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Profiling and Globalisation

Profiling in Statistics Sweden: How to describe reality in a complex business environment

Abstract

For several decades, large and often multinational companies have increasingly organized their business across more legal entities than before. Ancillary activities are often placed in separate legal units and mistakenly seen as primary production. This overestimates the number of enterprises and several economic variables, such as turnover and production value. As a consequence, how companies choose to organize themselves will have effect on the distribution of GDP across sectors and statistics by size class. There is a risk that certain aspects of business economy will be misinterpreted, for example entrepreneurship and where job growth occurs.

Through profiling, corporate organizational and control structures can better be described, thereby producing more relevant statistics of higher quality.

Eurostat has pointed out that Sweden, together with several other countries in the European Union, are not fully compliant with the regulation on structural business statistics, in regards to the creation of enterprise units (ENT). In short, too many enterprises only consist of one legal unit, when they should be comprised of a whole or part of an enterprise group.

During 2017-18, Statistics Sweden has therefore intensified work on profiling large enterprise groups. The work consists of two parts: national profiling and European profiling.

In this paper we initially describe the problem. We then review the methodology that has been developed, which includes manual and automatic handling as well as consolidation. The profiling will affect not only the statistics but also the work on producing the statistics.

We will also compare our national profiling methodology to the European methodology. Our ambition is that these two methodologies eventually will be consistent with each other.

This paper will describe practical problems, both with the creation of the statistical units (ENT and KAU) and with the effects on sampling and data collection. Profiling will inevitably lead to an initial break in the time series. However, this is necessary in order to ensure stability over time. Finally, we will present our method for automatic delineation of enterprise units for smaller enterprise groups.

Keywords: Profiling, automatic delineation, consolidation, ENT, KAU