OECD Centre for Entrepreneurship, SMEs, Regions and Cities and its Spatial Productivity Lab

New approaches to understand business conditions and links between firms

Technical webinar

13 November 2023 | 14:00-18:00 (Paris time)
Online

AGENDA

OECD

■ The OECD Spatial Productivity Lab

The OECD Spatial Productivity Lab (SPL) is a dedicated research laboratory at the OECD Trento Centre, integral part of the OECD Centre for Entrepreneurship, SMEs, Regions and Cities, that works with local and global partners to improve our understanding of the spatial dimension of productivity growth, the relevance of links between different types of places and how regional policy can facilitate productivity growth, creation of better jobs and increased well-being. https://oe.cd/SPL

■ The Webinar

Understanding the regional and spatial nature of the economic links between businesses is crucial for many policy domains, yet as of today little systematic knowledge is collected and shared. Through their supply chain, firms transmit their success and their downturns to a wider network of suppliers or customers with likely strong spatial connotations as firms depend on their local network of suppliers, customers, service and finance providers. Entrepreneurs are more likely to have been born in the same area where their company operates than the average employee, as they leverage their local personal network to grow their business. Banks are more likely to lend to local firms because reputation and informal relationships can partially compensate for information asymmetry. SMEs can benefit from large companies opening establishments in their vicinity if they can develop links. An open question is what the relevant spatial scale of local links is, as recent evidence suggests that business do not just choose a region or a city, they choose specific business districts to locate.

Many policy interventions rely on the existence of local firm-to-firm links including those in regions and business districts, however little or no evidence is available on the nature and actual intensity of these links due to the scarcity of suitable data. The adoption of innovative approaches and the use of alternative sources of data, such as VAT and e-invoicing data, provide unique opportunities to fill knowledge gaps and improve policy making in OECD countries.

The workshop will build upon insights from academics, policy practitioners and other OECD teams working with firm-to-firm link data to provide an opportunity to discuss how different approaches and sources of data can generate new analyses and indicators to inform policy makers and other stakeholders, such as the business community.

■ Venue of the meeting

Virtual meeting over ZOOM.

To participate, please register here. A confirmation email and a link with log-in details will be sent to all online participants.

■ Language

The webinar will be held in English.

■ Contacts

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■ Agenda

New approaches to understand business conditions and links between firms

Monday
13 November 2023

14:00 – 14:15	**Opening**
PRESENTER	**Rudiger AHREND (OECD)**
14:15 – 15:45	**Technical presentations: Frontier analyses using innovative data on firm-to-firm linkages and business conditions**
DESCRIPTION	**Moderator: Carlo MENON (OECD)** The session delves deep into the latest empirical advancements in the understanding and utilisation of data on firm-to-firm networks and connections to address important policy questions. The technical presentations provide an overview of the potential of these innovative data sources, but also of their challenges and limitations in providing reliable and representative evidence.
PRESENTERS	***The market microstructure of industrial ecosystems in the digital and green transitions: evidence from Estonia*** **Louise GUILLOUET (Science, Technology and Innovation Directorate, OECD)** Thanks to a unique combination of administrative and survey data matched to the Estonian VAT data, this project studies how information on transaction data can shed light on industrial policy making, through two different angles: 1/ Improving the understanding of the production network, industrial ecosystems and the relevant unit of analysis for industrial policy design and 2/ An application to the diffusion of the green and digital transitions, showing the role of production network in technology diffusion and how this can be leveraged to increase policy effectiveness. ***Democratizing data through innovative data governance and visualizations*** **Patrick GILL, Stephen TAPP (Chambers of Commerce, Canada)** Small organizations in Canada struggle with accessing and leveraging data on business conditions and trends. These organizations have expressed difficulty in knowing what is available, accessing it and converting this information into actionable insights. To empower small organizations with more business-related information and insights, the Canadian Chamber of Commerce has built a suite of free tools that merge and visualize traditional statistics with powerful high-frequency data sets (e.g. payments and mobility). This work is enabled by innovate data governance (e.g. a data trust) and a collaborative partnership with Statistics Canada. The Canadian Chamber of Commerce is continuing work with Statistics Canada to release more local business information available through the agency's Business Register (e.g. the mapping of local business districts), and is exploring how Generative AI can support small organizations' navigation and understanding of the business information it has curated. ***Mapping location and co-location of industries at the neighborhood level*** **Alessandro ALASIA, Dennis HUYNH (Statistics Canada)** In Canada, there is limited analysis on industry locations at the neighbourhood level; location and co-location of industries have been assessed primarily at the regional scale which results in an information gap for businesses. Recent evidence suggests that businesses do not just choose a city for their location, they choose specific business districts within a metropolitan area. Recent improvements in the geolocation of business microdata allow to address the information gap. This work, undertaken as part of the Business Data Lab and in collaboration with the Canadian Chamber of Commerce, is a first attempt to map industry locations at the neighbourhood level in major metropolitan areas of Canada. Using establishment-level microdata from the Business Register, we apply spatial kernel density estimations to identify neighbourhoods with high employment/revenue density for selected industries (2-digit NAICS) and industry clusters (grouping of 6-digits NAICS). The geographic delineation of business districts within metropolitan areas is the first step in understanding the evolution of industry location and co-location over time, and assessing local business dynamics at the neighbourhood level. Ultimately, these business districts can be analyzed in combination with additional data sources (e.g., mobility and road traffic) to derive further economic insights.

■ Agenda

E-invoicing data for functional territories definition: the use case of pharmacies

Maria AURINDO (National Institute of Statistics, Portugal)

The presentation illustrates how a new Business-to-Consumer (B2C) database extracted from the Portuguese E-invoice system can be an important tool to explore the functional territories concept taking the pharmacies catchment areas as an example. The discussion addresses data integration methodological options and how Statistics Portugal infrastructural information domains – Business register, Building and fraction register and Population register – were crucial for this exercise, developed within the CE-SIG – Map of facilities and services project.

Involvement of rural regions in European research networks

Rupert KAWKA, Torsten SCHUNDER (Federal Office for Building and regional Planning, Germany)

This study investigates the distribution of the European Union's Horizon 2020 funding programme on rural and urban regions between 2014 and 2020 and the resulting urban-rural links. Leveraging the Horizon 2020-database covering the 2014-20 programming period, which encompasses data on approximately 35,000 funded projects involving nearly 180,000 partners, the paper explores the participation of rural firms and organisations in the broader European research framework. By integrating the urban-rural classification of NUTS 3 regions, the research addresses key questions concerning the involvement of rural regions in Horizon 2020 projects, the structural differences in projects with and without rural participation, and the dynamics of urban-rural collaboration in research. The study further aims to identify potential clusters of rural innovation hubs across Europe and assess spatial disparities.

15:45 – 16:15 BREAK

16:15 – 17:00 **Keynote presentation**

16:15 - 16:45 ***FDI and Superstar Spillovers: Evidence from Firm-to-Firm Transactions***

Mary AMITI (FED New York, United States)

Despite competition concerns over the increasing dominance of global corporations, many argue that productivity spillovers from multinationals to domestic firms justify pro-FDI policies. For the first time, we use firm-to-firm transaction data in a developed country to examine the impact of forming a new relationship with a multinational, and find a TFP increase of about 8% three or more years after the event. Sales to other buyers, trade and customer quality also increase. However, we also document that starting to supply other "superstar firms" such as those who heavily export or are very large also increases performance by similar amounts, even if the superstar is a non-multinational. Placebos on starting relationships with smaller firms and novel identification strategies relying solely on demand shocks to superstar firms support a causal interpretation. In addition to productivity spillovers, we document the transmission of "relationship capabilities" and "dating agency" effects as the increase in new buyers is particularly strong within the superstar firm's existing network. These results suggest an important role for raising productivity through the supply chains of superstar firms regardless of their multinational status.

16.45 - 17:00 **Questions & Answers**

17:00 – 18.00 **Panel discussion: integrating firm-to-firm transaction data in statistics production - challenges and opportunities**

DESCRIPTION **Moderator: Antonella LIBERATORE (Statistics and Data Directorate, OECD)**

The panel discussion discusses how innovative firm-to-firm transaction data can be integrated within "mainstream" statistical analysis. The panel addresses both the potential and the hurdles inherent in this integration, tackling topics such as data access and privacy, analytical robustness, coverage and representativity.

SCENE SETTING **Emmanuel DHYNE (National Bank of Belgium)**

REACTIONS **Andreina NADDEO (Office for National Statistics, UK)**

Fabio RAPITI (Italian National Statistical Office, Italy)

Closing and next steps

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INFORMATION
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This event is part of the OECD Centre for Entrepreneurship, SMEs, Regions and Cities activities.

The OECD Centre for Entrepreneurship, SMEs, Regions and Cities provides comparative statistics, analysis and capacity building for local and national actors to work together to unleash the potential of entrepreneurs and small and medium-sized enterprises, promote inclusive and sustainable regions and cities, boost local job creation, and support sound tourism policies. www.oecd.org/cfe

Funded by the European Union