

## REJOINDER

David Hirschberg, Small Business Administration

Joseph Steinberg's questions regarding the Master Establishment List's (MEL) quality and conformity to statistical standards lie at the heart of the matter, once the major issue of mechanically merging files is solved.

Limited opportunity exists here for full discussion of the quality issues raised by Joseph Steinberg. However, there are several studies and reports which provide the interested researcher with such information. Discussions of the overall quality of the Dun's DMI file can be found in "D&B, DMI: Data User Conference." [1] Another publication of interest includes, "A Comparison of Employment Data From Several Sources: County Business Patterns, UI and Brookings' USEEM," by Candee Harris. [2] That report provides a fairly extensive examination by industry of the small business population.

Generally the nonsampling errors which are of concern can be examined from the information presented. The impact of the matching on the overall quality of the MEL is more complicated. From a statistical point of view, little is known about how completely the "yellow pages" cover the universe of business.

Definitive efforts to evaluate the Master Establishment List are hampered by the lack of uniform numerical identifiers in the various systems. Even when numerical identifiers, such as Federal employer identification numbers, are available, the matching of files from different systems is not a straightforward task, as Nick Greenia has pointed out in his paper. [3]

A great deal of work is needed in this area, and access to administrative records from State and Federal agencies is necessary. In addition, a requirement exists to more carefully define a small business for statistical purposes.

The overall documentation of the Small Business Data Base work can be found in the appendices to the "State of Small Business: A Report of the President" for each year beginning with 1982. [4] A more comprehensive guide to information relating to specific issues can be found in "The Development of the Small Business Data Base of the U.S. Small Business Administration: A Working Bibliography" by Bruce D. Phillips. [5] Most of these publications are available from the Office of Advocacy. Methodological and quality issues raised by Steinberg are directly addressed. Steinberg also raised the issue of the MEL's confidentiality status. This is now under discussion with the firms producing the files, and a formal statement on this issue should be forthcoming.

As mentioned previously, the inability to match files of business firms, along with a large turnover rate, plagues any attempt to

develop independent verification of the MEL. The University of Michigan Survey Research Center report, although vigorous in its approach, was not able to overcome these problems. [6] When differences between the two files occurred, it was difficult to determine precisely what the problem was.

One final comment with regard to the State unemployment insurance data is in order. The potential use of these files was explored with the States and the Bureau of Labor Statistics; because of confidentiality provisions, access could not be provided. Although a few States did decide to make their files available for research purposes, the cost involved in integrating them into the MEL precluded their use.

## REFERENCES

- [1] Advisory Commission on Intergovernmental Relations. (1979) "D&B, DMI: Data Users Conference," Washington, D.C. (mimeographed).
- [2] Harris, Candee S. (1981) "A Comparison of Employment Data for Several Business Data Sources: County Business Patterns on Unemployment Insurance, and the Brookings U.S. Establishment and Enterprise Microdata File," The Brookings Institution, Washington, D.C.
- [3] Greenia, Nick (1985) "1979 Sole Proprietorship Employment and Payroll: Processing Methodology," Record Linkage Techniques--1985, Internal Revenue Service, Washington, D.C.
- [4] Small Business Administration. (Annually, 1982 to 1985) The State of Small Business: A Report of the President.
- [5] Phillips, Bruce D. (1985) "The Development of the Small Business Data Base of the U.S. Small Business Administration: A Working Bibliography," Record Linkage Techniques--1985, Internal Revenue Service, Washington, D.C.
- [6] Converse, Muriel and Heeringa, Steven G. (1984) "An Evaluation of the Accuracy and Current Utility of the 1981 Master Establishment List (MEL)," Institute for Social Research, University of Michigan, Ann Arbor, MI.