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SERVICES IN LITHUANIA: STATISTICAL WORK FOR IMPROVING SERVICE STATISTICS

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Abstract

The services sector in Lithuania are for the basic variables (as employment, turnover, gross value added) covered by the statistics produced by Statistics Lithuania. This paper argues that the fulfilment of the user needs demands information beyond these general statistics. The paper focus on elements to be included in a future strategy for service sector statistics. The proposed strategy is based on a customer and output orentation.

STATISTICAL WORK FOR IMPROVING SERVICE STATISTICS IN LITHUANIA

One of the main features of the economic development in Lithuania in the last five years has been the growing importance of the services sector. There has been a rapid growth in the number of enterpises promoting services and gross value added of total economy has increased rapidly. In 1992 groos value added of services constituted 40%, in 1997 constitued more than 56% and 51% of total employees were engaged in services sector.

GENERAL SERVICE STATISTICS

The statistical institute carries out a survey giving information about turnover and average number of employees for the services sector. The survey covers a range of activity classes within the services sector.The traditional services industries as distributive trade, hotels and restorants, transport are covered by statistics about turnover and average number of employees for the services sector. The problem of poor statistical coverage is relevant for the business services, which does not belong to the traditional service activities, which are relatively new in their nature and to the services which cannot be directly evaluated through the established system of statistical reporting/observation .

A number of statistical surveys have been introduced in Lithuania in recent years in an effort to measure economic performance. The results of these surveys are also widely used in the compilation of the national accounts and balance of payments. There is now a strong need to improve the quality of these services statistics in terms of their accuracy, reliability, comparability, timeliness and relevance. This is the reason why development of the services sector is one of the priority areas in Statistics Lithuania.

THE BUSINESS REGISTER

The Statistical Profile of Enterprises Register containing statistical information on enterprises and institutions from variuos sources and are updated using internal and external sources.

It is not always external sources can provide proper assistance with updating the register , because they themselves do not possess centralized data bases or registers. For instance, the Register of Tax Payers which is managed by Tax Inspection, was established as late as the second half of 1996. The centralized data base does not exist yet.

Internal sources used for registers updating include sample surveys of enterprises conducted by the register unit and data from reports collected by divisions.

Tax Inspection, Social Fund and Department of Statistics are doing their best to update register information, the quality of the Statistical profile register still is not good enough; as is often fails to reflect enterprises changes of address, activities, etc.

There also difficulties in specifying the main activities. Often, it is permitted to indicate unlimited number of activities in statutes. European classification of economic activities (NACE, Rev.1) on higher (four) digit level was first introduced in June 1995 in Lithuania (only 30% of enterprises are indicated according to the level of 4 digits).

The statistical unit the establisment is partly missing in the register because the enterprises are not obliged to register their establisments according to the law. This also a major problem.

Presently the Draft Law on the Unified Legal Units Register is prepared, it will make it mandatory for the enterprises and institutions to register establishments and representative offices.

Due to the poor quality of the Enterprise Register, it is rather difficult to conduct surveys based on it. It can be concluded, that the improvment of business register a major task for statisticians during coming years.

TRADE

Since 1998, trade statistics provided information on retail trade of goods in trading enterprises irrespective of ownership and activity type, including market places.
In 1998 a sampling survey of trade and catering enterprises was started in domestic trade statistics (sample size- 26% of trade enterprises). The aim of this monthly survey is to evaluate short -term changes of total turnover in enterprises where trade and catering is the main economic activity. Based on the recomendations of EUROSTAT and in order to harmonize trade statistics in Lithuania the object of the survey and definitions of indicators have changed. The object of the survey is a trade and catering enterprise with the status of a legal entity. Indicator - turnover. This meet EUROSTAT requirements and this frequency is quite sufficient.
A survey of wholesale enterprises is carried out by quarters.

A substantial amount of purchases by population are done outside the official trade channels for instant in the market places, where registration (licensing) is not required by law. In 1993 and 1994, the retail trade turnover in these market places were estimated using data derived from thr family budget surveys: expenditure on food, clothing, footwear and other consumer goods. This information, however, was not sufficient to allow to estimate the size of these markets. To fill -in this gap it was decided to launch a special survey of the market places where operation does not require licenses or special permits.
With the participation of market administrators, a list of indicators for compilation was chosen and questionnaire was designed. Information on goods sold and and average prices of the goods was collected. Based on these questionnaires the total sales and sales by groups of comodities were estimated for each of the surveyed market places. It has been estimated that in 1995 turnover in these market places constituted 15% of the total turnover in Lithuania.

In addition , to the trade in market places trade is conducted in small private shops, from street carts, etc. This type of activity requires to have a license. Using the data on licenses and patents, the turnover of such trade was estimated at 5.6% of the total retail trade turnover.

Based on the survey and estimates, the non-observed retail trade turnover in 1995 was derived as 20.6% of the total retail trade turnover.

PROBLEMS, PRIORITY AREAS

One of the main problem in the most of statistics fields is insufficiency developmed business register. Many companies merged, have switched to a different activity or have their field of activity or address, if any identified inaccurately. This makes a negative impact on reliability of the results.

The Internal Trade statistics need to be strengthened. The major priority areas for the development were defined as:

- A clear determination of responsibilities for the actors involved in internal trade statistics;
- Promoting collaboration between producers and users of internal trade statistics;
- Improving coverage and reliability of data input;
- Implementing structural trade statistics survey;
- Implementing CPA;
- Applying seasonal adjustments;
- The wholesale price index is not calculated, so, the volume of wholesale is imposible to assess.

TRANSPORT AND COMMUNICATION

Transport statistics cover railways, road, inland water, maritime and air transport. The main sources of data are statistical reports of enterprises and administrative data.

The estimates for transport are based on quantity indicators referring to tone-kilometers for goods transported by rail, river, air and road, and to passenger- kilometers or the number of passengers using urban transport systems, and the train and the bus services provided.. The volume index is calculated using weighted data on output in physical units.

Services of post and the communication are calculated in collaboration with the Ministry of Communications and Informatics. Data is provided monthly, quarterly and annualy. For estimating communications output at current prices financial report are used, the estimates at constant prices are derived by deflating with the CPI component for communication.

PROBLEMS, PRIORITY AREAS

There is a big problem to the registration of motor-vehicles. Transport means (vehicles) are registered at the Police department at the ministry of Interior affairs. The department of statistics maintenance the database of motor vehicles, however, this information is not enough in order to fill in international questionaire in properly. Due to this, every year we have to carry out a total enquiry of the enterprises which have vechiles, with the aim to present more comprehensive information on vehicles: what fuel is used, carrying capacity, number of employees.

The major priority areas for the development were defined as:

- To calculate statistical data of all transport modes is under development on the basis of the EU directives regulations and transport statistics glossary;
- To start the implementation of standart nomenclature of goods carried by road transport (NST/R);
- To harmonize statistics on goods carried by road transport;
- To guarantee reliability and comparability of published data;
- To create statistical database for comparative analysis;
- To update database of registered goods transport;

OTHER SERVICES STATISTICS

The majority of service statistical indicators are collected by interviewing enterprises directly. Majority (50-60%) of enterprises are small enterprises, with 1 - 9 employees. Enterprises provide quarterly and annual statistical information. Until 1998 the questionnaire was uniform for all enterprises and following services groups were surveyed: maintenance and repairs of motocycles and motor vehicles, repairs of households and individual appliances, computer services, commercialservices, health care services, culture and leisure, sports services, miscellaneous services. This questionnaire covers only general questions - employment and turnover.

Since the first quarter of 1998, ten separate new questionnaires were designed for services. The aim of this quarterly survey is to evaluate total value of services and breakdown of the turnover in enterprises, where services is the main economic activity. Based on the recomendations of EUROSTAT and in order to harmonize services statistics in Lithuania the object of the survey and definitions of indicators have changed. The object of the survey - a services enterprise with the status of a legal entity. Indicator - value of services. This meet EUROSTAT requirements and this frequency is quite sufficient.

PROBLEMS, PRIORITY AREAS

The main problem with this survey is the wrong activity classifications of the enterprises in the Business register. Some of the enterprises are registered as enterprises providing services, but they carry out another activity, or enterprises that changes their activity during the survey period. Also, small companies avoid taxes and hide the actual numbers of employees, salaries and turnover.

Aiming at the assesment of the volume of unofficially rendered services, a special questionnaire has been design for households in 1996. Respondents were asked to indicate three types of services with the highest occurrence of unofficial labor. Respondents indicated the prevalence of unofficial services in car repairs (35% of respondents), transport services (15%), health care (16%), flat renting (16%).

The main priority areas for the development are defined as:

- To create reliable register of enterprises
- To implement the CPS classification in enterprises providing services
- Implementing structural survey

CONCLUSION

The business statistics needs to be strengthened. In this paper we have put forward a number of proposals to be included in the future strategy services sector statistics in Lithuania. We would like to mention:

1) The development of business register

- to improve quality of the activity classification
- to include information about secondary activities
- to strenght the legal framework for the gathering information about establishments
- to increase interest in a 4 digit level NACE activity code
- to improve cooperation with external data suppliers

2) The improvment of business statistics

- to improve systematic data collection
- to improve coverage and reliability of data input
- to implement structural statistics survey
- to implement CPA
- to apply seasonal adjustments
- to harmonise service statistics accordig EU requirements

All these activities will be carried out in cooperation with Statistics Denmark during the Project „Improvment of business statistics'' during the period of two years.