CompNet’s 6th Vintage: investigating cross country comparability

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Justification and aim of the working group

Issues posing no risk for comparability

- General good coverage and representativeness across industries and size classes
- All countries cover the time period early 2010 to 2014/2015
- All countries cover the entire non-financial sector
- Most countries cover all size classes
  - All countries cover 20+ employees
- Most countries do not make use of imputed data
- All countries link firms across sources and time
- Some other method issues: treatment of goods for resale is consistent in all countries; labour subsidies are excluded in labour cost

Strong fundamentals

- On average, countries use 2.5 data sources as input for CompNet
  - To combine information on various topics (trade)
  - To improve data quality (comparing national datasets)
- 7 countries utilize data sources based directly upon EU regulation
- In 13 out of 16 countries, (in the report) NACEs are included in at least one data source
- Sources can cover the entire firm population (census) or they can cover a part of it
  - 26 out of 12 source their three census information
  - 1 out of 12 source their three census information
  - All data provider sources are limited to the population

Issues for discussion with data providers (4)

- Enterprise (unit of economic activity [Eurostat]) versus legal units
- 8 countries have enterprise level or higher
- 7 countries use the legal unit
- This affects:
  - Observation of economic activity
  - Compliance with weighting procedure
- Recommendations:
  - Need the countries for which this is relevant to assess the impact

Issues for discussion with data providers (3)

- Employment can and indeed is, reported in different ways
  - This affects:
    - Indicators using employment variable for example the productivity indicators
    - Size class classification, and thereforeComparability in Long-run growth and correlations
- Recommendations:
  - Introduce a corrective routine

Issues for discussion with data providers (2)

- Countries track firms across sources and across times, but some indicated facing difficulties in following firms through changes in the business structure
  - Business dynamics and indicators, such as output and employment growth, are impacted by firms entering and exiting
  - There are large differences between countries in terms of how firms enter and exit
- Recommendations:
  - Need to be clarifi ed that there is no one-size-fits-all to address these issues; perhaps there is a supplementary source to look at firms entering and exiting

Issues for discussion with data providers (1)

- Valuation of output and intermediate inputs
  - The inclusion of taxes and subsidies in the input data differs across countries
  - This affects:
    - Values of input variables and thus values of related output variables. Impact depends on comparability over time of taxes and subsidies
    - Affects levels, 3rd and growth correlations
  - Recommendations:
    - Quantification of the impact (case studies for countries)
    - Investigate whether subsidies/taxes can be excluded/ included