



Meeting document 1

STATISTICS DIRECTORATE

SBS Expert Meeting “Towards better Structural Business and SME Statistics”

OECD, Statistics Directorate

3-4 November 2005

La Muette Room 4

Agenda Item 2 :

**The current state of the OECD Statistics Directorate SBS/SME Statistics
after the Ministerial Meeting in Istanbul**

Mr. A. Lindner, OECD



STATISTICS DIRECTORATE
COMMITTEE ON STATISTICS

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OECD BUSINESS STATISTICS

to be held on 15-16 June 2005 at the U.N. Economic Commission for Europe
Palais des Nations, Geneva

The paper provides a description of recent developments and new envisaged initiatives with respect to Structural Business Statistics (SBS). In particular, it describes actions undertaken to improve the quality of OECD data in this domain and reduce the burden on member countries. Moreover, it presents developments in four areas:

- structural business statistics and statistics by enterprise size class databases;
- business demography database for analysis of market dynamics;
- entrepreneurship indicators development;
- pilot studies on linking trade and business statistics.

The Committee is invited to comment on the SBS development strategy outlined in the paper and to make necessary efforts to improve the quality of data and metadata transmitted to the Secretariat.

This document will also be presented and discussed at the Working Party on SMEs and Entrepreneurship which will take place on 21-22 June 2005 in Trento, Italy.

For more information, please contact:

Andreas Lindner, Tel: +33.1.4524.9544 or Email: andreas.lindner@oecd.org

Anne Hamilton, Tel: +33.1.4524.1919 or Email: anne.hamilton@oecd.org

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OECD BUSINESS STATISTICS

1. Introduction

1. For many years, the OECD has been involved in industrial statistics, and, more recently, in statistics by enterprise size class and enterprise demography. Initially, this activity was carried out by the Directorate for Science, Technology and Industry (DSTI). In 1998 the activity was transferred to the Statistics Directorate (STD), which served the needs expressed by both DSTI and the Economics Department (ECO), as well as their policy committees and related statistical working parties, such as the Working Party of the Committee on Industrial Business Environment (SWIC). Development work in STD has been concentrating since on enhancing statistical coverage, in particular of service activities, and on developing statistics by enterprise size-classes. In 2002 the Statistics Directorate decided to re-organise its work in this area. Since then, several initiatives have been undertaken both to reduce the burden on member countries and to improve the quality of OECD Structural Business Statistics (SBS).

2. This report provides an update on recent developments and new initiatives with respect to SBS. In particular, the second section of this paper highlights recent developments in the area of business statistics and the policy context in which they have been carried out. The following sections present new developments in four domains:

- structural business statistics and statistics by enterprise size class databases;
- business demography database for analysis of market dynamics;
- entrepreneurship indicators development;
- pilot studies on linking trade and business statistics.

3. The Committee on Statistics is invited to take note and comment on the development strategy outlined in the paper, to make necessary efforts to improve the data and metadata transmission to the Secretariat and to advise the latter on countries' priorities for future work in this area.

2. Recent developments and policy mandate on SBS and SMEs statistics

4. During the past two years the OECD Statistics Directorate has managed to conduct a particularly pro-active strategy with respect to SBS. In particular, three major developments warrant mention.

5. The *data sharing Memorandum of Understanding with Eurostat* has been worked out in all detail and been put into operation during 2003-2004. As a consequence, SBS data for all EU countries (plus Norway) of the OECD are directly sourced from Eurostat and coverage of variables is aligned with non-EU countries wherever possible. Eurostat receives in return the corresponding data for OECD countries outside the EU. It should be noted that this agreement has led to a considerable reduction in response burdens on NSOs in EU countries and given new impetus to the improvement of international comparability (and hopefully greater convergence) of EU and non-EU statistical concepts and definitions across the OECD.

6. In the context of the so called “OECD Bologna Process”, a second Conference of Ministers for SMEs “Promoting Entrepreneurship and Innovative SMEs in a Global Economy” was held in Istanbul on 3-5 June 2004. *Small and Medium Enterprises (SMEs) Statistics* were identified as a cross-cutting theme of general interest and importance. Therefore, in preparation for the Istanbul Meeting, a systematic stocktaking and identification of key issues, problems and possible solutions was undertaken by the Statistics Directorate¹. This research, which was based upon a questionnaire on SME statistics in OECD countries and non-member economies participating in the “OECD Bologna Process”, was summarised in a detailed analytical background report with supporting Annex².

7. This report served as key input into the Istanbul Special Workshop on SME statistics, organised by the Statistics Directorate. Together with key contributions from country experts it stimulated discussion on systemic and specific issues as well as on needs for statistical data on SMEs, from both the producers and users perspectives. The conclusions of the Statistical Workshop were reflected in the Istanbul Ministerial Declaration with the following acknowledgement relating to statistics included in the Istanbul Action Plan:

... “[Ministers]... 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”.

8. In parallel with the “Bologna Process”-related work, the Secretariat launched a more-structured dialogue with SBS experts in OECD countries through the creation of a “Structural Business Statistics electronic discussion group network of experts” (called the Task Force SBSNet) to help the OECD design a new and better set of policy-relevant SBS data and indicators. As outlined in the Terms of Reference approved by SWIC, the Task Force has been charged with the following tasks:

- Conduct a comprehensive review of the characteristics and analytical meaning of SBS variables. Elaboration of target definitions and their concrete meaning and best use across countries. Design a development strategy for OECD’s new SBS database, highlighting at an early state amendments and additions within a “system” context (that is, not a stovepipe approach). Particular attention will have to be paid to international comparability issues and to guidance concerning the use of different variables and naming conventions.
- Assist and advise the OECD in the analysis of SBS development needs and in the design of new data products.

1. To prepare to Ministerial Meeting, 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. The workshop led to special workshop at the 2nd OECD Conference for Ministers Responsible for SMEs, entitled “Promoting Entrepreneurship and Innovative SMEs in a Global Economy --Towards a more Responsible and Inclusive Globalisation (see www.oecd-istanbul.sme2004.org) held on 4-5 June in Istanbul, Turkey.

2. A. Lindner and M. Bagherzadeh (2004), *SME Statistics: Towards a more systematic measurement of SME behaviour*, COM/STD/NAES/DSTI/PME(2004)1/FINAL and COM/STD/NAES/DSTI/PME(2004)1/ANN/FINAL, OECD, Paris.

- Assist and advise the OECD in a phased, multi-stage build-up of an analytically valuable set of SME Indicators.

9. Therefore, more specifically, the Task Force has been asked to:

- develop and document best-practice guidelines, target definitions and recommendations on scope, coverage, concepts and methods in SBS, including statistics by size class. The treatment of statistical units will be given particular attention;
- address statistical quality issues and propose appropriate actions to be taken to improve international comparability;
- help the OECD in ensuring follow-up to, and implementation of, the action plan adopted by Ministers at the Istanbul Conference in June 2004; and,
- help the OECD in the progressive build-up of a SME Indicators Database.

10. In conclusion, the recognition of the need for a better empirical base for designing and implementing policies to support SMEs and to foster entrepreneurship and the Action Plan agreed by the Ministerial Meeting present a solid basis and also a unique opportunity for making progress in the areas of business and SMEs statistics. Thus a strong political mandate exists for:

- developing a more comprehensive stock of basic data and statistics as regards SMEs and entrepreneurship;
- promoting international convergence of statistical concepts and processes in these areas with a view to facilitating cross-country comparative analyses; and,
- facilitating longitudinal studies that allow the analysis of firm behaviour and the impact on enterprises of economic policies and other developments over time.

The above constitutes the statistical development roadmap for the Statistics Directorate in the field of business statistics, to be developed in continuous consultation and co-operation with other OECD Directorates (especially DSTI, ECO and the recently established OECD Centre for Entrepreneurship) and national delegates to statistical and policy working parties. The basic elements of such a roadmap are set out in the following sections of this paper.

3. The new Structural Business Statistics database for market and industry structure analysis

11. In response to analytical needs, OECD's Structural Statistics for Industry and Services database (SSIS) and Statistics by Enterprise Size Class database (SEC) have been modified and are in the process of being combined in the new OECD Structural Business Statistics Database (SBSD) for market and industry structures analysis. Following the co-operation with Eurostat, coverage of variables has been significantly extended and further changes in coverage are expected according to the advice given from SBS Experts (SBSNet) to:

- further increase the quality and cross-country comparability of data (through a stocktaking of concepts and definitions, a review of the appropriateness of statistical unit's definitions, identification of new needs from business registers, etc.)³;
- significantly expand the availability of data for small and medium-sized enterprises;
- further develop coverage of services activities, in line with one of the general priorities for OECD statistics.

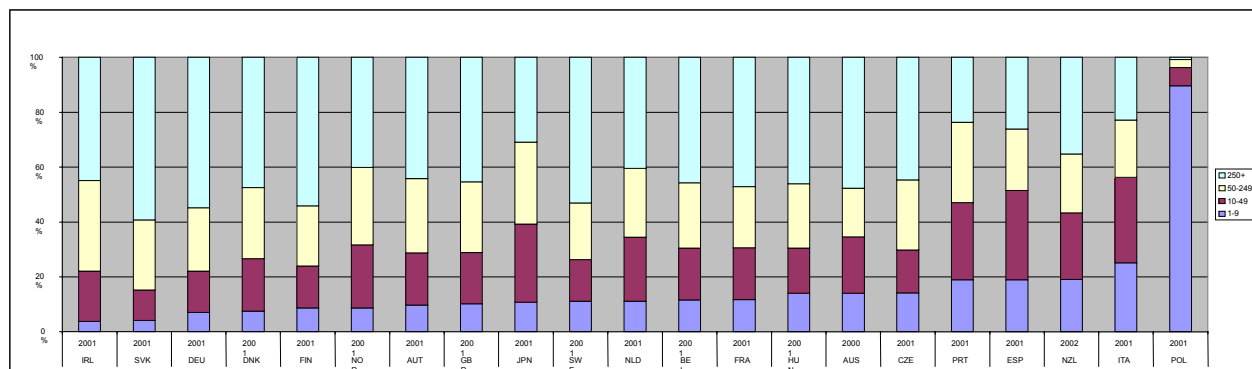
12 The methodological work on concepts and definitions continues to be a key element of this activity. The findings, elaborated in cooperation with SBS experts, and other constituencies such as the Business Roundtable Meetings, will be fed into the metadata part of the new databases. Major challenges in this work include: the identification of differences between countries and their impact on international comparability (for example, the differences between enterprise-based and establishment-based data); the research and documentation on definitions and methodologies used; the analysis and formulation of recommendations relating to business register design characteristics and links between registers; and, the clarification of different meanings and concepts of statistical units.

13 Much work has been done to improve the variable coverage and data quality following the Bologna Process, but much still needs to be done, including the development of indicators to cover structural profiles (by country or by variable), concentration measures, basic SME indicators, etc. These structural statistics and indicators are planned to be published in a new publication, the design of which is at present under discussion. In a nutshell, it will include:

- an overview of the structure of the business economies in OECD countries (employment, output, etc.); (see, for example, Figure 1 and Table 1 below)
- sectoral breakdowns of industrial and services activities;
- specialisation ratios;
- an experimental business demography dataset; and
- explanations of definitions and data-coverage, methodological notes on concepts and differences, glossary of terms used, etc.

³ The Statistics Directorate is very grateful to the US Bureau of Census, which contributed to this work recruiting a consultant who has been working in 2004 on these issues.

Figure 1 - Distribution of employment in the manufacturing sector



Source: OECD SEC database 2004
 Footnotes:
 Australia 1-9 : 0
 Australia 100-249: 100-200, 250+ : 200+ , 50-249:50-200.
 Japan 100 : 4-9 only

Table 1: Distribution of enterprises in manufacturing by size class

| COUNTRY | 0-9 | 1-9 | 10-49 | 50-99 | 100-499 | 500+ | YEAR |
|---------|-----|-----|-------|-------|---------|------|------|
| AUS | 73% | | 22% | 3% | 2% | 1% | 2000 |
| AUT | | 69% | 23% | 3% | 4% | 1% | 2001 |
| BEL | | 79% | 16% | 2% | 2% | 0% | 2001 |
| CZE | | 89% | 8% | 1% | 1% | 0% | 2001 |
| DEU | | 64% | 27% | 4% | 4% | 1% | 2001 |
| DNK | | 71% | 22% | 4% | 3% | 1% | 2001 |
| ESP | | 78% | 19% | 2% | 1% | 0% | 2001 |
| FIN | | 83% | 12% | 2% | 2% | 0% | 2001 |
| FRA | | 82% | 14% | 2% | 2% | 0% | 2001 |
| GBR | | 72% | 21% | 4% | 3% | 1% | 2001 |
| HUN | | 86% | 10% | 2% | 2% | 0% | 2001 |
| IRL | | 37% | 42% | 10% | 9% | 2% | 2001 |
| ITA | | 83% | 15% | 1% | 1% | 0% | 2001 |
| JPN | | 51% | 39% | 5% | 4% | 1% | 2001 |
| NLD | | 77% | 17% | 3% | 3% | 0% | 2001 |
| NOR | 61% | | 29% | 5% | 4% | 1% | 2001 |
| NZL | | 81% | 15% | 2% | 1% | 0% | 2002 |
| POL | | 90% | 7% | 2% | 2% | 0% | 2001 |
| PRT | | 79% | 17% | 3% | 2% | 0% | 2001 |
| SVK | | 46% | 34% | 8% | 10% | 3% | 2001 |
| SWE | | 85% | 11% | 2% | 2% | 0% | 2001 |
| USA | | 48% | 33% | .. | 7% | 12% | 2001 |

Source: OECD SEC database 2004

Footnotes:

Australia number of establishments
 Australia 250+ : 200+ . 50-249:50-200.
 Japan 1-9 : 4-9 only
 Japan number of establishments
 USA 10-49 : 10-99
 USA number of establishments

14 The roadmap for 2005 foresees the completion of migration of the two databases to SQL and a new statistical publication (including CD-ROM and online access) to be presented in late 2005 to SBS experts. The OECD plans to organise a first SBS Experts meeting on 3-4 November 2005 and the

discussion on these new developments will form an important part of the meeting, along with the other activities outlined in this paper.

15 The statistical co-ordination and data collection is well established with OECD countries and the statistical and analytical work is regularly reported to and discussed by various OECD bodies such as SWIC and the Working Party on SMEs. Other bodies informed and consulted are Eurostat's Business Statistics Directors Group, the Steering Group on SBS, and specialized Working Groups, such as the one on Business Demography. The OECD also contributes to the work of the City Group Roundtable Meetings on Business Survey Frames and the Eurostat-UN-ECE Group on Business Registers.

16 In May 2005, after the loading and analysis of SME data received from Eurostat for EU countries, the Secretariat launched another questionnaire round to non-EU countries to further improve – and align wherever possible – data coverage across OECD countries. Both databases are based upon a re-designed questionnaire following the new co-operation with Eurostat and the input provided by SBSNet. As the tables and the charts below demonstrate, there is room for a substantial improvement in the timeliness of the data transmission from some non-EU countries. In particular, while European countries are obliged to report final data (including the breakdown by size class) 18 months after the reference year, for some non-EU countries the current delay is in the region of 2-3 years. Coverage problems also need to be addressed. For countries reported by Eurostat, the main issue remains the large amount of confidential data. For the 2002 reference year, confidentiality restrictions meant that 22% of cells were unavailable to the OECD.

Table 2. Structural Business Statistics questionnaire responses

A - Assessment for OECD countries (reference year: 2002)

| Country | Structural Statistics for Industry and Services (SSIS) | | Structural Statistics by Economic Size Class (SEC) | |
|-----------------|--|-----------------|--|-----------------|
| | Source | Assessment | Source | Assessment |
| Australia | NSO | Yes (delay) | n.a | n.a. |
| Austria | Eurostat | Yes | Eurostat | Yes |
| Belgium | Eurostat | Yes (substance) | Eurostat | No |
| Canada | NSO | Yes | NSO | No |
| Czech Republic | Eurostat | Yes (substance) | Eurostat | Yes (substance) |
| Denmark | Eurostat | Yes (substance) | Eurostat | Yes (substance) |
| Finland | Eurostat | Yes (substance) | Eurostat | Yes (substance) |
| France | Eurostat | Yes | Eurostat | Yes |
| Germany | Eurostat | Yes | Eurostat | Yes |
| Greece | Eurostat | No | Eurostat | No |
| Hungary | Eurostat | Yes (substance) | Eurostat | Yes |
| Iceland | NSO | No | n.a. | n.a. |
| Ireland | Eurostat | Yes | Eurostat | Yes (substance) |
| Italy | Eurostat | Yes | Eurostat | Yes |
| Japan | METI | Yes (delay) | METI | Yes |
| Korea | NSO | Yes | n.a | n.a. |
| Luxembourg | Eurostat | Yes | Eurostat | No |
| Mexico | NSO | No | NSO | No |
| Netherlands | Eurostat | Yes | Eurostat | Yes |
| New Zealand | NSO | Yes | NSO | Yes |
| Norway | Eurostat | No | Eurostat | No |
| Poland | Eurostat | Yes | Eurostat | Yes |
| Portugal | Eurostat | No | Eurostat | No |
| Slovak Republic | Eurostat | Yes | Eurostat | Yes |
| Spain | Eurostat | Yes | Eurostat | Yes |
| Sweden | Eurostat | Yes | Eurostat | Yes |
| Switzerland | NSO | Yes | NSO | No |
| Turkey | NSO | Yes | NSO | Yes |
| UK | Eurostat | No | Eurostat | No |
| US | Census | Yes (delay) | Census | Yes |

Note:

Yes = satisfactory; Yes (delay) = satisfactory on substance but delay in transmission; Yes (substance) = satisfactory on delay but issues with substance; No = not satisfactory; n.a. = not applicable; D.A. Yes = Direct access mainly by OECD to national database or through Internet and satisfactory on substance; NSO = National Statistical Office.

For 2002, countries incompletely reported are flagged "Yes (substance)" and countries not reported are flagged "No".

B - Dates of reception of the SSIS 2004 questionnaires from Non-EU countries

| SSIS | Note | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 |
|-------------|------|--------|--------|--------|--------|--------|--------|
| Turkey | (b1) | | 2001 | | | | |
| Canada | (b2) | | 02-03 | 2002 | | | |
| New Zealand | (b3) | | | | | | |
| Switzerland | (b4) | | | 2002 | | | |
| Korea | | | | 2002 | | | |
| Japan | | | | | | 2002 | |
| US | (b5) | | | | | | 02-03 |
| Australia | (b6) | | | | | | 2002 |
| Mexico | (b7) | | | | | | |
| Iceland | (b7) | | | | | | |

2001 : Questionnaire reception with the last year reported

- (b1): Turkey reports data with three years time lag.
- (b2): Canadian Trading sectors are missing.
- (b3): New-Zealand variables related to Employment and number of Enterprises will be available mid-December 2005, after the release of 2004 Business Demography data.
- (b4): Switzerland data are reported only at 2 digits level.
- (b5): US manufacturing sectors data come from Industry series of 2002 Economic Census, published in December 2004 and received as of 9th of March 2005, other sectors are missing.
- (b6): The Australian Economic Activity Survey released its 2001-02 and 2002-03 data in February 2005.
- (b7): No feedback received from Mexico and Iceland.

C - Dates of reception of the SEC 2004 questionnaires from Non-EU countries

| SEC | Note | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 |
|-------------|------|--------|--------|--------|--------|--------|
| Japan | | 2001 | | | | |
| Turkey | | 2001 | | | | |
| New Zealand | | | 2000 | | | |
| US | | | | 2001 | | |
| Canada | (c1) | | Meta | | | |
| Mexico | (c1) | | | | Meta | |
| Switzerland | (c2) | | | | | |
| Korea | (c3) | | | | | |
| Australia | (c4) | | | | | |

- (c1): Canada and Mexico reported only metadata.
- (c2): No feedback received from Switzerland.
- (c3): Questionnaire status uncertain; follow-up for Korea.
- (c4): Delay, because Australian data need to be converted to ISIC.

4. Business demography database for analysis of market dynamics

17 The OECD has more recently gained experience in the field of business demography, in particular under the auspices of the SWIC. Comparable statistics and indicators on firm entry, exit and survival can provide insights into the rate of new firm creation, the chances of survival of firms, the industries in which new firms are being created and in which they disappear, and in cross-country differences in firm dynamics. Where statistics can be provided on a regular basis, within-country comparisons of firm dynamics are possible. Actually, business demography databases exist both at the OECD and Eurostat, but further efforts are required to achieve comparable statistics and indicators, notably for the United States, Canada, the European Union countries, Japan, Korea, Australia and New Zealand. The establishment of an international dataset on these issues would provide a rich source for policy analysis.

18 As of this year, the OECD has integrated the work on business demography into its regular SBS work program. In particular, in 2005, it has begun conducting a stock taking of available evidence, building and extending upon existing enterprise demography databases. The plan is to present first results, and to seek further guidance, at the November SBS Expert meeting. During 2006, the evidence and findings will be completed. Concerning sources and bodies involved, both statistical sources used and reporting structure to OECD bodies are largely identical with those mentioned in the previous section.

19. As a consequence of the developments outlined above, the Statistics Directorate has been approached by organisations that are interested in particular subjects and that are providing funding to help OECD carry out research in this area. Since April 2005, OECD has embarked on several projects in the area of entrepreneurship indicators, with the support of the Kauffman Foundation (USA) and FORA, the Centre for Economic and Business Research of the Danish Ministry of Economic and Business Affairs.

20. One aspect that interests both FORA and the Kauffman Foundation is internationally comparable information on enterprise demography, i.e. the entries, exits, and movements of the enterprise population. In this context, FORA has specifically asked that OECD carry out a study to review the existing evidence on comparative start-up rates in European countries and in North America. The objectives of this study, which is scheduled to be carried out during the second half of 2005, are:

- compilation of existing evidence on comparative start-up rates;
- comparison of results and identification of reasons for differences in results, in particular methodological and statistical differences;
- drawing up lessons for future studies to improve comparability and to ensure that results are analytically meaningful.

This study is expected to contribute to a better understanding of one particular facet of business demography and entrepreneurship. It is part of the statistical component intended to underpin the general policy framework for entrepreneurship of the OECD Centre for Entrepreneurship (CFE), with which STD closely cooperates.

5. Other entrepreneurship indicator development at the OECD

21. For many years, economists and policymakers have identified “entrepreneurs” as important drivers for employment, innovation and economic growth. While it is generally accepted that entrepreneurship is “good”, analysis of the links between entrepreneurship and various facets of economic growth has been limited. Furthermore, both developed and developing countries have begun to question how government policies and other national “business environment” factors influence the rate and type of entrepreneurship development that takes place in a country.

22. As noted earlier, the Istanbul Declaration was significant in that it confirmed ministers’ commitment to the development of a good information base as an essential foundation for countries to design and implement appropriate, supportive policies to foster entrepreneurship. Within the OECD structure itself, the Working Party on SMEs and Entrepreneurship (WPSME) has also identified the need for better information on entrepreneurship to support research and policy formulation.

23. While there is considerable interest in entrepreneurship, the OECD has not yet been able to develop either an overall entrepreneurship statistics framework, including concepts and definitions, or an agreed-to list of relevant indicators that are required to understand entrepreneurship and its impacts. This situation has been due, in part, to financial constraints and also to differing statistical priorities among member countries. More recently however, a number of developments have conspired to give important impetus to the work on the development of entrepreneurship statistics:

- both the Bologna Process and the WPSME have served to sharpen the focus on the need for better entrepreneurship data;
- Denmark, through its Centre for Economic and Business Research (FORA) of the Ministry of Economics and Business Affairs, has placed considerable emphasis on the development of entrepreneurship indicators within its national policy framework. Denmark has spearheaded the formation of a small Consortium of key OECD member countries, entitled “International Consortium for Dynamic Entrepreneurship Benchmarking”, and they have provided some financial and research support to help the OECD advance this work;
- finally, the Kauffman Foundation of the United States, which has long supported practical research aimed at facilitating successful entrepreneurship, has also offered financial resources to help support the OECD’s work on development of entrepreneurship indicators. The Statistics Directorate, after consultation with other Directorates, has responded with several initiatives that reflect the heightened priority, and profile, of this work.

24. The current entrepreneurship statistics initiatives can be summarised under four distinct, but related project headings, namely:

- *determining data needs*: identification of those policy-relevant and analytically interesting issues, relating to entrepreneurship, for which international statistical information is needed;
- *identifying existing data*: stock-taking and assessment of existing international statistical information on entrepreneurship;
- *developing concepts and definitions*: development of common concepts and definitions to encourage convergence of existing data sets and to permit development of new, comparable indicators of entrepreneurship and its underlying factors; and,

- *scoping possible future entrepreneurship data collection activities*: development, and costing, of possible models for collection of basic measures of entrepreneurship and related entrepreneurship indicators.

25. **Determining data needs**: fundamental to the development of a valuable, relevant statistical program is an understanding of the users' needs. Thus, the Statistics Directorate is working closely with policy analysts at the OECD and in member countries to determine how their policy interests, relating to entrepreneurship, translate into data requirements.

26. OECD countries have numerous policy preoccupations relating to entrepreneurship. Among these, two are perhaps predominant and most consistent across countries, namely, growth and equity. Various studies have linked entrepreneurship and economic growth. In pursuit of the highest possible levels of growth, policy makers seek to maximise entrepreneurship, or at least to maximise the kind of entrepreneurship that contributes to growth. At the same time, most countries aspire to improve the economic circumstances of the underprivileged and reduce economic disparity. But what are the variables that one requires in order to understand how entrepreneurship relates to growth and/or equity. Is it sufficient to measure total levels of "entrepreneurship", or are there different types of entrepreneurship that have differing impacts? Are the measures we need to help formulate policy the same ones required to monitor and evaluate policy impacts?

27. Considerable work has already been done by government analysts in a number of OECD countries, as well as in Eurostat, to identify the important issues pertaining to entrepreneurship. Within the OECD, CFE and DSTI have conducted a number of studies that help to identify the key issues. Various quasi-governmental and non-governmental bodies, including the World Bank, the Kauffman and Edward Lowe Foundations in the USA and the London Business School in the UK have also been working on these issues. Therefore, the existing literature will be reviewed and a number of experts in the field interviewed in order to develop a proposed list of the top priority issues that need to be addressed, and the corresponding information that is needed to address them.

28. **Identifying existing data**: while few meet all the requirements of analysts and policymakers for internationally-comparable data, there are a number of statistics relating to entrepreneurship that have already been produced by governmental, quasi-governmental and private institutions. Most of these data sets are purely national and some focus only on special niche activities or a specific subset of the population. In other cases though, such as the GEM (Global Entrepreneurship Monitor) Project that has gathered data in a number of countries, or Eurostat work on "Factors of Success", attempts have been made to produce internationally-comparable data. In regard to the latter, the OECD is participating in the Eurostat Task Force that is developing a business survey to be conducted in a number of EU countries and will ensure that its own work is complementary.

29. The OECD will gather intelligence on as many of the existing data sets as can be identified. Then, in consultation with international experts and national statistical offices, will determine where existing data can meet some current requirements and where new data production may be required.

30. **Developing concepts and definitions**: a first, and critical, step in the development of internationally-comparable indicators on entrepreneurship is to establish a basic conceptual framework, and common definitions. For example the term "entrepreneurship" itself is frequently used in statistical and analytical publications without any serious attempt to define it. By implication, many of these studies effectively define "entrepreneurship" very broadly by suggesting that the term is synonymous with a "start-

up” or “new business”⁴. In other cases, all self-employment is loosely termed “entrepreneurship”. In yet other cases, even those thinking about starting a business are included in the entrepreneurship group. On the other hand, some favour a narrower approach, arguing that only the subset of new businesses that grow, innovate and contribute to increasing productivity, comprise the entrepreneurial sector of policy interest.

31. Perhaps different terms are required for different types of entrepreneurs, (or small businesses), particularly at different stages in their development. In any event, some definitions and standards are required before international measurement can truly progress. It is planned to accelerate the development of these definitions along with the CFE and the appropriate Working Parties and Committees, notably the WP on SMEs. The advice of the Expert Group on Business Statistics plays a key role in this respect.

32. **Scoping possible future entrepreneurship data collection activities:** while every effort will be made to facilitate convergence of existing data sets on entrepreneurship, to enable international comparisons and analysis, it is likely that data gaps will remain and new data collection will have to be considered. Whereas the GEM Project has focussed mainly on household surveys to measure the level of entrepreneurship activity in a country, the OECD is considering the value and appropriateness of both household and business surveys as possible vehicles to furnish required data. Furthermore, while comparable data on the level of entrepreneurship is of interest, so too is information on the factors that may influence the success of newly created firms, such as the personal characteristics of the founder; access to financing; the impact of technology and various indicators that help to depict the overall entrepreneurship environment in a country.

33. Some national surveys have been carried out on some of the components mentioned above and the OECD will seek to extend this work through an international survey that could lead to more comparable statistics and indicators. Preliminary work is now under way to develop proposals on various entrepreneurship statistics collection activities. Any such data collection proposals would, necessarily, respond to the policy issues and data gaps that emerge from the other entrepreneurship projects articulated above. Furthermore, any new data collection work would respect standard international definitions and should be conducted in co-operation with national statistical offices. International surveys are expensive so any proposed initiatives will be carefully considered and based on successful models from the past. In that regard, the OECD’s Programme for International Student Assessment (PISA), and other international data collections in the education field, will be reviewed for applicability.

34. The financial support provided by the Kauffman Foundation and the International Consortium for Dynamic Entrepreneurship Benchmarking has permitted the Statistics Directorate to engage a Project Manager (with long experience at Statistics Canada) and other research staff to accelerate the work on all four entrepreneurship projects outlined above. Status Reports on the work on the project will be presented to the Committee on Statistics, WPSME and the Expert Group on Business Statistics throughout the remainder of 2005. A full, preliminary report on all components of the entrepreneurship work will be available in the spring of 2006.

6. Pilot studies on linking trade and business statistics and scope for micro data analysis

35. At the last OECD Trade Statistics Expert Meeting⁵, one particular agenda items triggered considerable interest by delegates: the links between structural business registers and trade registers. Statistics on the trade in goods have traditionally focused on presenting trade flows between countries

⁴ And even here, significant differences arise. Some countries for example define a ‘new-business’ or start-up as the creation of new legal entity others base the definition on a business that has achieved a minimum size threshold, for example employment or turnover.

⁵ 5th International Trade Statistics Meeting, OECD, 26-29 April 2004

broken down by products. Much less attention has been paid to trade operators and their characteristics. By linking trade operators with general business registers it is possible to make foreign trade statistics more comparable with structural business statistics, facilitating the development of useful indicators. This method complements common trade statistics as it allows answering questions like which economic sectors contribute most to volume of external trade and what is the contribution of different size enterprises to trade.

36. The merging of external trade statistics and structural business statistics is of great interest to most users. Thus far, the availability of these products has been limited, since, on the one hand, external trade data is not usually considered within the scope of business statistics collection, and, on the other hand, methodological and practical issues have restricted the feasibility to merge trade statistics with business registers in many Member States. Moreover the compiled statistics are based on national concepts and breakdowns which are not directly comparable across Member States.

37. In 2002, Eurostat launched a pilot project with two main objectives: first, to test the feasibility of merging trade registers with business registers, and second, to produce predefined tables broken down by enterprise characteristics⁶. The main findings of the pilot study showed that, by merging trade registers with business registers, it is possible to achieve better comparability between trade and business statistics. This approach provides new aspects of the structure of external trade and complements information on business statistics. Trade statistics by activity show the contribution of true economic sectors to total trade, which differs from the view provided by statistics by products. Additionally trade by size of enterprises allows for an analysis of the effects of international trade on employment, an issue which is high on the policy agenda.

38. Linking enterprises/establishments in business registers to trade operators in trade registers could provide a wealth of policy-relevant information on trading firms, such as foreign trade distribution by enterprise size, export concentration and import channels, business demography and business international performance and so forth. Therefore, the Secretariat intends to launch, in co-operation with Eurostat, a pilot survey with OECD countries on the scope and possible limitations of such an exercise. Depending on the results, a more precise proposal could be developed in 2006.

39. Since the initiative for such a linking came from the trade statisticians' community rather than the business statisticians' community, country experiences and possible international approaches will be discussed at the next international trade statistics Expert meeting (12-15 September 2005) as well as at the November business statistics meetings.

7. Concluding remarks

40. The developments and new initiatives discussed above present both a considerable challenge and opportunity. Much has been achieved, but more needs to be done. A co-ordinated and structured development programme has been outlined and the fact not hidden that this approach necessitated additional finance from external sources.

41. Co-operation from member countries will continue to be crucial for the further success of the development strategy. The Expert Group SBSNet mechanism and also the holding of an annual meeting on SBS provide a good basis for this. The interaction between the Secretariat and OECD countries on statistical issues is assured through these two fora. In addition, continued close cooperation within OECD, in particular with the CFE and DSTI, will help to ensure the policy relevance of this work. Throughout the

⁶ Paper presented by Eurostat at the Task Force Meeting on International Trade Statistics, Bangkok, 14-18 March 2005.

range of activities, close consultation with Eurostat will help to ensure conceptual “bridging” across all OECD countries.

42. National statistical offices are invited to contribute to this work, both by participating in the network of experts in structural business statistics and entrepreneurship issues, and by improving the availability and international comparability of statistics on this key issue, thus making the OECD better able to respond to the policy mandate received from Ministers at the Istanbul meeting.