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ISSN 1860-3343

Price: Euro 10.–

[www.diw.de/english/produkte/  
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# Weekly Report

DIW Berlin electronic edition – available online only

## Statistical Response Burden of Companies: Cutting back Obligation to Report cannot Contribute much to Reduction of Bureaucracy

Ingo Pfeiffer and Reiner Stäglin

*The official statistics are often on the agenda when discussions about the burden of economic agents due to “bureaucracy” take place. They are often considered to be an example of unnecessary but time-consuming demand on companies by the government. A study of the Germany Institute for Economic Research commissioned by the Federal Ministry of Economics and Technology depicts that, with its 230 million Euro per year, the burden of companies due to official statistics is substantially smaller than often claimed.<sup>1</sup> Other legal obligations to respond and to report, such as in personal management, take up much more time. This study, based on information from about 75,000 companies, rectifies previous substantially higher cost estimations of other institutes. A result from this finding: a quick and widely noticeable success in reducing bureaucratic burden cannot be achieved, even with a drastic cutback of surveys from Statistical Offices. Nonetheless, many companies do not complain without reasons. A small part of companies must regularly deliver time-consuming statistical responses. A more even distribution of burden should be seen to.*

The burden of economic agents from too much of governmental bureaucracy is a lasting topic in politics and media.<sup>2</sup> Among the examples given for alleged unnecessary time and effort spent on bureaucracies the obligation of companies to report to official statistics is often quoted.

1 Ingo Pfeiffer, Reiner Stäglin and Andreas Stephan: Die Bedeutung der Belastung der Wirtschaft durch amtliche Statistiken (The Role of Burden on Economic Agents due to Official Statistics). DIW Berlin: *Politikberatung kompakt* 19. Berlin 2006.

2 Also the government of the grand coalition in Germany has declared to cut back bureaucracy as one of its political goals. See the contract of coalition between CDU, CSU and SPD from 11.11.2005: “Together for Germany—with courage and humanity,” Chapter 9.1 Easing the burden of citizen and economy from bureaucratic costs. The Federal Government has taken the Standard-Cost-Model as an archetype that was developed in the Netherlands and already used in some European countries. See Jürgen Chlumsky: Durchführung der Standard-Kosten-Messung auf Bundesebene (Applying the Standard-Cost-Measurement at Federal level), Vortrag auf der Tagung der Bertelsmann-Stiftung „Das Standard-Kosten-Modell in Deutschland und Europa – Erste Erfahrungen und Ergebnisse, 26./27. Juni 2006, Berlin.

To what extent this perception is justified was hitherto controversial among firms' representatives, scientists and representatives of official statistics. Even some recent studies have not led to any unambiguous results.

In order to contribute to objectivity of this discussion, the Federal Ministry of Economics and Technology (BMWi) commissioned a study to the German Institute for Economic Research in November 2003. The objective of this contract study is as follows:

- to provide objective and quantified information on the burden of companies in Germany due to obligation to respond to official statistics,
- to investigate the reasons of burden, so as to identify possibilities for a reduction of response burden, or for an improvement of statistical surveys,
- to gain insight into the relation of official to non-official statistics as well as to companies' services for public administration, and
- to bring the usefulness of official statistics on the agenda. However, at this juncture the objective was not to assess the value of information of individual statistics.

The data for this study are from surveys of the Statistical Offices and from the German Institute for Economic Research in 2004, as well as from the enterprise register (URS) conducted by the Statistical Offices in Germany.<sup>3</sup>

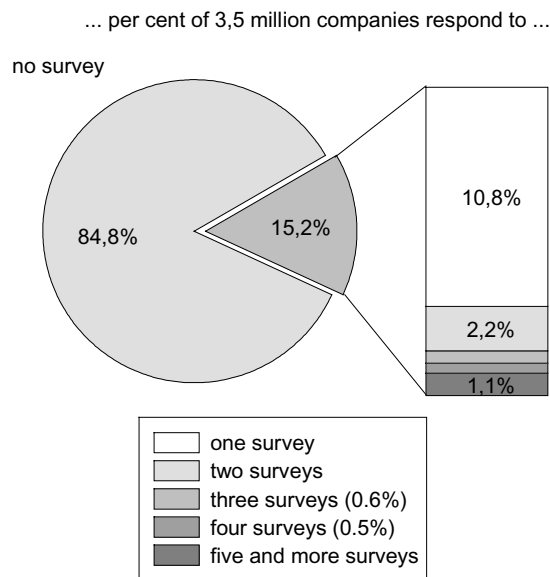
## 15% of all companies are obliged to respond

The enterprise register enables an overview over the scale of companies that are affected by the surveys of the German Statistical Offices (official statistics). An analysis for 2004 shows that among almost 3.5 million companies, about 85% of them are not involved by any official statistical survey (Figure 1). Out of about 528,000 companies, which have statistical obligations, 10.8% respond to one and 2.2% to two statistics. There are also 2.2% of companies that are affected by three and more surveys, half of which is obliged to respond to 5 or more statistics.

<sup>3</sup> The completion of this study required a close cooperation between the Federal and State Statistical Offices and the German Institute for Economic Research. For reasons of data protection, the analysis of survey data was conducted according to remote-access in the Federal Statistical Office with exclusive responsibility of the German Institute for Economic Research. An advisory board consisting of representatives of the commissioner, of the Statistical Offices as well as of selected trade associations assisted the ongoing work of the study.

Figure 1

### Obligations of companies to respond to surveys of Statistical Offices in 2004



Source: Enterprise register of Statistical Offices, October 2004.

The ratio of companies that have obligations to respond to official statistical surveys is the highest in manufacturing, as can be seen from classification codes C till F (Figure 2).<sup>4</sup>

## Intra-trade statistics: most time-consuming

Table 1 shows the average working time in minutes spent on each response incident by companies and establishments for single surveys of the Statistical Offices in 2004 (Box 1). In order to compare the individual working time caused by the different surveys we used a normalization on a yearly basis. That is, time spent on statistics with monthly response was multiplied by 12 and with quarterly response by 4. However, time spent on the three statistics with perennial response was not normalized since the response time in 2004 was in question. After this normalization, a

<sup>4</sup> This avows itself that full surveys are carried out from a certain cut-off criterion. Since sampling surveys dominate in the sector of trade and of hotel and restaurant (classification codes G and H), the ratio of register units that is obliged to report is lower. The relative high ratio of companies that are obliged to report in the economic sectors I and K is caused by service statistics that are conducted since 2001.

### Survey of Statistical Offices

The data on individual and overall obligations of companies to respond to official statistical surveys can be derived from the enterprise register. They do not offer empirical information on the real statistical burden of respondents. In order to gain this information on the required working time of companies, an official survey on statistical burden was conducted by the Statistical Offices in Germany.

The official survey covered 74 statistics in 2004, 18 surveys from the Federal Statistical Office (centralised statistics) and 56 surveys from State Statistical Offices (decentralised statistics). The survey was realized simultaneously with the corresponding individual statistics to be answered by the involved companies. The one-page questionnaire requested to supply information on the response time for every statistical survey, the persons involved in reporting and the origin of the needed data as well as information on difficulties in responding and possibilities for improving the surveys.

The response time describes the working time devoted in companies and establishments to respond to individual statistical surveys of Statistical Offices (including the collection and preparation of the requested data as well as their transmission).

About 168,300 companies and establishments with obligation to respond to surveys of Statistical Offices were included in the official burden survey. Almost 75,000 of them (44.5%) answered the questionnaire. The range of statistically specific responses varies between 7.9% with the decentralised statistics on "goods and services for environmental protection" (63 responses) and 84.5% with the decentralised statistics on "waste disposal in the waste economy" (1,141 responses). The results collected from the burden questionnaires were completed by data on employment, turnover, branch and further obligations to respond to other statistical surveys. These data were taken from the enterprise register (URS).

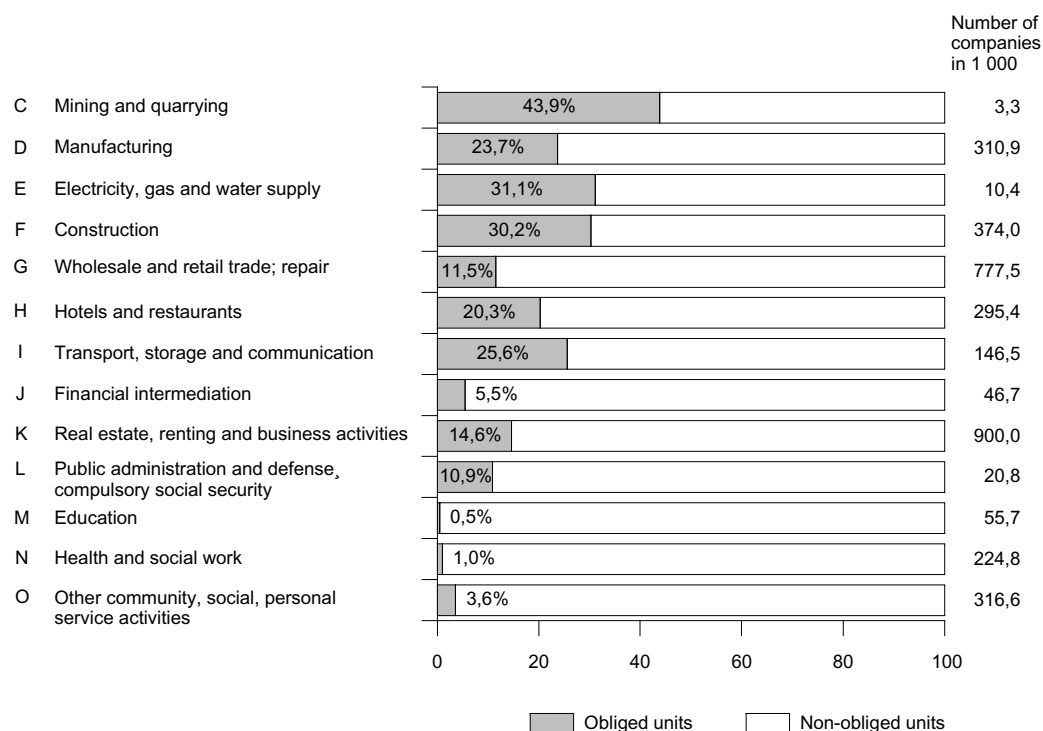
ranking of yearly time spent on the individual official statistics was performed: The intra-trade statistics, which measures commodity flows within the European Union, comes out on top of the ranking with

57.5 hours, while domestic shipping statistics ranks the last with 42 minutes.

The much time spent on the intra-trade statistics has several reasons. The response per trade-transaction (dispatching and incoming) submitted during

Figure 2

Companies obliged and non-obliged to respond to surveys of Statistical Offices classified according to the classification of industries (edition 2003)



Source: Enterprise register of Statistical Offices, October 2004.

Table 1

## Response time of companies for surveys of Statistical Offices in Germany in 2004

Statistics no.	Set of statistics	Response burden questionnaire		Mean values		
		responses	usable responses	of response time per reporting incident	of annual response time	
					number	minutes
Industry statistics						
001	Monthly report on mining and manufacturing	1 198	1 185	77	929	6
002	Multi-unit enterprises in mining and manufacturing	364	353	78	78	63
007	Monthly production survey in mining and manufacturing	249	247	85	1 014	5
010	Quarterly production survey in mining and manufacturing	499	493	99	397	22
011	Survey of investments (local units) in mining and manufacturing	181	177	118	118	47
012	Survey of investments (enterprises) in mining and manufacturing	875	858	79	79	61
016	Iron and steel statistics	118	115	74	886	7
026	Wood statistics	57	55	123	491	16
028	Statistics of fertilisers	31	30	64	257	32
046	Monthly report on the main construction industry	283	280	93	1 118	4
047	Quarterly report on the finishing trades	426	420	74	296	28
049	Orders on hand in the main construction industry	101	100	94	377	24
052	Exhaustive survey in the main construction industry	1 527	1 464	67	67	68
053	Annual supplementary survey of the finishing trades	842	821	87	87	58
054	Survey of enterprises and investments in the main construction industry	432	428	106	106	49
055	Survey of enterprises and investments in the finishing trades	460	452	78	78	62
060	Energy utilisation (local units) in mining and manufacturing	2 199	2 159	63	63	69
061	Imports and exports of coal	7	6	59	710	9
063	Survey of biofuels	15	14	180	180	41
064	Heat generation, procurement, utilisation, and distribution	112	109	121	121	46
065	Monthly report on energy and water supply	174	173	58	695	10
066	Monthly report on electricity supply (general supply)	114	113	70	835	8
067	Power generating plants for self-supply	57	55	269	269	30
068	Monthly report on general gas supply	8	7	114	1 372	3
070	Survey of electricity input with supply system operators	96	95	125	125	44
073	Survey of sewer gas	272	269	54	54	70
075	Distribution of liquefied gas	24	23	81	81	60
076	Survey of investments (local units) in the area of energy and water supply	91	90	236	236	34
077	Survey of investments (enterprises) in the area of energy and water supply	176	174	335	335	25
081	Cost structure (enterprises) in the area of energy and water supply	237	233	481	481	19
082	Annual survey of sales, imports and exports of gas	191	189	222	222	36
083	Annual survey of electricity sales and proceeds	158	155	214	214	38
013	Cost structure in manufacturing (2003 for 2002)	8 643	8 534	266	266	31
013K	Structural survey in manufacturing (2002 for 2001)	2 286	2 205	90	90	56
013K (neu)	Structural survey in manufacturing (2004)	167	158	70	70	67
056	Cost structure in the main construction industry and in the finishing trades (2003 for 2002)	2 707	2 677	222	222	35
056K	Structural survey in the main construction industry and in the finishing trades (2002 for 2001)	2 568	2 491	99	99	50
Statistics of distributive trade and the hotel and restaurant industry						
290	Intra-Community trade statistics	2 533	2 507	287	3 448	1
459 d	Monthly trade statistics (retail trade)	1 180	1 159	36	428	21
459 z	Monthly trade statistics (wholesale trade, commission trade)	3 604	3 565	33	394	23
460 (neu)	Annual trade statistics	2 074	2 036	97	97	52
460	Annual trade statistics (2002 for 2001)	5 868	5 751	126	126	43
466	Monthly report on the hotel and restaurant industry	445	428	39	462	20
467	Annual statistics of the hotel and restaurant industry	681	667	82	82	59
469	Monthly report on accommodation provided in tourism	1 320	1 277	40	485	18
Service statistics, statistics of self-employed persons and commercial representatives						
271	Cost structure in the area of the liberal professions and other services	1 837	1 799	93	93	53
273	Annual service statistics (sections I and K)	2 882	2 842	97	97	51
274	Short-term statistics in specific service industries	663	642	46	185	39
Transport statistics						
297	Statistics of rail transport (enterprise and transport statistics)	87	85	149	1 790	2
300	Road passenger transport (enterprises)	178	171	272	272	29
301	Road passenger transport (transport)	135	133	122	487	17
307	Statistics of inland waterways transport (2003 for 2002)	846	814	42	42	72
314	Statistics of air transport (2003 for 2002)	230	226	87	87	57
040	Quarterly crafts report (respondents reporting directly)	2 721	2 645	36	142	42
Environment statistics						
500	Waste disposal in the disposal industry	1 141	1 113	92	92	54
501	Company waste disposal (public waste disposal)	233	225	184	184	40
513	Collection of consumer-product packaging, secondary packaging and transport packaging	296	293	122	122	45
521	Substances damaging the ozone layer and affecting the climate	352	342	77	77	64
524	Investments for environmental protection (industry)	3 418	3 350	75	75	65
525	Current expenditure on environmental protection (industry incl. energy)	6 943	6 770	116	116	48
526	Goods and services for environmental protection	63	60	72	72	66
Wage statistics						
411	Continuous earnings survey in manufacturing and the distributive trade	567	559	54	215	37
412	Survey of earnings in the crafts sector	326	316	51	51	71
413	Survey of gross annual earnings in manufacturing and the distributive trade	1 389	1 370	90	90	55
489	Labour costs survey	712	695	534	534	14
Price statistics						
390 d + z	Index of producer prices in industry	370	365	26	314	27
391	Index of producer prices in agriculture	84	81	27	322	26
394 d + z	Index of selling prices in wholesale trade	324	322	20	241	33
395	Index of purchase prices for agricultural machinery and materials	137	136	52	624	12
398E	Index of import prices	1 583	1 509	46	546	13
398A	Index of export prices	1 424	1 340	44	526	15
401	Index of construction prices, new structures, etc.	323	316	57	689	11
	Total	74 924	73 316	X	X	X

Two surveys are missing due to security reason.

Source: Evaluation of the official response burden survey by DIW Berlin

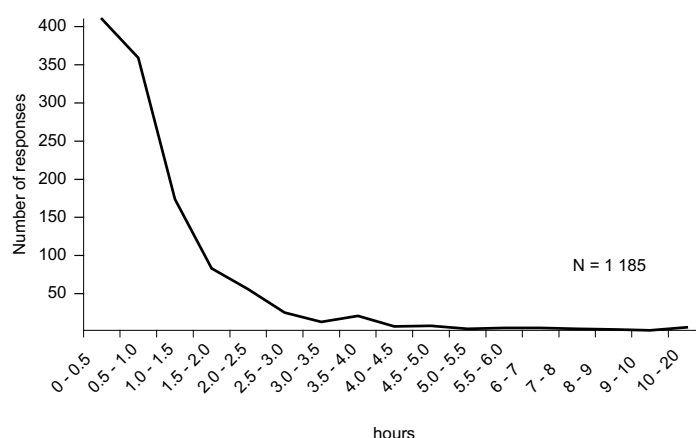
the year, the distribution of response frequency over the months and its possible accumulation, as well as using different response forms (ASCII-Data transmission, ASCII-Online, IDES-Data Transmission, IDES-Online, Online-Form, Paper-Form) all attribute to it. Results of a test show that an increase in the degree of automation by the statistics response, for which there are also reserves, can save up to 50% of time spent by the reporting units.

Different response forms and specific quantity structures also play an important role in other statistics such as the index of export prices (ranked 15) and the index of import prices (ranked 13). There are 16 different questionnaires for iron and steel statistics (ranked 7), which is with 15 working time one of the most burdensome surveys. In a single questionnaire of production statistics in mining and manufacturing (ranked 5), which demands 17 hours per month, for every type of commodity one has to fill out response number, measuring unit, production quantity, sales value and quantity for further processing.

Hidden behind the average time is a wide, but very one-sided distribution between the companies with response obligations. This is illustrated in Figure 3 for companies in mining and manufacturing for the monthly report. A large part of companies needs

Figure 3

Working time spent on each response incident in the monthly report on mining and manufacturing in 2004



Source: Evaluation of the official response burden survey by DIW Berlin.

up to 2 hours working time for each response, but in some companies up to 20 hours are required.

Table 2

Companies obliged to respond to surveys of Statistical Offices and their overall response time in 2004 classified according to size classes of employees

Size classes of employees with social security obligations	Companies obliged to respond		Response time		Response time per company	
	in 1 000	per cent	1 000 hours	per cent	hours	index
No response <sup>1</sup>	141.1	26.7	1 087.5	16.2	7.7	60.6
up to 9	220.8	41.8	1 353.1	20.2	6.1	48.0
10 to 19	64.3	12.1	610.9	9.1	9.5	74.8
20 to 49	55.6	10.5	1 267.8	18.9	22.8	179.5
50 to 249	37.4	7.1	1 467.6	21.9	39.3	309.4
250 to 499	5.1	1.0	382.7	5.7	75.7	596.1
500 and more	4.4	0.8	536.6	8.0	122.3	963.0
Total	528.5	100.0	6 706.2	100.0	12.7	100.0

<sup>1</sup> The class "no response" is special. It covers companies which are not included in the register of the Federal Employment Office because data on employees with social security obligations are not available. The companies comprised in this class may be small firms managed by self-employed persons and assisting family members; they may also be enterprise groups reporting the turnover of their group members but having no staff of their own. This special issue has to be taken into account when analysing the results of this size class.

Source: Evaluation of the official response burden survey and projection by DIW Berlin.

Table 3

Companies obliged to respond to surveys of Statistical Offices and their overall response time in 2004 classified according to the number of obligatory surveys

Number of obligatory surveys	Companies obliged to respond		Response time		Response time per company	
	in 1 000	per cent	1 000 hours	per cent	hours	index
1 survey	374.6	70.9	2 198.8	32.8	5.8	45.7
2 surveys	73.9	14.0	844.4	12.6	11.4	89.8
3 surveys	22.8	4.3	564.9	8.4	24.7	194.5
4 surveys	18.0	3.4	500.7	7.5	27.8	218.9
5 surveys	12.5	2.4	500.4	7.5	39.9	314.2
6 surveys	8.1	1.5	418.3	6.4	51.4	404.7
7 surveys	5.7	1.1	332.9	5.0	58.1	457.5
8 surveys	4.1	0.8	274.1	4.1	67.3	529.9
9 surveys	2.9	0.6	238.7	3.6	80.9	837.0
10 and more surveys	5.8	1.1	82.1	12.3	141.3	1 112.3
Total	528.5	100.0	6 706.2	100.0	12.7	100.0

Source: Evaluation of the official response burden survey and projection by DIW Berlin.

## Response time sums up to 6.7 million hours

From the data of companies participating in the burden survey we can project the entire companies that take part in the surveys of Statistical Offices in 2004.<sup>5</sup> The selection bias of the burden survey is corrected in the compilation process.

The projection gives rise to a total response time of 6.7 million hours. This corresponds to an average time of 12.7 hours for every company with obligation to respond in 2004,<sup>6</sup> or a monthly response time of 64 minutes (Table 2).

5 At first, by using statistic-econometric procedure, the following is examined by means of survey data: which influence do the specific statistics, the economic sector and the size range of employee exert on the working time? When the influence is significantly different, the specific means, otherwise the overall means is used for the projection. This differentiated calculation is based on the data of URS, in which companies and establishments are verified according to the number of employees and economic sectors as well as to their statistical obligations. The average working time for individual statistics, which results from the survey data (Table 1), has strongly changed only in individual cases through the procedure of projection.

6 In Austria the average time spent per company obliged to respond is 13.7 hours in 2002. See Norbert Rainer, Josef Richter: Belastung der österreichischen Wirtschaft durch Erhebungen der Statistik Austria (Burden of the Austrian economy due to surveys of Statistics Austria 2001-2003). In: *Statistische Nachrichten* 6/2004, S. 579.

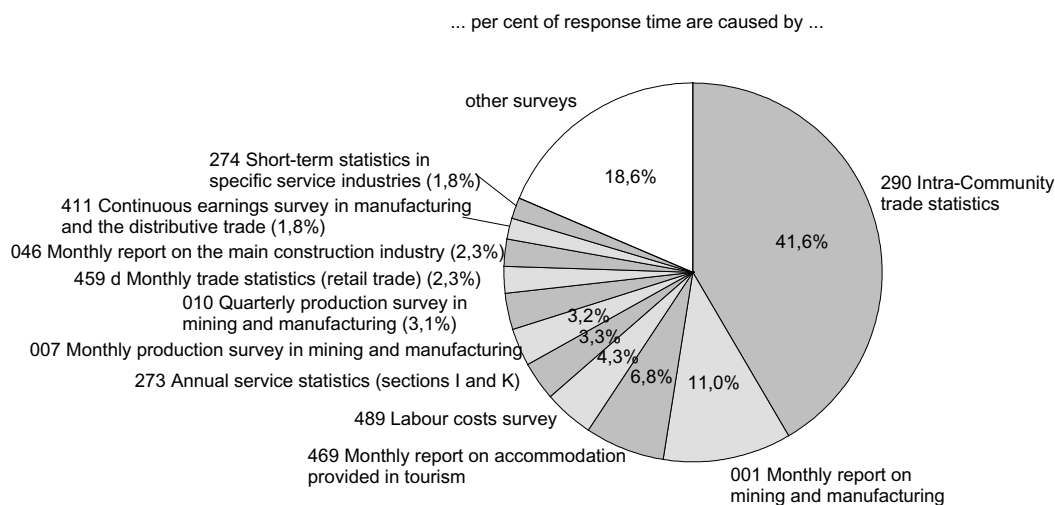
The statistically required time increases with the size of company, which is measured by the number of employees with social security obligations. For companies up to 9 employees it takes 6.1 hours to respond to official statistics, almost half of the average. On the other hand, it takes 122.3 hours for big companies with more than 500 employees, thereby ten-fold of the average. It is notable that for middle-sized companies, the average time doubles from one class to the other. Evidently, not only the number of response obligations, but in some statistical surveys also the time spent on each response incident goes up with the size of company.

The relationship between response time and the number of statistics is illustrated in Table 3. The time goes from 5.8 hours per year for companies responding to one statistics (70.9%), to 141.3 hours for 5,800 companies responding to 10 or more statistics (1.1%), among them 67 companies have to respond to 18 or more questionnaires of the Statistical Offices.

Two findings are resulting from the above figures: Firstly, the overall average of time burden is low because many small companies are obliged to respond only to one or two, mostly low working-intensive statistics. Secondly, an overall small portion of companies with response obligations (7.5%), among which there are many middle-sized ones, have to respond to

Figure 4

## Response time for individual surveys of Statistical Offices in 2004



Source: Evaluation of the official response burden survey and projection by DIW Berlin.

at least five different statistics and thereby well above the average level.

### 11 Statistics are responsible for about 80% of total response time

The response time for individual statistics varies between 415 hours for fertilizer statistics and almost 2.8 million hours for intra-trade statistics. The projection of response time for the fertilizer statistics is based on information from 67 companies, out of which 11 are with 20 to 49 employees, and with 500 and more employees, respectively. In contrast, with the intra-trade statistics there are 57,233 responses, most of which are from the smallest companies with up to 9 employees.

Among the surveys of the Statistical Offices, the intra-trade statistics requires the highest amount of time, which is not only the case in Germany.<sup>7</sup> This statistics accounts for almost 42% of total response time (Figure 4). The monthly report in mining and manufacturing accounts for 1/9 of response time. The same amount is caused by the monthly report on accommodation in tourism and by the four years survey on labour costs all in all. Consequently, 11 statistics are responsible for 81% of total response time.

<sup>7</sup> In Austria the intra-trade statistics accounts for almost 59% of the total response input for STATISTICS AUSTRIA.

### Manufacturing bears the heaviest burden

The highest response time is taken by the companies in manufacturing, in the sector of trade, maintenance and repair of durable consumer goods, as well as in land and housing, renting and services for companies (Figure 5).

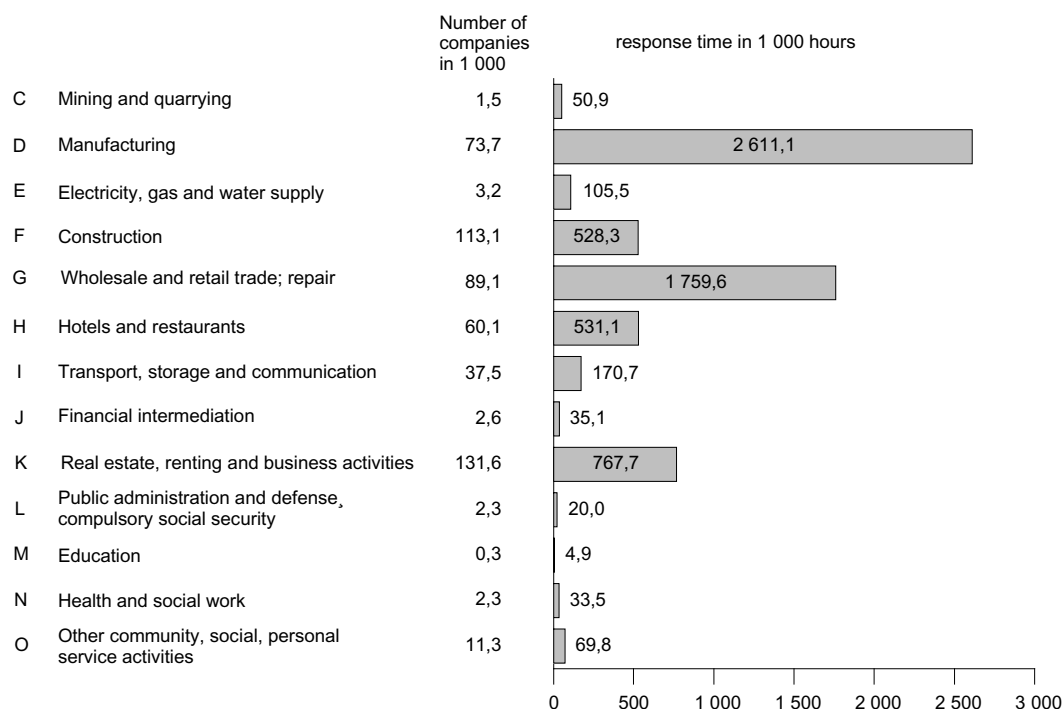
Three branches, which accounts for 45% of all companies in manufacturing, namely, machinery; metal production and processing, fabrication of metal products; and office machinery, data processing, electrical engineering, precision mechanics and optics, takes up 46% of response time with 2.6 million hours.

### Cost-burden of companies amount to 230 million Euro

Based on the actual time of 6.7 million hours from the DIW burden study one can estimate the cost-burden of companies due to official statistics. To do that, one has to multiply the response time of 10 economic sectors by the hourly wage calculated from labour cost survey, or the labour cost per employee-hour from national accounts, where the labour cost rate used is on average 34.33 Euro. Beforehand the sector labour

Figure 5

Response time for all surveys of Statistical Offices in 2004 classified according to the classification of industries (edition 2003)



Source: Evaluation of the official response burden survey and projection by DIW Berlin.

costs per hour were raised by 33% due to addition to cover overhead. This calculation results in an overall amount of 230 million Euro to be spent by companies in Germany for responding to surveys from the Statistical Offices in year 2004.

Other analyses are based on the results of surveys where companies and establishments were inquired to give their assessments about their costs on information obligations, which applies not only to the time spent, but also to the expense related to response. The total costs are given by 4.31 billion Euro in 2003 for all statistics from the Institute for Medium-Sized-Business Research, Bonn (IfM).<sup>8</sup> Nevertheless, the latest IfM study from 2005, which is based on the time measured with stop watch on site, estimates 1.9 million Euro costs for the earning surveys, and 39.2 million Euro for the intra-trade statistics.<sup>9</sup>

8 See Institute for Medium-Sized-Business Research, Bonn (Ed.): Bürokratiekosten kleiner und mittlerer Unternehmen (Bureaucratic Costs of Small and Medium Companies). Report on behalf of Federal Ministry of Economics and Labour, Bonn 2003.

9 See Institute for Medium-Sized-Business Research, Bonn (Ed.): Ermittlung bürokratischer Kostenbelastungen in ausgewählten Bereichen (Analysis of Bureaucratic Cost Burdens in Selected

## Potential to reduce response burden is rather small

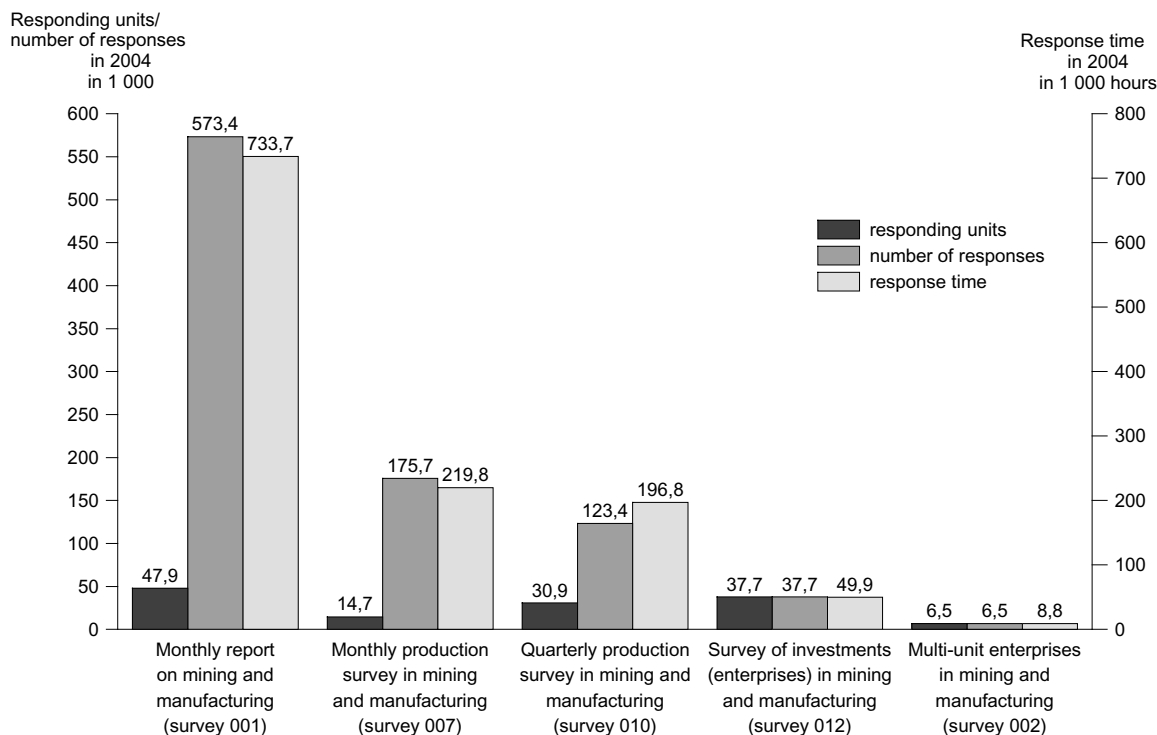
In addition to the information on the working hours required, the burden survey also offers many indications of deficiencies in the questionnaire's program and in the survey procedures as well as suggestions for change. The centre of critics turns out to be the deficiencies of timing and conceptual coordination between different statistics, the accumulation of information obligation at a relative small circle of companies, as well as excessive demand of reporting systems of, in particular, small companies due to very differentiated data requirements. In order to alleviate the response burden, increasing use of other data source, in particular from administrative and inland revenue offices, more compact survey programs as well as an adaptation of terminologies to operational information systems of companies are called for.

With respect to problems of practical work processes, such as date management and the prevention

Sectors). Report on behalf of the Federal Ministry of Economics and Technology, Bonn 2005.

Figure 6

## Surveys of Statistical Offices in manufacturing to be involved in the reform of enterprise statistics in Germany



Source: Evaluation of the official response burden survey and projection by DIW Berlin.

from accumulation of obligation to give information, for example, through the construction of a central data pool, the Statistical Offices are to be addressed. Their permanent effort to reduce the burden of respondents is acknowledged from the companies required to submit information. Nevertheless, further improvements appear to be necessary and possible in details. For example, a more user-friendly design of questionnaires or more efficient use of electronic reporting channels (eSTATISTIK.core as model).

However, it seems to be more difficult to achieve a compact survey program of the official statistics demanded by respondents, or a terminology orientated towards company reality with individual survey. There are two reasons. At first, it concerns the interests of different user circles, which, from experience, are difficult to obtain for a reduced offer of more or less urgent information. At this level, however, there are already numerous, meanwhile decided or implemented alleviations for obligation to respond. Secondly, the understanding and the collaboration between the main users of official statistics, namely, science, trade associations and legislators are required. The

implementation of changes should become even more difficult since the decision about information obligation shifts more and more to European level.

In line with burden-reducing measures for companies affected by official statistics, a “reform of enterprise statistics” has also been launched. This reform is about raising the precipitation limit for selected statistics from 20 to 50 employees, in order to unburden the smallest and small companies of manufacturing in particular. From standpoints of unburdening, this may be an effective step (Figure 6). But whether loss of information associated with this is acceptable still remains controversial.

### Surveys of the statistical offices account for two thirds of time spent by companies on statistical information

Just under two thirds of time spent by companies on statistical data goes to response to the Statistical Offices (Figure 7). The obligation to respond to Federal

### Supplementary enterprise survey of the German Institute for Economic Research (DIW Berlin)

As follow-up of the official burden survey a supplementary survey of “bureaucratic burden” for selected companies was realised by the German Institute for Economic Research. The questionnaire asked for information on companies’ obligations to report—in addition to surveys of Statistical Offices—general statistical data, information on companies’ services for public administration, and on the usefulness of official statistics. Due to difficulties in defining “surveys for statistical purposes of other institutions” and “other services for public administration” examples of relevant institutions and services were listed.

The DIW survey included 4,500 companies which had agreed to participate in a supplementary survey. Of these companies only 1,000 (22.2%) responded. However, their contribution was useful. The relatively small response rate can be explained by the fact that companies’ representatives with alacrity had no idea of what was in store for them. Even so the number and quality of responses are sufficient to give rough information on other selected information obligations of companies.

Additionally, in order to prove DIW survey results, 31 interviews were given by representatives of companies and trade associations.

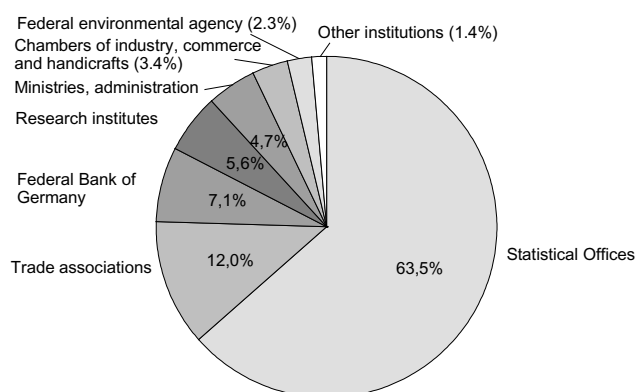
Bank of Germany under law of foreign trade and payment adds to that.<sup>10</sup> The rest of responses are dominated by the demand of trade associations, which, together with their chambers of commerce, take up 15.4% of companies’ time on statistical response. However, these responses concern predominantly voluntary information (Box 2).

The response to research institutes is also voluntary, which accounts for 5.6% of time spent. Not exactly clear is the status of responses, which according to respondents, are for different ministries and administration offices. The remaining institutions are unimportant in the overall picture. Only the response to Federal Environmental Agency, which accounts for 2.3% of total time, is noteworthy.<sup>11</sup>

Figure 7

Statistical information provided by companies<sup>1</sup> obliged to respond to surveys of Statistical Offices in 2004 according to institutions and responding time

Share of selected institutions of overall response time, in per cent



1 959 companies with an overall response time of 50,900 hours.

Source: Supplementary enterprise survey of DIW Berlin.

### Time required for other information obligations is ten-time higher than for official statistics

To analyse time burden on companies caused by other services for public administration, we focus on legal registration and information obligations relating to certain fields of activities of reporting units. This is consistent with the terminology of Standard-Cost-Model from the Netherlands, which the Federal Government of Germany intends to employ as archetype for reducing bureaucracy. However, in the supplementary survey, registration and information obligations, which serve as the control of companies’ activities (compliance with environmental constraints, customs regulations, labour conditions etc.) are also included.

The survey results show that recording and transmitting information, or issuing certificates related to personnel management, taxes and accounting, as well as to production/output of goods and services demand approximately the same time for companies as a whole (Figure 8). In comparison, the time re-

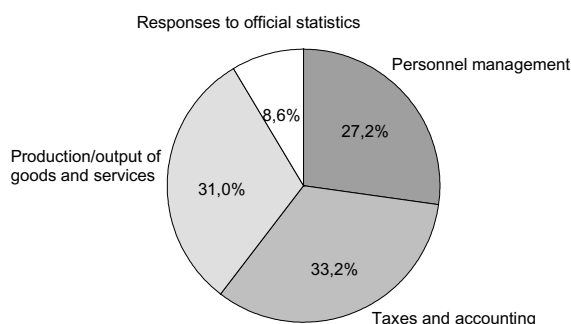
<sup>10</sup> The responses to the Federal Bank of Germany used here and at other places as the limit is often counted also as official statistics.

<sup>11</sup> Apparently this is due to the composition of samples, that obligations to respond to Federal Motor Office and to Federal Office of Freight Transport are seldom mentioned.

Figure 8

**Response time of companies<sup>1</sup> obliged to respond to surveys of Statistical Offices in 2004 to meet information obligations: Recording and transmitting of data or issuing certificates related to certain fields of companies' activities**

Share of time required for each activity of overall response time, in per cent



<sup>1</sup> 959 companies with an overall response time of 376,000 hours.

Source: Supplementary enterprise survey of DIW Berlin.

quired for responses to the Official Statistics is small: it accounts for only 9% of total time. This finding is consistent with the results of other studies in the topics of “Bureaucracy Burden”. According to these studies the portion of “the Statistics” in bureaucracy burden is generally under 12%.<sup>12</sup>

When interpreting these results, one has to bear in mind that the calculations only apply to the companies that were included in the surveys of the Statistical Offices in 2004.<sup>13</sup>

## The usefulness of official statistics is too little recognized

Within the scope of supplementary enterprise survey of the German Institute for Economic Research as well as within additional interviews, the usefulness and the using of data from official statistics were asked. It shows that the overall economy, represented through companies, associations and labour unions uses the data of official statistics in a manifold way.

<sup>12</sup> For references see the Burden-Study of the German Institute for Economic Research (footnote 1).

<sup>13</sup> There is no information about the input of rest companies owing to response and information obligations outside of the official statistics.

Information from national accounts, statistics of balance of payments, statistics of trade, production and price are received the highest interest.

Interviews and discussions with selected companies and associations show that the official statistics for big companies is of direct importance, but its intermediate use through strong recourse of companies to research reports and other expertise is even bigger. However, the statistical offices are urged to clarify the usefulness of survey data for small companies. “Not only constantly name paragraphs to questionnaire, but also hint, what happens to our information”, small companies often state during interviews.

Above all, the economic agents must articulate its own information need, so that the scarce resource of official statistics can be efficiently utilized. This requires an intensified contact between the statistical offices, on one side, and the companies as information suppliers and at the same time potential users, on the other hand. In addition, the input-usefulness-relation must become the focus point.

The political responsibilities are called upon to support rather than to consider a further abolition of statistics. The partially one-sided concentration on cost and burden must be supplemented by including aspects of usefulness.

## Conclusion

Only a small part of companies in Germany, about 530,000 or 15%, are obliged to respond to the official statistics. For these companies the working time at 12.7 hours a year on average is rather small. Based on this working time, together with the hourly wage rate from the labour cost survey, an estimated calculation of response cost gives rise to approximately 230 million Euro. Due to its rather wide database, this finding is considerably more reliable than the previous findings that conclude irregularly higher numbers.

A comparison between the findings of official burden survey and the results of the supplementary survey of “bureaucratic burden” for selected companies produces two-folded results: According to the statistics in strict sense, the cost of data requirement from the official statistics dominates. But when other legitimate obligations to respond and report are taken into account, the cost for the official statistics is clearly under 10% of the total costs.

From this finding, we conclude that the official statistics is not the biggest burden factor from macro-economic point of view, like the public discussions of

ten perceive. A quick and widely noticeable cutback of “bureaucratic burden” will not be achieved even if a dramatic reduction of statistical obligation to response is undertaken. However, the high burden on a part of companies, among which are many small companies, is caused by accumulation of obligation to response. For those companies it is not reassuring that the majority of other companies are not exposed. This burden, however, ought to be reduced. From this perspective, a more even distribution of reporting obligation is urgently needed.

This finding also shows that a further reduction of statistical surveys is not an appropriate approach for reducing “bureaucratic burden”, not only owing to its little broad effect. Taking consideration of needs and usefulness of the statistical reporting system, one becomes clear that the official statistics is indispensable for politics, economy, society as well as scientific community, even if its use is not always valued by different user-groups.

Together with the Statistical Offices, one should search possibilities as to how the German official statistics can manage the coexistence of European and German interests with strong position of European Union and the European Central Bank (“First for Europe”). This is important, because at this stage, nearly two thirds of economic statistics in Germany go back to regulations and guidelines of EU. And as a result of the Lisbon Process, one expects rather an increase in statistical indicators for political support of a sustainable development, than a cutback of European statistical requirements. This analysis also provides a starting-point for an adjustment of official reporting systems to the change of information needs and the possibilities of data suppliers.

Additionally, the politics is called upon to make the legal foundations more flexible within its national realm,<sup>14</sup> so as to ensure a quick reaction of the Statistical Offices to acute problems.. These problems often originate from social changes. The media as well as the political representatives are responsible for their acceptance in the society. Also, it is necessary to boost society’s awareness of importance of official statistics as public good.

The science community is called on to overcome the communication barriers between its data user and the Statistical Offices as the data producer. These barriers are still present to some extent. Hopefully, the endeavour of Council on Social and Economic

Data to foster the cooperation between science community and official statistics brings about further success, and the continuation of research data centres with a more comprehensive, cost-saving data supply leads to a stronger recognition of using official statistics.

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14 Cp. Jürgen Schupp, Reiner Stäglin and Gert G. Wagner: Entbürokratisierung der Statistik durch Flexibilisierung (Reduction of Bureaucracy on Statistics through more Flexibility). In: *Wochenbericht des DIW Berlin*, No. 24/2003.