

The identification of Micro, Small to Medium-sized Enterprises (MSMEs) through the National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013)

Taking advantage of a vehicle of information to capture data of enterprises cost-efficiently

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Abstract

Traditionally, researches oriented to get information about enterprises are made based on business registers which are the foundation to design and implement a system of economic surveys. Nevertheless, in countries with a low culture of the enterprises to provide information, in addition to the existence of a significant impact of informal economic activities, these researches only provide information for a part of the economic universe.

In the Dominican Republic 56% of the employment is informal¹ and the dimension of the informality is estimated in 90% of the economic enterprises of the country, according to the estimation based on the module of identification of MSMEs of the ENHOGAR 2013, the Dominican Business Registry (DEE 2013)² and the National Labor Survey (ENFT 2013)³.

¹ National Labour Survey. "Encuesta Nacional de Fuerza de Trabajo" (ENFT). Central Bank of the Dominican Republic. October of 2014.

² The Business Registry of the Dominican Republic, "Directorio de Empresas y Establecimientos" (DEE) is constructed with the information of administrative registers provided for de tax office and the social security. It is actualized annually.

³ The Labour Survey, "Encuesta Nacional de Fuerza de Trabajo" (ENFT) is worked semiannually during april and october of 2014.

The incorporation of a module of identification of the MSME at the household survey ENHOGAR 2013, was motivated for the need of having an estimation of the economic activity of these productive units, which have the characteristic of being eminently informal, in a cost-effective way. Also in this way the only requirement would be assigning resources to the incorporation of the module in the survey that is performed every year and has its own budget.

The methodology used made possible the identification of small production businesses, formal as well as informal. All the business or economic activity made by any member of the household was registered as an enterprise. In terms of coverage of the economic activities, the survey allowed capturing all of the activities and regarding the location of the business, the registration captured all the enterprises at fixed and movable locals⁴.

The base frame used for the household survey was the IX Population Census of 2010. The universe of research consisted in all the non-collective dwellings. The interview was made to all of the household members over 10 years old, whom were asked about their labor condition and if they had any kind of enterprise or business or any agricultural activity.

The enterprises that were captured by the household survey were basically micro and small. In fact, 98.4% were micro enterprises and 1.6% small sized enterprises. In other words, the production units represented at the household survey had less than 10 employees and in lesser extent from 11 to 50 employees⁵. This distribution is a reflection of the pyramidal structure of the enterprises in the Dominican Republic. It demonstrates that this methodology based on household surveys is very effective identifying subsistence businesses.

Through the household survey ENHOGAR 2013 there were identified 1,377,251 productive units of which 751,055 were MSE of fixed local, 394,583 MSE of movable local, 224,173 MSE dedicated to agriculture and 8,039 MSE dedicated to mining and fishing.

This results were expected and are according with the results of the other data sources available in the country, especially if it's taken into consideration that a research

⁴ The MSME at fixed locals are the non-agricultural enterprises of any kind that operates on a fixed location, including the dwelling of the owner of the business, on a separated local, independently of its location at a residential or commercial zone or a fixed place in a market.

The MSME at movable locals are non-agricultural enterprises of any kind that operates in a movable place or don't have a fixed local where can make the economic activity, such as: a peddler, a catalog seller, activities of transportation, activities of repairing and other services provided at the place requested by the client.

The agricultural, mining and fishing activities were considered separately from this classification.

⁵ At the effective sample there were found 6 enterprises with more than 30 employees and 13 enterprises between 21 and 30 employees. Meanwhile, there were only found 4 medium enterprises.

conducted at households includes all the informal activities or non registered that the Dominican household members make.

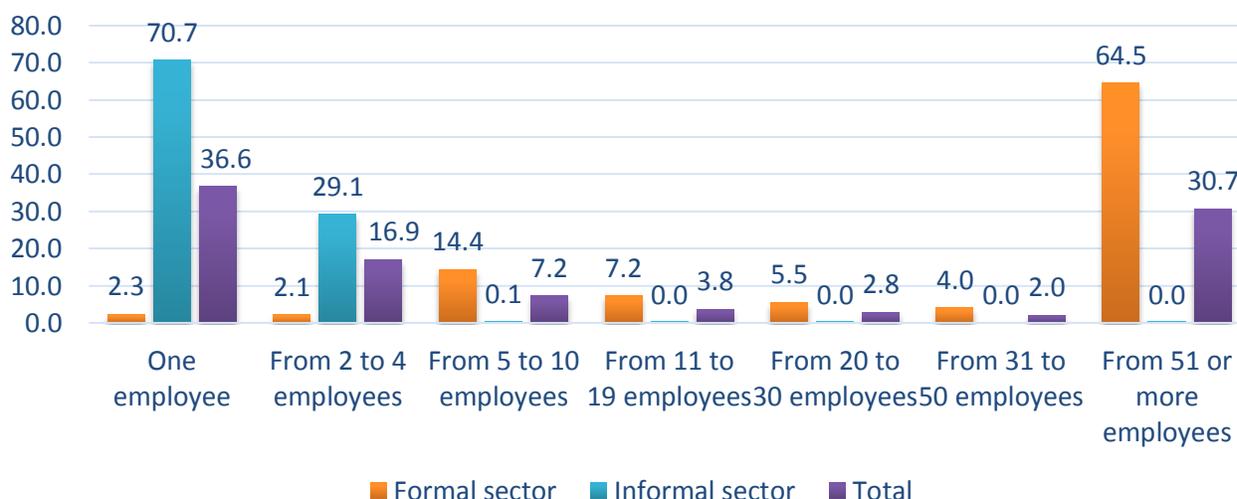
Key words

Household survey, MSME, Micro enterprise

Context analysis

The Micro, Small to Medium-sized enterprises (MSMEs) are recognized in the Dominican Republic as the main contributor to the employment in the country. Through the National Labour Survey (Encuesta Nacional de Fuerza de Trabajo, ENFT) we have had an approximation to this measurement through the question of the amount of people that works at the enterprise the interviewed person works. According to the results of the Labor Survey of 2013, approximately 61% of the working population was employed at enterprises of 10 employees and less. Separating this according to the sector of activity: formal or informal, we have that 80% of the working population worked at the informal sector of the economy. In graph 1 can be seen a better picture of the distribution of the working population according to the sector of the economy they work in, in which is evident that the smallest enterprises are the biggest employers but they are eminently informal.

Graph 1
Dominican Republic: Percentage distribution of the employed population by the size of the enterprise, ENFT 2013



Data source: National Labor Survey (Encuesta Nacional de Fuerza de Trabajo, ENFT 2013).

Even if the relevance of the MSMEs have been recognized, there weren't public policies oriented to this sector. It was from 2012 that there was an important advance with the creation of the Vice Ministry of Promoting SMEs, even if in previous years there were some steps towards strengthening the MSMEs.

In this context and with the objective to design public policy, the Government, through the Vice Ministry, required basic information about the characteristic of the MSMEs. As a response to this need from the National Statistics Office (NSO) provided the information available from the Dominican Business Registry (Directorio de Empresas y Establecimientos, DEE) and the National Economic Activity Survey (Encuesta Nacional de Actividad Económica, ENAE). But this sources of information represented only the formal sector which registered less than 20% form the enterprises according to the estimations through the National Labor Survey.

With no official record of MSMEs due to its condition of informality, with estimations trough the labor force and the size of the enterprises declared by the interviewed population and facing the reality of the need to provide official information to conduct the new demand with a limited budget, the NSO decided to implement the first module of identification of MSMEs through the National Household Survey (ENHOGAR), basically due to the following reasons:

- The National Household Survey has been made every year since 2005, with a fixed assigned budget and with three to four modules besides the general questionnaire.
- Most MSMEs are informal, so they can't be captured through any official business registry.
- The owners of the business can be identified between the household members.
- The movable and shared with the house business can be identified only through households.

Basic characteristics of the productive units

The results of the ENHOGAR 2013 survey indicate that in Dominican Republic there are a big amount of small scale productive units, including micro and small enterprises, fixed as well as itinerant, agricultural producers and households dedicated to fishing and mining. Most of this units have a sole worker which is the owner.

The commercial activities are the most frequent among the fixed MSMEs. The second activity in relevance is the hair salons and beauty shops, followed by the sales of clothing

and shoes, the sales in markets and also the restaurants and bars. On the other hand, among the movable MSMEs the most frequent activities are: transportation (public cars and taxis), sales in markets and other minor sales, as well as the construction activities. Among the MSMEs dedicated to agricultural production the main activities are the production of cereals, fruits and vegetables. The fixed and movable MSMEs are younger than the ones dedicated to agricultural production and fishing and mining.

In general, the level of sales of the small productive units is low. The 26% of this units have sales up to \$3,500 DOP, equivalent to half the minimum legal salary for small business. The MSMEs with a fixed local have the biggest average level of sales of all the productive units.

Formality is one of the main challenges of the small business. The vulnerability, of the workers and the owners, is evident when the coverage of the labor benefits is evaluated. This condition is related to the low sales level in which the small enterprises operates.

The results of the survey show that the use of Information and Communication Technologies (ICT) is low among the MSMEs. The MSMEs at fixed locals are the ones that give more use to the ICTs, with the exception of the cellphones that are more used by the MSMEs at itinerant locals.

The 28% of the owners had ask for credit in the last 12 months at the moment of the survey. The most frequent use of the credit was as working capital, in particular the payment of suppliers. The entity that provides the credit varies according to the type of productive unit, even though three institutions can be identified as the most relevant ones among all of the MSMEs: private banks, personal moneylenders and public banks.

The data reveals that women have a low participation in the paid employment in the movable, agricultural and fishing and mining MSMEs. The enterprises under the ownership of women are, besides smaller, of lower income. Even though the access to credit is almost equal by gender, there's a big gap in the agricultural sector. This points out the need to have public programs that promotes credit for the women owners of agricultural MSMEs.

Another of the findings of the survey was that the characteristics of the owners are related with the level of sales of the enterprise, such as the age, the position at the household, the level of education and the schooling.

Conceptual background and relevant methodological aspects

The implemented methodology allows to identify small productive units, formal and informal. Every business or economic activity declared by any member of the household is registered as an enterprise, no matter if it is the principal activity that generates income of the person or the household, or if it is a complementary activity.

For the analysis of the results of the survey, the productive activities were divided in the four groups presented at table 1. The primary activities (agriculture, forestry, hunting and fishing) were subdivided in two groups: a group formed by the agriculture, forestry and hunting, and a second group that includes fishing and mining. The non-primary activities were subdivided according to the location of the enterprise, if it was fixed or movable.

Table 1
Dominican Republic: Definition of the types of production units

| Type of productive unit | Description |
|-------------------------|--|
| MSMEs at fixed local | Non-agricultural enterprises of any kind that operates on a fixed location, including the dwelling of the owner of the business, on a separated local, independently of its location at a residential or commercial zone or a fixed place in a market. |
| MSMEs at movable local | Movable locals are non-agricultural enterprises of any kind that operates in a movable place or don't have a fixed local where can make the economic activity, such as: a peddler, a catalog seller, activities of transportation, activities of repairing and other services provided at the place requested by the client. |
| Agricultural | Activities related with growing plants, breeding animals and related services. |
| Mining and fishing | Activities of extraction in mining and quarrying and oil activities; cultivation and catching fish and related services. |

Note: Report of the module of identification of MSMEs, National Household Survey of Multiple Purposes 2013.

Basic characteristics of the National Household Survey of Multiple Purposes (ENHOGAR 2013)

The basic framework used for the survey was the IX Population and Housing Census of 2010. The universe is made up of non-collective dwelling (with less than 5 households)

throughout the country. Data collection was conducted between July and September 2013. 88% of the survey was conducted between July and August and 12% in September.

The information about the enterprises was obtained from members of selected households in the sampling process. The selection of households was conducted randomly and in stages. In the first stage the geographical units (PSUs) were selected randomly, that correspond to census tracts used in population censuses. In the second stage were selected, also randomly, 18 households in each census segment. Finally, all household members older than 10 years⁶ were interviewed, who were asked about their employment status, whether they have any kind of company or business or if they make a productive agricultural activity. To all those who responded affirmatively they were administered the questionnaire MSMEs.

It is important to note that although the size of the company is not filtered, in practice the units identified are activities of micro and small enterprises. Indeed, as discussed below, production units with more than 20 workers represent only 0.1%⁷. This distribution reflects the pyramidal feature of business structure of the Dominican Republic and it can be noted that this methodology anchored in the household survey is very effective in identifying single-person businesses to survive, complementary to household income, but leaves little to the median representativeness business.

This observation is supported by the results of the survey. Using the definition that is being adopted by the Ministry of Industry and Trade, based on the number of employees and sales presented in the table 2, it is noted that the companies identified in the survey mainly correspond to micro and small enterprises and only includes a small number of medium-sized enterprises⁸.

Table 2

Dominican Republic: Proposed definition used to categorize the MSMEs

| Size of the enterprise | Number of employees | Gross annual sales |
|------------------------|---------------------|------------------------|
| Micro enterprises | Until 10 | Until RD\$6 millions |
| Small enterprises | From 11 to 50 | Until RD\$50 millions |
| Medium enterprises | From 51 to 150 | Until RD\$150 millions |

Note: Own development from data found in the law 488-08 and NSO reports.

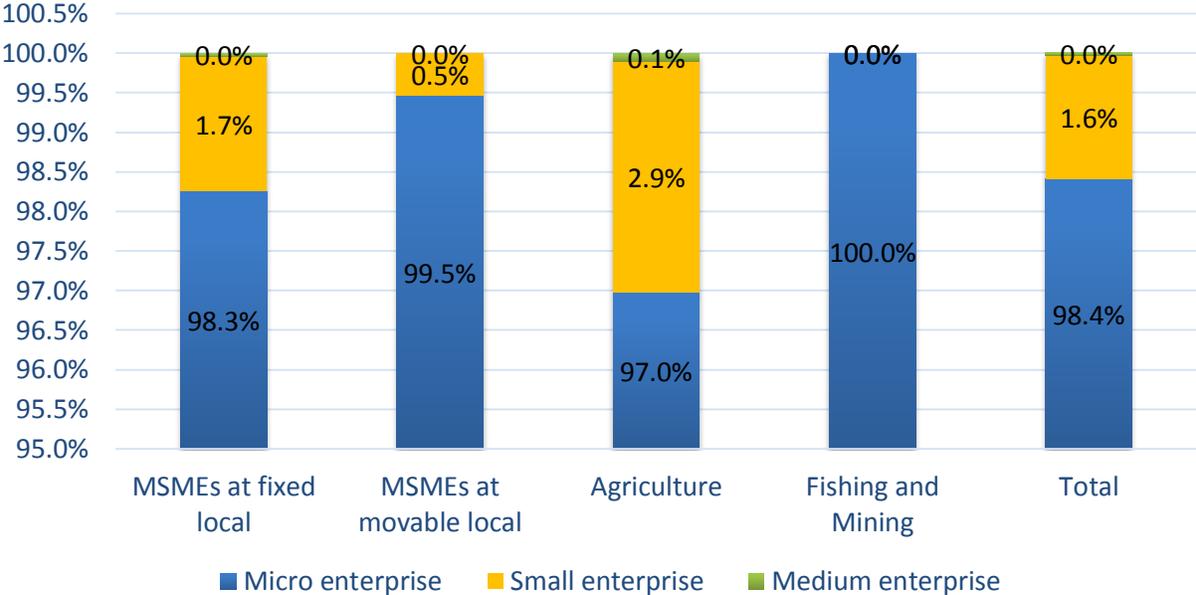
⁶ For some questions from the modules of Information Technology and Disability an additional step is performed to randomly select the household member to answer questions.

⁷ It should be noted that in the sample 6 production units were found with more than 30 workers and 13 with amounts between 21 and 30 workers.

⁸ In the sample only 4 medium enterprises were found.

This finding was expected and is quite consistent with results from other sources of comparable data available in the country, especially if it's taken into consideration that being raised in homes, all informal activities or unregistered made by Dominican households are included which, by its structural condition, they concentrate on a very small scale businesses in both employment and turnover.

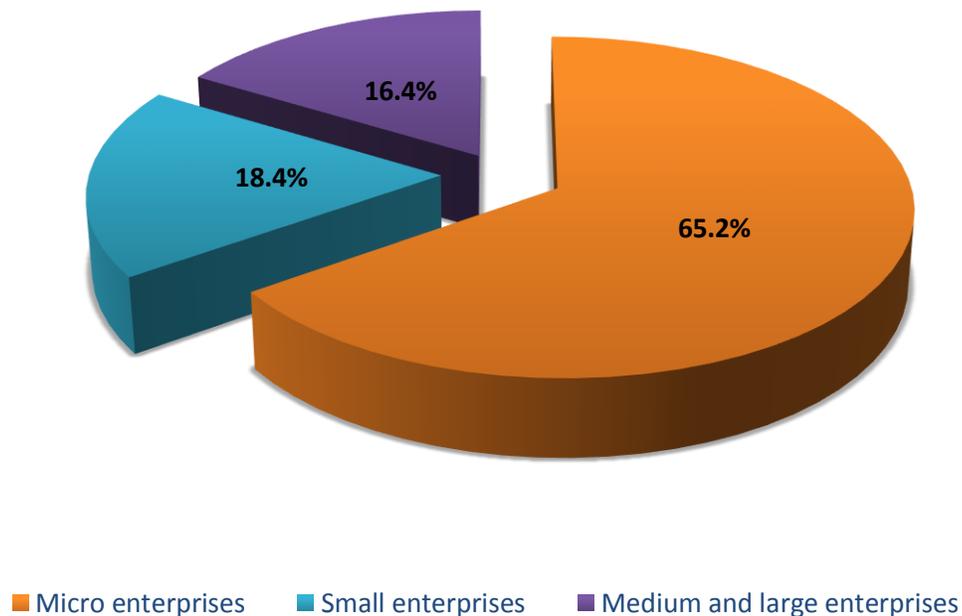
Graph 2
Dominican Republic: Type of production unit by size of the enterprise, ENHOGAR 2013



Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

In fact, the national economy is pretty micro, even in its sector formally registered. As shown in graph 3, by 2013, according to the Directory of Companies and Establishments, 65.3% of formal enterprises in the country were concentrated in ranges of employment considered as microenterprise, 18.4% as small business, while only 16.4% were in sections of medium or large business. This explains why in the surveys where only one sample is taken and is made in households, the probability of finding a medium or large company is very low or almost nonexistent. However, the results show quite robust and significant when it comes to studying the phenomenon of microenterprises, the self-employed and the informal sector of the Dominican economy.

Graph 3
Dominican Republic: Percentage distribution of the enterprises registered at the DEE, by size of the enterprise, 2013

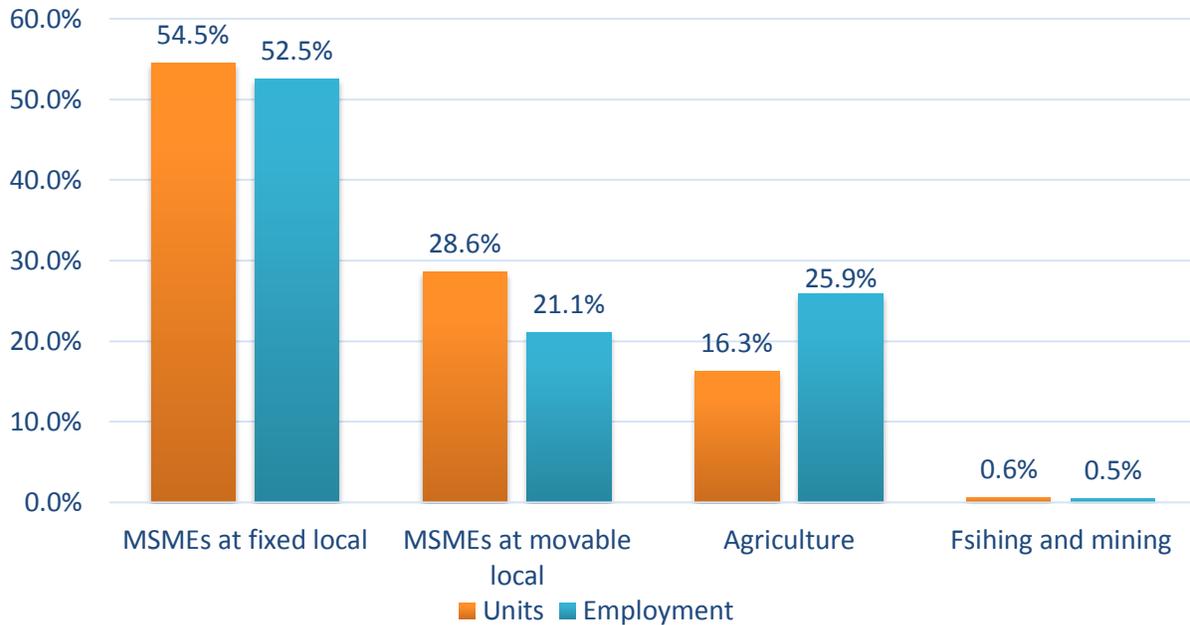


Data source: Directory of Companies and Establishments (Directorio de Empresas y Establecimientos, DEE 2013).

The dimension and characteristics of the MSMEs

Based on the data of the research it is estimated at 1,377,851 small-scale production units, including 751,055 fixed location MSMEs employing about 1,327,059 people; 394,583 mobile location MSMEs employing 533,588 people; 224,173 agricultural production units where 655,147 people work and 8,039 production units engaged in fishing and mining for commercial purposes with 11,467 workers reporting (see graph 4).

Graph 4
Dominican Republic: Percentage distribution of the production units and the employment by type of unit, ENHOGAR 2013



Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

As seen in table 3, the majority of production units are single. Although in absolute terms there are more fixed sole proprietorships, the proportion of sole proprietorships is higher among movable MSMEs. It is estimated that there are about 518,219 single worker fixed MSMEs, which account for 69% of companies with fixed location. While the 331,429 movable production units represent 84% of the total movable MSMEs.

In agriculture, units are less concentrated in the one-man production units, while in mining and fishing enterprises were identified only up to five workers.

Table 3

Dominican Republic: Type of production units by workers range, ENHOGAR 2013

| Workers range | Type of production unit | | | | | | | | | |
|---------------|-------------------------|--------------|------------------------|--------------|----------------|--------------|--------------------|--------------|------------------|--------------|
| | MSMEs at fixed local | % | MSMEs at movable local | % | Agriculture | % | Mining and fishing | % | Total | % |
| Total | 751,055 | 100.0 | 394,583 | 100.0 | 224,173 | 100.0 | 8,039 | 100.0 | 1,377,851 | 100.0 |
| 1 | 518,219 | 69.0 | 331,429 | 84.0 | 103,554 | 46.2 | 5,682 | 70.7 | 958,908 | 69.6 |
| 2 to 5 | 206,721 | 27.5 | 56,946 | 14.4 | 94,812 | 42.3 | 2,357 | 29.3 | 360,809 | 26.2 |
| 6 to 10 | 17,464 | 2.3 | 4,732 | 1.2 | 19,300 | 8.6 | 0 | 0.0 | 41,499 | 3.0 |
| 11 to 20 | 7,884 | 1.0 | 1,476 | 0.4 | 5,754 | 2.6 | 0 | 0.0 | 15,113 | 1.1 |
| More than 20 | 768 | 0.1 | 0 | 0.0 | 753 | 0.3 | 0 | 0.0 | 1,521 | 0.1 |

Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

This structure is reflected in job creation. As shown in table 4, the vast majority of employment is generated in the production units of up to five workers, representing 80.3% of employment in MSMEs at fixed locals, 89.8% of employment in movable MSMEs and 61.1% of the agricultural.

Table 4

Dominican Republic: Number of employees by type of production unit, as workers range, ENHOGAR 2013

| Workers range | Type of production unit | | | | | | | | | |
|---------------|-------------------------|--------------|------------------------|--------------|----------------|--------------|--------------------|--------------|------------------|--------------|
| | MSMEs at fixed local | % | MSMEs at movable local | % | Agriculture | % | Mining and fishing | % | Total | % |
| Total | 1,327,059 | 100.0 | 533,588 | 100.0 | 655,147 | 100.0 | 11,467 | 100.0 | 2,527,261 | 100.0 |
| 1 | 518,219 | 39.1 | 331,429 | 62.1 | 103,554 | 15.8 | 5,682 | 49.6 | 958,884 | 37.9 |
| 2 a 5 | 546,576 | 41.2 | 147,623 | 27.7 | 296,573 | 45.3 | 5,785 | 50.4 | 996,557 | 39.4 |
| 6 a 10 | 131,441 | 9.9 | 34,617 | 6.5 | 139,567 | 21.3 | 0 | 0.0 | 305,625 | 12.1 |
| 11 a 20 | 107,804 | 8.1 | 19,919 | 3.7 | 85,418 | 13.0 | 0 | 0.0 | 213,141 | 8.4 |
| Mayor a 20 | 23,019 | 1.7 | 0 | 0.0 | 30,035 | 4.6 | 0 | 0.0 | 53,054 | 2.1 |

Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

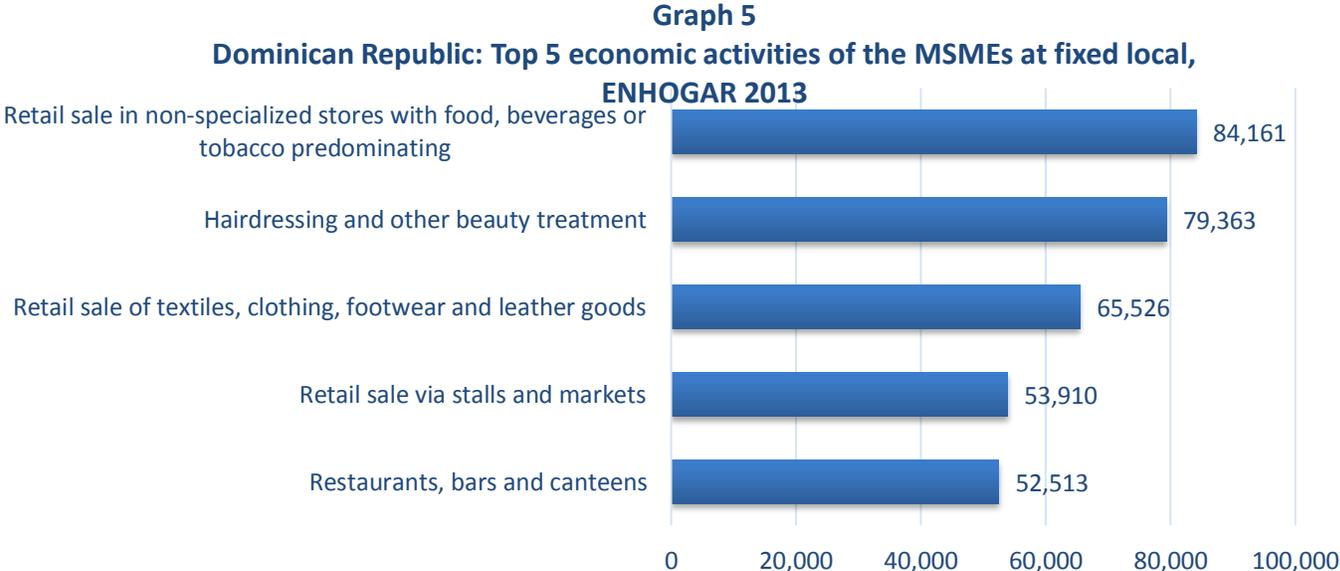
As the average number of workers per production unit, overall, the Dominican microenterprises have fewer than 2 workers per enterprise (1.83). By type of production units, units engaged in agricultural activities are those that have a larger structure, with 2.92 workers per unit, while those engaged in mining and fishing exhibit smaller structures, with 1.44 workers per unit, approximately.

One feature that is generally attributed to micro economic units is that most of the employment generated have vulnerable conditions and is even without compensation, adding that people who work in them are considered as aids for family or friends. In this sense, the results of the survey show that to the extent that the unit is larger, the lower the share of unpaid family workers. It is also noted that in general, the weight of this type of employment in microenterprises is not as significant as perceived in society.

Only 5.7% of the employment generated was unpaid family worker, being agricultural activities, with 7.4% of its employment, the one that most uses this resource, while in movable and engaged in mining and fishing units, it only represents 2.2% of employment. That is, more than 94 of every 100 employed in micro units perceive any remuneration for their work.

As for the economic activities, in the Dominican Republic there is a concentration of business in a few activities. Indeed, the five most common activities of the local MSMEs represent 44.7% of business. The classification used to categorize the activities was the International Standard Industrial Classification of All Economic Activities, ISIC Rev.3.

Graph 5 shows the most common economic activities of MSMEs that have fixed location. It is estimated that there are about 84,000 businesses dedicated to wholesale unskilled lower (Grocers) which represents 11.2% of the fixed business establishments in the Dominican Republic. Hairdressers and beauty salons approaching 80,000 units (10.6%), followed by sales of clothing and footwear business with 65,500 (8.7%). 54,000 enterprises engaged in sales market stalls (7.2%) and 52,500 are restaurants, bars and canteens (7.0% of MSMEs).



Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

It is noteworthy that those five activities belong to the sectors of trade and services, contrary to other economic activities such as manufacturing, construction, professional and technical activities, which in order of frequency are popping up from tenth place. Thus, this composition illustrates the boom that have had the commercial and service sectors in the national economy microenterprise. These sectors have the feature to create less drag (multiplier effect) or productive linkages with other sectors, given the peculiarity of the Dominican economy. While the construction sector generates movements at the level of investment, labor intensive, and the industrial sector for its part also impact on investment in machinery and equipment, and generates exchanges with suppliers and dealers, the commercial and services sectors, although perhaps involving the aforementioned elements, stimulate it less than the others.

One of the main strengths and innovations of this exercise is the ability to size into perspective the weight and characteristics of movable business in the national economy. This possibility is particularly important in the case of economic units of non-scheduled passenger transport, mainly represented by public transport cars, motoconchos⁹ and taxis. The results of the survey allow the user to characterize demographic, social and economically to those engaged in such important activities for daily living in this country.

Graph 6
Dominican Republic: Top five economic activities of MSMEs at movable locals, ENHOGAR 2013



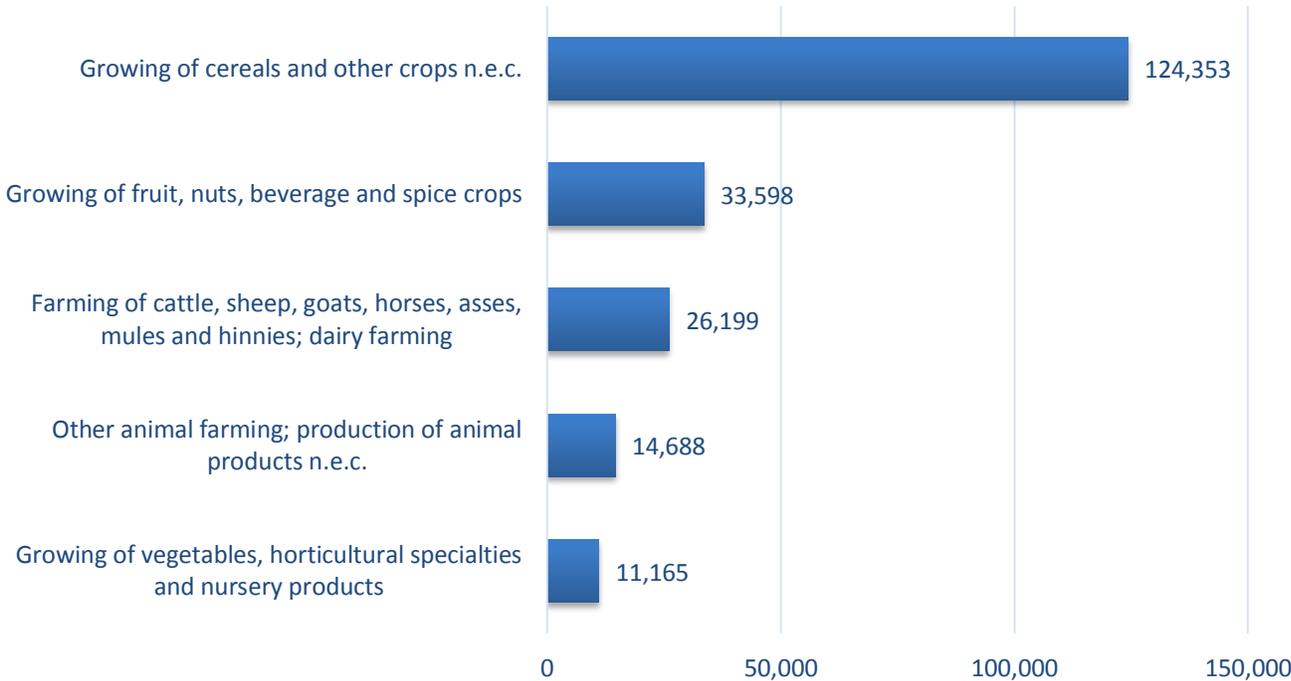
Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

⁹ Motoconcho is the local denomination of public transportation service offered in motorcycles.

At movable business concentration in few activities is even more marked than in other types of units. As shown in graph 6, there are about 146,500 passenger business, which represents 37.1% of all movable business, followed distantly by sales in markets with 38,300 businesses and other retail with 30,900. Together, these three activities account for 54.6% of movable MSMEs.

As for the agricultural MSMEs, graph 7 shows that 55.5% of agricultural businesses (124,400 units) are mainly engaged in the cultivation of cereals. Here comes the high participation in the planting of rice; while 15% corresponds to fruits, vegetables and legumes (33,600 units), where the production of bananas, cassava and other items that are characteristic of the Dominican feed enters and hence agricultural production. These two activities account for 70.5% of agricultural MSMEs.

Graph 7
Dominican Republic: Top five economic activities of agricultural MSMEs, ENHOGAR 2013



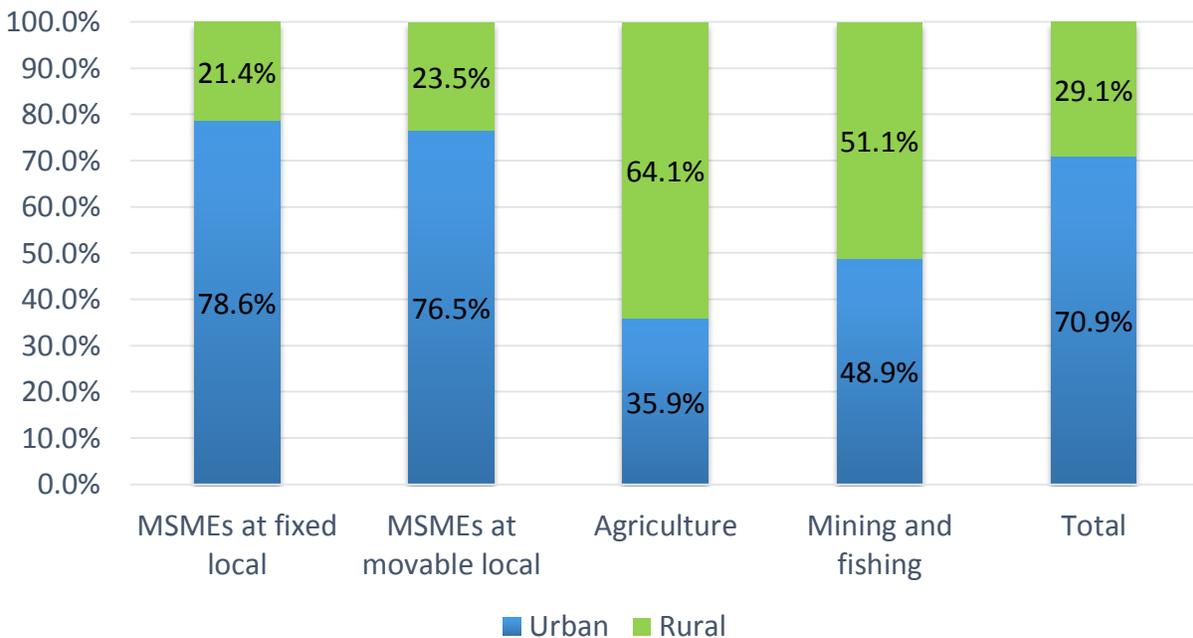
Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

The geographic location of the MSMEs

Just over three quarters of MSMEs with fixed and movable local are located in urban areas, while 64.1% of agricultural activities and 51.1% of the mining and fishing are located in rural areas. This distribution confirms the hypothesis that economic agents act in response to the behavior of companies, ie, economic developments are generated depending on the location of populations. According to the Census of Population and Housing, 2010, in the Dominican Republic about 76% of the population resides in urban areas, while the remaining 24% are in rural areas.

Also the differences in agricultural and fishery units are consistent with the conditions of the particular reality that these activities must be made necessarily in rural areas with soil conditions to produce.

Graph 8
Dominican Republic: Percentage distribution of MSMEs by area of reidency, ENHOGAR 2013



Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

A similar situation occurs when observing the location of the units according to planning regions. The metropolitan region, followed by North Cibao and Valdesia are the regions where MSMEs concentrate with or without local. These regions are home to the major population centers and, therefore, economic engines of the country, in provinces such as the National District, Santo Domingo, Santiago, Puerto Plata and San Cristobal.

Instead, farming is distributed more evenly in the Valdesia, El Valle, Cibao Norte, Cibao Nordeste, Enriquillo and Higuamo regions, where the main historical vocation rural areas with primary production are located way, be it agriculture or livestock.

The results have coherence with the resulting two other fairly robust sources of information: The IX National Population and Housing Census of 2010 and the Directory of Companies and Establishments of 2013. The similarity between MSMEs and population data is almost total. In analyzing the DEE distribution positions remain between regions, although individual shares change slightly. This responds to that the micro, from the relative simplicity of their production processes are developed taking into account only the location of potential customers; while medium-sized and large enterprises (quite well represented in the DEE) are located taking into account the cost of land or supply routes and distribution, among others.

Table 5

Dominican Republic: Amount of enterprises and population by source and region

| Region | Data source | | | | | |
|--------------------------|------------------------|--------------|---------------|--------------|------------------------------|--------------|
| | ENHOGAR 2013, MSMEs | % | DEE 2013 | % | IX Population Census 2010 | % |
| Total | 1,377,851 | 100.0 | 55,301 | 100.0 | 9,445,281 | 100.0 |
| Cibao Norte | 239,681 | 17.4 | 9,367 | 16.9 | 1,516,957 | 16.1 |
| Cibao Sur | 106,066 | 7.7 | 2,888 | 5.2 | 710,821 | 7.5 |
| Cibao Nordeste | 97,702 | 7.1 | 1,348 | 2.4 | 624,186 | 6.6 |
| Cibao Noroeste | 52,141 | 3.8 | 894 | 1.6 | 394,068 | 4.2 |
| Valdesia | 148,119 | 10.8 | 8,923 | 16.1 | 1,028,129 | 10.9 |
| Enriquillo | 64,950 | 4.7 | 974 | 1.8 | 368,594 | 3.9 |
| El Valle | 61,553 | 4.5 | 1,050 | 1.9 | 295,362 | 3.1 |
| Yuma | 72,666 | 5.3 | 1,955 | 3.5 | 606,323 | 6.4 |
| Higuamo | 82,698 | 6.0 | 3,139 | 5.7 | 561,431 | 5.9 |
| Ozama o Metropolitana | 452,275 | 32.8 | 24,748 | 44.8 | 3,339,410 | 35.4 |

Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs. Directory of Companies and Establishments (Directorio de Empresas y Establecimientos, DEE 2013). IX Population and Housing Census 2010.

Other characterization possibilities among the identification of MSMEs module

Even though the module included basic questions, there are a lot of relevant information about the characteristics of the MSMEs that come out of it. Some of the analysis that can be made are: the time of life of the microenterprises, which is very relevant to identify among which type of MSMEs exits the highest mortality. Another relevant line of analysis with the level of sales of the enterprises and the type of clients they have, which have to do with the level of development of the microenterprise.

Furthermore the questions included allow to identify the informality of the enterprises, through the questions of having organized accounting and keep books and having the National Tax Payer Registration (Registro Nacional del Contribuyente, RNC).

Some questions were incorporated about employee benefits, even though the data shows that in general very few benefits are given to the workers, there can be found very important differences among the types of MSMEs that can lead a public policy oriented to protect the workers, by promoting the development of microenterprises. Another relevant aspect is the gender difference among the owners of the MSMEs.

Also, given its relevant in the present context for the development of an enterprise, questions about possession and use of ICTs and financing were included. At table 6 can be found the variables investigated at the survey.

| Table 6 |
|--|
| Dominican Republic: Variables included at the module of identification of MSMEs |
| Location of the enterprise |
| Number of other establishments |
| Date in which the enterprise started to function |
| Amount of people working at the enterprise including the owner (by gender and separating the owner, the paid worker and unpaid worker) |
| Employee benefits |
| Economic activity |
| Main customers of the enterprise |
| Estimated value of the monthly sales |
| Possession of ICT devices and amount |
| Use of internet |

| |
|---|
| Access to loans |
| Entity or agency in which the loan was placed |
| Destiny of the loan |
| Reasons of not asking for a loan |
| Identification of the enterprises which have organized accounting books |
| Identification of the enterprises which have RNC |

Knowing the demographic characteristics of the proprietaries

The added value of including the investigation of MSMEs through a household survey consist in the possibility to cross the information of the general questionnaire of the survey with the MSMEs, specially the sociodemographic characteristics of the households in which the owners of the microenterprises live.

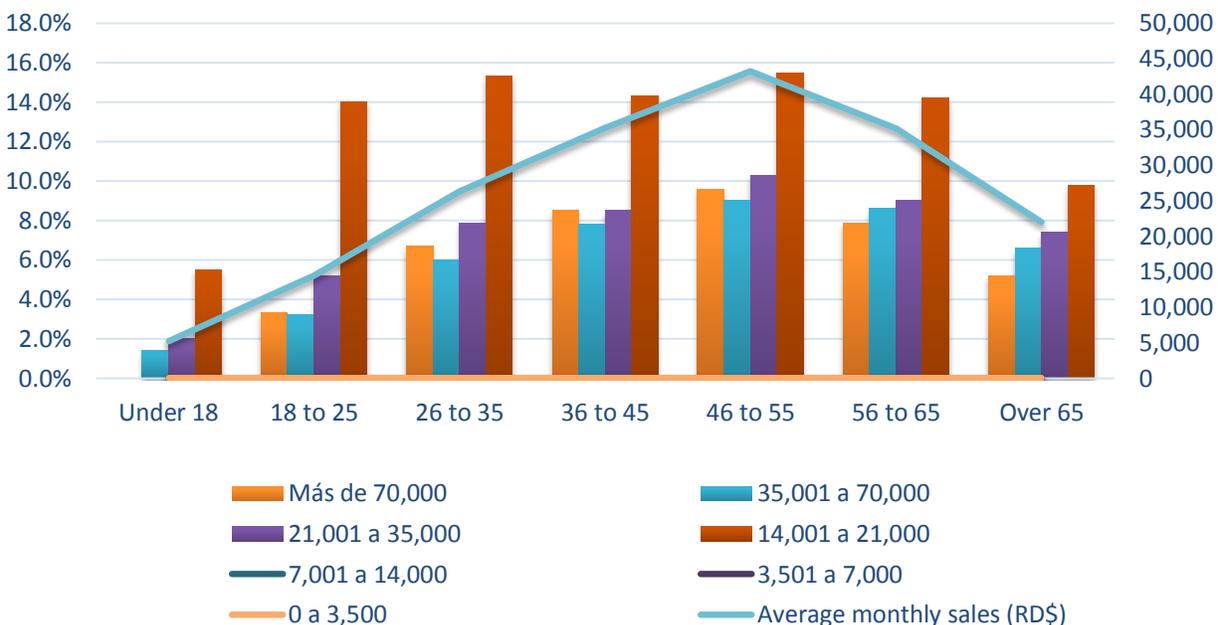
Among the main discoveries at the data results, the heads of household and their companions (I) are the owners of about 85% of production units, the latter being a high percentage of MSMEs with fixed location.

The average age of the owner of small production units is 44 years. The average age of entrepreneurs of MSMEs at movable locals is less mobile than the other production units and that of agricultural activities dedicated to entrepreneurs is higher. Income generation of enterprises increases with the age of the entrepreneur up to the range of 45 and 55 and then decreases for higher age ranges. A possible explanation for this result might come that when the person reach this range age, it is assumed that the owner has achieved greater knowledge and management experience, which make it more efficient in their business and the commercial networks they have are wider than their younger pairs.

When the level of education of the owner is put in the picture, it results that entrepreneurs of MSMEs with fixed location are more educated than other owners of other types of production units, while business primary activities (agriculture, mining and fishing) have lower levels of education.

Additionally, there is a direct relationship between level of education and income level, which is evidenced by the higher average income levels at the completion of secondary education and lower levels against the primary levels of formal education.

Graph 9
Dominican Republic: Microenterprises by range of age of the owner and level of sales, ENHOGAR 2013



Data source: National Household Survey of Multiple Purposes (Encuesta Nacional de Hogares de Propósitos Múltiples, ENHOGAR 2013), module of identification of MSMEs.

Final considerations

Throughout the implementation of the survey the National Office of Statistics (NSO) could respond to the imperative need of information with the purpose of supporting the programs to be implemented and strengthened to promote MSMEs. The inclusion of the investigation on the household survey could characterize appropriately the condition of the MSMEs and the owners of the microenterprises.

The survey was good identifying microenterprises, not small or medium-sized enterprises. It was also the best way to identify the MSMEs at movable locals, which due to its condition of mobility are not usually included at the Economic Surveys for the difficulty that represents to capture them. As for the agricultural MSMEs, there were identified the ones that have a commercial purpose, besides the ones dedicated to self-consumption, the latter was excluded from the analysis.

There are some learned lessons about this exercise and they are the following:

- It's a challenge to include a business investigation through a household survey. This has to be taken into consideration at the time to implement the module. It requires a very strong training and feedback since the pollsters are specialized in the recollection of demographic information.
- The informant for the MSME questionnaire has to be the owner of the business or the manager. It requires to take it into consideration at the moment of implementing the operative logistic.
- The fact that is a module inside a household survey, which already have an extended questionnaire among other modules makes it necessary to keep the number of questions as short as possible.

The module of identification in the national household survey of multiple purposes proved to be an innovation worthy since the results were consistent with the observed reality of the microenterprises in the Dominican Republic and with the approximation that we had among other sources of information.

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