



# The European profiling of multinational enterprise groups and the EuroGroups Register: crucial tools for improving business statistics

**Eurostat – G1 Coordination and register**

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## Presentation:

### ❖ Background

### ❖ Objective:

- **Consistent implementation of SU definitions**

➤ **Enterprise**

### ❖ Instruments:

**European Profiling – proposed methodology**

**EuroGroups Register – possible tool**

## ❖ MEETS 4-year program to modernise business statistics

- ESSnet profiling
- ESSnet consistency
  - Need to have a correct statistical implementation of the economic definition of enterprise
- ESSnet EGR
  - Set up the EGR system

## ❖ Statistical Unit TF:

- Operational rules for harmonized implementation
  - Approved by Working Group Business Register and Statistical Units
- Notice of intention on SU and implementation plan
  - Adopted by Directors Macro-Economic Statistics (DMES) and Business Statistics Director Group (BSDG)

- ❖ To increase consistency between European countries in business statistics
  - The definition of the enterprise is not applied homogeneously in all EU countries
  - In a lot of countries, the legal unit is used as a proxy of the enterprise
- ❖ To take into account the globalisation of the economy
  - Current regulation on statistical units in force since 1993
  - The current implementation of the enterprise definition does not take into account the global dimension of the enterprises
  - Splitting up of the production into several legal units based on cost considerations -> diverging from economic reality

## ❖ Key element: autonomy of decision-making

- **Operational rule:**

- Operates necessary factors of production
- Accesses the necessary controlling systems
- Has adequate managerial structures

## ❖ In case of an enterprise group

- **Operational rule:**

- Operating segments can be starting point for delineation of enterprises; may be split up further if needed.
- Enterprise group may consist of one enterprise

## ❖ Enterprise active in more than one country

- Definition does not take into account geographical boundaries: enterprises can be active in more than one country
- In this case for national statistics the national part is considered an enterprise, but national parts of the unit have to be observed together
- European profiling is the proposed methodology
- The EuroGroups Register is the tool

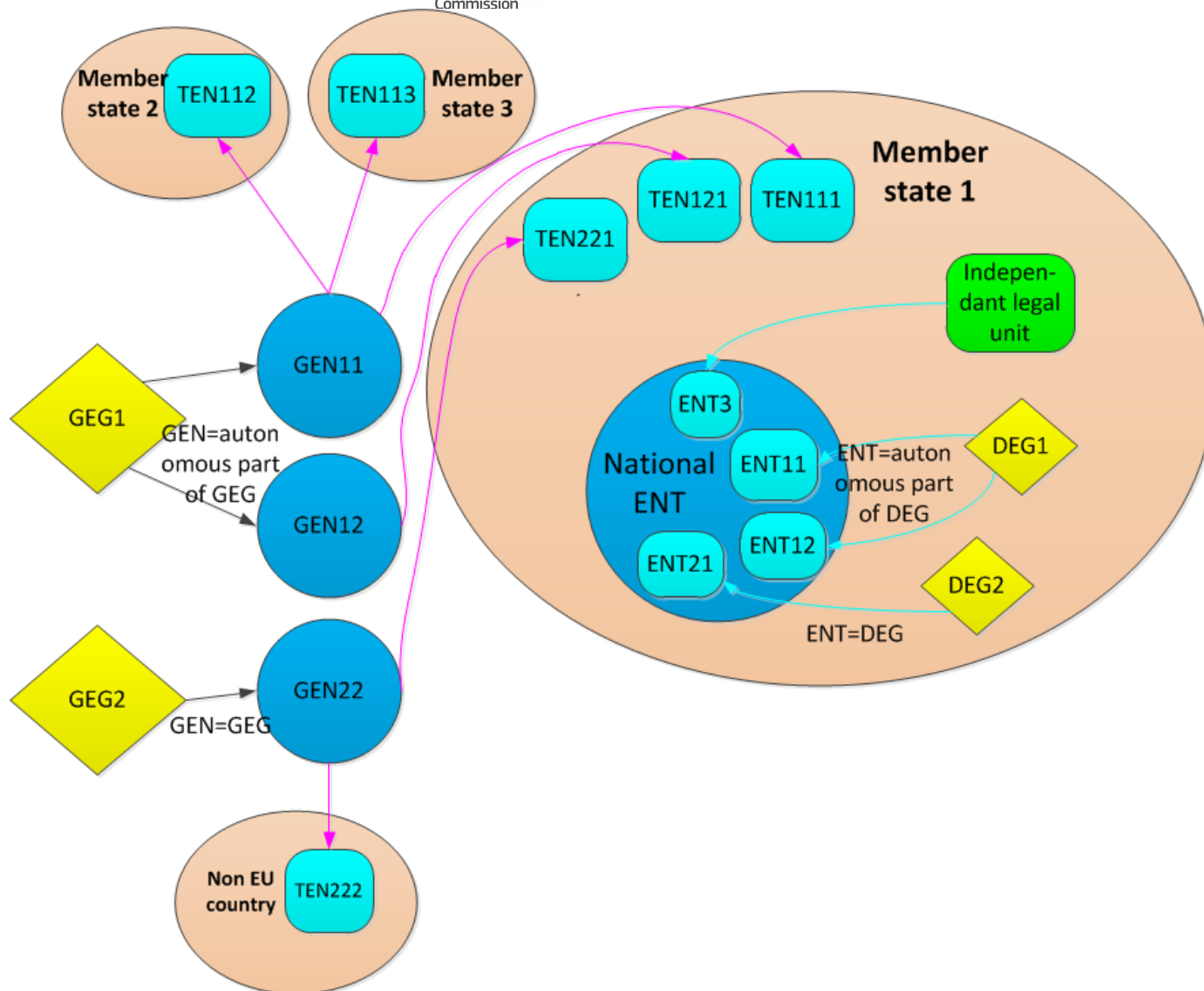


- ❖ Profiling= *"a method to analyse the legal, operational and accounting structure of an enterprise group at national and world level in order to establish the statistical units within that group, their links, and the most efficient structure for the collection of statistical data"*
- ❖ European profiling
  - **top-down approach for multinational enterprise groups regardless of borders:**
    - Global enterprise group
      - >Global enterprises
      - >Truncated enterprises (national part)
  - **performed by NSI of the global decision centre (if GDC is outside of EU: European Headquarter)**

# European profiling



European  
Commission





- ❖ Intensive: full involvement of the enterprise group (visits)
- ❖ Light: desk research
- ❖ Automatic: automatic procedures are run on data on legal units from national BR and EGR active within a certain country
  
- ❖ Which method to apply depends on:
  - **complexity of enterprise group**
    - size of group,
    - number of performed activities,
    - geographical scope

# Profiling implementation



# A collaborative process

## 1-With the Group

DEFINE GEN  
AND TEN

Group

## 3-Between profilers in different NSIs

Partnering NSI

Business Statistics compilers

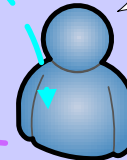
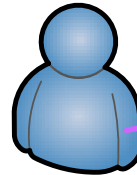
profiler

profiler

Business Statistics compilers

ASSESS TEN

H-O NSI



## 2-Within NSI: between profilers and Business statisticians

## EGR system version 1

- EGR Core (v1)
- EGR Offline browser

## >EGR system version 2

- EGR Identification Service – **EGR IS**
- **EGR Core** (v2)
- EGR Interactive Module – **EGR IM**
- EGR FATS user interface – **EGR FATS**

### ❖ Input data

- **NSI** deliver data on legal units > EGR IS
- **EGR IS** identifies all of them > unique ID: LEID

### ❖ Consolidation process

- **NSI** deliver data on legal units and relationships > EGR core
- **EGR core** creates the groups

## ❖ Output validation

- **EGR IM** shows the preliminary groups
  - **NSIs** update and validate the groups on line
- [EGR IM available from 2016]









## ❖ Dissemination

- **EGR FATS** disseminates EGR frame
- **NSI and NCBs** consult & retrieve the EGR frame

Frame release: T+16 months

# Final frame 2013



Global enterprise groups by number of LEUs	Final frame 2011	Final frame 2013	Change 2013/2011
1000 or more	57	23	 -59.6%
500 to 999	130	84	 -35.4%
250 to 499	321	218	 -32.1%
50 to 249	2320	1865	 -19.6%
20 to 49	3017	2687	 -10.9%
10 to 19	3119	3584	 14.9%
3 to 9	6693	17752	 165.2%
<b>3 or more total</b>	<b>15657</b>	<b>26213</b>	 <b>67.4%</b>
2	0	20622	
<b>Groups total</b>	<b>15657</b>	<b>46835</b>	

# Integration of profiling in EGR



- ❖ European profiling starts on the EGR frame
- ❖ 600 largest groups in scope, 170 by 2015
- ❖ Results of profiling have to be integrated into the EGR and into the NBRs
- ❖ The complete business process for integration is under design (ESSnet by 2016), then starts implementation
- ❖ Complex organisational process
- ❖ Ownership of data
- ❖ Roles & responsibilities

Thank you for your attention!