

# **21<sup>st</sup> Meeting of the Wiesbaden Group on Business Registers - International Roundtable on Business Survey Frames “The Central Place of Business Registers in Response to Globalisation Needs”**

## **Statistical Business Register in the CIS countries: A brief overview**

Vitalija Gaucaite Wittich, UNECE

Statistical business registers (BR) adopted in the CIS region are more diverse than those of the EU countries, which share common regional goals and are geared towards the implementation of a standardised form of BR. This diversity in the CIS region is due to a number of factors: geographical size of the countries, uneven stage of economic development, existence (or lack) of legislation conducive to statistical BR development, and inadequate institutional support for regional harmonisation, to name a few. Some of the CIS countries are still at the stage of developing or completely revamping their statistical business registers. Consequently, some information on statistical units remains unrecorded (i.e., date of cessation of activities, change of principal activity, etc.) in some cases and certain areas which are of concern for more developed registers (enterprise groups, individual entrepreneurs, farm registers, etc.) remain in part neglected. Based on the latest three UNECE Business Register Surveys (conducted in 2004, 2006 and 2008),<sup>1</sup> this note attempts to identify both the achievements and the shortfalls in the establishment of well-functioning statistical BR and upgrading its utility in these countries.

### ***Utility of statistical business register***

There is a variety of purposes for which countries use their statistical BRs. In their responses to the 2004 UNECE BR questionnaire (this information was not collected during the 2006 and 2008 rounds), almost all CIS countries indicated that statistical business registers were used as a basis for sampling frames. Use of statistical BR for grossing up survey results, survey editing and imputation, data tabulation, and as an information source for research and development statistics was also often mentioned.

However, only a handful of CIS countries mentioned the use of statistical BR for the direct production of data on business demography and for deriving economic statistics. A certain progress in this area can be seen, albeit indirectly, from the gradual expansion of the list of variables recorded in the statistical BR and improved coverage and timeliness of various records. For instance, the earlier often omitted record of the date at which the legal

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<sup>1</sup> For all three inquiries, UNECE received replies from the following 10 CIS countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, Tajikistan, and Ukraine. Turkmenistan replied only in 2004, while no replies were received from Uzbekistan.

unit (enterprise or local unit) ceased its operation is currently registered in six (seven for enterprises and local units) out of ten CIS countries, according to the 2008 UNECE Survey. Similarly, the reference period/date for which data on the number of statistical units that commenced or ceased their activities were provided is more recent (2007 or 1 January 2008) in the last than in two previous UNECE Surveys (when it lagged up to three years in some countries). These are positive indications; however, it remains to be seen whether the current changes in the BR structure, coverage and number of recorded characteristics will lead to enhanced utilization of the BR for the production of statistics on business demography and economic development.

### ***Variety of sources***

According to the information provided in the last three UNECE Surveys, there was also an increase in the variety of sources used by the CIS countries for detecting the existence of units and/or of changes in their variables. In most countries, the legislation requires central registration of businesses and the administrative sources seem to be quite developed: currently eight out of ten countries obtain information on the incorporation/registration of legal units and six out of ten on enterprises and local units from the Single administrative business register. The 2008 UNECE Survey also showed that more national statistical offices started obtaining data on enterprise births, deaths and change of activity from tax, social security, commercial and other registers: currently seven countries, as against four in 2006, use at least one of these sources; Kyrgyzstan, Tajikistan and Ukraine use at least the two first channels, while the Russian Federation relies more on published accounts, the central bank and the customs register. As a result, fewer of the CIS countries tend to rely predominantly on register surveys or on other surveys with their own objectives which also contain data on business register units. In fact, according to the 2008 Survey, only in five to six countries information in statistical BR is further supplemented or up-dated by the feedback from surveys conducted by the statistical offices.

### ***Activity coding***

By 2006, all reporting countries had finalised their transition from the classification of branches of the national economy to the ISIC/NACE based economic activity classification. The current challenge is to adapt these national economic activity classifications to the new revision of the ISIC-4/NACE-2 and to insure the double coding in the statistical BR for some period. As the 2008 UNECE Survey reveals, all ten countries have developed plans for the implementation of the new classification revision in the BR by 2009 or 2010 (Russian Federation, in 2011) and are engaged in developing/learning suitable techniques for it. Automatic recoding is expected to cover from 25 to 35 per cent of the statistical units (Kazakhstan, Kyrgyzstan, Tajikistan), while the rest will be recoded manually. Double coding for at least three years is foreseen in a number of countries. In a few countries there are also intentions to coordinate introduction of the revised activity classification in the Single administrative business registers and other administrative sources.

### ***Coverage of statistical units and enterprise groups***

In most CIS countries, the statistical business register displays a good coverage of incorporated business units - for which sufficient information exists - coming from different administrative registers, licensing and supervisory authorities. The coverage of

small businesses, individual entrepreneurs, and agricultural holdings, however, seems to be still inadequate in a number of countries. (In the 2008 UNECE Survey, for instance, only four out of ten countries reported the number of legal units that were associated with the farm register). Very often these units either fall outside the scope of the administrative registers or their status is still unclear, and the parts of statistical business registers designed to cover them are not in practice yet (Armenia, Georgia, Republic of Moldova). Clearly, the financial constraints and changing legislation impose limits on the capacity of national statistical offices to provide more comprehensive unit coverage.

In addition, and in contrast to the practice of many European countries, in the majority of CIS countries enterprise groups – be it all-resident or multinational ones - do not seem to be monitored for statistical BR purposes. Only Kyrgyzstan, the Russian Federation and Tajikistan provided some information on them during the 2008 UNECE Survey. However, in Kyrgyzstan this information seem to be exclusively based on entries in some administrative registers, as there is no indication about any corresponding variable for enterprise groups in the statistical BR. The Russian Federation, in turn, reports only on the overall number of all-resident enterprise groups and indicates that only a few basic variables for them are included in its statistical BR. There are, however, plans for 2009 to extend the list of observed variables for all-resident enterprise groups and to start incorporating multinational enterprise groups as well into the Russian statistical BR. The Tajik statistical BR seem to contain more comprehensive information on the multinational enterprise groups sourced from both administrative sources and statistical surveys.

### ***Harmonisation of methodological approaches and practices – one way to respond to the new challenges***

Recent experience of several east European and CIS countries, including the Republic of Moldova, Kyrgyzstan, Russia and a few others, indicates that harmonising methodological approaches with those used by more advanced market economies brings a marked improvement in the reliability and comparability of business registers and their utility for business and other statistics. Employment of internationally accepted practices, such as profiling of large and complex enterprises, delineation of enterprise groups, and correct (top-down) principal and secondary activity coding of businesses, might allow statistical institutes to monitor an important part of economic activities more efficiently, particularly in larger countries where such enterprises are common.

The international practice confirms the utility of well-functioning statistical business register for monitoring and for lightening the burden on businesses caused by statistical surveys. One way to achieve this is better cooperation and information-sharing amongst various governmental and municipal institutions. Although the initial step of shifting the emphasis from special surveys as a main source of information for BR to the use of tax and other administrative and commercial registers seems to have been taken in the CIS countries, there remains a need for legislation on data-sharing and confidentiality issues in order to establish common data-monitoring and management systems.