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**BUSINESS REGISTER
RECOMMENDATIONS MANUAL***

Submitted by Eurostat**

GLOSSARY

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* All comments welcomed, send them to Arto.Luhtio@cec.eu.int.

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A

Acquisition

Acquisition refers to obtaining ownership and control by one firm, in whole or in part, of another firm or business entity.

Source: OECD Glossary of Statistical Terms

Note: the definition doesn't make any difference between ownership and control.

Related terms:

- Ownership
- Shares by owner
- Merger
- Take-over

Note: CODED: "Acquisitions", which concern the SNA framework are different.

Active unit

A statistical unit which is economically active at any time during a given reference period. A legal unit can be legally or administratively active without any economic activity.

Source: Eurostat draft

Related terms:

- Economic activity
- Number of active enterprises
- Dormant unit

Activity

An activity is said to take place when resources such as equipment, labour, manufacturing techniques, information networks or products are combined, leading to the creation of specific goods or services. An activity is characterised by an input of products (goods or services), a production process and an output of products.

In practice the majority of production units perform activities of a mixed character. The identification of a principal activity is necessary to allocate a unit to a particular NACE Rev. 1.1 heading.

Principal activity. The principal activity is identified by the top-down method as the activity, which contributes most to the total value added of the entity under consideration. The principal activity so identified does not necessarily account for 50% or more of the entity's total value added.

Secondary activity A secondary activity is any other activity of the entity that produces goods or services.

Ancillary activities Principal and secondary activities are generally carried out with the support of a number of ancillary activities, such as accounting, transportation, storage, purchasing, sales promotion, repair and maintenance, etc. Thus, ancillary activities are those that exist solely to support the main productive activities of an entity by providing non-durable goods or services for the use of that entity.

Source: NACE Rev. 1.1, Statistical Classification of Economic Activities in the European Community, Introduction, Eurostat, 2002, P. 10.

Related terms:

- Industry
- NACE Rev. 1.1
- Statistical unit

(see also: CODED: "Activity - NACE")

Administrative Sources

Administrative sources are sources containing information that is not primarily collected for statistical purposes.

Source: Business Register Recommendations Manual, paragraph 20.3

Note: CODED: "Administrative source". Its definition is more restricted. A broader definition is preferable.

Affiliate

see: Foreign Affiliate

Note: CODED: "Affiliate" is in conflict with the enterprise group definition and should not be used.

All-resident enterprise group

An enterprise group composed only by legal units all resident on a single national territory.

Source: Business Register Recommendations Manual, paragraph 21.45

Related terms:

- Enterprise group
- Multinational enterprise group

(compare: CODED: "All-resident enterprise group")

Analytical unit

Analytical units represent real or artificially constructed units, for which statistics are compiled. Analytical units can correspond therefore for example to enterprises, local units, kind-of-activity units (KAU), local kind-of-activity units (local KAU) as well as to units of homogeneous production (UHP) and local units of homogeneous production (local UHP).

Source: Eurostat

Related terms:

- Observation unit
- Statistical unit

(equals: CODED: "Analytical unit - Eurostat")

Ancillary activity

According to the Regulation on statistical units an activity must be regarded as ancillary if it satisfies all the following conditions:

- it serves only the unit referred to: in other words, goods or services produced must not be sold on the market;
- a comparable activity on a similar scale is performed in similar production units;
- it produces services or, in exceptional cases, non-durable goods which do not form part of the unit's end product (e.g. small implements or scaffolding);
- it contributes to the current costs of the unit itself, i.e. does not generate gross fixed capital formation.

It should be noted that under the above definition the following are not to be regarded as ancillary activities:

- Production of goods or work carried out which forms part of fixed capital formation: in particular, construction work for own account. This is in line with the method used in NACE Rev. 1.1, where units carrying out construction work for own account are classified under the building industry if data are available;

- Production, a significant part of which is sold commercially, even if much is used as consumption in connection with the principal activity or secondary activities;
- The production of goods which subsequently become an integral part of the output of the principal or secondary activity - e.g. production of boxes, containers, etc. by a department of an enterprise for use in packing its products;
- The production of energy (integrated power station or integrated coking plant), even where this is consumed in its entirety in the principal or secondary activity of the parent unit;
- The purchase of goods for resale in (an) unaltered state;
- Research and development. These activities are not very widespread and do not produce services which are used in current production.

Source: Council Regulation (EEC), No. 696/93, Section IV B1 and B4 of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Activity

(equals: CODED: "Ancillary activity - Council Regulation 696/93")

Association or co-operation between enterprises

see: Involvement of the enterprise in an association or co-operation agreement with other enterprises

Autonomy of decision

see: Enterprise

B

Birth [of Business]

of Enterprise:

see: Number of births of enterprises

of Local unit:

The birth of a local unit is the emergence of a local unit, which did not exist before. Since the local unit is a part of an enterprise, situated in a geographically identified place, and the enterprise is a combination of production factors, the birth of a local unit amounts to the creation of a (partial) combination of production factors at a geographically identified place.

Source: Business Register Recommendations Manual, paragraph 15.9

of Enterprise group:

The birth of an enterprise group is the establishing of a link of control, direct or indirect, between two or more independent legal units, where no link of control existed before and no other enterprise group is involved.

Source: Business Register Recommendations Manual, draft

Related terms:

- Creation of business

Birth date [of Business]

The date on which a unit was born.

Enterprise:

In principle the date could be decided by referring to the definition of the enterprise: the birth takes place at the (first) moment the conditions of the definition are met, so the moment there is an organisational unit producing goods or services.

The convention is that the date on which the first financial commitments for investments are made should be taken. This may seem somewhat early, since actual production will take place

afterwards, but this allows for the statistical coverage of all important variables, such as investments, from the beginning. This date is not considered too early since serious commitments have been made, however, from the point of view of cost-efficiency and response burden it may not always be desirable to actually collect the date of birth from the enterprise; in that case the registration date at the administrative source has to be taken.

Source: Business Register Recommendations Manual, paragraphs 13.13, 13.30

Related terms:

- Date of creation

BR

see: Statistical business register

Branch

Branches shall mean local units without legal entity, which are dependent on foreign enterprises. They are treated as quasi-enterprises.

Source: Eurostat draft

Note: CODED: "Branch" only concerns credit institutions.

Break-up

of Enterprise:

Break-up involves one enterprise before and more than one enterprise after the event. In a break-up, the enterprise is divided in such a way that neither (none) of the new enterprises keeps the identity of the original enterprise.

Source: Business Register Recommendations Manual, paragraph 13.22

of Enterprise group:

Like enterprise, an enterprise group may disintegrate into two or more enterprise groups. In a break-up, the enterprise group is divided in such a way that neither (none) of the new enterprise groups keep the identity of the original enterprise group.

Source: Business Register Recommendations Manual, draft

Related terms:

- Split-off
- Creation of business
- Cessation of business

Burden

Administrative burdens on enterprises are seen as impediments to their competitiveness. They result from all administrative demands. Requests by National Statistical Offices and other parts of national administrations responsible for statistical data collection figure among the list of administrative burdens. When considering the statistical burden on an enterprise it is useful to distinguish the two terms 'load' and 'burden'. The net burden of a survey can be defined as follows:

+ the additional cost to business arising from their inclusion in a survey (the load)
 - value to enterprises of uses of the statistics (the benefits)
 = net burden

In practice however, whether businesses see a survey as a burden or not will be a matter of perception which may not be in accordance with the actual costs and benefits involved. Thus:

+ perceived load
 - perceived benefits
 = perceived burden

Source: Statistical burden on businesses by Andrew Machin (ONS, London), June 1995

(equals: CODED: "Burden")

Business closures

see: **Cessation of business**

Business demography

This heading covers a group of variables which explain the characteristics and demography of the business population.

The demography of enterprises can be assessed by studying enterprise births and enterprise deaths and by examining the change in the number of enterprises by type of activity, i.e. by examining the flows and stocks to get a complete picture of the business dynamism.

For some activities in which local units are very important (retail trade, HORECA, etc.) these variables may also be collected for local units.

Source: Eurostat

Related terms:

- Number of births of enterprises
- Number of deaths of enterprises

compare: CODED: "Business demography";

Business register

see: **Statistical business register**

Business start-ups

see: **Creation of business**

C

Capital

Capital is generally considered as a wealth component (sum of assets belonging to enterprises, government and households).

Capital corresponds in economics to a factor of production.

Source: Eurostat

(equals: CODED: "Capital")

Captive unit

Control can be a *de facto* situation, generated by strategies of outsourcing, aimed at reducing costs of production and increasing productivity, such as exclusive sales or supply contracts, that generate dependency of one legal unit from another without any direct participation from the part of the former into the capital share of the latter. A legal unit can thus be captive by another unit without being owned by that, but linked by a commercial contract, which ensure to the parent legal unit the exclusive rights of the work. In the case of natural persons such units are also called false self-employed.

Source: Business Register Recommendations Manual, paragraph 21.34

Related terms:

- Control
- Ownership

Ceased trading

see: **Cessation of business**

Cessation [of Business]

The cessation of activities of a unit. This can occur either due to a (real) death of the unit, or due to other cessation by a merger, take-over, break-up or discontinuity point according to the continuity rules.

For more information by unit:

see: Date of cessation

Related terms:

- Death of business
- Merger
- Take-over
- Break-up

Classification of activities

see: NACE Rev. 1.1

Co-operation between enterprises

see: Involvement of the enterprise in an association or co-operation agreement with other enterprises

Co-ordination of samples

Increasing the sample overlap for some surveys rather than drawing the samples independently is known as positive co-ordination. A positive co-ordination is often searched in repeated surveys over time (panels) in order to obtain a better accuracy of statistics depending on correlated variables from two surveys. Reducing the overlap between samples for different surveys is known as negative co-ordination. A negative co-ordination is used in order to share more equally the response burden among responding units when statistics from surveys are not used together or are not correlated.

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

Coding

Coding is the procedure for converting verbal information into numbers or other symbols which can be more easily counted and tabulated.

Source: Eurostat Quality Glossary.

(equals: CODED: "Coding")

Coding error

The assignment of an incorrect code to a survey response.

Source: Eurostat Quality Glossary.

(equals: CODED: "Coding error")

Collective services

Collective services are provided without charge, or with a nominal charge, to the community as a whole or to particular groups of households or other units.

The output of collective services covers services which, by convention, are always deemed to be non-market (e.g. services of general government, national defence, compulsory social security, social work, trade unions, religious organisations, etc.), as well as the following services which are non-market if the resources of the producer unit are mainly (50% or more) derived from sources other than the proceeds of sales (e.g. schools, research and development, hospitals and clinics, professional associations and economic organisations,

employers' federations, libraries, public archives, museums, botanical and zoological gardens, etc.).

Collective services are produced by the non-market branches of general government or private non-profit institutions, depending on whether the institutional unit producing them belongs to the general government sector or to the private non-profit institutions sector.

Source: Eurostat

Related terms:

- Non-market output
- Non-profit institutions

(equals: CODED: "Collective services")

Commencement [of business]

see: Creation of business

Commencement date

see: Date of creation

Company

see: Firm

Complex enterprise

An enterprise linked to more than one legal unit.

Source: Business Register Recommendations Manual, paragraph 7.32

Concentration

Concentration of enterprises refers to demographic events (mergers and take-overs) involving more than one enterprise before and one enterprise after the event.

The term may also be used to denote that the population of enterprises gets fewer owners or is spread over a reduced number of enterprise groups.

Source: Business Register Recommendations Manual, paragraphs 13.18-13.19

Related terms:

- Merger
- Take-over
- De-concentration

Continuity

In theory, the continuity rules would be derived from the definition of the enterprise (or other unit) and its statistical uses. In principle, the continuity of an enterprise depends on the continuity of its production factors: employment, machines and equipment, land, buildings, management, and intangible assets. The continuity of these factors can be measured and weighted to decide upon the continuity of the enterprise.

In practice, the continuity rules depend on considerations of cost-efficiency, notably availability of information, costs of additional information collection for the statistical institute, and response burden effects. Practical criteria, if complete information on the continuity of the production factors is not available, is discussed

- for enterprises in chapter 14

- for local units in chapter 16

- for enterprise groups practical criteria have not yet been defined

Source: Business Register Recommendations Manual, chapters 14 and 16

Related terms:

- Survival
-

Control

Control over a corporation is defined as the ability to determine general corporate policy by choosing appropriate directors, if necessary. A single institutional unit (another corporation, a household or a government unit) secures control over a corporation by owning more than half the voting shares or otherwise controlling more than half the shareholders' voting power. In addition, government secures control over a corporation as a result of special legislation decree or regulation, which empowers the government to determine corporate policy or to appoint the directors. In order to control more than half the shareholders' voting power, an institutional unit needs not own any of the voting shares itself. A corporation C could be a subsidiary of another corporation B in which a third corporation A owns a majority of the voting shares. Corporation C is said to be subsidiary of corporation B when: either corporation B controls more than half of the shareholders' voting power in corporation C or corporation B is a shareholder in C with the right to appoint or remove a majority of the directors of C.

Source: European System of Accounts (ESA) 1995, [2.26]

Related terms:

- Dominant influence
- Ownership
- Majority ownership

(equals: CODED: "Control")

Corporation

A typical corporation may be described as a legal entity, created for the purpose of producing goods or services for the market, that may be a source of profit or other financial gain to its owner(s); it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management.

Source: System of National Accounts (SNA) 1993, (4.23)

Related terms:

- Enterprise
- Institutional unit

(equals: CODED: "Corporation - SNA")

Country of residence of the group head

This is the country where the head office of the group head is located.

Note that certain territories do not have ISO country codes (Isle of Man, Jersey, Guernsey; these do not belong to the European Union). For these, the codes given in the Balance of Payments Vademecum can be used (see Balance of Payments interest group on CIRCA web site).

Source: Business Register Recommendations Manual, paragraph 21.91

Related terms:

- Group head
- Nationality of enterprise group

Creation [of Business]

The emergence of a new unit. This can be either due to a (real) birth of the unit, or due to other creation by a merger, break-up, split-off or discontinuity point according to the continuity rules.

For more information by unit:

see: Date of creation

Related terms:

- New enterprises
 - Birth of business
 - Merger
 - Break-up
 - Split-off
-

D

Date of cessation

The date on which a unit ceased activities. This can be either its death date, or other cessation date due to merger, take-over, break-up or discontinuity point according to the continuity rules.

Legal unit - Variable 1e (date on which the legal unit ceases to be legally responsible for an enterprise) - This date is not easy to collect but probably the registration of the event is far more important than the precise day and month of its having taken place. Basically, the legal unit ceases to be legally responsible for an enterprise when:

- (a) The legal unit ceases to exist;
- (b) All the means of production of the legal unit are bought by or transferred to another legal unit, which is then the responsible unit for the enterprise.

Local unit - Variable 2g (date of final cessation of activity) - This variable refers to the death or other deletion date of the local unit. As already explained for legal units (variable 1e) above, this date may not be available with any precision, only the fact that the local unit has ceased to exist during the reference year may be known.

Enterprise - Variable 3g (date of final cessation of activities of the enterprise) - This variable refers to the death or other cessation date of the enterprise and is interpreted in a way similar to the corresponding variable (2g) for local units (see above).

Enterprise group - draft Variable (date of cessation of the enterprise group) - Cessation of an enterprise group means either death of the enterprise group (dissolution of the links of control between the units belonging to the enterprise group), or (more commonly) other cessation date by merger with or take-over by another enterprise group, or break-up into two or more enterprise groups.

Source: Business Register Manual of Recommendations, paragraphs 5.83 - 5.93

Date of commencement

see: Date of creation

Date of creation

The date on which a unit commenced activities. This can be either its birth date, or other creation date due to merger, break-up, split-off or discontinuity point according to the continuity rules.

Legal Unit - Variable 1d (date of incorporation for legal persons or date of official recognition as an economic operator for natural persons) - The 'date of official recognition' may be the date on which an identification number is given, be it a VAT number or other. In general this is the prerequisite for a firm to engage in legal economic transactions.

Local unit - Variable 2f (date of commencement of the activities the codes of which are given in 2c) - Taken literally, this date would refer to the date, when the present principal activity started (the local unit could have existed before that). As this would be inconsistent with the continuity rules, it is recommended that the date should refer to the birth or other creation date of the local unit.

Enterprise - Variable 3f (date of commencement of activities of the enterprise) - The date refers to the birth or other creation date of the enterprise and it is different from variable 1d, because the continuity rules for enterprises should be applied. The date of birth is in principle the date on which the first financial commitments are made, but in practice it may refer to the registration date in the administrative source.

Enterprise group - draft Variable (date of commencement of the enterprise group) - The date refers either to a date when a new enterprise group is born (the date when a controlling link is established between two legal units, where no enterprise group existed before), or other creation date of a new enterprise group (by merger or break-up). The birth of a new enterprise group may be difficult to define in practice, if the smallest enterprise groups are not monitored. The date from which the enterprise group is being monitored can then be used as a proxy.

Source: Business Register Recommendations Manual, paragraphs 5.80 - 5.82

De-concentration

De-concentration is defined as changes (break-ups and split-offs) involving one enterprise before and more than one enterprise after the event.

Source: Business Register Recommendations Manual, paragraph 13.22

Related terms:

- Break-up
- Split-off
- Concentration

Death [of Business]

of Enterprise:

see: Number of deaths of enterprises

of Local unit:

The death of a local unit is the disappearance of a local unit, which existed before. Since the local unit is a part of an enterprise, situated in a geographically identified place, and the enterprise is a combination of production factors, the death of a local unit amounts to the dissolution of a (partial) combination of production factors at a geographically identified place.

Source: Business Register Recommendations Manual, paragraph 15.9

of Enterprise group:

The death of an enterprise group is the cessation of all control links, direct or indirect, between the legal units of which the enterprise group consists. The legal units become independent again or cease to exist. No other enterprise group is involved.

Source: Business Register Recommendations Manual, draft

Related terms:

- Cessation of business

Death code

Classification system used to record the reason for the death of a unit.

Source: Business Register Manual of Recommendations, paragraphs 5.83 - 5.93

Death date

The date on which a unit died. The date is not easy to collect but registration of the event is more important than the exact day.

There may be no interest from the part of the unit to announce its death. Between activity and death there may be a period of inactivity, in which the unit may be recorded as dormant. Only after 24 months of such status may the unit be erased from the statistical business register and that is the date to be retained.

Source: Business Register Manual of Recommendations, paragraphs 5.83 - 5.93

Related terms:

- Date of cessation

Delineation

The delineation of statistical units is mainly done by considering groupings or divisions of legal units and applying EU harmonised rules and/or using classifications. Bad delineation may

occur when two units are considered as one and vice versa (for instance a cafeteria attached to a supermarket). Another frequent case of difficulties in delineation is encountered with very small enterprises, which represent a total employment less than the full-time equivalent of one year.

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

(equals: CODED: "Delineation")

Demography of enterprises

see: Business demography

Direct control

see: Control

Domestically controlled enterprise group

A domestically controlled enterprise group is a multinational group controlled by a group head that has its headquarters resident in the country compiling the business register.

[Note: All-resident enterprise groups are also self-evidently domestically controlled, but as they are not multinational, they do not belong to this type].

Source: Business Register Recommendations Manual, paragraph 21.46

Related terms:

- Multinational enterprise group
- Group head
- Foreign controlled enterprise group
- All-resident enterprise group

Dominant influence

The *dominant influence* can be exercised in different ways. The acquisition of the absolute majority (50%+1) of shareholdings with voting rights is the main instrument used to take control over a legal unit. On the other hand the absolute majority of ownership of the capital share is neither a necessary nor a sufficient condition to have control.

It is not a necessary condition because there may be situations in which a relative majority of shareholdings with voting rights is enough to take control. This can be due to:

- (a) absenteeism in the meetings from the part of the other shareholders;
- (b) existing contracts about control.

It is not sufficient because the ability to effectively exercise control depends on the possibility to actively participate in the decision making process of the meeting. This may be limited by the presence of:

- (a) shareholdings with limited voting rights;
- (b) statutory provisions that limit the transferability of shares;
- (c) temporary suspension of voting rights.

Situations vary very much from country to country and depend on the legal framework concerning the corporate government, i.e. the legislation that regulates the allocation of property rights and control of enterprises in the economy. In particular the principles vary sometimes notably between civil law systems and common law ones.

Source: Business Register Recommendations Manual, paragraph 21.29-21.33

Related terms:

- Control

Dormant unit

A unit is said to be dormant if it is legally alive and has legal personality, but does not carry on any activity and has neither employment nor turnover.

Source: Business Register Recommendations Manual, paragraph 7.33

E

Economic activity

Any activity consisting in offering goods and services on a given market is an economic activity.

Source: Judgement of the Court of Justice C-180-184 198 [2000] ECR I-6451

Related terms:

- Activity (NACE)

Economic territory

The term economic territory means:

- the geographic territory administered by a government within which persons, goods, services and capital move freely;
- any free zones, including bonded warehouses and factories under customs control;
- the national air-space, territorial waters and the continental shelf lying in international waters, over which the country enjoys exclusive rights;
- territorial enclaves, i.e. geographic territories situated in the rest of the world and used, under international treaties or agreements between States, by general government agencies of the country (embassies, consulates, military bases, scientific bases etc.);
- deposits of oil, natural gas, etc. in international waters outside the continental shelf of the country, worked by units resident in the territory as defined in the preceding subparagraphs.

The economic territory does not include extraterritorial enclaves (i.e. the parts of the country's own geographic territory used by general government agencies of other countries, by the Institutions of the European Union or by international organisations under international treaties or agreements between States).

Source: European System of Accounts (ESA) 1995, [2.05, 2.06]

Related terms:

- Statistical territory

(equals: CODED: "Economic territory")

Effective control

Effective minority control means having the effective control of a unit without having the majority of voting stock. It does not include indirect control via a majority-controlled subsidiary. The most common case is a minority but large shareholder and a very large number of dispersed small shareholders, none of which holds a significant share of the capital. The minority shareholder can thus exercise effective control insofar as no majority of shareholders is really able to oppose it. However, it is possible that the small shareholders join forces in order to have more influence over the strategic decisions.

Source: Business Register Recommendations Manual, paragraph 21.32

Related terms:

- Control
- Dominant influence

Employees

Employees are defined as those persons who work for an employer and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind.

The relationship of employer to employee exists when there is an agreement, which may be formal or informal, between an enterprise and a person, normally entered into voluntarily by both parties, whereby the person works for the enterprise in return for remuneration in cash or in kind.

A worker is considered to be a wage or salary earner of a particular unit if he or she receives a wage or salary from the unit regardless of where the work is done (in or outside the production unit). A worker from a temporary employment agency is considered to be an employee of the temporary employment agency and not of the unit (customer) in which they work.

In particular the following are considered as employees:

- paid working proprietors;
- students who have a formal commitment whereby they contribute to the unit's process of production in return for remuneration and/or education services;
- employees engaged under a contract specifically designed to encourage the recruitment of unemployed persons;
- homeworkers if there is an explicit agreement that the homeworker is remunerated on the basis of the work done and they are included on the pay-roll.

Employees include part-time workers, seasonal workers, persons on strike or on short-term leave, but excludes those persons on long-term leave. Employees do not include voluntary workers.

For the purposes of the Labour Force Survey the following definition is used:

Employees are defined as persons who work for a public or private employer and who receive compensation in the form of wages, salaries, fees, gratuities, payment by results or payment in kind; non-conscripted members of the armed forces are also included.

Source: Definitions of SBS Regulation variables (16 13 0), The EU Labour Force Survey, Methods and Definitions, Eurostat 1996

Related terms:

- Employment
- Number of employees
- Number of persons employed

(see: CODED: "Employees - ESA", "Employees - Labour market", and "Employees - SBS")

Employment

Employment is one of the main variable groups covered by structural business statistics. The two main measures used are:

- the number of persons employed and
- the number of employees.

More complex measures are sometimes produced by measuring the number of hours worked or by conversion into full-time equivalent units. In addition some particular categories of employment are measured, such as part-time employment, female employment, self-employment, apprentices, homeworkers and unpaid employment (unpaid family workers and working proprietors).

The European System of Accounts (ESA) defines employment as covering both employees and self-employed persons, who are engaged in some productive activity that falls within the production boundary of the system.

1. Employees:

Employees are defined as all persons who, by agreement, work for another resident institutional unit and receive remuneration. An employer-employee relationship exists when there is an agreement, which may be formal or informal, between an enterprise and a person, normally entered into voluntarily by both parties, whereby the person works for the enterprise in return for remuneration in cash or in kind.

Note: Employees corresponds to the International Labour Office definition of 'paid employment'.

2. Self-employed persons:

Self-employed persons are defined as persons who are the sole owners, or joint owners, of the unincorporated enterprises in which they work, excluding those unincorporated enterprises that are classified as quasi-corporations. Self-employed persons are classified here if they are not also in a paid employment which constitutes their principal activity: in that latter case they are classified under employees. Self-employed persons also include the following categories: unpaid family workers, outworkers and workers engaged in production undertaken entirely for their own final consumption or own capital formation, either individually or collectively.

The Community Labour Force Survey defines employment (in accordance with the International Labour Office) as follows:

Persons in employment are those, aged 15 years and over and living in private households, who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent. Family workers are also included.

Source: The EU Labour Force Survey, Methods and Definitions, Eurostat 1996, European System of Accounts (ESA) 1995, [11.11-11.16] and Eurostat

Related terms:

- Employees
- Number of persons employed

(see: CODED: "Employment - Economic statistics" and "Employment - Labour market")

Enterprise

The enterprise is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

Source: Council Regulation (EEC), No. 696/93, Section III A of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Institutional unit
- Corporation
- Firm
- Statistical unit

(equals: CODED: "Enterprise - Business statistics")

Enterprise group

An enterprise group is an association of enterprises bound together by legal and/or financial links. A group of enterprises can have more than one decision-making centre, especially for policy on production, sales and profit. It may centralise certain aspects of financial management and taxation. It constitutes an economic entity, which is empowered to make choices, particularly concerning the units that it comprises.

Source: Council Regulation (EEC), No. 696/93, Section III C, of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Multinational enterprise group
- All-resident enterprise group
- Truncated enterprise group
- Statistical unit

(equals: CODED: "Enterprise group")

Error - in business register

An error in a statistical business register is a difference in the information presented in the register and the information as it should be according to a chosen image of the real world produced and maintained by an accepted instrument and documented procedures.

Source: Business Register Recommendations Manual, paragraph 18.4

Related terms:

- Frame error

(compare: CODED: "Error - in Survey", and "Error - Quality")

ESA

see: European system of accounts

Establishment

An establishment is defined by the System of National Accounts (SNA) as an enterprise, or part of an enterprise, that is situated in a single location and in which only a single (non-ancillary) productive activity is carried out or in which the principal productive activity accounts for most of the value added.

According to the Regulation on statistical units the local kind-of-activity unit (local KAU) corresponds to the operational definition of the establishment. According to the European System of Accounts (ESA) the local KAU is called the establishment in the SNA and ISIC Rev. 3.

Source: System of National Accounts (SNA) 1993, (5.21), P. 116, European System of Accounts (ESA) 1995, [2.106] footnote 15 and Council Regulation (EEC), No. 696/93, Section III G (2), of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Local kind-of-activity unit

(equals: CODED: "Establishment")

European Company (SE)

A certain type of enterprise group, as defined in

Source: Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE)

Related terms:

- Enterprise group

European Statistical System (ESS)

European Statistical System - A system of agreed standards, organisational methods and structures for producing statistics for and on the European Economic Area; a system based on the principles of subsidiarity and on a high level of co-operation amongst organisations involved in European statistics.

Source: Eurostat

(equals: CODED: "European Statistical System (ESS)")

European system of accounts (ESA)

The 1995 ESA is fully consistent with the revised worldwide guidelines on national accounting, the System of National Accounts (1993 SNA) and replaces the European System of Integrated Economic Accounts published in 1970.

The ESA framework consists of two main sets of tables:

— Sector accounts: provide, by institutional sector, a systematic description of the different stages of the economic process: production, generation of income, distribution of income, redistribution of income, use of income and financial and non-financial accumulation. The sector accounts also include balance sheets to describe the stocks of assets, liabilities and net worth at the beginning and the end of the accounting period.

— Input-output framework and the accounts by industry: describe in more detail the production process (cost structure, income generated and employment) and the flows of goods and services (output, imports, exports, final consumption, intermediate consumption and capital formation by product group).

The ESA encompasses concepts of population and employment. These concepts are relevant for both the sector accounts and the input-output framework. The ESA is not restricted to annual national accounting, but applies also to quarterly accounts and regional accounts.

Source: European System of Accounts (ESA) 1995, [1.01-1.02]

(equals: CODED: "European system of accounts (ESA)")

Event [Business Demography]

The table below contains the main demographic events for enterprises, the number of enterprises involved in the events and their consequences for business registers in terms of number of register creations and deletions.

For enterprise groups a similar table could be constructed as most of the events can be defined for groups as well. For local units only births and deaths are generally observed.

<i>Event</i>	Real, observable world		Business register	
	<i>Number of enterprises before the event</i>	<i>Number of enterprises after the event</i>	<i>Number of creations</i>	<i>Number of deletions</i>
Birth	-	1	1	-
Death	1	-	-	1
Change of ownership	1	1	-	-
Merger	n	1	1	n
Take-over	n	1	-	n-1
Break-up	1	n	n	1
Split-off	1	n	n-1	-
Creation of a joint venture	n	n+1	1	-
Cessation of a joint venture	n	n-1	-	1
Restructuring within an enterprise	1	1	-	-
Restructuring within an enterprise group	n	n	0 or more	0 or more
Change of group	1	1	-	-
Complex restructuring	n	n	0 or more	0 or more

Note: n = 2 or more

Source: Business Register Recommendations Manual, paragraph 13.45

F

Factors of production

A factor of production is any good or service used to produce an output. In economics, factors of production are normally grouped into the categories land, labour and capital. Capital includes intermediate inputs.

Source: Business Register Recommendations Manual, paragraph 14.9

False match

A pair wrongly designated as a match in the matching process

Source: TES Course "The Use of Administrative Sources for Statistical Purposes"

Related terms:

- Matching

False non-match

A pair, which is a match in reality, but is designated as a non-match in the matching process.

Source: TES Course "The Use of Administrative Sources for Statistical Purposes"

Related terms:

- Matching

Family workers

see: Unpaid family workers

FATS

see: Foreign Affiliate

Firm

Freedom of establishment shall include the right to take up and pursue activities as self-employed persons and to set up and manage undertakings, in particular companies or firms with the meaning of the second paragraph of Article 48, under the conditions laid down for its own nationals by the law of the country where such establishment is effected, subject to the provisions of the chapter relating to capital.

Companies or firms formed in accordance with the law of a Member State and having their registered office, central administration or principal place of business within the Community shall, for the purposes of this chapter, be treated in the same way as natural persons who are nationals of Member States.

'Companies or firms' means companies or firms constituted under civil or commercial law, including co-operative societies, and other legal persons governed by public or private law, save for those which are non-profit-making.

Source: Treaty of Nice, articles 43 and 48

Related terms:

- Enterprise
- Institutional unit
- Corporation
- Non-profit institution
- Legal unit

First shot

see: Immediate foreign owner

Foreign Affiliate

A foreign affiliate shall mean an enterprise in the compiling country on which an institutional unit outside the compiling country has control, or an enterprise outside the compiling country on which an institutional unit in the compiling country has control.

Source: Eurostat

Related terms:

- Subsidiary
- Enterprise
- Institutional unit

Foreign controlled enterprise group

A foreign controlled enterprise group is a multinational group controlled by a group head that has its headquarters resident outside the country compiling the business register.

Source: Business Register Recommendations Manual, paragraph 21.47

Related terms:

- Multinational enterprise group
- Group head
- Domestically controlled enterprise group
- All-resident enterprise group

Frame

The frame for a survey is the listing or listings of units in the population at which the survey is aimed, from which the sample is drawn and through which units of the study population are contacted.

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

Related terms:

- Statistical business register

(compare: CODED: "Frame - Statistics Canada")

Frame error

Frame error may be caused by the inherent limitations of input data, or by delays and errors in data acquisition and processing. Frame error covers:

- coverage errors - erroneous inclusions, omissions and duplications;
- classification errors - units not classified, or misclassified by industry, geography or size;
- contact errors - units with incomplete or incorrect contact data.

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

Related terms:

- Error

Franchise

The operation of a franchise network is a method of doing business that is popular in a number of service activities, especially hotels, restaurants, and retail sales. Franchisees are independent legal units which sign a contract with another legal unit, the franchiser, to engage in an activity making use of trademarks, trading styles and marketing support provided by the franchiser, usually in return for a fee or a share of the profits. A franchise contract typically includes a number of restrictive clauses limiting the franchisee's freedom of choice, for

instance imposing standards as to the goods and services to be produced, their quality and their price. The franchisee may be compelled to obtain supplies from the franchiser and must pay possibly access rights. The franchisee remains entirely responsible for his investment. Contribution towards certain services organised by the franchiser that is common to the entire network. The franchiser, in turn, offers scale economies without completely taking away the autonomy of the franchisee, for example by taking care of collective marketing. Franchise operators may or may not belong to the same enterprise group.

Franchisees are deemed to be separate enterprises because they consist of a complete combination of factors of production, and they run the full entrepreneurial risk. Moreover, the definition of the enterprise requires autonomy but allows for this autonomy to be somewhat restricted ("a certain degree of autonomy" is required), and full accounts tend to be available only at the level of the separate franchisees. The franchiser is also regarded as a separate enterprise.

Source: Business Register Recommendations Manual, paragraphs 19.54-19.55

Related terms:

- Involvement of the enterprise in an association or co-operation agreement with other enterprises

(compare: CODED: "Franchise")

FTE's

see: Full-time equivalent units

Full-time equivalent units

Full-time equivalent units are used in annual business statistics to improve the comparability of measures of employment. Figures for the number of persons working less than the standard working time of a full-year full-time worker, should be converted into full time equivalents, with regard to the working time of a full-time full-year employee in the unit. Included in this category are people working less than a standard working day, less than the standard number of working days in the week, or less than the standard number of weeks/months in the year. The conversion should be carried out on the basis of the number of hours, days, weeks or months worked.

Source: Extract from the definitions of SBS Regulation variables (16 14 0) and Eurostat

Related terms:

- Number of employees
- Head count

(equals: CODED: "Full-time equivalent units")

G

Globalisation

Globalisation is the existence of interactions between enterprises residing in different countries, which are related by other links than mere market trade, and their socio-economic consequences.

Source: Globalisation reflection group; the impact of globalisation on statistics - summary, conclusions, recommendations - 29th May 1998

(equals: CODED: "Globalisation")

Group Head

An enterprise group is a set of enterprises controlled by the group head. The group head is a parent legal unit, which is not controlled either directly or indirectly by any other legal unit.

Source: Council Regulation (EEC) No. 696/93 Annex, Section III, C, Explanatory notes, 4

Related terms:

- Ultimate controlling institutional unit
- Legal unit
- Enterprise group

(equals: CODED: "Group Head")

Growth

The term growth is used in business demography to study how enterprises develop. Growth is measured in terms of a change in size (in this case employment) over time. It is expected that growth for real births will generally be positive (for those enterprises that have survived) as the vast majority are very small at the time of start-up. There will be occasional cases for births, and more frequent cases for the population of active enterprises, where the growth measured in this way will be negative.

Source: Draft - Business demography methodological manual, section 6.2

H**Head count**

The number of physical persons (full time and part time) employed by a unit.

Source: Business Register Recommendations Manual, paragraph 5.5

Related terms:

- Number of persons employed
- Full-time equivalent units

(compare: CODED: "Head Count - HC", which concerns R&D, and "Head-count" (Canberra manual))

Holding company

If an enterprise has a holding legal unit, which is not holding assets of any other enterprise, this legal unit is considered to carry out an ancillary activity. It should be combined with the other legal units of the enterprise.

A legal unit set up to hold the assets of two or more enterprises within an enterprise group (a "holding company") resembles to some extent the previous case. It is not market oriented in the sense that it does not sell goods and services to customers outside the group. Pure holding companies only hold the assets of other units, and therefore have no turnover or employment, though many holding companies also provide some sort of group service, often of a financial nature. The costs of providing such a service are often recovered through transfers from the enterprises involved.

In theory, pure holding companies do not fulfil the definition of the enterprise, as they are not a combination of factors of production producing goods and services. Since an enterprise can not contain parts of legal units, and as NACE class 74.15, "management activities of holding companies", allows the units concerned to be clearly recognisable and their impact quantifiable, holding companies within groups should be regarded as separate enterprises (for some purposes these may be considered to be "quasi-enterprises"). This solution does not rule out the possibility of apportioning variables to other enterprises within the group, indeed this may be desirable for certain types of statistics. The possibility of combining all legal units within the group into one enterprise is not considered here as the groups under consideration can be very large. Units that combine holding and other types of activities should be treated as separate enterprises, particularly if this involves the provision of goods and services outside the group.

Source: Business Register Recommendations Manual, paragraphs 19.42, 19.47-19.48

Related terms:

- Holding corporation

Holding corporations

SNA 1993:

Holding corporations are corporations that control a group of subsidiary corporations and whose principal activity is owning and directing the group.

ESA 1995:

Holding corporations are institutional units whose main function is to control and direct a group of subsidiaries (see paragraph 2.26). Entities forming part of a group of units engaged in production and keeping a complete set of accounts are deemed to be institutional units even if they have partially surrendered their autonomy of decision to the central body (the holding corporation) responsible for the general direction of the group; the holding corporation itself is deemed to be an institutional unit distinct from the units which it controls, unless b) is applicable. Holding corporations (i.e. corporations which direct a group of companies) are classified as follows:

- a) in sector S.11, non-financial corporations, if the preponderant type of activity of the group of corporations which are market producers, as a whole is the production of goods and non-financial services (see paragraph 2.23. e);
- b) in sector S.12, financial corporations, if the preponderant type of activity of the group of corporations as a whole is financial intermediation (see paragraph 2.40. e).

Source: System of National Accounts (SNA) 1993, par.4.100, European System of Accounts (ESA) 1995, par.2.13e

Related terms:

- Holding company

(equals: CODED: "Holding corporations")

Horizontal integration

Two legal units are said to be horizontally integrated if they are within the same enterprise group, carry out similar or complimentary activities, are managed as one business, and present themselves as a single business to the market. This means that their operations are integrated, they share resources, inputs are combined, and marketing is done for the business as a whole. If two (or more) legal units are horizontally integrated they can not be considered to act autonomously. Thus, the legal units should be combined to form a single enterprise.

The concept of "complimentary activities" is used here because the activities of horizontally integrated businesses involve similar inputs, and processes. Activities may be complimentary without necessarily falling into the same NACE class. An example could be units that buy steel tubes, and use similar processes and shared resources to make metal furniture and bicycles respectively.

Source: Business Register Recommendations Manual, paragraphs 19.52-19.53

Related terms:

- Vertical integration

(compare: CODED: "Horizontally integrated enterprise")



Identity number

Legal Units - (variable 1a, identity number). The identity number of the legal unit can either be specific to the statistical business register or external (common and shared with other institutions).

Local Units - (variable 2a, identity number) As the identity number of a local unit should remain the same from commencement to cessation, it is advisable to use a register-specific identity number for local units. External (shared) identity numbers may also exist for local units, but as

these may change during the existence of the unit, it is recommended to treat external identity numbers as variables, keeping track of their changes.

Enterprises - (variable 3a, identity number) As the continuity rules for enterprises should be applied, the identity number should remain the same from commencement to cessation of activities.

Enterprise groups - (draft variable, Identifier of the enterprise group) The identifier of the enterprise group should be independent from the identifier of the group head. The identifier is an internal code in the register. It is recommended that a unique identifier be given to each enterprise group. This identifier should be given in the country, the nationality of which the enterprise group is deemed to have. It may be combined with the country code of the nationality of the enterprise group.

Source: Business Register Recommendations Manual, paragraphs 5.10 - 5.12

(compare: CODED: "Identifier")

Immediate foreign owner

Immediate owner or first shot is the first enterprise outside the Member States in an affiliate ownership chain that has an ownership of more than 50% of the ordinary shares or the equivalent in the case of an unincorporated enterprise.

Source: International ownership in trade and service activities, Eurostat 1998, p. 72

Related terms:

- Ownership
- Ultimate controlling institutional unit

(equals: CODED: "Immediate foreign owner")

Imputation

Imputation means creating plausible (but artificial) substitute values for all those missing, while preserving the original weights when estimates are calculated. There are several methods and software suitable for imputation

Source: Eurostat, Quality /Glossary

(equals: CODED: "Imputation - Eurostat")

Incorporated enterprise

see: Corporation

Indirect control

According to Council Regulation N° 696/93 on Statistical units (Annex III C, Explanatory notes 4), "The subsidiary enterprises of a subsidiary enterprise are considered to be subsidiaries of the parent enterprise. (...)". This means that a parent unit may have indirect control over a legal unit (sub-subsidiary) through other subsidiaries. Indirect control does not require the parent unit to own a majority of integrated shareholding in the capital share of the sub-subsidiaries.

Source: Business Register Recommendations Manual, paragraph 21.35

Related terms:

- Control
- Dominant influence
- Majority ownership

Industrial activity

see: Activity

Industry

There is no harmonised definition for the term 'Industry' in business statistics due to its wide usage in different circumstances.

'Industry' is often used as a synonym for 'activity', for the 'industrial sector' and for 'industrial activity'. However it is broader than the industrial sector in that it may be used to refer to a population based on observation units other than the enterprise or the local unit, namely the kind of activity unit (KAU) or the local KAU. Care should be taken to avoid confusion with a 'branch' which is based on the unit of homogeneous production (UHP) or the local UHP.

The European System of Accounts (ESA) defines the term 'Industry' as consisting of a group of local KAUs engaged in the same, or similar, kind-of-activity. At the most detailed level of classification, an industry consists of all the local KAUs falling within a single class (4-digits) of NACE Rev. 1.1 and which are therefore engaged in the same activity as defined in the NACE Rev. 1.1.

Industries comprise both local KAUs producing market goods and services and local KAUs producing non-market goods and services. An industry by definition consists of a group of local KAUs engaged in the same type of productive activity, irrespective of whether or not the institutional units to which they belong produce market or non-market output.

Source: Eurostat and European System of Accounts (ESA) 1995, [2.108]

Related terms:

- Activity

(equals: CODED: "Industry")

Institutional sector

Institutional units are grouped into institutional sectors or simply sectors, some of which are divided into sub-sectors. Each of the sectors and sub-sectors group together the institutional units which have a similar type of economic behaviour.

Criteria for assessing 'similar type of economic behaviour' are:

- type of producer;
- private and public market producers;
- private producers for own final use;
- private and public other non-market producers;
- principal activity and function.

The ESA distinguishes between the following institutional sectors:

- Non-financial corporations;
- Financial corporations;
- General government;
- Households (as consumers or entrepreneurs);
- Non-profit institutions serving households;
- Rest of the world.

Source: European System of Accounts (ESA) 1995, [2.17-2.20]

Related terms:

- European system of accounts
- Institutional unit

(equals: CODED: "Institutional sector - ESA")

Institutional unit

The institutional unit is an elementary economic decision-making centre characterised by uniformity of behaviour and decision-making autonomy in the exercise of its principal function. A unit is regarded as constituting an institutional unit if it has decision-making autonomy in respect of its principal function and keeps a complete set of accounts.

— In order to be said to have autonomy of decision in respect of its principal function, a unit must be responsible and accountable for the decisions and actions it takes.

— In order to be said to keep a complete set of accounts, a unit must keep accounting records covering all its economic and financial transactions carried out during the accounting period, as well as a balance sheet of assets and liabilities.

Note: According to the Regulation on statistical units an institutional unit corresponds to an enterprise in the corporate enterprises sector.

Source: Council Regulation (EEC), No. 696/93, Section III B of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Enterprise
- Corporation

(compare: CODED: "Institutional unit")

International Standard Industrial Classification of all economic activities

The International Standard Industrial Classification of all Economic Activities (ISIC Rev. 3) of the United Nations is intended to be a standard classification of all productive economic activities. Its main aim is to provide a set of activity categories that can be used when analysing statistics according to such activities. The detailed groups and classes of the ISIC are best suited for classifying the kind of economic activity of establishments.

The ISIC Rev. 3 is a classification by activity. The activity carried out by a statistical unit is the type of production in which it engages.

Economic activities are classified within the European Union according to NACE Rev. 1.1.

Source: International Standard Industrial Classification of all Economic Activities, Rev. 3, United Nations, New York 1990

Related terms:

- NACE Rev. 1.1

(equals: CODED: "International Standard Industrial Classification of all economic activities")

Intrastat

With the removal of frontier controls between Member States under the Single Market programme, a new system, known as Intrastat was devised to collect statistics on intra-Community trade. Developed by Eurostat and operational since 1 January 1993, Intrastat involves collecting information directly from businesses and makes use of Value Added Tax (VAT) data and the VAT reporting system.

Intra-EU trade statistics record the arrival and dispatch of movable property recorded by each Member State.

Intra-EU trade statistics do not record goods in transit. Intra-EU trade statistics are not based on either the general or the special trade system; these concern customs procedures. Given its coverage of transactions, however, Intrastat closely matches the general trade system.

Intra-EU trade statistics do not cover the following arrivals and dispatches:

- those effected by private individuals or small enterprises which are exempt from periodic tax declarations;
- those which are excluded pursuant to special provisions of Community legislation.

Source: Eurostat and Statistics on the trading of goods, User guide, Eurostat 1998, p. 9-10

(equals: CODED: "INTRASTAT")

Involvement of the enterprise in an association or co-operation agreement with other enterprises

This concept has been developed in relation to distributive trades NACE Rev. 1.1 Division 50 (Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel), Division 51 (Wholesale trade and commission trade) and Division 52 (Retail trade; repair of personal and household goods).

For Division 50, it is necessary to distinguish between three types of association, concessionaires, dealerships and subsidiaries of motor vehicle producers:

— A concessionaire has the exclusive sales right or a commission on sales within a given territory. A concessionaire may also be a subsidiary of a motor vehicle producer (as also may be a motor vehicle dealer, although this is less likely),

— A dealer is involved in the sale of motor vehicles but does not have the rights of a concessionaire,

— A subsidiary is distinguished from an independent enterprise - majority control of independent owners - by the fact that it belongs to the group of a motor vehicle producer, resident or non-resident, who have externalised part or whole of their commercial activity by this means.

For Division 51, two forms of co-operation are possible:

— Enterprises which are very dependent on a single provider for all or the majority of their purchases. In the majority of cases, this enterprise is part of a franchise and is the franchisee. The supplier can be considered to have contracted out - formally or not - its wholesale activity and is often part of a franchise as the franchiser,

— Enterprises which are, in pursuance of a franchise agreement or a membership contract to a buying group, (one of) the wholesaler(s) in charge of supplying the franchisees or members of the group.

For Division 52, it is necessary to distinguish three types of affiliation:

- Affiliation to a buying group,
- Affiliation to a franchising chain,
- Affiliation to a consumer's co-operative.

The affiliation to a consumer's co-operative implies the right to a favourable supply of goods and the right to participate in the decisions of the co-operative, provided an interest in the corporate assets exists.

A buying group is a grouping of one or more enterprises set up in order to obtain from suppliers more favourable terms than each business could obtain on its own.

Franchising is a system of collaboration between two enterprises which are quite separate but bound by a contract (according to the European franchise charter) under which one of them (the franchiser) grants to the other (the franchisee), in return for payment of a fee, the right to use under specific conditions a trademark or caption characterised by a symbol, and also guarantees assistance and regular services intended to facilitate the use of the said trademark.

Several types of franchise can be distinguished according to their object: industrial franchise concerns the manufacturing of goods, distribution franchise concerns the sale of goods, and service franchise concerns the supply of services (definition given in Commission Regulation 4087/88/EEC of 30 November 1988).

Co-operative societies are bodies corresponding to the set of laws which in each country define the legal status of co-operation

Source: Eurostat

Related terms:

- Enterprise
- Franchise

- Legal form
- NACE Rev. 1.1

(equals: CODED: "Involvement of the enterprise in an association or co-operation agreement with other enterprises")

J

Jobs

A job is defined as an explicit or implicit contract (relating to the provision of labour input, not to supplying output of a good or service) between a person and a resident institutional unit to perform work (activities which contribute to the production of goods or services within the production boundary) in return for compensation (including mixed income of self-employed persons) for a defined period or until further notice.

In that definition, both employee and self-employment jobs are covered: that is, an employee job if the person belongs to another institutional unit than the employer and a self-employment job if the person belongs to the same institutional unit as the employer.

The concept of jobs differs from the concept of employment:

— It includes second, third, etc. jobs of the same person. Those second, third, etc. jobs of a person may either successively follow one another within the reference period (usually, a week) or, as when someone has an evening job as well as a daytime job, run in parallel.

— On the other hand, it excludes persons temporarily not at work but who have a 'formal attachment to their job' in the form, for instance, of 'an assurance of return to work or an agreement as to the date of return'. Such an understanding between an employer and a person on lay-off or away on training is not counted as a job in the system.

Source: European System of Accounts (ESA) 1995, [11.22-23]

Related terms:

- Employment

(equals: CODED: "Jobs")

Joint venture

A joint venture is created when two or more independent enterprises agree to commit some of their resources to work together on a common project or towards a common goal. An important feature of a joint venture enterprise is that none of the original enterprises exercise outright control over the entity created, therefore it is considered to be an enterprise.

Source: Business Register Recommendations Manual, paragraph 13.23

K

KAU

see: Kind-of-activity unit

Kind-of-activity unit

The kind of activity unit (KAU) groups all the parts of an enterprise contributing to the performance of an activity at class level (4-digits) of NACE Rev. 1.1 and corresponds to one or more operational subdivisions of the enterprise. The enterprise's information system must be capable of indicating or calculating for each KAU at least the production value, intermediate consumption, manpower costs, the operating surplus and employment and gross fixed capital formation.

Source: Council Regulation (EEC), No. 696/93, Section III D of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Activity
- NACE Rev. 1.1
- Statistical unit

(equals: CODED: "Kind-of-activity unit")

L

Legal form

The following legal forms can be found in most Member States:

— Sole proprietorship: Enterprise owned exclusively by one natural person.

— Partnership: Association of persons who conduct a business under a collective name. It can take the form of a limited partnership.

— Limited liability companies: Enterprises comprising joint-stock companies, limited partnerships with share capital and private limited company. Harmonised rules at European level governing the publication of accounts for these types of companies are laid down by the Fourth Council Directive.

— Co-operative societies: These are bodies set down by law in each country. They observe a number of general principles, for example they may only be entitled to provide their services to members, profits are often distributed in proportion to members' dealings with the society, etc.

— Non-profit making bodies.

— Enterprises with other forms of legal constitution: This group includes nationalised industries, publicly owned enterprises and state or local authority monopolies.

Source: Eurostat

Related terms:

- Enterprise

(equals: CODED: "Legal form")

Legal person

The term "legal person", which is used in the legislation of a number of countries, though not all, corresponds to all forms of legal construction organised by the constitution and laws of countries and endowed with rights and obligations characteristic of legal personality.

Source: Business Register Recommendations Manual, paragraph 7.11

Related terms:

- Natural person
- Legal unit

Legal status

see: **Legal form**

Legal unit

Legal units include:

— legal persons whose existence is recognised by law independently of the individuals or institutions which may own them or are members of them.

— natural persons who are engaged in an economic activity in their own right.

The legal unit always forms, either by itself or sometimes in combination with other legal units, the legal basis for the statistical unit known as the 'enterprise'.

Source: Council Regulation (EEC), No. 696/93, Section II A3-4, of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Enterprise
- Statistical unit

(equals: CODED: "Legal unit")

Limited liability companies

see: Legal form

Local kind-of-activity unit

The local kind-of activity unit (local KAU) is the part of a KAU which corresponds to a local unit.

The local KAU corresponds to the operational definition of the establishment.

According to the European System of Accounts (ESA) the local KAU is called the establishment in the SNA and ISIC Rev. 3.

Source: Council Regulation (EEC), No. 696/93, Section III G of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community and European System of Accounts (ESA) 1995, [2.106], footnote 15

Related terms:

- Establishment
- Statistical unit

(equals: CODED: "Local kind-of-activity unit")

Local Legal Unit

The term local legal unit can be used to describe the local unit of a legal unit, which is a non-statistical unit frequently encountered in administrative files by register administrators. It does not occur in the Regulation on statistical units.

Source: Business Register Recommendations Manual, Paragraph 3.6

Related terms:

- Legal unit
- Local unit

Local unit

The local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which - save for certain exceptions - one or more persons work (even if only part-time) for one and the same enterprise.

Source: Council Regulation (EEC), No. 696/93, Section III F of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Number of local units
- Statistical unit

(equals: CODED: "Local unit")

Local unit of homogeneous production

The local unit of homogeneous production (local UHP) is the part of a unit of homogeneous production which corresponds to a local unit.

Source: Council Regulation (EEC), No. 696/93, Section III H of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Statistical unit

(equals: CODED: "Local unit of homogeneous production")

M

Main activity

see: **Principal activity**

Main location

The main location of an enterprise is the location of the local unit with the largest number of persons actually employed.

Source: Business Register Recommendations Manual, Paragraph 14.11

Majority ownership

The acquisition of the absolute majority (50%+1) of shareholdings. The absolute majority of ownership of the capital shares may not be neither a necessary nor a sufficient condition to have control.

Source: Business Register Recommendations Manual, Paragraph 21.29

Related terms:

- Ownership
- Control
- Dominant influence
- Effective control

Market output

Market output consists of output that is disposed of on the market or intended to be disposed of on the market.

Market output includes:

- products sold at economically significant prices;
- products bartered;
- products used for payments in kind (including compensation of employees in kind and mixed income in kind);
- products supplied by one local KAU to another within the same institutional unit to be used as intermediate inputs or for final uses;
- products added to the inventories of finished goods and work-in-progress intended for one or other of the above uses (including natural growth of animal and vegetable products and uncompleted structures for which the buyer is unknown).

Source: European System of Accounts (ESA) 1995, [3.17-3.18]

Related terms:

- Market producer
- Non-market output

(equals: CODED: "Market output - ESA")

Market producer

Market producers are local KAUs or institutional units the major part of whose output is market output.

It should be noted that if a local KAU or institutional unit is a market producer its main output is by definition market output, as the concept of market output is defined after having applied the distinction market, for own final use and other non-market to the local KAU and institutional unit that have produced that output.

Source: European System of Accounts (ESA) 1995, [3.24]

Related terms:

- Other non-market producers

(equals: CODED: "Market producer - ESA")

Match

A pair that represents the same entity in reality.

Source: TES Course "The Use of Administrative Sources for Statistical Purposes"

Related terms:

- Matching

Matching

Matching is the process of linking data from different sources. There are various forms of matching, including:

- Exact Matching (Record Linkage) - linking corresponding records from two or more sources using a common identifier.
- Probabilistic Matching - determining a probable link between records from two or more sources using an algorithm based on common fields, e.g. name, address, economic activity code.

Source: Draft

Related terms:

- Match
- Non-match
- False match
- False non-match

Merger

of Enterprises:

Enterprises may integrate to the extent that the number of existing enterprises is reduced. If two enterprises integrate entirely, the enterprises involved may lose their identity because they are dissolved beyond recognition in the new organisation. If both enterprises lose their identity, the event is called a merger.

Source: Business Register Recommendations Manual, paragraph 13.14

of Enterprise groups:

Like enterprises, enterprise groups may have many kinds of inter-group relations and integrate their operations partly or totally. Two (or more) enterprise groups may integrate entirely and become one enterprise group. In this process the enterprise groups involved may lose their identity, because they are dissolved beyond recognition in the new organisation. If both enterprise groups lose their identity, the event is called a merger.

Source: Business Register Recommendations Manual, draft

Note: In OECD vocabulary and often elsewhere 'merger' covers both mergers and take-overs.

Related terms:

- Take-over
- Acquisition
- Creation of business
- Cessation of business

Minority control

see: Effective control

Misclassification

Misclassification refers to allocating statistical units in a wrong class, in relation to a given classification. For instance, a business is classified in Trade instead of Industry.

Source: Eurostat Quality Glossary.

Multinational Enterprise group

An enterprise group with at least two enterprises or legal units located in different countries.

Note: Multinational enterprise group is effectively the same as 'Multinational firm' used in OECD vocabulary.

Source: Business Register Recommendations Manual, Paragraph 21.43

Related terms:

- Enterprise group
- Domestically controlled enterprise group
- Foreign controlled enterprise group
- All-resident enterprise group
- Group head

N

NACE Rev. 1.1

NACE Rev. 1 ("Nomenclature générale des Activités économiques dans les Communautés Européennes" - Statistical classification of economic activities in the European Community) was adopted in order to establish a common statistical classification of economic activities within the European Community in order to ensure comparability between national and community classifications and hence national and community statistics.

NACE Rev. 1.1 is a minor update with no significant restructuring of the NACE Rev. 1. The aim with the update was to reflect:

- 1) New activities which did not exist when NACE Rev. 1 was developed.
- 2) Activities which had manifestly grown in importance since NACE Rev. 1 was developed, either due to technological change or in economic reality.
- 3) Correction of errors in the original NACE Rev. 1, if these errors were known at the time, and not errors due to a change in philosophy.

The coding of NACE Rev. 1.1 comprises:

- a first level consisting of headings identified by an alphabetical code (sections),
- an intermediate level consisting of headings identified by a two-character alphabetical code (subsections),
- a second level consisting of headings identified by a two-digit numerical code (divisions),
- a third level consisting of headings identified by a three-digit numerical code (groups),
- a fourth level consisting of headings identified by a four-digit numerical code (classes).

Source: Methodological Introduction to NACE Rev. 1.1, pages 3-5, and Eurostat

Related terms:

- Activity
- International Standard Industrial Classification of all economic activities
- Top down classification

(compare: CODED: "NACE Rev. 1.1")

Nationality of enterprise group

The concept of "nationality of the group" should be used to refer to the country where the main decision-making centre is located. Most often this is the country where the headquarters are located. This is often but not always the country of registration of the group head.

Source: Business Register Recommendations Manual, paragraph 21.80

Related terms:

- Multinational enterprise group
- Country of residence of the group head

Natural person

The term natural person is used by the law and by many administrative authorities to denote a human being endowed with all the rights constituting legal personality.

Source: Business Register Recommendations Manual, paragraph 7.11

Related terms:

- Legal person

New enterprises

Enterprises that are active in a given period, but were not active in the previous period. The number of enterprise births is derived from the population of new enterprises by removing reactivations and other enterprise creations that do not meet the definition of enterprise births.

Source: Draft Business Demography Methodological Manual

Related terms:

- Creation of business
- Number of births of enterprises

Non-market output

Non-market output includes:

— Output produced for own final use - this consists of goods or services that are retained either for final consumption by the same institutional unit or for gross fixed capital formation by the same institutional unit.

— Other non-market output - this covers output that is provided free, or at prices that are not economically significant, to other units.

Source: Eurostat and European System of Accounts (ESA) 1995, [3.20 and 3.23]

Related terms:

- Market output

(equals: CODED: "Non-market output - ESA")

Non-market producer

see: Other non-market producers

Non-match

A pair that represents two different entities in reality

Source: TES Course "The Use of Administrative Sources for Statistical Purposes"

Related terms:

- Matching

Non-profit institutions

A non-profit institution is defined as a legal or social entity created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gains for the units that establish, control or finance them. In practice, their productive activities are bound to generate either surpluses or deficits but any surpluses they happen to make cannot be appropriated by other institutional units.

Non-profit institutions serving households are separate legal entities, which are private other non-market producers. Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general governments and from property income.

Source: European System of Accounts (ESA) 1995, [2.87, 3.31]

Related terms:

- Other non-market producers

(equals: CODED: "Non-profit institutions (NPIs)")

Number of active enterprises

A count of enterprises that had either turnover or employment at any time during a given reference period.

Source: Draft - Business demography methodological manual, section 3.1

Number of births of enterprises

A count of the number of births of enterprises registered to the population concerned in the business register corrected for errors. A birth amounts to the creation of a combination of production factors with the restriction that no other enterprises are involved in the event. Births do not include entries into the population due to mergers, break-ups, split-off or restructuring of a set of enterprises. It does not include entries into a sub-population resulting only from a change of activity.

Source: Definitions of SBS Regulation variables (11 12 0)

Related terms:

- Birth of business

(equals: CODED: "Number of births of enterprises")

Number of deaths of enterprises

A count of the number of deaths of enterprises registered to the population concerned in the business register corrected for errors. A death amounts to the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event. Deaths do not include exits from the population due to mergers, take-overs, break-ups or restructuring of a set of enterprises. It does not include exits from a sub-population resulting only from a change of activity.

Source: Definitions of SBS Regulation variables (11 13 0)

Related terms:

- Death of business

(equals: CODED: "Number of deaths of enterprises")

Number of employees

The number of employees is defined as those persons who work for an employer and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind.

The relationship of employer to employee exists when there is an agreement, which may be formal or informal, between an enterprise and a person, normally entered into voluntarily by both parties, whereby the person works for the enterprise in return for remuneration in cash or in kind.

A worker is considered to be a wage or salary earner of a particular unit if he or she receives a wage or salary from the unit regardless of where the work is done (in or outside the production unit). A worker from a temporary employment agency is considered to be an employee of the temporary employment agency and not of the unit (customer) in which they work.

In particular the following are considered as employees:

- paid working proprietors;
- students who have a formal commitment whereby they contribute to the unit's process of production in return for remuneration and/or education services;
- unemployed persons;

— homeworkers if there is an explicit agreement that the homeworker is remunerated on the basis of the work done and they are included on the pay-roll.

The number of employees includes part-time workers, seasonal workers, persons on strike or on short-term leave, but excludes those persons on long-term leave.

The number of employees does not include voluntary workers.

The number of employees is calculated in the same manner as the number of persons employed, namely as the number of jobs and is measured as an annual average.

Source: Definitions of SBS Regulation variables (16 13 0)

Related terms:

- Employment
- Number of persons employed

(equals: CODED: "Number of employees")

Number of employees in full-time equivalent units

This heading is defined as a count of the number of employees converted into full time equivalents (FTE).

Figures for the number of persons working less than the standard working time of a full-year full-time worker, should be converted into full time equivalents, with regard to the working time of a full-time full-year employee in the unit.

Included in this category are people working less than a standard working day, less than the standard number of working days in the week, or less than the standard number of weeks/months in the year. The conversion should be carried out on the basis of the number of hours, days, weeks or months worked.

Source: Definitions of SBS Regulation variables (16 14 0)

Related terms:

- Employees
- Employment
- Number of persons employed

(equals: CODED: "Number of employees in full-time equivalent units")

Number of enterprises

A count of the number of enterprises registered to the population concerned in the business register corrected for errors, in particular frame errors. Dormant units are excluded. This statistic should include all units active during at least a part of the reference period.

Note for insurance enterprises: all enterprises authorised at the end of the reference period are included. Enterprises wound up or being in the run-off or enterprises without a large amount of investments or provisions should be excluded. Branches of enterprises with their head office in non-EEA countries are covered.

Source: Definition of SBS Regulation variables (11 11 0) and Eurostat

Related terms:

- Enterprise

(equals: CODED: "Number of enterprises")

Number of hours worked

For business statistics the number of hours worked is based on the concept of the number of hours actually worked. This should be distinguished from the number of hours usually worked.

The total number of hours worked represents the aggregate number of hours actually worked for the output of the observation unit during the reference period.

This variable excludes hours paid but not actually worked such as for annual leave, holidays and sick leave. It also excludes meal breaks and commuting between home and work.

Included are hours actually worked during normal working hours, hours worked in addition to those, time which is spent at the place of work on tasks such as preparing the site and time corresponding to short periods of rest at the work place.

If the exact number of hours actually worked is not known, it may be estimated on the basis of the theoretical number of working hours and the average rate of absences (sickness, maternity, etc.).

For the Labour Force Survey the following definitions are used:

Number of hours per week usually worked.

The number of hours given here corresponds to the number of hours the person normally works. This covers all hours including extra hours, either paid or unpaid, which the person normally works, but excludes the travel time between the home and the place of work as well as the main meal breaks (normally taken at midday). Persons who usually also work at home are asked to include the number of hours they usually work at home. Apprentices, trainees and other persons in vocational training are asked to exclude the time spent in school or other special training centres. Some persons, particularly the self-employed and family workers, may not have usual hours, in the sense that their hours vary considerably from week to week or month to month. When the respondent is unable to provide a figure for usual hours for this reason, the average of the hours actually worked per week over the past four weeks is used as a measure of usual hours.

Number of hours actually worked during the reference week.

The number of hours given here corresponds to the number of hours the person actually worked during the reference week. This includes all hours including extra hours regardless of whether they were paid or not. Travel time between home and the place of work as well as the main meal breaks (normally taken at midday) are excluded. Persons who have also worked at home are asked to include the number of hours they have worked at home. Apprentices, trainees and other persons in vocational training are asked to exclude the time spent in school or other special training centres.

Source: Based on the definitions of SBS Regulation variables (16 15 0), The EU Labour Force Survey, Methods and Definitions, Eurostat 1996 and Eurostat

Related terms:

- Employees
- Employment

(equals: CODED: "Number of hours worked")

Number of kind-of-activity units

A count of the number of kind-of-activity units registered to the population concerned in the business register corrected for errors, in particular frame errors, or an estimate if this type of unit is not registered. This statistic should include all units active during at least a part of the reference period.

Source: Definitions of SBS Regulation variables (11 31 0)

Related terms:

- Activity
- Kind-of-activity unit

(equals: CODED: "Number of kind-of-activity units")

Number of local units

A count of the number of local units registered to the population concerned in the business register corrected for errors, in particular frame errors. Local units must be included even if they have no paid employees. This statistic should include all units active during at least a part of the reference period.

Source: Definitions of SBS Regulation variables (11 21 0)

Related terms:

- Local unit

(equals: CODED: "Number of local units")

Number of persons employed

The number of persons employed is defined as the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it (e.g. sales representatives, delivery personnel, repair and maintenance teams). It includes persons absent for a short period (e.g. sick leave, paid leave or special leave), and also those on strike, but not those absent for an indefinite period. It also includes part-time workers who are regarded as such under the laws of the country concerned and who are on the pay-roll, as well as seasonal workers, apprentices and home workers on the pay-roll.

The number of persons employed excludes manpower supplied to the unit by other enterprises, persons carrying out repair and maintenance work in the enquiry unit on behalf of other enterprises, as well as those on compulsory military service.

Unpaid family workers refer to persons who live with the proprietor of the unit and work regularly for the unit, but do not have a contract of service and do not receive a fixed sum for the work they perform. This is limited to those persons who are not included on the payroll of another unit as their principal occupation.

Note: In order to check the comparability of data, it is necessary to indicate whether voluntary workers have been included under this heading or not.

Source: Definitions of SBS Regulation variables (16 11 0)

Related terms:

- Occupied persons

(equals: CODED: "Number of persons employed")

NUTS

Nomenclature of Territorial Units for Statistics - A hierarchical classification of spatial units, which provides a breakdown of the European Union's territory for producing regional statistics which are comparable across the Union.

Source: Draft

(compare: CODED: "NUTS classification")

O

Observation unit

An observation unit represents an identifiable entity, about which data can be obtained.

During the collection of data, this is the unit for which data is recorded. It should be noted that this may, or may not be, the same as the reporting unit.

Source: Eurostat

Related terms:

- Reporting unit
- Statistical unit

(equals: CODED: "Observation unit - Business statistics")

Occupied persons

In order to be classified as occupied - i.e. either employed or self-employed - the person must be engaged in an activity that falls within the production boundary of the SNA

Source: System of National Accounts (SNA) 1993, par. 7.23

Related terms:

- Persons employed

Offshore enterprises

In balance of payments accounts, the residency of so called offshore enterprises is attributed to the economies in which they are located without regard to the special treatment they may receive by the local authorities, such as exemptions from taxes, tariffs, or duties. This treatment applies to enterprises such as those engaged in the assembly of components manufactured elsewhere and in the processing of re-exported goods, to those engaged in trade and financial operations, and to those located in special zones (e.g. special trade zones, free-trade zones, or tax-havens).

Source: OECD Glossary of Statistical Terms

Other non-market producers

Other non-market producers are local KAUs or institutional units whose major part of output is provided free or at not economically significant prices.

Source: European System of Accounts (ESA) 1995, [3.26]

Related terms:

- Market producer

(equals: CODED: "Other non-market producers - ESA")

Out-of-scope units

Out-of-scope units are units that should not be included in the sampling frame because they do not belong to the target population in the reference period. If enumerated, they cause over-coverage.

Source: Eurostat, Quality Glossary

Over-coverage

Units which are included in the sampling frame but do not belong to the target population. These cases are usually observed for contacted units, but not necessarily for non-contacted units or those excluded from a sample. Reasons for over-coverage are the death of units, misclassification and a non-updated frame. The overcoverage in a register generally biases the estimators drawn from that sampling list.

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

(compare: CODED: "Over-coverage")

Ownership

The ownership of a unit or a group of units is related to the property of its assets and determines the distribution of financial flows and income. If a unit or group of units is owned by shareholders, its ownership is vested in the shareholders collectively and can be seen as

diffused among the legal units that own its shares in proportion to their shareholdings, and independently of voting rights.

Source: Business Register Recommendation Manual, paragraph 21.37

Related terms:

- Control

(equals: CODED: "Ownership")

Ownership rates

Ownership rates are computed by following chains of ownership, taking into account direct and indirect ownership links, without restriction to the economic territory of any country, as follows:

If enterprise A owns 70 per cent of enterprise B and B owns 60 per cent of enterprise C, then A owns $70\% \times 60\% = 42$ percent of C.

If enterprises B1 and B2 own 20 and 35 per cent, respectively, of enterprise C, and if enterprise A, owns 100 per cent of B1 and 80 per cent of B2, then A owns $100\% \times 20\% + 80\% \times 35\% = 48\%$ of enterprise C.

If ownership rates are to reflect the share of dividends of an enterprise accruing to another one, their computation should be based on the total shares owned, as opposed to the voting shares. If they are to reflect the "degree of influence" exercised by an enterprise on another one, voting shares should be used.

Source: Eurostat

Related terms:

- Shares by owner

(equals: CODED: "Ownership rates")

P

Paid employment

see: Employment

Parent corporation

A parent corporation is one, which controls more than half of the shareholders' voting power in another corporation, or is a shareholder in another corporation, with the right to appoint or remove a majority of the directors of that corporation

Source: System of National Accounts (SNA) 1993, par 4.32, 4.33

(equals: CODED: "Parent corporation - SNA"; compare with "Parent corporation - Business statistics")

Parent legal unit

see: Parent corporation

Partnership

see: Legal form

Persons employed

see: Number of persons employed

Persons occupied

see: Occupied persons

Population of active enterprises

see: Number of active enterprises

Principal activity

The principal (or main) activity is identified as the activity which contributes most to the total value added of a unit under consideration. The principal activity so identified does not necessarily account for 50% or more of the unit's total value added. The classification of principal activity is determined by reference to NACE Rev. 1.1, first at the highest level of classification and then at more detailed levels ("top-down" method).

Source: Eurostat

Related terms:

- Activity
- Statistical unit

(equals: CODED: "Principal activity - NACE")

Production

Production is an activity carried out under the control and responsibility of an institutional unit that uses inputs of labour, capital and goods and services to produce goods and services. Production does not cover purely natural processes without any human involvement or direction, like the unmanaged growth of fish stocks in international waters (but fish farming is production).

Production is an activity resulting in a product. It is used with reference to the whole range of economic activities. The term is not reserved for the agricultural, mining or manufacturing sectors. It is also used in relation to the service sector. More specific terms may be used to denote production: provision of services, processing, manufacturing, etc., depending on the branch of activity. Production may be measured in various ways either in physical terms or according to value.

Source: European System of Accounts (ESA) 1995, [3.07] and Methodological Introduction to NACE Rev. 1.1, page 19

(equals: CODED: "Production - ESA")

Production factors

see: Factors of production

Production unit

A production unit carries out an economic activity under the control and responsibility of an institutional unit using inputs of labour, capital and goods and services to produce outputs of goods and services.

Source: System of National Accounts (SNA) 1993

(equals: CODED: "Production unit")

Productive activity

see: Activity

Profiling

Profiling is a method to analyse the legal, operational and accounting structure of an enterprise group at national and world level, in order to establish the statistical units within that group, their links, and the most efficient structures for the collection of statistical data.

Source: Business Register Recommendation Manual, paragraph 19.9

Proving

see: Register proving

Public undertakings

Public undertakings means:

Any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it.

A dominant influence on the part of the public authorities shall be presumed when these authorities, directly or indirectly in relation to an undertaking:

- a) hold the major part of the undertaking's subscribed capital; or
- b) control the majority of the votes attaching to shares issued by the undertakings; or
- c) can appoint more than half of the members of the undertaking's administrative, managerial or supervisory body.

Source: Commission Directive 80/723/EEC of 25 June 1980 on the transparency of financial relations between Member States and public undertakings, Article 2.

(equals: CODED: "Public undertakings")

Q

Quality

ISO standard 9000:2000 states that quality is the "degree to which a set of inherent characteristics fulfils requirements". Therefore the quality of statistics can be determined by the extent to which they meet user needs.

Quality of statistics can be defined with reference to several criteria.

— **Relevance:** an inquiry is relevant if it meets users' needs. The identification of users and their expectations is therefore necessary.

— **Accuracy:** accuracy is defined as the closeness between the estimated value and the (unknown) true value.

— **Timeliness and punctuality in disseminating results:** most users want up-to-date figures which are published frequently and on time at pre-established dates.

— **Accessibility and clarity of the information:** statistical data have most value when they are easily accessible by users, are available in the forms users desire and are adequately documented.

— **Comparability:** statistics for a given characteristic have the greatest usefulness when they enable reliable comparisons of values taken by the characteristic across space and time. The comparability component stresses the comparison of the same statistics between countries in order to evaluate the meaning of aggregated statistics at the European level.

— **Coherence:** when originating from a single source, statistics are coherent in that elementary concepts can be combined reliably in more complex ways. When originating from different sources, and in particular from statistical surveys of different frequencies, statistics are coherent in so far as they are based on common definitions, classifications and methodological standards.

— **Completeness:** domains for which statistics are available should reflect the needs and priorities expressed by the users of the European Statistical System.

Source: ISO 9000:2000 and Eurostat

(compare: CODED: "Quality - Eurostat")

R

Reactivation

A unit that re-commences activity after a period of temporary cessation of no more than 24 months.

Source: Business Register Recommendation Manual chapter 14

Real birth

- see:** **Birth of business**
of enterprise:
see: **Number of births of enterprises**

Real death

- see:** **Death of business**
of enterprise:
see: **Number of deaths of enterprises**

Record check

A study in which data on individual units obtained by one method of data collection are checked against data for the same units from available records obtained by a different method of data collection (for example, comparison of ages as reported in censuses with information on ages from birth certificates).

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

Register [Business registers]

- see:** **Statistical business register**

(compare: CODED: "Register")

Register proving

Checking the information held on a statistical business register, usually by means of a survey.

Source: Business Register Recommendations Manual, paragraph 19.9

Registered office

The location given by a legal unit to registration authorities. According to explanatory note 1 on the definition of local unit, all legal units that serve as the legal basis for an enterprise or part thereof must have a local unit which is the registered office, even if nobody works there.

Source: Business Register Recommendations Manual, paragraph 5.33

Reporting unit

The reporting unit is the unit that reports to the survey authority. It reports information for each of the observation units. In certain cases it may correspond to an observation unit.

Source: Eurostat

Related terms:

- Observation unit
- Statistical unit

(equals: CODED: "Reporting unit - Eurostat")

S

Satellite register

One way of using administrative data in practice is to organise these data into specific registers linked to the statistical business register. If these registers meet certain criteria, they can be referred to as "satellite registers". Satellite registers are therefore defined as registers

that are available to the national statistical system, contain information about businesses, and fulfil the following conditions:

- They are not an integral part of the statistical business register as referred to in the business registers Regulation, but are capable of being linked to it.
- They are more limited in scope than the statistical business register, e.g. in terms of NACE, but within that scope they may have more extensive coverage of units and/or variables.
- They contain one or more variables that are not found in the statistical business register. Such variables are generally capable of being used for stratification purposes.

Source: Business Register Recommendations Manual, paragraph 20.40

SBR

see: **Statistical business register**

Secondary activity

see: **Activity**

Self-employed persons

Self-employed with employees.

Self-employed persons with employees are defined as persons who work in their own business, professional practice or farm for the purpose of earning a profit, and who employ at least one other person.

Self-employed without employees.

Self-employed persons without employees are defined as persons who work in their own business, professional practice or farm for the purpose of earning a profit, and who do not employ any other person.

Source: The EU Labour Force Survey, Methods and Definitions, Eurostat 1996

Related terms:

- Employment

(equals: CODED: "Self-employed persons")

Service industries

The terms service industry(ies), service sector(s) or simply service(s) are generally used to refer to economic activities covered by Sections G to K and M to O of NACE Rev. 1.1, and the units that carry out those activities.

Source: Eurostat

Related terms:

- Activity

(equals: CODED: "Service industries")

Service sector

see: **Service industries**

Services

The System of National Accounts (SNA) defines services as being not separate entities over which ownership rights can be established. They cannot be traded separately from their production. Services are heterogeneous outputs produced to order and typically consist of changes in the conditions of the consuming units realised by the activities of producers at the demand of the consumers. By the time their production is completed they must have been provided to the consumers.

The production of services must be confined to activities that are capable of being carried out by one unit for the benefit of another. Otherwise, service industries could not develop and there could be no markets for services. It is also possible for a unit to produce a service for its

own consumption provided that the type of activity is such that it could have been carried out by another unit.

Source: System of National Accounts (SNA) 1993, (6.8, 6.9), P. 123

Related terms:

- NACE Rev. 1.1

(equals: CODED: "Services - SNA")

Services of general economic interest

This is the term used in Article 86 of the Treaty and refers to market services which the Member States subject to specific public service obligations by virtue of general interest criterion. This would tend to cover such things as transport networks, energy and communication.

Source: Report to the Laeken European Council, COM(2001) 598 final

Services of general interest

This term covers market and non-market services, which the public authorities class as being of general interest and subject to specific public service obligations.

Source: Report to the Laeken European Council, COM(2001) 598 final

Shares by owner

Recording %-share ownership is important for identifying indirect control links (or checking the information available in sources), as well as for identifying units for FATS. In Direct Investment statistics, as reported in the balance of payments, shareholdings of over 10 % are considered. It is also useful in identifying associate relationships and trade interest links and thus helps in dealing with monopolies policy. Recording shares below 10 % (portfolio investment) is likely to be too burdensome for register updating.

Source: Business Register Recommendations Manual, paragraph 21.76

Related terms:

- Ownership
- Acquisition

(compare: CODED: "Shareholders" and "Shares and other equity")

Small and medium-sized enterprises

Note - This definition is currently being updated

The Commission Recommendation (96/280/EC) of 3 April 1996 concerning the definition of small and medium-sized enterprises (SMEs) proposed the following definitions:

- Micro-enterprises: less than 10 employees;
- Small enterprises: less than 50 employees and with either an annual turnover of no more than ECU 7 million or a balance sheet total of no more than ECU 5 million;
- Medium-sized enterprises: less than 250 employees and with either an annual turnover of no more than ECU 40 million or a balance sheet total of no more than ECU 27 million.

Notes:

1. The number of persons employed corresponds to the number of annual working units (AWU), that is to say, the number of full-time workers employed during one year with part-time and seasonal workers being fractions of AWU. The reference year to be considered is that of the last approved accounting period.

2. The turnover and balance sheet total thresholds are those of the last approved 12-month accounting period. In the case of newly established enterprises whose accounts have not yet been approved, the thresholds to apply shall be derived from a reliable estimate made in the course of the financial year.

3. In addition a criteria of independence is used to separate enterprises that are part of a group from other enterprises.

4. The Commission will amend the ceilings chosen for the turnover and balance sheet total as the need arises and normally every four years from the adoption of this Recommendation, to take account of changing economic circumstances in the Community.

Source: Commission Recommendation (96/280/EC) and Eurostat

Related terms:

- Enterprise

(equals: CODED: "Small and medium-sized enterprises")

SME

see: Small and medium-sized enterprises

SNA

see: European System of Accounts

Sole proprietorship

see: Legal form

Special purpose entities (SPEs)

Special purpose entities (SPEs) are: (1) generally organised or established in economies other than those in which the parent companies are resident and (2) engaged primarily in international transactions but in few or no local operations. SPEs are defined either by their structure (e.g., financing subsidiary, holding company, base company, regional headquarters), or their purpose (e.g., sale and regional administration, management of foreign exchange risk, facilitation of financing of investment). SPEs should be treated as direct investment enterprises if they meet the 10 percent criterion. SPEs are an integral part of direct investment networks as are, for the most part, SPE transactions with other members of the group.

Source: OECD Glossary of Statistical Terms

Split-off

of Enterprise:

Split-off involves one enterprise before and more than one enterprise after the event. In a split-off, the new enterprise(s) is (are) generally much smaller and the identity of the original enterprise is retained by the larger enterprise.

Source: Business Register Recommendations Manual, paragraph 13.22

of Enterprise group:

Like enterprise, an enterprise group may disintegrate into two or more enterprise groups. In a split-off, the enterprise group which is split off is generally much smaller and the larger enterprise group keeps the identity of the original enterprise group.

Source: Business Register Recommendations Manual, draft

Related terms:

- Break-up
- Creation of business

Statistical burden

see: Burden

Statistical business register

Statistical business registers are lists of enterprises and other units, as required by the registers Regulation or recorded on voluntary basis, whose activities contribute to the Gross Domestic Product of the Member State. All Member States of the European Union maintain business registers for statistical purposes. According to Article 1 of the registers Regulation

"Member States shall set up for statistical purposes one or more harmonised registers with the definitions and scope specified in the following Articles".

Source: Business Register Recommendation Manual, paragraph 1.11

Related terms:

- Frame

Statistical disclosure

Statistical disclosure is said to take place, if the dissemination of a statistics enables the external user of the data to obtain a better estimate for a confidential piece of information than would be possible without it.

Source: Manual on disclosure control methods, Eurostat 1996, p. 7

(equals: CODED: "Statistical disclosure")

Statistical territory

The statistical territory of the European Union (and its Member States) corresponds to its customs territory. However, the French overseas départements and the Canary Islands were regarded as non-member countries until 31 December 1996.

As from October 1990 the foreign trade figures of the Federal Republic of Germany, the other Member States and of aggregates for the European Union concern the Federal Republic of Germany as constituted from 3 October 1990.

Source: Statistics on the trading of goods, User guide, Eurostat 1998, p. 8 and External trade and balance of payments, Glossarium 1993, Eurostat, p. 33

Related terms:

- Economic territory

(equals: CODED: "Statistical territory")

Statistical unit

The Council Regulation ((EEC), No. 696/93 of 15 March 1993) on statistical units for the observation and analysis of the production system in the Community lays down a list of eight (types of) statistical units:

- the Enterprise;
- the Institutional Unit;
- the Enterprise Group;
- the Kind-of-activity Unit (KAU);
- the Unit of Homogeneous Production (UHP);
- the Local Unit;
- the Local Kind-of-Activity Unit (local KAU);
- the Local Unit of Homogeneous Production (local UHP).

Statistical units are defined on the basis of three criteria:

- Legal, accounting or organisational criteria;
- Geographical criteria;
- Activity criteria.

The relationship between different types of statistical units can be summarised in the following way:

- Units with one or more activities and one or more locations
 - Enterprise,
 - Institutional unit;
- Units with one or more activities and a single location
 - Local unit;
- Units with one single activity and one or more locations
 - KAU,
 - UHP;
- Units with one single activity and one single location

Local KAU,
Local UHP.

Source: Council Regulation (EEC), No. 696/93, Section I-IV of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

(equals: CODED: "Statistical unit - Council Regulation")

Structural business statistics

The objective of the Council Regulation on structural business statistics is to establish a common framework for the collection, compilation, transmission and evaluation of Community statistics on the structure, activity, competitiveness and performance of businesses in the Community. The compilation of structural business statistics has as its purpose, in particular, to analyse:

- (i) the structure and evolution of the activities of businesses;
- (ii) the factors of production used and other elements allowing business activity, performance and competitiveness to be measured;
- (iii) the regional, national, Community and international development of businesses and markets;
- (iv) business conduct;
- (v) small and medium-sized enterprises;
- (vi) specific characteristics of enterprises related to particular groupings of activities.

Source: Council Regulation (EC, EURATOM) No 58/97 of 20 December 1996 concerning structural business statistics, articles 1 and 2

Structural indicators

The Lisbon European Council conclusions (paragraph 36) asked for an agreed set of structural indicators to be used to underpin the analysis in the Commission's annual Spring Report to the Spring European Council. The role of the structural indicators is to allow for an objective assessment of the progress made towards the Lisbon European Council objectives, expanded at Gothenburg and refined at Stockholm and Barcelona. The Commission and the Council agree on a set of structural indicators annually. These indicators cover six areas: general economic background, employment, innovation and research, economic reform, social cohesion and the environment.

Source: Draft Communication from the Commission on Structural Indicators

Subcontracting

Two enterprises are linked by a subcontracting relationship whenever conditions A and B are met together:

A. the customer enterprise, also said main-contractor, participates in the conception of the product providing, even partially, technical specifications to the supplier enterprise, also said subcontractor, and/or provides it with the materials to be processed;

B. the customer enterprise sells the subcontracted product, either as such or as part of a more complex product, and takes on the after-sales liability for the product.

Note: The mere stipulation of a colour, size or catalogue number does not constitute a technical specification in itself. The manufacture of a tailor-made product does not of itself necessarily imply a subcontracting relationship.

Source: Extract from the definitions of SBS Regulation variables (23 11 0)

Related terms:

- Services

(equals: CODED: "Subcontracting")

Survival

Survival occurs when a unit is active and identifiable both before and after a specific (business) demographic event. The unit may be changed in some way, e.g. in terms of economic activity, size, ownership or location, but there should be continuity of the unit reference number in the statistical business register.

Source: Draft Business Demography Methodological Manual

Related terms:

- Continuity

Subsidiary corporation

Corporation C is said to be a subsidiary of corporation B when:

- (a) Either corporation B controls more than half of the shareholders' voting power in corporation C; or
- (b) Corporation B is a shareholder in corporation C with the right to appoint or remove a majority of the directors of corporation C.

Source: European System of Accounts (ESA) 1995, [2.26]

Related terms:

- Involvement of the enterprise in an association or co-operation agreement with other enterprises
- Parent corporation

(equals: CODED: "Subsidiary corporation")

System of National Accounts

see: **European System of Accounts**

T

Take-over

of Enterprises:

Enterprises may integrate to the extent that the number of existing enterprises is reduced. If two enterprises integrate entirely, one of the enterprises may remain largely the same. In this case the other enterprise is generally much smaller, it is merely absorbed by the larger enterprise, which remains the same. If one of the enterprises keeps its identity, the event is called a take-over.

Source: Business Register Recommendations Manual, paragraph 13.14

of Enterprise groups:

Like enterprises, enterprise groups may have many kinds of inter-group relations and integrate their operations partly or totally. Two (or more) enterprise groups may integrate entirely and become one enterprise group. If in this process one enterprise group keeps its identity, it is called a take-over. In this case the other enterprise group(s) is generally much smaller, it is merely absorbed by the larger enterprise group.

Source: Business Register Recommendations Manual, draft

Note: In OECD vocabulary and often elsewhere 'merger' covers both mergers and take-overs.

Related terms:

- Merger
- Acquisition
- Cessation of business

Target population

This is the conceptual population of units at which the survey is aimed and for which statistics should be produced.

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non

Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

(compare: CODED: "Target population")

Top down classification

The top-down method follows a hierarchical principle: the classification of a unit at the lowest level of the classification must be consistent with the classification of the unit at the higher levels. To satisfy this condition the process starts with the identification of the relevant position at the highest level and progresses down through the levels of the classification in the following way:

1. Identify the section which has the relatively highest share of the value added.
2. Within this section identify the division which has the relatively highest share of the value added within this section.
3. Within this division identify the group which has the relatively highest share of the value added within this division.
4. Within this group identify the class which has the relatively highest share of value added within this group

Source: Methodological Introduction to NACE Rev. 1.1, page 12

Related terms:

- Activity
- NACE Rev. 1

(compare: CODED: "Top-down classification")

Trading company

see: Market producer

Trading forms

The form of selling of the local unit(s) of the enterprise can be classified into one or several of the proposed classes:

- Trading in stores;
- Trading through fixed market stands and/or stalls;
- Itinerant trading;
- Mail-order selling;
- Other forms of trade.

Stores are defined as fixed sales premises which the customers enter to make their purchases.

Trading through fixed market stands and /or stalls is done at a stall permanently set up in a public place; customers do not usually enter the sales premises.

Itinerant trading is a trading form of commercial enterprises that do not have a fixed point of sale (E.g. holders or keepers of mobile stalls, street sellers, hawkers and peddlers). Itinerant or street trading applies where the trader sells his goods to passers-by in the street; door-to-door trading applies where the trader goes from house to house with his entire range of goods. In "home-selling" the trader goes directly to the home of a possible client.

Mail order is defined as retail sales in NACE Rev. 1.1 class 52.61.

Mail-order selling is a form of trading in which goods are offered via catalogues, prospectuses, advertising (press, radio, television) or by representatives, and the goods ordered are sent to the purchaser by post or another method. This form of trading is practised by manufacturers (direct mail-order sales), by retail enterprises for which this is their sole or near-sole activity (mail-order houses) and by enterprises which, in addition to the facilities required for high-street retailing also operate departments suitably equipped for mail-order selling (order-processing, dispatch, etc.). A distinction is drawn between general and specialist catalogue selling.

Other forms of trade consist mostly of vending machines.

Source: Eurostat

Related terms:

- Local unit
- NACE Rev. 1.1

(equals: CODED: "Trading forms")

Trading style

Legal persons often use initials, an acronym, or a trading style instead of their official name in their business or administrative relations. The official name of a local unit is generally the same as the enterprise that controls it, though different local units within an enterprise may use different trading styles (also known as "signboard names" or "commercial names").

Source: Business Register Recommendation Manual, paragraphs 5.28 - 5.29

Transnational enterprise group

see: Multinational enterprise group

Truncated enterprise group

The part of a Multinational enterprise group, which comprises only the legal units resident in the same country, is called Truncated enterprise group.

It is thus possible that a truncated group consists of several seemingly unlinked units and subgroups, if their parent is non-resident, but they belong to the same multinational group.

Source: Business Register Recommendation Manual, paragraph 21.44

Turnover [Business statistics]

Turnover comprises the totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties.

Turnover includes all duties and taxes on the goods or services invoiced by the unit with the exception of the VAT invoiced by the unit vis-à-vis its customer and other similar deductible taxes directly linked to turnover.

It also includes all other charges (transport, packaging, etc.) passed on to the customer, even if these charges are listed separately in the invoice. Reduction in prices, rebates and discounts as well as the value of returned packing must be deducted.

Income classified as other operating income, financial income and extra-ordinary income in company accounts is excluded from turnover. Operating subsidies received from public authorities or the institutions of the European Union are also excluded.

For NACE Rev. 1.1 classes 66.01 and 66.03, the corresponding title of this characteristic is "Gross premiums written".

Note: Indirect taxes can be separated into three groups.

i) The first comprises VAT and other deductible taxes directly linked to turnover which are excluded from turnover. These taxes are collected in stages by the enterprise and fully borne by the final purchaser.

ii) The second group concerns all other taxes and duties linked to products which are either 1) linked to turnover and not deductible or 2) taxes on products not linked to turnover. Included here are taxes and duties on imports and taxes on the production, export, sale, transfer, leasing or delivery of goods and services or as a result of their use for own consumption or own capital formation.

iii) The third group concerns taxes and duties linked to production. These are compulsory, unrequited payments, in cash or in kind which are levied by general government, or by the Institutions of the European Union, in respect of the production and importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets

used in production irrespective of the quantity or the value of goods and services produced or sold.

Source: Definitions of SBS Regulation variables (12 11 0)

(equals: CODED: "Turnover- SBS Regulation variables")

U

Ultimate beneficial owner

see: Ultimate controlling institutional unit

Note: CODED: "Ultimate beneficial owner", is outdated and should not be used

Ultimate controlling institutional unit

The ultimate controlling institutional unit of a foreign affiliate is the institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit.

Source: Eurostat

Related terms:

- Group head

Ultimate group head

see: Group head

Under-coverage

Failure to include in the frame all units belonging to the defined study population. This mainly includes (new) enterprises not included in the frame, either through real birth or demergers, and misclassified units. This generally leads biases in the estimators.

Source: Doc. Eurostat/A4/Quality/97/Business Statistics/Structural/Glossary. Original sources either: Lessler, J.T. and Kalsbeek, W.D. (1992), "Non Sampling Error in Survey", New York: John Wiley or US department of Commerce (1978), "Glossary of Non Sampling Error Terms: An Illustration of a Semantic Problem in Statistics", Statistical Policy Working Paper 4, Office of Federal Statistical Policy Standards.

(compare: CODED: "Under-coverage")

Undertaking

see: Public undertakings

Related terms:

- Legal unit
- Firm
- Enterprise

Unincorporated enterprise

An unincorporated enterprise is a producer unit which is not incorporated as a legal entity separate from the owner (household, government or foreign resident); the fixed and other assets used in unincorporated enterprises do not belong to the enterprises but to their owners, the enterprises as such cannot engage in transactions with other economic units nor can they enter into contractual relationships with other units nor incur liabilities on their own behalf; in addition, their owners are personally liable, without limit, for any debts or obligations incurred in the course of production.

Source: System of National Accounts (SNA) 1993, par. 4.140 and 4.141

Source: Definitions of SBS Regulation variables (12 11 0)

(equals: CODED: "Unincorporated enterprise")

Unit

see: **Statistical unit**

Unit of homogeneous production

The unit of homogeneous production (UHP) is characterised by a single activity which is identified by its homogeneous inputs, production process and outputs. The products which constitute the inputs and outputs are themselves distinguished by their physical characteristics and the extent to which they have been processed as well (as) by the production technique used, by reference to a product classification. The unit of homogeneous production may correspond to an institutional unit or a part thereof; on the other hand, it can never belong to two different institutional units.

Source: Council Regulation (EEC), No. 696/93, Section III E of 15.03.1993 on the statistical units for the observation and analysis of the production system in the Community

Related terms:

- Statistical unit

Source: Definitions of SBS Regulation variables (12 11 0)

(equals: CODED: "Unit of homogeneous production")

Unpaid family workers

Unpaid family workers refer to persons who live with the proprietor of the unit and work regularly for the unit, but do not have a contract of service and do not receive a fixed sum for the work they perform. This is limited to those persons who are not included on the payroll of another unit as their principal occupation.

For the Labour Force Survey the following definition is used:

Family workers are persons who help another member of the family to run an agricultural holding or other business, provided they are not considered as employees.

Source: Extract from the definitions of SBS Regulation variables (16 11 0), The EU Labour Force Survey, Methods and Definitions, Eurostat 1996

(equals: CODED: "Unpaid family workers")

V

Value added tax

A value added type tax (VAT) is a tax on goods and services collected in stages by enterprises and which is ultimately charged in full to the final purchasers.

This heading value added type taxes comprises the value added tax which is collected by the General government and which is applied to national and imported products, as well as, where appropriate, other deductible taxes applied under similar rules to those governing VAT, for simplicity henceforth called 'VAT'.

Producers are obliged to pay only the difference between the VAT on their sales and the VAT on their purchases for their own intermediate consumption or gross fixed capital formation.

Source: European System of Accounts (ESA) 1995, [4.17]

(equals: CODED: "Value added tax (VAT) - ESA")

VAT

see: **Value added tax**

Vertical integration

Two legal units are said to be vertically integrated if they are within the same enterprise group and all of the output of one is consumed by the other. For example, the output of a legal unit engaged in printing could go entirely to a legal unit engaged in bookbinding.

Source: Business Register Recommendations Manual, paragraph 19.49

Related terms:

- Horizontal integration

(compare: CODED: "Vertically integrated enterprise")

W

Winding up

see: Cessation of business