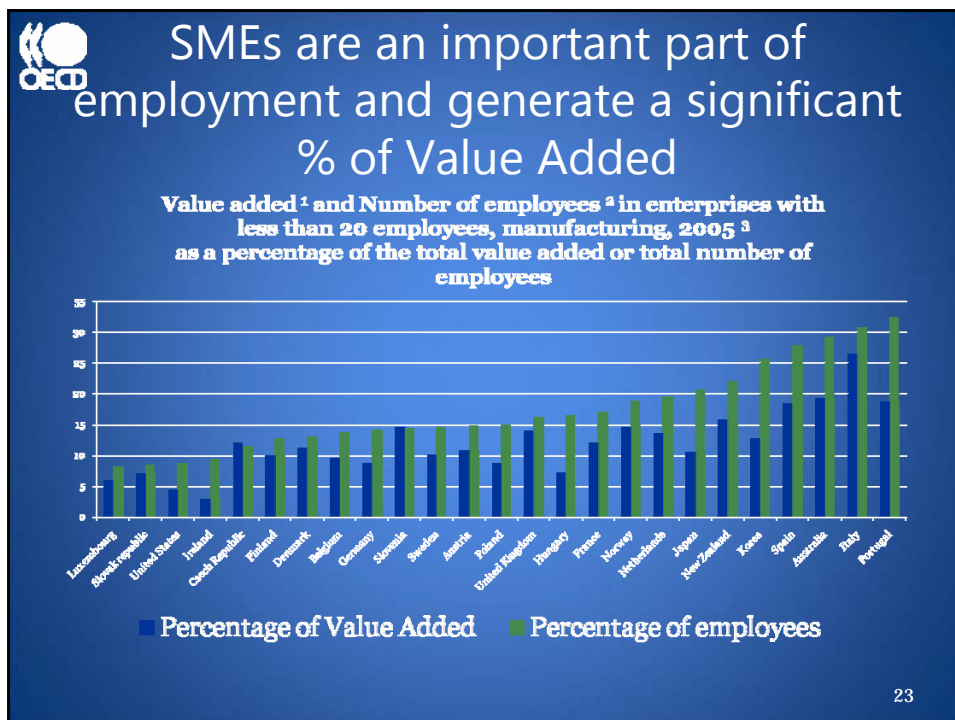
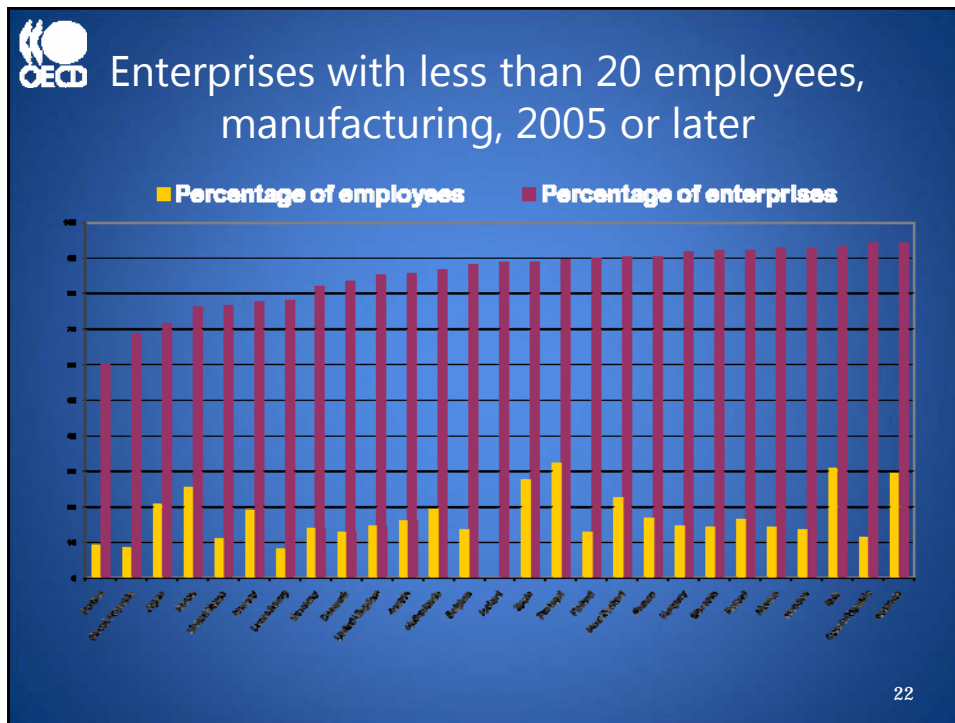
- In the case of access, but no usage, the main reason were **different basic units and absence of links between registers and administrative data**
- Similarly, the main impediments to a better use of available data in the two distinct sources were:
 - Different definitions of variables
 - No common identifier
 - Different classifications and thresholds

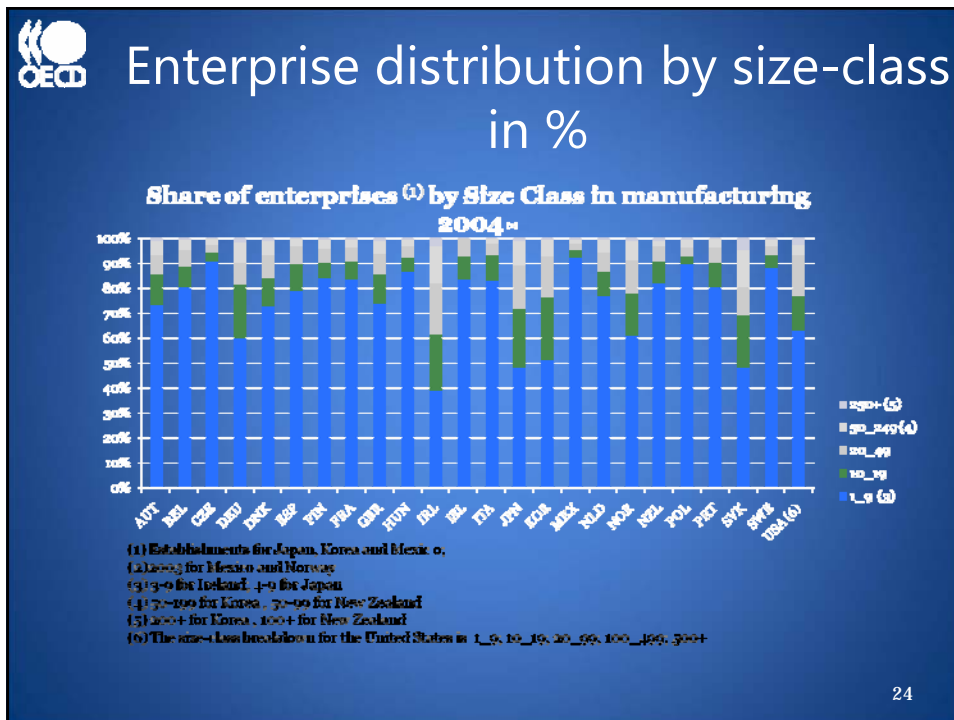
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OECD SME examples:

- In “micro-based” OECD economies the share of SME employment is very significant (Italy, Spain, Portugal, Australia, Korea, and others (see next slide))
- These countries’ SMEs also generate significant value added in manufacturing (+/- 20%), see slide 2
- The sheer number of micro and small-medium enterprises supports the argument for “bottom-up” support measures instead of “top-down”
- Coherent Size–classes cut-offs facilitate international comparisons: **0, 1-4, 5-9, 10-19, 20-49, 50-249, 250+** seem appropriate (see slide 3)





-  3. Linking SBS and Trade
- Another joint OECD-Eurostat project
 - OECD works with Non-EU OECD countries to yield more global coverage
 - Annual review of progress at the International WPTGS meetings in September
 - Steering group set up, comprising OECD (chair), United States, Canada, Norway, Israel, Eurostat
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Why linking systems together? The example of business statistics and trade

- Global economies require data on who is trading and what are the economic characteristics of trade operators
- This question requires establishing a direct relation between foreign trade and industrial statistics.
- But these two statistical domains are based upon different concepts (products versus economic activities) and use different classifications (SITC, HS, ISIC, CPC).

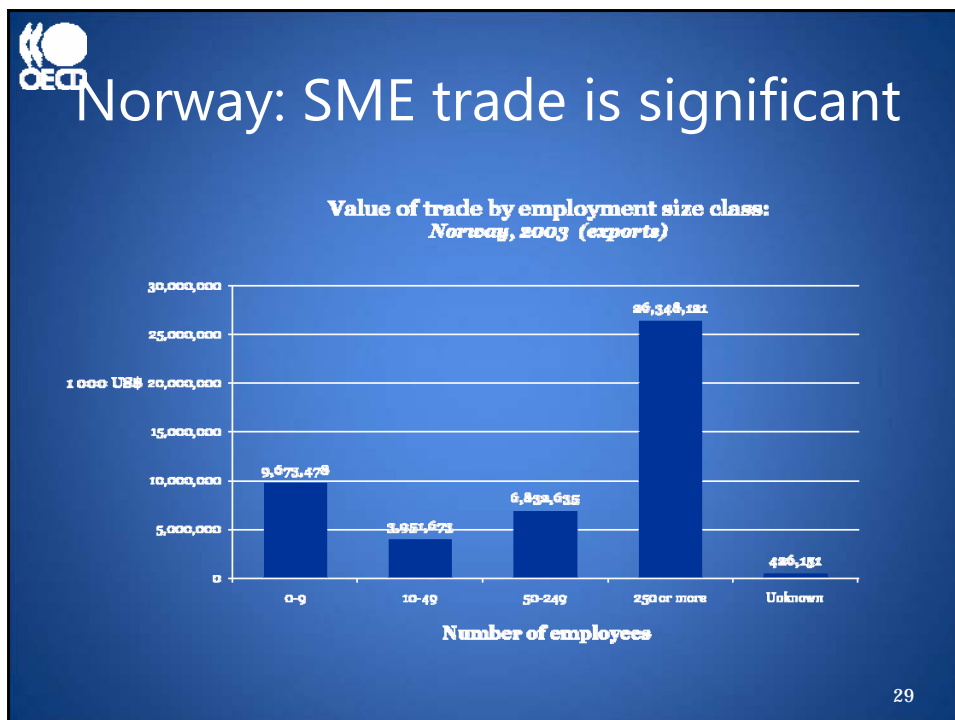
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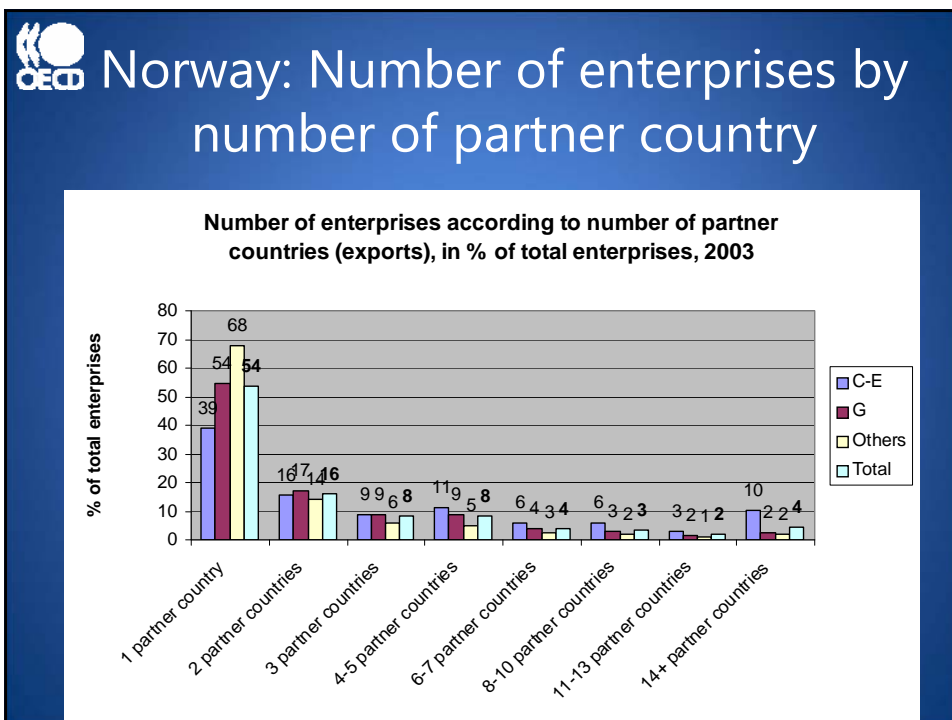
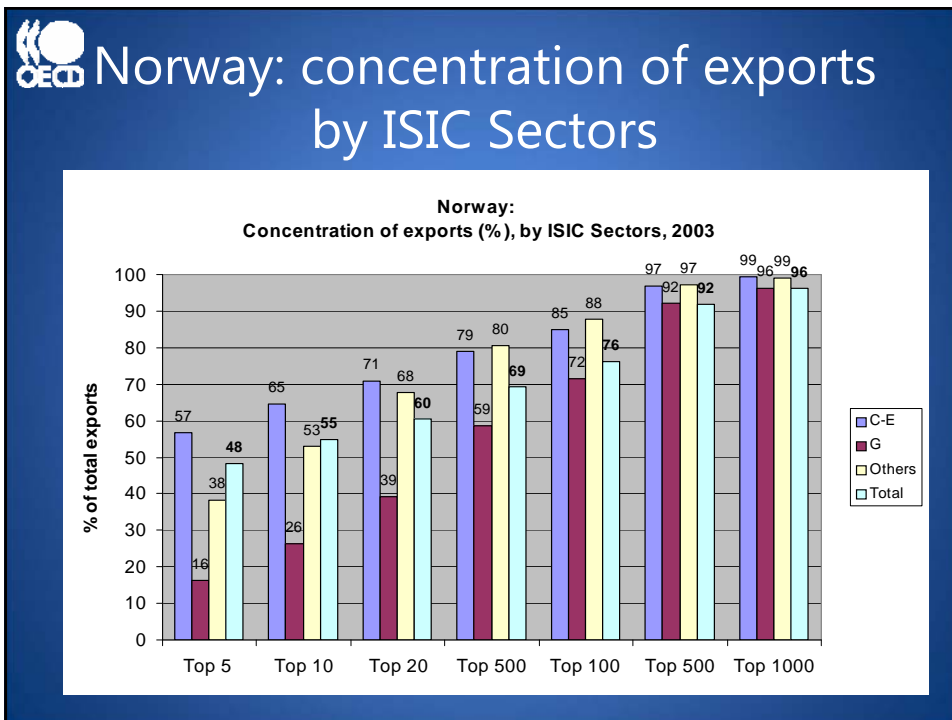


Why linking systems together? The example of business statistics and trade

- Central issue of such an analysis is to try to classify trade operators according to economic enterprise characteristics
- But this depends on the possibility of using or developing common identifiers between the trade register and the business register
- Countries largely differ in their ability to perform such a linking.

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The SBS-Trade linking allows much more:

- Determine export specialization patterns, in particular for SMEs
- Detecting niche markets
- Identifying with whom and how many other countries SMEs are trading
- Give eventually policy advice and foster enabling framework conditions for SMEs based upon this evidence
- ...and much more!

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4. The OECD –Eurostat E(ntrepreneurship) I(ndicators) P(rogram)

- Made possible through policy attention obtained at the Istanbul Ministerial
- Recognition of “rubbish in, rubbish out”
- Kauffman Foundation approached OECD
- And Danish consortium FORA joined in
- Eurostat and OECD joined forces in 2007



Entrepreneurship Measurement Manual

- Boring but essential
 - Core Definitions
 - Framework for understanding and developing
 - Indicators and data specifications
- OECD-Eurostat Manual planned for 2008
- A good start: the *Eurostat-OECD Manual on Business Demography Statistics* (2007)
- Data collection now underway by OECD & EU



EIP Definitions

- Entrepreneurs: those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurial activity: the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurship is the phenomenon associated with entrepreneurial activity.



Some Important Principles

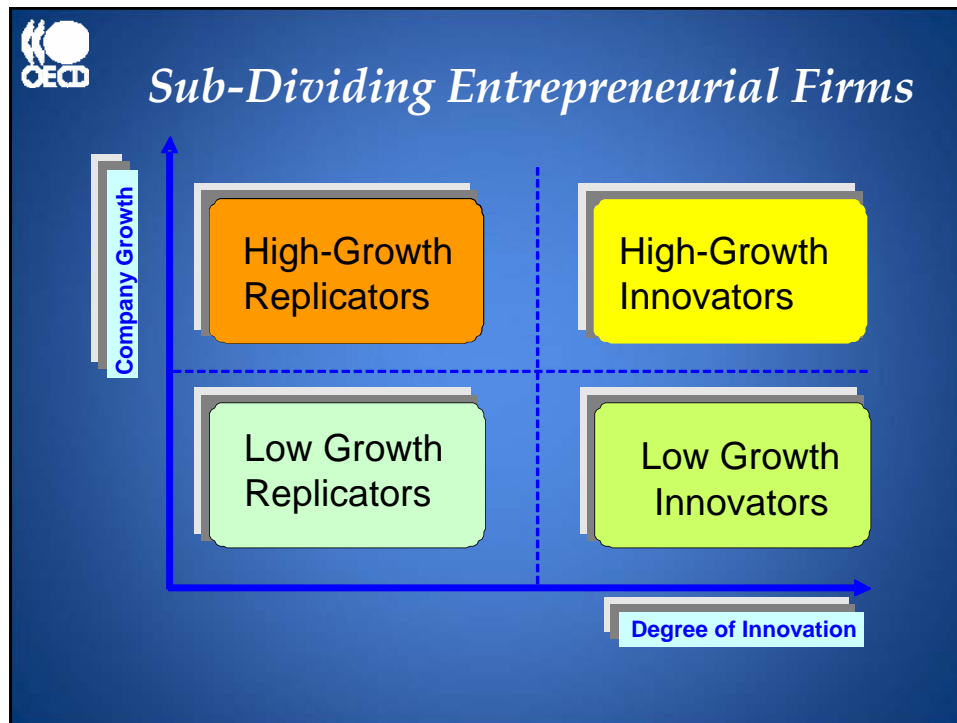
- Entrepreneur vs. Entrepreneurship
- Not just small or young firms
- Not all firms are entrepreneurial
- They are doing something “new”
- Some entrepreneurs fail
- “Value” can be defined in different ways
- Indicators focus on business entrepreneurship



Definitions and Indicators

- EIP offers broad definition of entrepreneurship
- No single measure perfectly reflects definition
- **Therefore.....**
- **We must distinguish aspects and types of entrepreneurship**
- Employers vs. non-employers
- Measures of High Growth and Gazelles
- Innovative firms
- Exporting firms

For example.....



5. Business Registers

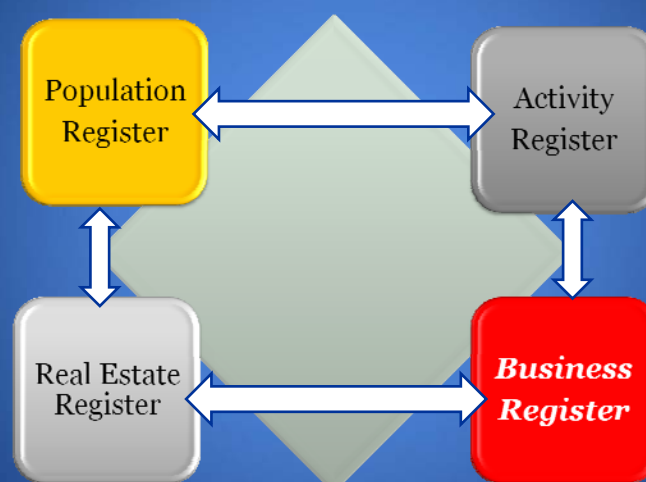
- ... will become more and more key for managing the increasing complex statistical systems in a resource-effective and efficient way...
- Are a pre-condition for finding answers to the SME segment of an economy, which...
 - Can not be surveyed in its entirety
 - Is key for job growth
 - Has no “statistical education” and cannot answer or does not want answering to statistical questions
 - Needs to know where they stand in comparison to competitors and internationally

Business Registers are key for SME data

- ...because the SME population is too large for direct surveying (except special sample surveys)
- ...SME Entrepreneurs struggle for economic survival and hate any statistical response burden
- ...rightly can suspect that much of the requested information exists already “somewhere”
- A coherent BR System could answer most, if not all, of the needed information and should be considered a priority for an efficient and effective national statistics system

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A system of statistical registers



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Business Registers (the red box) are the backbone of a statistical system

Business registers include:

- Enterprise registers (name, activity, ID..)
- VAT registers
- Income declarations
- Accounts data
- Foreign Trade register
- Farm register
- Patent register, etc. ...

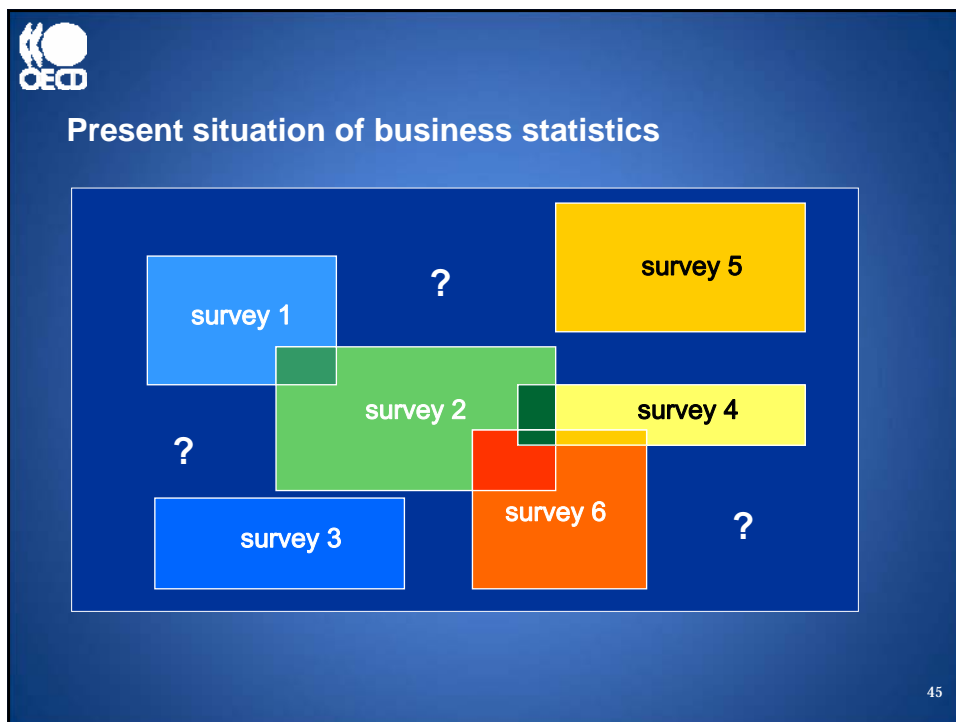
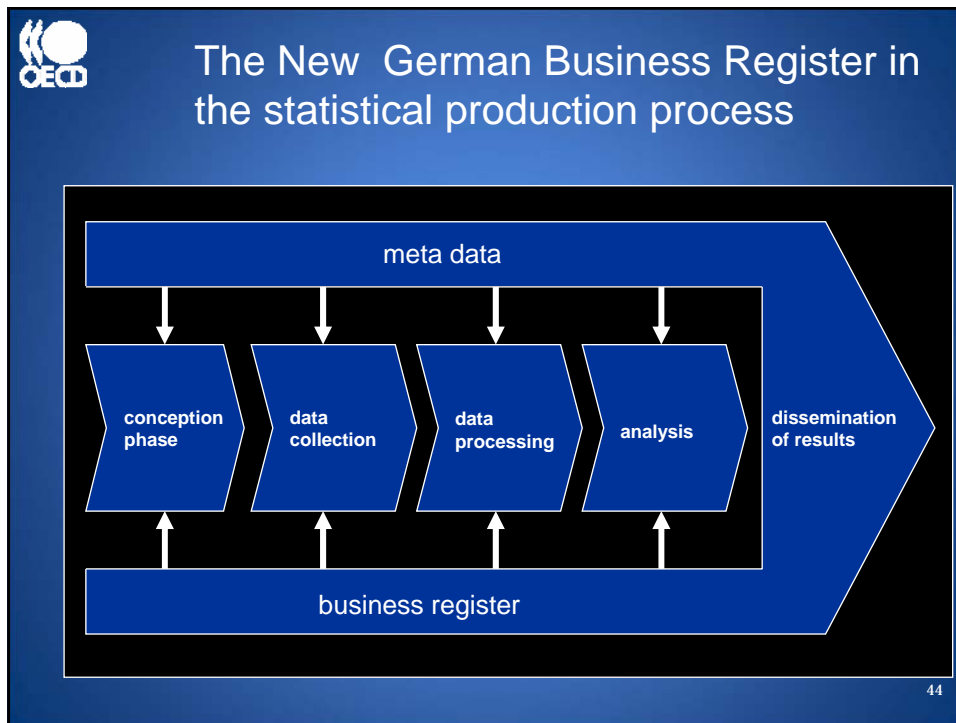
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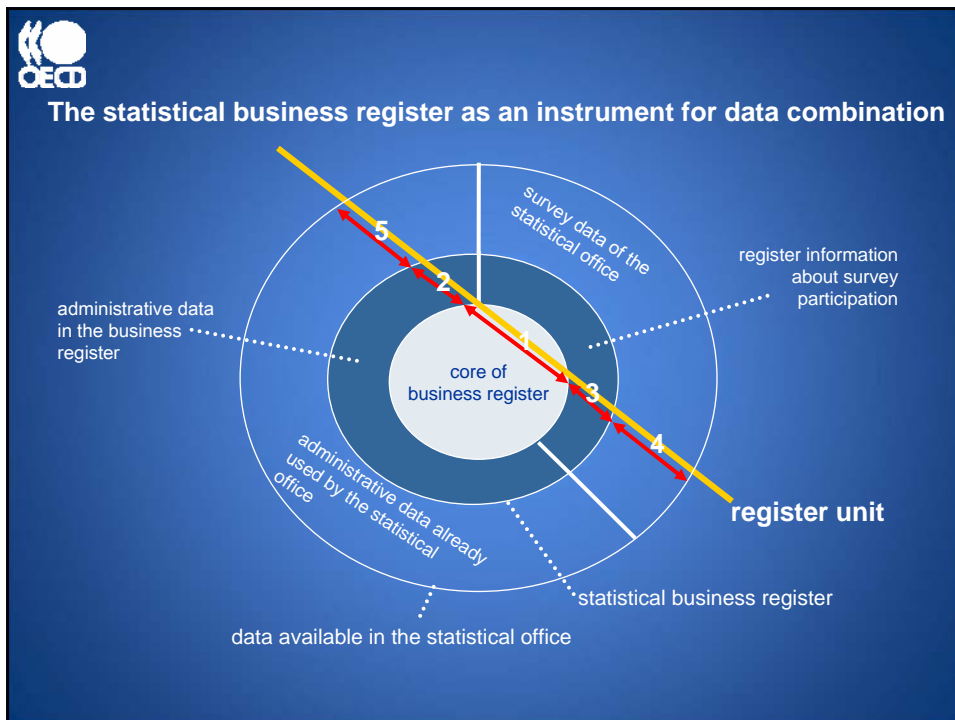
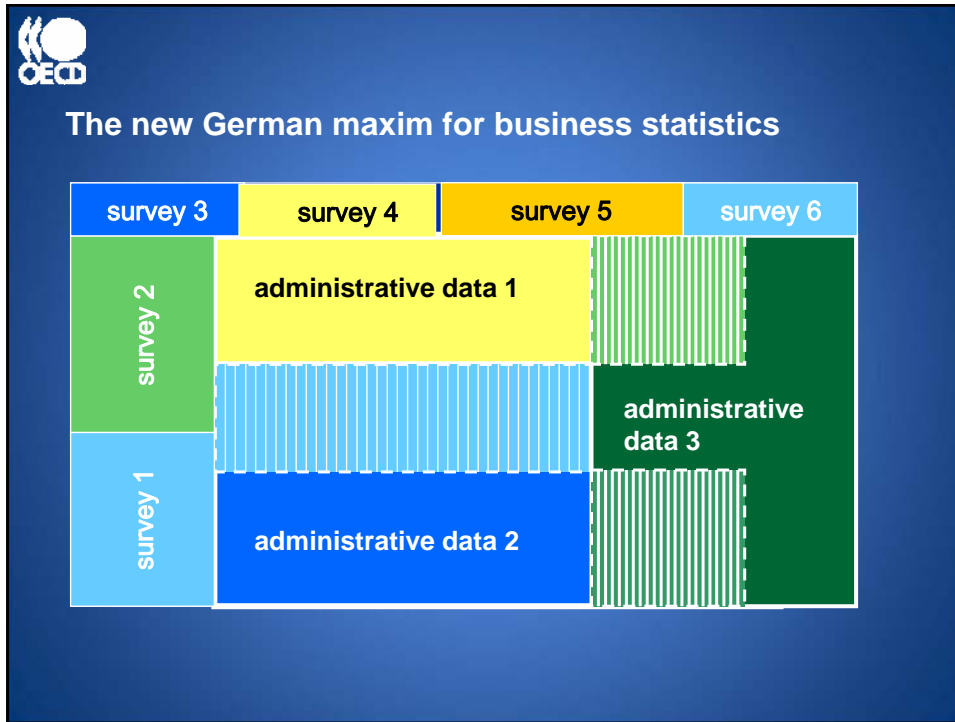


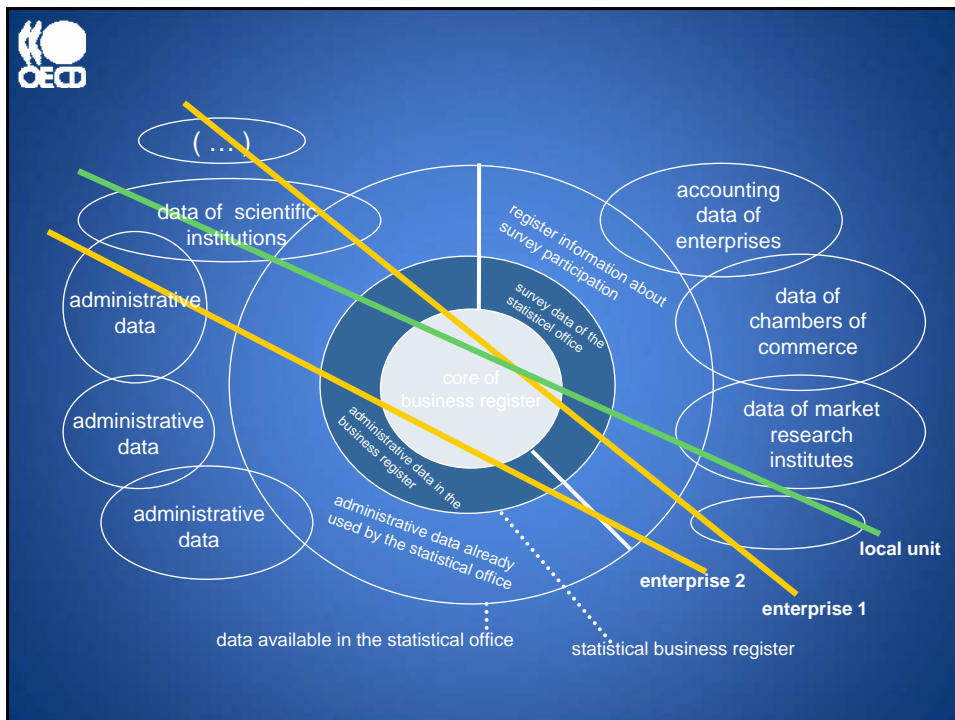
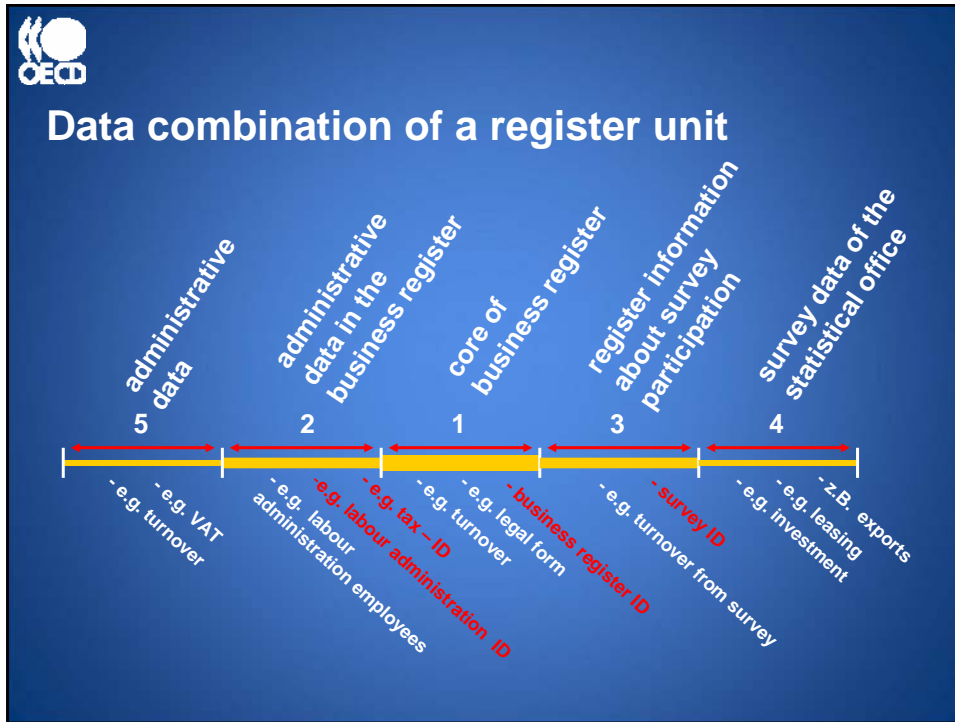
Another example of good practice:
Germany

(excerpt of Germany's FSO presentation to the Wiesbaden Group)

- Conception phase precedes data collection
- Analysis precedes dissemination
- Metadata is an integral part of the whole process
- The Business Register is a coherent system of business registers
- ...capable to link multi-sources and
- ...capable of allowing multi-uses depending on the questions to be answered









OECD will host the next meeting
of the international Wiesbaden
Group on Business Registers
22-24 November 2008



Thank you very much for your
attention!
Questions?

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