The Potential of Statistical Business Registries to Inform Policy

Natalie Chun
Asian Development Bank
Key Remarks

• SBRs can be basis for evidence-based policies that foster firm competition, develop more stable employment opportunities and lead to increased economic growth.

• Identifying key questions to answer can help in pinpointing (i) sample stratification (ii) necessary variables to collect (iii) necessity of cross-sectional versus panel.
## Important Aspects of SBRs from a Policy Perspective

### Sample Stratification
- Firm size
- Age
- Ownership type
- Industry
- Geographic
- Legal registration (informal/formal)

### Variables
- Inputs (Labor costs, employment, working capital, material, import share costs)
- Outputs (sales, turnover, sales export share)
- Other (Employed skill groups, owner characteristics, products, prices, R&D, innovations etc.)

### Data Design
- Cross-sectional
- Longitudinal (Firm Entry, Exit, Growth)

Guided by key questions aiming to answer
Stylized Fact 1: Developed countries are more technologically advanced and have more output per worker.
Stylized Fact 2: Firms in developing countries are disproportionately very small

Figure 4. The employment share of micro-enterprises is greater in developing countries

Stylized Fact 3: Micro firms tend to be far less productive compared to larger firms

Figure 3.6  Productivity (Value Added per Worker) Differentials by Enterprise Size-Groups (large enterprises = 100)

Note: Enterprise size is measured in terms of the number of workers.
Source: As in Box Table 3.1.1.
Stylized Fact 4: Firms have large productivity differences even within narrow industries

Figure 2. The dispersion of productivity in manufacturing is greater in developing countries

Source: Pagés 2010.
Stylized Fact 5: Female owned firms tend to be disproportionately small

Figure 2: Share of Female v. Male Entrepreneurs by Size of Firm (no. of Employees)

Source: Subrawal and Terrell (2008)
Stylized Fact 6: Skill biased technological change is creating shifts in skill demands in countries with higher wages

Key policy questions

• What causes firm size and productivity differences within countries?
  – Human capital (e.g. skills/capabilities, human resource management practices)
  – Regulatory and institutional environment (e.g. trade tariff barriers, labor regulations, contract law, corruption)
  – Technological capabilities and capacities
  – Market imperfections (e.g. access to finance, information, product and labor markets)
  – Behavior (risk aversion)

• How is trade and technologies affecting firm skill demands? What policies can off-set these changes?
Key policy questions (cont.)

• What policies and investments drive differences in firm entry, exit, growth, survival? How about investments in capital, innovation and technology? What are long-term versus short-term effects of policy?
  – What are the benefits to formalization?
  – Are gender differences in firm size driven by skills, access to capital or discrimination?
Concluding Remarks

- Cross-sectional firm data → okay for descriptive statistics, correlations, and trends over time.
- Longitudinal firm data → better to pin down causal estimates, examine distortions, spillovers (direct versus indirect effects) and optimality of policies.
- Designing surveys for policy can extract more value from the data and help to understand policies that promote firm productivity, employment prospects and economic growth → can also aid in garnering more money for collection of statistics themselves.
THANK YOU