Australian Bureau of Statistics

The benefits of

Data Integration

A series of case studies conducted by the ABS on the benefits of data integration.

Case Study

Business

One of the main benefits of linking data from different sources is that it gives us the ability to capture information without burdening the community with extra surveys. Beyond that, it's the deeper insights that the linked data provides.

While Australia has considerable information over time about people and households, business-related information to date has focussed on small to medium enterprises (SMEs). Researchers needed to include large, complex businesses in order to analyse the relationships between productivity, innovation and competition in all kinds of firm sizes and types and aggregate their responses to economy-wide changes.

Sponsored by the Department of Industry, Innovation and Science (DIIS), the ABS created the Expanded Analytical Business Longitudinal Database (EABLD) – a highly detailed method for linking data about Australian businesses. Using the ABS Business Register (ABSBR) as the integrating 'spine', EABLD links firm-level administrative data such as anonymised Business Activity Statements and Business Income Tax Statements from the Australian Taxation Office (ATO) with directly collected ABS survey data. It enables researchers to analyse the relationships between business characteristics, innovation, productivity, job creation and entrepreneurship.

"We can use the EABLD to counter uninformed arguments as well as to develop new evidence-based policy," said Dr Luke Hendrickson, manager of Innovation Research for DIIS.

Dr Hendrickson said the idea for the EABLD came from the desire to compare Australian business dynamics to that of other leading Organisation for Economic Co-operation and Development (OECD) countries. OECD research assessed the role of firms of different sizes and ages in a cross-country, comparative way to understand their contribution to employment growth. The OECD's work showed that young SMEs and very young firms were consistently doing most of the job creation across a range of countries.

"... start-ups are really important for generating employment growth in this country"

- Dr Luke Hendrickson

"Generating evidence based policy is what everyone says we should be doing," Dr Hendrickson said.

"Large firms were in fact shown to be net job destroyers and that was something that was not in the Australian political conversation or landscape. Successive governments have talked about big business being the engine of job creation and I wanted to test that.

"I thought this was an opportunity to turn a few myths on their head. EABLD helped the government and the Department to prosecute the idea that start-ups are really important for generating employment growth in this country and more important than larger, older firms. We provided an evidence base that couldn't be ignored and were able to put out quite an influential bit of work thanks to the EABLD," Dr Hendrickson said.

The EABLD was also able to compare the performance of firms supported by government policies and programs to those who did not receive support, which is useful in assessing the efficacy and value of government interventions.

"EABLD can compare and contrast different firm sizes, ages, sectors – and in the near future, different regions as well. So we will be able to ask what makes a booming region? Which firms are growing? What sectors are they in?," Dr Hendrickson said.

"The more data we add the more powerful this asset becomes."

Since the dataset and methodology of EABLD is enduring, that means that future, successive governments – and therefore the public – can benefit from an evidence-based tool for policy purposes.

"The best thing about it being enduring is that word will spread, more agencies will be using it and we'll hopefully get more investment and more bang from investment in this very informative tool," Dr Hendrickson said.

Find out more about ABS data integration on our FAQ page.