

**21st Meeting of the Wiesbaden Group on Business Registers
– International Roundtable on Business Survey Frames**

24-27 November 2008, OECD Paris, France

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26.11.08**

Session 5 - Projects on the Improvement of Business Registers

Information from additional administrative data sources for Business Register

Abstract

The main data sources for the German Business Register (BR) are administrative data. This presentation will focus on new developments: First, the use of short term administrative data for improving quality of the Business Register and secondly the use of the Electronic Commercial Register (EHUG) for the Business Register purpose.

The first part will deal with the advantages of short term data and their way of improving the Business Register. These monthly data shall detect changes of administrative identifiers e.g. tax identifier and other characteristics at an early stage. We will also use them for up to date integration and closing of units in the BR.

The second part will discuss a new available data source. The Electronic Commercial Register contains all units of the decentralised Commercial Registers. In the past, the Commercial Register was only stored on paper and not electronically available. With the introduction of a centralised electronic version, there is the possibility to update or to assign the Commercial Register identifier in our BR with this new data source. So the Commercial Register identifier in the Business Register can be integrated if missing and it can be used as legal identifier for other data sources for example enterprise group data. The Commercial Register also contains current and legally binding addresses, detailed legal forms and the starting date of business activity for updating the Business Register.

1. Short term administrative data for improving quality of the Business Register

Today, the Business Register is updated with administrative data. The main data sources are annual turnover from tax authorities and data on employees liable for social insurance from the Federal Employment Office. This annual data is referring to the 31st of December (reference date).

The planned approach is to use additionally short term data on turnover and employees as further sources.

With the new approach short term changes of identifiers can be detected, e.g. changes in tax numbers. In Germany, the tax number is not fixed to one special legal unit. It can change, if the enterprise changes its address, the proprietor or its legal form. This causes problems in finding the unit in the next updating of the register by administrative data.

With short term data, the integration of new units in the BR will be much more up to date. At the moment, we have a time lag of 2 years until newly founded units are available in the BR. With the short term data, there could be a delivery on a monthly basis and these units would be in the register shortly after a certain waiting period for the information on employees or monthly / quarterly turnover¹.

For other statistics using the Business Register as survey frame, the new born enterprises are included in the population and can be drawn for surveys. With a current and up to date population, the quality of their data will improve.

The time delay for closing units in the Business Register is even higher. We are closing units that do not obtain administrative data for two years. For example, if an enterprise was closed in January 2008, data for this year will be delivered in 2009. In the delivery of 2010 the enterprise will be missing, so it can be closed end of 2011. This is in total four years until the unit is closed.

With the short term data, the closing can be done earlier because there is sooner information on the whereabouts of administrative units

The changes in characteristics like the business activity are very important for other statistics using the Business Register as survey frame. As the business activity is one criterion for sampling the response failures increase if the NACE Code of business activity is not up to date.

Another chance for development is the use of the monthly available employment data. At the moment, we only have the employment by the end of the year (reference date). With the new approach we can calculate the average employees over the year and we have also the possibility to detect seasonal changes in the employment.

2. New source: Electronic Commercial Register (EHUG)

The electronic Commercial Register contains all units of the decentralised Commercial Register. The Commercial Register contains all enterprises that are legally bounded to announce their annual balance. These are all incorporated and non incorporated firms, sole proprietors with the exception of very small units and branch offices of foreign enterprises.

The electronic Commercial Register contains information on the

- name of the enterprise
- registered office
- legal form

¹ At the moment the waiting period is six months.

- Commercial Register identifier
- address (postal code, city, street)
- post office box
- special addresses for very big enterprises
- extensions of the name of the enterprise
- registration date
- further notes
- existence of further documents

Recently, the Commercial Registers were only stored in the local courts. So the information on enterprises was stored in 300 different places and only in a paper version. So it was impossible to use these data for Business Register purpose.

With a new data processing system in the administration of justice, there is now the possibility of using this source for Business Register purpose. Figure 1 shows the implementation scheme of the electronic Commercial Register data.

The data will be delivered from a data centre of the administration of justice in Hagen (North Rhine-Westphalia) to the Federal Statistical Office. There the data will be checked and split for further processing in the federal states.

In every federal state, the processing is implemented in the same way: The Commercial Register data (EHUG data) and the Business Register will be compared. For cases with Commercial Register identifier in the Business Register, the unit of the EHUG data and the Business Register will be matched by administrative identifier. If this match is correct and unique, other characteristics will be updated. But there will be also cases where more than one match in the Business Register is found; for example if one unit has an old or a wrong number. In these cases the office agent has to decide, which of the offered enterprises fits best to the administrative unit.

The data that could not be matched with the BR by administrative identifier, will be compared by address. This will be done by address comparing software, but an office agent has to confirm the match and in cases of multiple matches he decides the true match. If a match is found, the Commercial Register identifier will be implemented to the Business Register and also other characteristics will be updated.

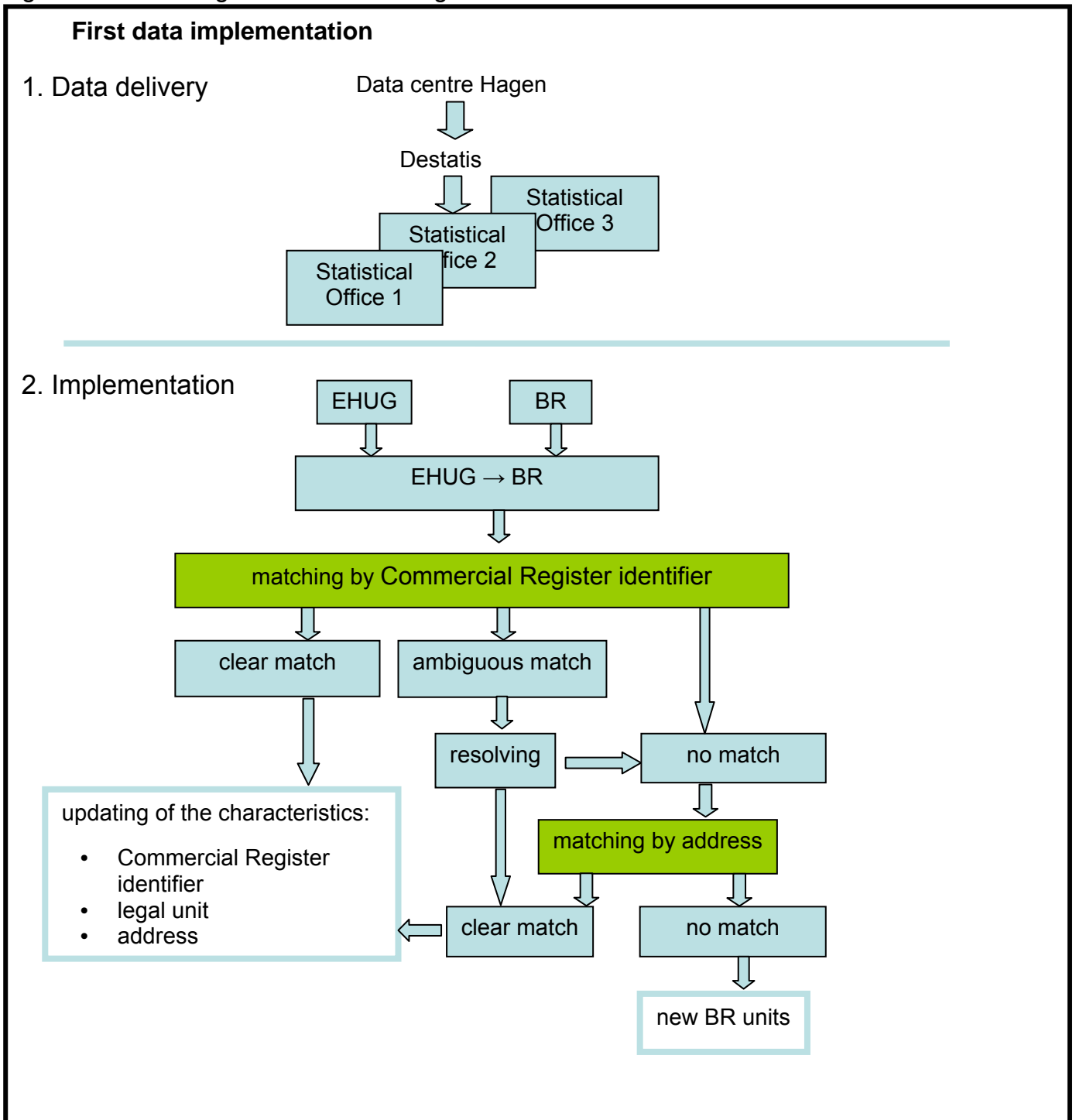
But there will be still a rest of units that do not fit with any unit in the Business Register. These units will be implemented in the register as new units.

But what is the benefit for the Business Register? The two main benefits are the integration of the Commercial Register identifier and the possibility to get juristically proved addresses for the address of the registered office of the enterprise. In Germany there are two addresses in the Business Register. One is the address for dispatch purpose, where the post will deliver the survey questionnaires. This is not always the address of the registered office. Often, the questionnaires are sent to a tax consultant or for smaller enterprises to the home address of the owner. At the moment in a lot of cases, only the address for dispatch purpose is filled due to results from surveys and there are no proved data for the address of the registered office.

The Commercial Register identifier is already included in the Business Register as a characteristic of a unit. The Commercial Register identifier is delivered with other

administrative data, but the actuality is often very low, because there is no maintenance process for this parameter in these data sources. But only in 20% of the units in the Business Register, this characteristic is filled with data. With the data from the Commercial Register not all units will get a Commercial Register identifier, especially the very small enterprises do not have this number. But at least all economically important enterprises can get their actual Commercial Register identifier.

Figure 1: Processing of Commercial Register data in the BR



Conclusion

New data sources are always a chance to reduce the burden caused by statistics to the enterprises but these data sources also can be used to improve the quality of the Business Register.

The two new approaches for the German Business Register seem to be promising.

Nevertheless, for both procedures an intensive check-up of the data has to be done to reduce the risk of getting data of low quality to the register.