

**21<sup>st</sup> Meeting of the Wiesbaden Group on Business Registers  
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## **1.) Overview**

The most important development of the Austrian business register in 2008 was the notification of all enterprises on their ÖNACE 2008 codes (= national version of NACE Rev. 2) and the appropriate processing of the feedbacks in the business register (BR). In 2007 all units in the register (enterprises, non-profit institutions and government units; legal units, local units and establishments, main and all secondary activities) have been recoded according to the new activity classification (see progress report of 2007). Statistics Austria is obliged by law to inform the enterprises on their coding: this is called “classification notification”. This was done in the first half of 2008.

Other important projects were the further development of a new EDP basis for the BR, considering also all new requirements of the revised European BR Regulation, and an intensive analysis of a new administrative source which obliges the employer to state the address of the local unit on the annual salary and social contribution report that has to be provided for each single employee to the social security institutions. This allows the linkage of each employee to the respective local units where he/she worked on 31 December and provides the BR with more up-to-date employment data for the level of local units.

In the following paragraphs a description is given on the concepts and results of the classification notification project. As all enterprises had to be included in the notification project, the results provide important information on the quality of the ÖNACE coding in the BR.

## **2.) Classification notification 2008**

Normally, only those enterprises receive classification notifications which are newly entered in the BR or where the activity code or other identification data have changed, such as legal form or name of the enterprise. As all enterprises were affected by the revision of the classification, all had to receive a new notification letter. So, more than 360.000 classification notifications were sent to the enterprises in the months February to May 2008.

A classification notification consists of three parts:

- A **short letter** provides information about the new classification and what the enterprise has to do with classification notification.
- The second part is the **classification notification itself**. It includes the ÖNACE subclass code of the main activity of the enterprise as well as the appropriate explanatory notes.
- The third part, which is called **affirmation sheet**, should be used for feedback. So if the actual classification is wrong, the enterprise should provide a structured list of its actual activities and for each of the activities an estimate on the share of total turnover. However, the enterprises are also requested to return the affirmation sheet in case that the code is correct, marking the appropriate box on the sheet.

All classification notifications were mailed between February and May 2008. Temporary staffs (12 students) were hired to act as hotline and for the processing of the feedbacks. Feedback could be provided in paper form, by fax, by telephone, by e-mail and by a web based reporting system.

**Table 1:** Classification notification: undeliverable; not active enterprises and response rate

	<b>Class. Not. gross</b>	<b>Undeliverable in %</b>	<b>Not active in %</b>	<b>Class. Not. Net</b>	<b>Response rate in %</b>
Enterprises in samples	41 418	0.8	0.0	41 356	69.4
Non sample enterprises	324 814	4.8	7.0	300 220	42.8
<b>Sum</b>	<b>366 232</b>	<b>4.4%</b>	<b>6.2%</b>	<b>341 576</b>	<b>46.0</b>

Table 1 shows the results of the classification notification 2008. Nearly 4.4% of the notification letters were undeliverable, so a new address had to be searched. 6.2% of the classification notifications were sent to already closed or no longer existent enterprises. These enterprises had to be eliminated as active register units. In both cases (undeliverable or non-active) the percentages were quite lower, when the enterprise takes part in one of the sample surveys in economic statistics. All in the entire response rate was around 46% for all enterprises, 69.4% for "sample"-enterprises and 43.8% for non-sample enterprises.

### 3.) The quality of ÖNACE-coding in the business register

The classification notification is an obligation for Statistics Austria, however, the enterprises have no explicit legal obligation to react on the notification (it is not a survey). We thus do hope that we mainly receive feedback from those enterprises whose classification codes are not correct, while we have to accept that we do not receive much feedback from the others, even if we asked them in our letter and provided them a pre-filled affirmation sheet.

It is thus important to check the ÖNACE code of those enterprises that have not reacted. We thus started a project to investigate the classification on the basis of information from the yellow pages, websites of the enterprise and other available sources as well as by contacting enterprise by phone. Of course, we concentrated on the bigger enterprises and in those branches where we know from experience that the ÖNACE code might more often be incorrect. This is of course a labour consuming exercise and will take us some further months.

The following table shows the results of this exercise as of end of August 2008.

**Table 2:** Percentages of approved and checked ÖNACE codes

	<b>Total correction of the ÖNACE code</b>	<b>Verification of the ÖNACE code on the basis of the notification</b>	<b>Verification of the ÖNACE code including investigation results</b>
Enterprises in samples	6.5%	65.6%	84.8%
Non-Sample enterprises	6.1%	38.6%	45.6%
<b>Sum</b>	<b>6.1%</b>	<b>41.9%</b>	<b>50.4%</b>

Based on the feedback from the classification notification and from our ongoing investigation exercise, in 6.1% of all enterprises the ÖNACE code needed to be corrected. For 41.9% of all enterprises the feedback from the classification notification showed that the ÖNACE code is correct (total response rate was 46%). This percentage was quite higher in case of enterprises included in sample surveys (65.6%) as also their response rate was quite higher.

If we include the results of the investigation exercise, we currently have confirmation of the correct ÖNACE code from 50.4% of all enterprises. Again this percentage is quite higher for enterprises in samples (84.8%) than for the others. The enterprises with statistical reporting obligations in one or more surveys are usually the bigger ones and thus their share in the statistical totals is quite high. Clearly, the correctness of their ÖNACE code is more important.

**Table 3:** Percentages of corrections of the ÖNACE codes by the hierarchical level of the classification

	<b>Section-level</b>	<b>Two-digit</b>	<b>Three-digit</b>	<b>Four-digit</b>	<b>Five digit</b>
<b>Sum</b>	<b>2.7%</b>	<b>3.8%</b>	<b>5.0%</b>	<b>5.7%</b>	<b>6.1%</b>

Table 3 shows the size of the changes of the ÖNACE codes by the hierarchical level of the ÖNACE classification. The general picture is of course that the correction share increases top-down the hierarchical level: at the section level the share is 2.7% and at the fifth-digit level the share is 6.1%.

These shares will increase as we proceed with the investigation exercise; however, we can assume that most of the enterprises with incorrect ÖNACE codes have given us appropriate feedback in the notification process already so that the increase in the correction rates will hopefully be small. Furthermore, as regards the bigger enterprises we already have quite high confirmation rates.