

Chapter 5 Characteristics of the units

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5 Characteristics of the units

Introduction

This chapter describes the recommended variables related to the different kinds of units presented in chapter 4. “Units in the SBR”. These variables aim not only to identify precisely the units, with time and space information, but also to describe the links between the different kind of units in the statistical register and in the multiple sources of information used to update the register. A special attention should be paid to the documentation of all variables (metadata), and to the timestamping dimensions (reference dates and updating dates).

5.1 Brief presentation of the issues and problems to be covered

This chapter describes the list of characteristics attached to each unit presented in chap 4. The precise list of characteristics could preferably be developed in annexes (with date of release), to be compatible with a pragmatic approach and more easily updated over time.

The importance of the different variables, and their mandatory/optional status should be specified. The most important characteristic, because it is essential to allow to operate cross-cutting tabulations¹, is the presence of a common identification number for Statistical Units.

Some of the variables need more explanations and guidance, such as the classification variables, which cover at least three types of classifications (other than time and geographical dimensions): activity classification, sector classification and size-classes. For the two first, not only the basic classification concepts need to be outlined, but also the implementation process to be used in practice.

It should be explained which variables fall under the “core” variables, meaning that such variables are indispensable to maintain the SBR; whereas there are variables that could be added in a later stage, such as for example geographical coordinates as additions to the address variables.

5.2 Annotated outline

In this paragraph the different characteristics/variables of the units in the SBR will be more precisely described for each type of unit, with examples of comprehensive lists in annexes (with dates of release).

¹ and to merge micro data coming from various sources, among which all the administrative files.

The information that needs to be recorded for the statistical units in the SBR can be classified in different categories:

- identification characteristics, including not only names, addresses and communication means (telephone numbers, mail addresses, websites etc) but specific and unique identifiers (among which the internal IDs that the businesses use to monitor their affiliates) and a way to infer the type of unit;
- demographic characteristics, including start and end dates, current status and continuity markers;
- stratification characteristics, i.e. economic variables and their classification used as well for presenting results as for sampling survey frames or grossing up their results;
- relationships (links) between units (from same or different kinds);
- relationships with other registers/data sources, including their specific IDs when differing from each other.

The meta information associated with the characteristics (data source, date of update, reference date, ...) should be recorded with the value of the variables.

For each type of units this chapter will contain these subdivisions (beginning with a presentation of issues and general recommendations related to, and examples in boxes):

5.2.1 Identification characteristics

Issues: precise description/definition of unit; geographical references; recommendation for a unique ID when dealing with multiple sources (one for each level of unit)...

- Type of unit
Purpose: To identify which type of unit are selected and to link it with other units in the statistical business register and with the corresponding units in administrative and statistical sources
Definition: The chapter 4 list and define all the types of units:
 - Enterprise Group (and Truncated Enterprise Group): see chapter 4.2.1.1
 - Enterprise (and Truncated Enterprise): see chapter 4.2.1.2
 - Establishment: see chapter 4.2.1.3
 - Legal unit: see chapter 4.2.2.1
 - Local unit of legal unit: see chapter 4.2.2.2
 - Local unit of enterprise group: see chapter 4.2.2.3.1
 - Local unit of enterprise: see chapter 4.2.1.4
- Identity number(s)
Purpose: To identify the unit and to link it with other units in the statistical business register and with administrative and statistical sources.
- Name(s):
 - for legal persons: Legal Name, (plus eventual acronym and commercial brand),
 - for natural persons : Family name(s), Names normally used and possible pseudonyms, Forenames, Gender
- Address (including postcode and official geographic code) at the most detailed level
- Communication characteristics:
 - Telephone and fax numbers,
 - Electronic mail addresses
 - Information where data can be uploaded (web sites...);
 - Mailing address (if different from the legal one)

Purpose: The characteristics above are the necessary contact information for the unit. It should be noted that the communication characteristics are of primary importance, namely the telephone number and e-mail.

In the event that a common identifier is missing, names and addresses can also be used for the matching of units.

- (+ meta information)

Box : examples of allocation of ID numbers (non-significant serial number plus a control key, from BR recommendation manual,...)

5.2.2 Demographic characteristics

Issues: business demography statistics (analysis of distribution and dynamics of businesses in the reporting country) ; survey frames...

- Date of incorporation for legal persons or date of official recognition as an economic operator for natural persons:

Purpose: The characteristic is needed for the inclusion of new units, whether by real births or other demographic creations.

Definition: The ‘date of official recognition’ should be the date on which an identification number is given, or the date on which the legal existence was approved, be it a company/trade register number, a VAT number or other.

- Date of commencement of activities:

Purpose: The characteristic is needed for the inclusion of new units into the scope of active units, whether by real economic activities.

Definition: The ‘date of effective economic activity’ should be the date on which the unit really starts its economic activity.

This date can be declared in advance by the unit when it was registered officially and when an identification number was given, or when its legal existence was approved, be it a company/trade register number, a VAT number or other.

It is important to consider that when a unit invests it has started its activity, even if before the production starts (otherwise the investments -GFCF- could be heavily underestimated).

- Date of final cessation of activities
- Date on which the legal unit ceased

Purpose: These demographic characteristics are needed for monitoring the inactivity and death of the unit.

Death is a difficult question to treat, as liquidation can last a long time after activities have been stopped, particularly when lawsuits are on process.

- (+ meta information)

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5.2.3 Stratification characteristics

Issues: sampling surveys and grossing up administrative data, statistics by size classes (multiple concepts and criteria may be used for defining size classes: definitions and procedures to be documented)...

- The legal form of legal units (mainly for legal persons, but also for different kind of sole proprietorship according to the laws of the country);
- Principal activity (in practice a possible double coding is likely to appear, if the concerned unit is related with a higher level unit: including the own code + the upper level code in the register eases its use or makes it possible if the upper level is foreign);
- Secondary activities;

Purpose: The activity codes are key stratification variables. Practical guidance for coding activities (principal or secondaries) is developed in Chapter 7.

- Turnover (with flag for consolidated turnover).

Purpose: The register should record for all units an estimate of the “real economic size”. The Value Added is usually said to be the best; but this variable is so difficult to measure that it must be replaced by proxies. Because it seems easy to collect, the monetary proxy is the Turnover (the physical proxy being the number of employed people).

But turnover has a main drawback due to the cancellation of internal flows (consolidation process). It is not additive, when changing the “level” of observation (from individual legal units to enterprises for example).

In consequence, the type of turnover and the place of its measurement must be very precisely specified (e.g. at “global enterprise” it will be different than at “Truncated national enterprise”)

- Number of persons employed and (optional) Number of employees

Purpose: The register should record for all units the actual numbers of persons employed and employees, both as head counts and the latter also in FTEs. The main aim is to obtain stratification variables as well as statistical information. Persons employed are preferable for stratifying survey samples for very small units. The business register employment figures are used especially for small area statistics, where the business register is the only comprehensive source. In addition, employment figures can be used by employment statistics where needed.

Definition:

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 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.

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. A worker from an employment agency is considered to be an employee of that temporary employment agency and not of the unit (customer) in which they work.

For stratification purposes the intention is to use the situation at the end of year (including seasonally active units). As the end date approach is not harmonised the annual average can also be used as reference calculated for a certain period. The number of employees in full-time equivalents might be calculated for a full year as well as for the period in which the unit is active. If number of employees in fulltime equivalents is used as a stratification

variable, the calculation for the active period should be used, while for economic statistics covering a year the calculation of the average should cover the whole year.

Proxies: These figures can be obtained directly in some countries, while other countries may have an administrative source available only for the number of paid employees. However, the latter countries can obtain total employment by making a statistical adjustment to their figures on paid employees by adding a constant representing unpaid employment (including working proprietors), calculated e.g. according to legal form and activity:

- For sole proprietors, total employment = paid employees + 1;
- For partnerships, total employment = paid employees + 2.

Depending on the availability of administrative sources, more sophisticated methods have been devised in some countries.

Note also that “0” means less than half a person, whether calculated as head counts or FTEs.

Sources: Administrative sources, surveys, calculations.

Comments: Note that the reference period used for the measurement of employment in business demography is a year, i.e. the labour force should be an annual average, though this can be approximated by using the number of persons employed at any given moment during the year if this is the only information available. How the annual average is calculated depends on the updating frequency of the register. If the unit operates during only part of the year (seasonal, new enterprises), the average should be calculated for that period.

Both head counts and FTE have certain advantages and the latter should be recorded if possible. Head count is the number of physical persons, full-time and part-time, employed by a unit. FTEs are defined in SBS (variable 16 14 0) and also in national accounts (FTE employment is the number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs). FTEs are a more accurate measure of labour input but they are available in fewer countries. As the concept of ‘full-time’ may vary, the definition does not really make the FTE data comparable. Given the administrative origin of the data, it may not be possible to calculate FTEs in some countries. Another possibility would be to use ‘hours worked’ directly. This is gaining favour in employment statistics, but the comment on data availability is also likely to apply to this variable.

- Institutional sector and sub-sector
- (+ meta information)

5.2.4 Relationships between units

Issues: group analysis; profiling, local statistics...

- Links between establishment and enterprise: the link is n to 1, an establishment belonging to one enterprise only but one enterprise could be linked with several (n) establishments (local unit requires to specify its precise type: local unit of enterprise group, of enterprise or of legal unit...)
- Link with Enterprise Group,
 - for legal units as reporting units (can be n LeUs to 1 EG),
 - for enterprises (delineation of the Group or Truncated Group: the link is n to 1)

- Link with Enterprise, for reporting units as legal units: the link is usually 1 to 1, but can be n to 1 if parts of the same legal units belong to different enterprises (delineation of the Enterprise or Truncated Enterprise)
- Control relationships of legal units by the group (direct + indirect: has only 2 occurrences Yes/No)
- Direct ownership relationships between legal units (with percentages of shares when top-down from parent to affiliate and % of ownership from affiliate to parents)
- Ownership relationships between legal units and an enterprise group (direct + indirect with percentages of interest²)
- “Integration” relationships in consolidated accounts (according to the 2 main systems IFRS and US-GAAP and from data from 2014, there is only one real integration method = full consolidation; the second way of so-called consolidation = “equity method” being limited to including the quota of net result of the affiliate in the owner’s net result and the quota of the affiliates at their fair value in the owners financial accounts)
- (+ meta information)

5.2.5 Relationship with other registers/update sources

Issues : consistency (within country) between domains; multiple sources statistics...

The links are extremely important for the emerging role of the business registers to work as a **pivot** in connecting various registers and thus creating the possibility for integrated statistics, especially for the integration of economic statistics.

Because the national situations differ greatly, the linking is, apart from the links to international trade registers, on a conditional or optional basis.

- Value added tax (VAT) registration number if it is different from the identity number;
- Social security (or similar) registration number if it is different from the identity number;
- Reference to balance sheet data (for units required to publish accounts)
- Reference to the balance of payments register or foreign direct investment register
- Reference to the farm register
- Reference to the trade register
- Other satellite registers (e.g. shop register, tourist establishment register, transport registers, educational institutes register, health services register etc.)
- (+ meta information)

² There are 3 significant thresholds, used as reference for analysis and not as direct decision tree indicators: 10% of interest is the minimum to be traced in the BoP, 20% of interest for the GAAPS is the minimum for “equity method”, 50% of interest is the minimum for control and full consolidation.

Type of units	Enterprise group (all resident or multinational)	Enterprise	Establishment	Legal units	Local units
Identification characteristics,	- ID No - Type of enterprise group - Name, address, contact - Country code, ID No global group head, UCI	- ID No - Name, address, contact	- ID No - Name, address, contact - Geographical location code:	- ID No - Name, address, contact - Tax No	- ID No - Type of local unit ³ - Name, address, contact
Demographic characteristics,	- Birth date - Death date	- Birth date - Death date	- Birth date - Death date	- Birth date - Death date - Legal form	- Birth date - Death date
Economic/stratification characteristics,	- Principal Activity - Employment Consolidated turnover	- Institutional sector - Principal Activity - Secondary Activity - Employment (Consolidated) turnover	- Principal Activity Employment	- Principal Activity - Secondary Activity - Employment Turnover	- Principal Activity - Secondary Activity - Employment
Relationship with other registers or units	-	- Enterprise group to which it belongs - Legal unit(s) components	- Enterprise to which it belongs - Reference to associated registers	- Enterprise group to which it belongs - Parent legal unit with Affiliate legal unit - Shareholders (at least 10%) with Subsidiaries (at least 10%) - Reference to associated registers	- Unit (LeU or Enterprise or enterprise group) to which it belongs

Notes : The ID number must permit to identify the type of unit as well.

³ Local units : They can be referred either to LeU or to Enterprise or to Enterprise group. They are different from each other. But they have common characteristics. That is why there is only one column in this table.

- Last 2 units (enterprise groups and enterprises) are defined globally (which means at world level when adequate). For establishing National level, they may be truncated on the national territory of each relevant country. The definition of truncated enterprise groups and/or enterprises does not include any other task than having split them on this national basis. In this case, double coding of some variables (principal activity code) is recommended (at national and global level).

- In some cases, legal units may be segmented into several enterprises.

- It happens too, that legal units have “permanent locations” often called branches in another country than the country of their incorporation without any legal support: the country of the permanent location usually creates a “quasi-legal unit” registered and submitted to revenue and social taxes ; this allows exactly the same data collection than for proper legal units, provided that the statistical system recognise their existence, but needs recognition of this fast growing situation.

Box referring to national versus international status of a legal unit:

In the EU, the European Companies (“Europeae Societae”) generalize this management system, each ES being registered in one country only and being able not only to operate in all EU countries but also to move easily without any legal constraint its legal office from one country to the other. The ES legal status is not very frequent now, but it can rapidly develop without notice.

5.3 Characteristics by types of unit

5.3.1 Enterprise Group (and Truncated Enterprise Group) characteristics

Definition: refer to §4.2.1.1

Issues: the description of the enterprise groups comprises a characteristic called “type of enterprise group” (refer to 5.3.1.1.6) with 3 occurrences:

- All-resident group;
- Domestically controlled truncated group;
- Foreign controlled truncated group.

For a country working on its own, this is no more than an important characteristic that is used to prepare information on the foreign influence on domestic economy or reversely to measure the foreign impact of the domestic businesses.

But for a consistent view of globalisation the domestically controlled enterprise groups of one country are the foreign controlled group for all other countries: their statistical representation should be made in cooperation.

This objective is a very difficult one, except perhaps in highly integrated economic zones where the NSIs share all or part of their confidential data.

As most of countries concerned by this manual manage fully independent NSIs, the type of enterprise groups remains purely a “characteristic”; for others it becomes one of the most important management variables for the BRs: as it is difficult to describe this situation from a general conceptual point of view, it will be treated through the example of the EU.

5.3.1.1 Enterprise Group - Identification characteristics

5.3.1.1.1 Enterprise Group - Identity number

Purpose: To identify all types of enterprise groups (as well the all-resident enterprise groups as the truncated national parts of foreign-controlled or domestically controlled enterprise groups) and to follow their continuity.

Definition: The identity number of an all-resident group is (usually) given nationally in the business register or it may be common with other national institutions.

As the enterprise groups are permanently buying selling or restructuring their affiliates, the question of whether the enterprise group is the same after restructuring than before is a prominent one: general continuity rules apply for all types of enterprise groups (defining the continuity is examined in Chapter **XXXX**).

The continuity of a truncated group is based on the continuity of the global group it is part of. The question of whether a truncated group can be continuous, even if the global group is not, remains an issue.

Issue: As the continuity of the group may remain while the group head changes, it is not advisable to use the identity number of the group head as the identity number of the group.

Sources: The identity number of an all-resident group can be given internally in the business register or be obtained from an administrative source.

Comments: Within the national territory, there may be several seemingly unlinked truncated groups, which in fact belong to the same multinational enterprise group. In such cases, these separate groups generally have same type of ISIC activities and it can be advisable to define them as separate enterprises. A truncated group can also consist of only one unit of the group, parent or subsidiary in the national territory and such cases may be difficult to identify nationally.

Box referring to an economic union such as the European Union (EU):

- the identity number of a multinational enterprise group comes from a supra-national register (for example in the EU the EGR - Euro-groups register);
- the ID number of a truncated group is derived from the common ID of the multinational enterprise group and thus given centrally in the EuroGroups register procedure;
- as the continuity rules for enterprise groups should be applied, the identity number should remain the same while the group is considered as continuous (defining the continuity is examined in Chapter 22);
- the global group head and/or the main decision center may be moved from one country to another with continuity of the group; thus it is not advisable to give an ID including a country code.

Proxies: National numbers can still be used until a system of unique Europe-wide identity numbers is established; then on as a second identity number may be useful to trace continuity for all-resident groups when they become multinational.

Remark: here EU includes also EFTA countries.

5.3.1.1.2 Enterprise Group - Name

5.3.1.1.3 Enterprise Group - Adresse

5.3.1.1.4 Enterprise Group - Telephone and fax numbers, electronic mail address and information to permit electronic collection of data (optional)

Purpose: The storing of the name and address information is important at least for survey or profiling purposes and may be extended to other national uses.

The enterprise group (through its head office services) is often the reporting unit even for data on other statistical units (e.g enterprises).

Definition: National standards for the name and address are used for the all-resident head office and for the truncated head office.

Proxies: The name of the truncated group should not be exactly the same as the name of the global group (§XXXX).

Sources: The name is given nationally in the business register or it may be common with other institutions (for example in the EU perspective). Administrative sources, surveys, profiling, internet, business register information can be used.

Comments: It is up to the country to decide on the information they wish to record for each unit and address. In some countries, at legal level the consolidated accounts may use the legal name of the group head when they refer to the whole group.

5.3.1.1.5 Enterprise Group - Identity number of the group head (equals the identity number of the legal unit which is the resident group head)

Conditional: If the controlling unit is a natural person who is not an economic operator, recording is subject to the availability of this information in the administrative sources and in some countries to legal limitations.

Purpose: To identify the global group head (all-resident or truncated group head).

The recording of natural persons as controlling units is conditional due to their importance in a number of countries where they cannot be registered as legal units; in other countries this is generally the case.

The difference is taken into account in the OECD Handbook on Economic Globalisation Indicators, which in these cases recommends the inclusion of natural persons.

Definition: The identity number of the legal unit which is the resident group head or the identity number of the truncated group head.

Proxies: For natural persons who are not registered in the business register as economic operators, a quasi-unit with an identity number can be created when necessary. If this is done, it should be possible to identify natural persons separately.

Sources: Administrative sources, the control links in the business register.

Comments: The dates of commencement and cessation as resident group head must also be stored, either when the change is recorded in the register or preferably as separate variables when the real change takes place (if this is known).

The frequency and importance of natural persons as controlling units may depend on national legislation and thus vary considerably between countries. It would be useful to study the effect of their inclusion/exclusion on the consistency of data between Members States.

Box referring to difference Global Group Head (GGH) / Global Decision Center (GDC):

- it happens that the global group head (the independent legal unit of the highest level, which has no majority owner) does not manage the enterprise group; in the related cases, usually an affiliate is the place where decisions are taken: the global decision center or the ultimate controlling institutional unit (UCI) => the national BR has to collect the ID characteristics and numbers of the GGH and of the UCI and to differentiate them clearly;
- quite often then, the GGH and the GDC/UCI are not located in the same country; a risk appears that the enterprise group is counted for as well in the GGH country as in the GDC/UCI country => coordination between the 2 countries would be useful; such coordination exists in the EU for example;
- the case becomes more complex when the GGH is a natural person living in a country different from the one in which the enterprise group was originated. The treatment of this case remains an issue, in particular because the legal ability to register natural persons as GGH/UCI differs from one country to another.

5.3.1.1.6 Enterprise Group - Type of enterprise group:

Type of enterprise group:

- 1. All-resident group;**
- 2. Domestically controlled truncated group;**
- 3. Foreign controlled truncated group.**

Purpose: The type is an important stratification variable from an economic point of view: The importance of many other variables depends on the type.

It allows calculation of many economic indices at national level by type, such as proportion of different group types (and independent enterprises) in employment, turnover per person employed, etc. The units belonging to foreign controlled truncated groups define the foreign controlled inward FATS population.

Definition: The difference between all-resident and multinational groups lays purely in the existence of controlled affiliates in more than one country.

The difference between domestically and foreign controlled multinational groups is determined by the country of global decision-centre (see Chapter XXXX).

Proxies: None.

Sources: Administrative and commercial sources, surveys, the EuroGroups register.

Comments: Enterprise group type may also be inferred from other variables, but it is advisable to record it separately. This is especially the case if much of the national enterprise group information is in a satellite register where the coverage may vary according to the group type.

5.3.1.2 Enterprise Group - Demographic characteristics

5.3.1.2.1 Enterprise Group - Date of commencement

Purpose: The date is needed for the demography of enterprise groups.

Definition: The date refers either to a date when a new enterprise group is born (definition of birth, see Chapter XXXX) or to other creation date of a new group (by merger, break-up, split-off or restructure).

The date refers to the beginning of operation for a truncated group: this date can be the same than the date when the first affiliate is created in the country; but more often it refers to the date when the first affiliate is controlled (“bought”).

Proxies: The birth of a new group may be difficult to define in practice, if the smallest groups of no statistical importance to the country are not monitored. The date from which the group is being monitored shall then be used as a proxy. However, the approximate dates are important in order to determine from which year a certain multinational group is monitored in different countries.

Sources: Administrative sources, surveys.

5.3.1.2.2 Enterprise Group - Date of cessation

Purpose: The date is required for the demography of enterprise groups.

Definition: Cessation of a group means either death of the group (dissolution of the links of control between the units belonging to the group), or (more commonly) another cessation date by merger with or takeover by another group, break-up, split-off or restructuring into two or more groups.

The cessation of a truncated group is registered separately from this of the global group it is part of, because the previous demographic events can have different consequences for the global group and for its truncated part(s).

Thus the date of cessation of any kind of group is very closely dependent on the continuity rules used.

Proxies: If no exact date is known for truncated groups, the approximate date is important in order to know the situation of multinational groups in different countries.

Sources: Administrative sources, surveys.

Comments: It should be noted that 5.3.1.2.2 is filled in only for historical files, when the group ceases to exist or is not monitored anymore. In such cases, all the characteristics from 5.3.1.1.1 to 5.3.1.X.X become historical.

5.3.1.3 Enterprise Group - Stratification characteristics

5.3.1.3.1 Enterprise Group - Principal activity code at ISIC 2-digit level

5.3.1.3.2 Enterprise Group - Optional: Secondary activities at ISIC 2-digit level

Purpose: The activities can be used for stratification, demographic and economic analysis. Secondary activities are important for observing the homogeneity of the group.

Definition: The activities are defined according to the ISIC rules. The principal activity is identified by the top-down method as the activity which contributes most to the total value added.

The same definition can be applied at the global level and at the national truncated level.

Remark: the main activity of any of the truncated parts may be different from the the main activity of the global group.

Proxies: If value added cannot be used, it is recommended that employment be used as the criterion: The activities performed can be based on the activity codes and number of persons employed in the units belonging to the group at national level. Turnover is less suitable because it is more sensitive to local sales and intra-group transactions.

Sources: The business register, administrative sources, surveys.

Comments: Principal and secondary economic activities can be inferred from the economic activities of the enterprises composing the group. In order to give the group a principal and secondary activity, a standard methodology should be used according to the principles of ISIC classification. When assigning the principal activity to the group, it is advisable to rank the main activities in descending order of importance, including their shares.

It is recommended that the principal activity be recorded as precisely as possible, at ISIC 4-digit level. As this is not always practically possible in some countries, this is optional.

5.3.1.3.3 Enterprise Group - Number of persons employed in the all-resident/truncated group

Purpose: Employment can be used for stratification, demographic and economic analysis. Together with the activity code, it provides information on the role of the group in the global framework.

Definition: The persons employed in the group is added up from the register from the units which belong to the group.

This procedure is valid as well at truncated (national level) as at global level (provided that a global register of affiliates exist).

Proxies: The number of employees.

Sources: The business register.

Comments: The difference between persons employed and employees is less significant for enterprise groups than for enterprises; therefore there is no need to list both and the former is recommended.

For the largest multinational operating in a large number of countries, the better source for employment in far countries might be the specific “note” included in the Annual Report.

For closer countries the same source allows to assess the Register figures for employment.

5.3.1.3.4 Enterprise Group - Optional: Consolidated turnover

Purpose: Turnover is an important size indicator for stratification. The availability of consolidated turnover global group at truncated or at or subgroup level may be useful for define the profiling method for the group.

Definition: The turnover is defined as in structural business statistics (see 5.3.2.3.6). For the consolidation rules (full consolidation), the International Accounting/Financial Reporting Standards (GAAPS) should be followed.

Proxies: There can be national specifications of the consolidation rules.

Sources: Administrative sources, surveys, profiling.

Comments: It is difficult to consolidate turnover of different enterprises in different activities and the consolidation rules are not the same everywhere. Also turnovers from different sources may not be consistent.

It could also be possible to add up the turnovers of legal units belonging to the enterprise group, but this would contain internal turnover which does not correspond to market prices when based on internal prices. Thus storing of any figure other than the consolidated turnover figure in 5.3.1.3.4 may be confusing and is not recommended.

5.3.1.4 Enterprise Group - Optional stratification characteristics

5.3.1.4.1 Enterprise Group - Optional: Country of global decision centre

Purpose: To allocate the enterprise group to the country where decisions on its global strategy are actually taken. Foreign affiliate statistics use the resident country of the ultimate controlling institutional unit (UCI)⁴, which is equivalent to the country of global decision centre. To use the global decision centre in a consistent way in various statistics related to economic globalisation would ensure their coherent production.

Definition: Country where the strategic decisions referring to an enterprise group are taken.

Proxies: In most of the cases the global decision centre (the ultimate controlling institutional unit - UCI) equals to the global group head, the decisions referring to the group are taken by the group head. In these cases the country of global decision centre is the country where the global group head is located. In special cases the global group head is not able to act as a decision centre for the whole group. Units without substantial physical presence, significant economic activities, employment are not able to be engaged in decisions. In these cases the global decision centre should be appointed at the next level downwards in the enterprise group tree structure, where the global decisions of the enterprise group are taken

Sources: Administrative and commercial sources; statistical surveys⁵.

Comments: The country where the decision-making centre is located is often referred to as the 'nationality of the group', although nationality can be understood in other ways, for instance to refer to the nationality of the owner. The roles of the group head and decision centre may vary a great deal.

This cannot be taken into account in an operational rule, but can be proved in profiling. To gain further knowledge about how the group operates the group could be further analysed. Factors to be considered include where the main production activity is located, where value

⁴ For more specifications, it might be useful to refer to the EU FATS Regulation 716/2007

⁵ In the case of the EU, the EuroGroups Register (EGR) provides standardised information on the decision centre of MNEs covered.

added is created, and where research and development, which defines the future strategy of the group, takes place.

These characteristics are relevant to allocate the enterprise group to the country where decisions on its global strategy are actually taken (i.e. the 'nationality of the group'). Foreign affiliate statistics use the resident country of the UCI for defining the outward FATS population (the resident UCI is reporting unit on its foreign affiliates) and the inward FATS population (all enterprises which have a non resident UCI are surveyed). It is recommended to coordinate with the countries where the multinational enterprise group is acting in order to agree on the UCI and the global economic characteristics of the group for producing international consistent statistics.

5.3.1.4.2 Enterprise Group - Optional: Countries where enterprises or local units are located

Purpose: The characteristic is essential information for outward FATS and for studying intragroup trade, which also needs the names, addresses and identity numbers of legal units belonging to the group.

Definition: Country codes (according to the § 4.13 of the BoP Vademecum).

Proxies: None.

Sources: Administrative (consolidated balance sheets) and commercial sources, the EuroGroups register.

Comments:

5.3.1.5 Enterprise Group (and Truncated Enterprise Group) - Relationship between units

5.3.1.6 Enterprise Group (and Truncated Enterprise Group) - Relationship with other registers/update sources

5.3.2 Enterprise (and Truncated Enterprise) characteristics

5.3.2.1 Enterprise (and Truncated Enterprise) - Identification characteristics

5.3.2.1.1 Enterprise - Identity number

Purpose: To identify the unit and to follow its continuity and the demographic events leading to discontinuity.

Definition: Specific to the statistical business register. As the continuity rules for enterprises (see Chapter **XXXX**) should be applied, the identity number should remain the same while the enterprise is considered as continuous.

Proxies: If the legal unit equals the enterprise and the legal unit identity number is specific to the business register (the unique administrative legal unit identity number is stored as a separate variable and its changes are followed), the two identity numbers could be equal.

Sources: Assigned in the business register procedure.

Comments: In case of a 1:1 relation between the legal unit and enterprise, the same identity number is often used.

5.3.2.1.2 Enterprise - Name

5.3.2.1.3 Enterprise - Optional: Postal, electronic mail and (optional) website addresses

Purpose: Contact information, when necessary, in addition to 5.3.21.2 and 2.2. The website can also be used for statistical purposes.

Definition: Countries can decide what information to store to meet their needs.

Proxies: The enterprise name may be the same as the legal unit name, but it may also differ (trade name) even if it comprises only one legal unit. An enterprise often uses the name of the main legal unit that operates it. It is then unnecessary to record this name again, as long as a record is kept of the link between the enterprise and that legal unit.

An alternative solution is to record addresses for local units only and in the case of legal units and enterprises to record the identity number of the local unit that is their registered office (registered office is the location given by the legal unit to registration authorities).

Sources: Administrative sources, websites, business register procedures, surveys.

Comments:

5.3.2.1.4 Enterprise - Identity number(s) of the legal unit(s) of which the enterprise consist(s)

Purpose: The enterprise must be linked with the legal units it comprises.

Definition: This is simple for enterprises consisting of one legal unit only. In the case of complex enterprises, the identity numbers of all legal units must be recorded.

Proxies: None.

Sources: Created in business register procedures.

Comments: It is recommended that the dates when the links are created and dissolved are recorded.

5.3.2.2 Enterprise (and Truncated Enterprise) - Demographic characteristics

5.3.2.2.1 Enterprise - Date of commencement of activities

Purpose: The date is required for monitoring the demography of enterprises.

Definition: The date refers to the birth or other creation date of the enterprise.

Proxies: The date of birth is, in principle, the date on which the first financial commitments are made, although in practice it may refer to the registration date in the administrative source if the unit starts its economic activities immediately after that.

However, the legal unit may change and be re-registered, for instance, after a change of legal form, while the enterprise remains the same, because the continuity rules for enterprises should be applied.

Sources: Administrative sources, surveys.

Comments:

5.3.2.2.2 Enterprise - Date of final cessation of activities

Purpose: The date is required for monitoring the demography of enterprises.

Definition: The date refers to the death or other deletion date of the enterprise (when it becomes historical).

Proxies: As explained for the corresponding characteristic of legal units, this date may not be available with any precision, only the fact that the enterprise has ceased to exist or has ceased its activities during the reference year may be known, in which case it should be estimated.

Sources: The date can be obtained from surveys or administrative sources or defined in a business register procedure according to established rules.

Comments: The characteristic is interpreted in a way similar to the corresponding characteristic for local units (see hereunder). The links between local or legal units and enterprises should be checked, because the conditions relating to the continuity of the enterprise should be met.

5.3.2.2.3

5.3.2.3 Enterprise (and Truncated Enterprise) - Stratification characteristics

5.3.2.3.1 Enterprise - Principal activity code at ISIC 4-digit level

Purpose: The principal activity code is a key stratification variable. The code is also very important in judging the role of certain units in the enterprise group structure, mainly the group head, the head office and special purpose entities (SPEs, included in ISIC class 6430), but also in general in enterprise group structuring and demography. The enterprise group's worldwide dispersion of employment by activity can also be studied by its constituent units.

Definition: The activity code is decided according to the rules in the ISIC handbook. The activities actually pursued in the enterprise will be taken into account.

Proxies: Several criteria can be used to define the principal activity code, if value added is not available. Employment and turnover by different activities can be used (when available), but also activity descriptions, etc.

Sources: The code can be obtained from surveys or administrative sources.

Comments: Administrative sources may include a range of activities if the enterprise has a legal capacity to operate in different trades. However, the quantitative information on the importance of all such activities may not be available in the source, unless the enterprise has been the subject of surveys. If the enterprise is linked to just one local unit, the principal activity for both should be the same .

5.3.2.3.2 Enterprise - Conditional: Secondary activities, if any, at ISIC 4-digit level; this point concerns only enterprises which are the subject of surveys

Purpose: Knowledge of secondary activities is very important to large enterprises, for instance when conducting short-term business surveys and for determining establishment units. If establishments are not recorded in the register as separate units, characteristic 5.3.2.3.2 offers the possibility of analytically defining them. This may be necessary for the creation of links to associate registers (e.g. farm registers) which may include only a (establishment) part of the enterprise.

Definition: The activity codes are decided according to the rules in the ISIC handbook. The activities actually pursued in the enterprise will be taken into account.

Proxies: Several criteria can be used for defining the principal activity code, if value added is not available. Employment and turnover by different activities can be used (when available), but also activity descriptions, etc.

Sources: The code(s) can be obtained from surveys (probably more accurately) or administrative sources.

Comments: If establishments are not surveyed directly this characteristics offers the possibility of analytically defining them.

The characteristic concerns only enterprises which are surveyed in surveys other than the register update survey. As such units are generally large and important, the information should be requested and updated in the register.

5.3.2.3.3 Enterprise - Number of persons employed

5.3.2.3.4 Enterprise - Number of employees

5.3.2.3.5 Enterprise - Optional: Number of employees in FTEs These characteristics are calculated in accordance with the rules given for local unit .

Purpose: The purposes given for local units also apply to enterprises. There are, however, additional uses.

Many countries are interested in breakdowns by size class, the small and medium size “enterprises being often considered as the those which create new employment. The SMEs are to be defined precisely⁶. The share of SMEs and small (below 50 persons) and micro (below 10 persons) enterprises can be calculated.

The employment in the enterprises, of which an enterprise group consists, can be used to define the continuity of the enterprise group. The enterprise group’s worldwide dispersion of employment by activity and the impact of offshoring can also be studied by its constituent units.

⁶ In the EU, according to Commission Recommendation 2003/361/EC they consist of independent enterprises below 250 persons employed full-time

Comments: As the enterprise consists of one or more local units, it is clear that the size of the labour force in the former should equal the sum of the latter.

The consistency of the business register employment figures has been compared with other sources (structural business statistics, business demography, labour force survey). The employment figures should not be the same due to different definitions and methodologies but within a certain range. If this is not the case, an explanation should be provided.

5.3.2.3.6 Enterprise - Turnover save as provided in 5.3.2.3.7

5.3.2.3.7 Enterprise - Optional: Turnover for agriculture, forestry and fishing; public administration and defence, compulsory social security; activities as households as employers; and activities of extraterritorial organisations and bodies (ISIC sections A, O, T and U)

Purpose: For some surveys, mainly cyclical ones and for some spheres of activity, it may not be appropriate to stratify according to employment. Moreover, for accurate calculation purposes, the size of enterprises should also be measured in terms of their turnover.

Turnover is not an additive measure which restricts its direct (non-consolidated) use for the enterprises in the enterprise group framework. However, it can be used in FATS for calculation of consolidated turnover at country level and for group-related research and development intensity calculations.

Definition: In principle, the structural business statistics (SBS) definition of turnover (variable 12 11 0) should be used.

Proxies: Fiscal sources will usually provide this information, either on the basis of corporate income tax or VAT returns. In cases where units are not subject to VAT, the information may be unavailable. One possibility is to estimate it based on the level of employment using a standard turnover per head ratio calculated by the ISIC class. As turnover is most relevant for market units, it shouldn't be estimated for non-market units. The optional turnover for agricultural, fishing and public sector units should be recorded if it is available, but not estimated.

Sources: Turnover can be gained from surveys or from different administrative sources.

Comments: The figure used should be the actual turnover. Turnover may be available with some delay, especially for newly created enterprises. This may cause problems mainly for business demography and it may be necessary to impute turnover for that purpose.

As turnover from different sources is not always the same, by using different sources a bias may arise.

Turnover excludes VAT. Turnover is an essential piece of accounting data. Even if comparing turnover between enterprises across different ISIC sections may not make much sense, it is the only parameter that permits a breakdown by product or allows exports to be ascertained.

5.3.2.3.8 Enterprise - Institutional sectors and sub-sectors according to Systems of National Accounts

Purpose: The institutional sector classification in business registers has at least five important functions:

1. National accounts: It is significant where business registers are used for national accounts, something which is becoming more and more important (although practice varies considerably between countries).

2. Business statistics: It can be used for separating market and non-market activities for business statistics and business demography which cover only market activities.
3. Public enterprises: It can be used to separate information on public enterprises.
4. It can be used to separate privately and publicly controlled enterprises and to find the volume (e.g. share of employment in the market) of the state as the ultimate controller of enterprises in the economy.
5. It can also be used to distinguish foreign-controlled enterprises) and ensure that the enterprise information is consistent with the corresponding legal unit and enterprise group information.

Definition: The classification of institutional sectors applies to the institutional unit; the enterprise corresponds to the institutional unit in the corporate enterprises sector. Thus, each enterprise should be capable of being classified in an institutional sector.

Separate recording of all the sub-sectors is included in the BR methodology and strongly recommended. However, it is required only if it is necessary for national accounts purposes to fulfil uses 2 to 5. Some sub-sectors could be combined. The separation of the following subsectors is thus necessary: 'Public', 'National Private' and 'Foreign Controlled'. As far as this classification (S.12xx1, S.12xx2 and S.12xx3) is available, certain financial corporation subsectors could be combined. However, separating all of them according to their ISIC class should pose no problems and would also be useful for checking the coherence and quality of the classification. Recording all the sub-sectors of general government is similarly strongly recommended but not required. Of the household sector, employers and own account workers S.141+S.142 are to be included. This sector includes sole proprietors and partnerships not recognised as independent legal entities. Household sectors S.143-S.145 fall outside the scope of the business registers. Non-profit institutions serving households (S.15; it is to be noted that this includes only part of the legal form 'non-profit institutions') and the rest of the world (ISIC section U, Activities of extraterritorial organisations and bodies) are also within the scope of the business register.

Proxies: From the information available, it may not always be possible to define the sub-sector accurately. In such cases, large and important units could be checked manually. A proxy can be derived from ISIC code, legal form and country of global decision-centre.

Sources: Defined in a business register procedure in cooperation with national accounts according to established rules based on business register information and using administrative sources when necessary.

Comments: In the vast majority of cases, it is possible to calculate the institutional sector code from other explicitly recorded characteristics, especially legal form, ISIC code and controlling country. Algorithms can be used for this purpose. The institutional sector must not conflict with the principal activity and whether the enterprise is foreign controlled must be consistent with the respective characteristics of the enterprise group to which it belongs. The principal activity of the enterprise separates the financial and non-financial corporate enterprises. Two criteria can be applied to separate corporate and quasi-corporate enterprises from enterprises attached to the household sector: The legal form of the legal unit operating the enterprise and, if the legal unit is a natural person, whether or not it keeps annual accounts for the assessment of its tax liability. It may therefore be appropriate to provide an intermediate code indicating, in the case of enterprises operated by a natural person, if they keep accounts or not. That code might perhaps record whether the enterprise is taxed on profits on the basis of its accounts (actual profits) or on the basis of an assessment.

Business statistics cover only market activities and a code indicating whether the activity of an enterprise is market or non-market is essential for them. The distinction is sometimes difficult to make and can be definitively determined only by looking at the accounts. Market enterprises cover institutional sectors S.11, S.12, S.141 and S.142.

Public undertaking is defined as 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 that 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:

- Hold the major part of the undertaking's subscribed capital; or
- Control the majority of the votes attaching to shares issued by the undertakings; or
- Can appoint more than half of the members of the undertaking's administrative, managerial or supervisory body.

This could be one legal form or it could be obtained from an administrative source. It may be interpreted in different ways in different administrations. The key issue is that public authorities control public undertakings. The definition does not clearly specify whether public undertaking should be market-oriented and distinguishing between public undertaking and government unit is sometimes difficult and may require the information from its accounts (whether more or less than 50 % of production costs are met by sales). The precise method to be used for separating public enterprises is to define them by the sum of institutional sub-sectors: S.11001+S.12201+S.12301+S.12401+S.12501.

5.3.2.4 Enterprise (and Truncated Enterprise) - Relationship between units

5.3.2.4.1 Enterprise - Identity number of the all-resident/truncated enterprise group to which the enterprise belongs

Purpose: To identify the enterprises belonging to the enterprise groups. This is important also for the enterprise confidentiality treatment and to be able to separate SMEs, which have to be independent and not belong to enterprise group.

Definition: See correspondent characteristic.

Comments: The date of acquisition when the enterprise becomes part of the group should also be recorded.

5.3.2.5 Enterprise (and Truncated Enterprise) - Relationship with other registers/update sources

5.3.2.5.1

5.3.2.5.2

5.3.2.5.3

5.3.3 Establishment characteristics⁷

⁷ In the EU the establishment is called the "Local Kind of activity unit" (LKAU). It seems that the use of the word "establishment" is not fully standardised : it might be in some countries the "enterprise", in other the LKAU and in

Purpose: The establishment unit (or LKAU: local kind-of-activity unit) is a conceptual unit, of key importance for national/regional accounts. Its not necessary to register it into the statistical business register. If the statistical business register contains the local units with all the identity numbers of the enterprises to which they belong and also with their principal and secondary activities codes, it is possible to build the establishment.

Indeed, an establishment is an enterprise, or part of an enterprise, that is situated in a single location and in which only a single productive activity is carried out, or in which the principal productive activity accounts for most of the value added..

For this reason we don't develop the Establishment characteristics (see 5.3.5 Local unit of legal unit characteristics)

5.3.4 Legal unit characteristics

5.3.4.1 Legal unit - Identification characteristics

Issues: precise description/definition of unit; geographical references; recommendation for a unique ID when dealing with multiple sources (one for each level of unit)...

5.3.4.1.1 Legal unit - Identity number

Purpose: To identify the unit and to link it with other units in the register and with administrative and statistical sources.

Definition: The identity number of the legal unit can be either specific to the statistical business register or an external one, common or shared with other institutions in the Member State, a so-called unique identifier. The latter is generally preferred.

Proxies: None.

Sources: If the identity number of the legal unit is the unique identifier used for statistics, its updating should follow the changes taking place in the administrative source, which allocates the identifiers. For instance, a change of legal form from natural to legal person may result in the fiscal administration assigning a different identifier to the same economic unit.

If the identity number of the legal unit in the statistical business register is not the unique identifier, the unique identifier should be handled as a variable and a record of its changes should be kept.

Comments: Common business identifiers, shared with fiscal (compare with characteristic 1.3) and other government departments greatly facilitate the connection of the statistical business registers with other registers and administrative sources.

The continuity rules for legal units depend on national legislation; there are no wide recommendations.

Recommendations: If unique identity number of the legal unit doesn't yet exist, it is recommended that the INS be part as leaders of the creation of unique Ids, with administrative bodies.

5.3.4.1.2 Legal unit - Name

others the local unit. Thus it is necessary to be very careful, to check the real meaning of the "establishment" unit and in practice to refer to the corresponding glossaries of the used statistics or registers.

5.3.4.1.3 Legal unit - Adress

5.3.4.1.4 Legal unit - Telephone and fax numbers, electronic mail address and information to permit electronic collection of data (optional)

Purpose: This is the necessary contact information for the unit. It should be noted that the optional information is of primary importance, namely the telephone number and e-mail. In the event that a common identifier is missing, names and addresses can also be used for the matching of units.

Definition: The information may refer to a legal or a natural person.

In the case of legal persons, their official business name and address must be recorded.

In the case of natural persons, it may be useful to maintain both a business and a personal address. The addresses should be recorded at the most detailed level possible and respect international standard ISO.

In the case of natural persons, the following information may be recorded:

- Family name(s)
- Names normally used and possible pseudonyms
- Forenames
- Gender (if only for address purposes — Dear Mr/Ms ...)

This information is often insufficient to identify a natural person with certainty. It may therefore be useful also to record either the date of birth or the personal identity number.

Proxies: In some countries and for some legal forms, the business name may be very long and will have to be abbreviated. In that case, very strict rules on abbreviation must be applied.

Where applicable, territorial classifications and nomenclatures may be used for coding of addresses. It should be better that the addresses records respect international standard ISO.

Sources: Administrative sources, mainly trade/company registers and surveys.

Comments: Legal persons and also sole proprietors often use initials, an acronym or a trading style instead of their official name in their business or administrative relations. There must be provision for recording this information separately (compare with 3.2). Recording the names of partnerships can also pose problems which may be difficult to manage.

5.3.4.2 Legal unit - Demographic characteristics

Issues: business demography statistics (analysis of distribution and dynamics of businesses in the reporting country) ; survey frames...

5.3.4.2.1 Legal unit - Date of incorporation for legal persons or date of official recognition as an economic operator for natural persons

Purpose: The characteristic is needed for the inclusion of new units, whether by real births or other demographic creations.

Definition: The ‘date of official recognition’ should be the date on which an identification number is given, or the date on which the legal existence was approved, be it a company/trade register number, a VAT number or other.

Proxies: If the exact date is not available, the year from which the unit has been monitored can be used as proxy, including a certain date (like 1 January) defined in the business register procedures according to established rules.

Sources: Administrative sources: Trade/company register, tax administration, social security.

Comments: In general, the date is the prerequisite for a firm to engage in legal economic transactions. Given that a statistical register is usually fed with files from administrative sources, a date for an official recognition should always exist and be stored in the business register. The legal unit may start its economic activity (and only then be regarded as an enterprise or part thereof) with some delay after its recognition or it may remain inactive. If the legal unit remains inactive, it can be either omitted from the register, or kept in the register but marked as inactive. Keeping legally alive but economically inactive legal units in the register could facilitate the use of administrative sources.

5.3.4.2.2 Legal unit - Date of commencement of activities

Purpose: The characteristic is needed for the inclusion of new units into the scope of active units, whether by real economic activities.

Definition: The ‘date of effective economic activity’ should be the date on which the unit start its economic activity. This date could be declare by the unit when it was registered officially and when an identification number was given, or when its legal existence was approved, be it a company/trade register number, a VAT number or other.

Proxies: If the exact date is not available, the year from which the unit has beginning its activities can be used as proxy, including a certain date (like 1 January) defined in the business register procedures according to established rules.

Sources: Administrative sources: Trade/company register, tax administration, social security.

Comments: In general, the date is the prerequisite for a firm to engage in legal economic transactions. Given that a statistical register is usually fed with files from administrative sources, a date for an effective economic activity should always exist and be stored in the business register.

5.3.4.2.3 Legal unit - Date of final cessation of activities

5.3.4.2.4 Legal unit - Date on which the legal unit ceased

Purpose: This demographic characteristic is needed for monitoring the death and inactivity of the unit.

Definition: The legal unit ceases to be part of an enterprise when:

(a) The legal unit ceases to be economically active and it is not part of the control chain within the enterprise group.

(b) The legal unit ceases to exist. The death of the legal unit is marked in the register.

The legal unit can either be kept in the register marked inactive or its death can be marked in the register.

Proxies: Registration of the year of the event is important, if the precise day and month of its having taken place is not known, as is often the case.

It is recommended that an annual ‘cleaning’ of the register be carried out by comparing the populations of $t-2$, $t-1$ and t in order to see which units were inactive during the two previous periods. Consequently, a date of cessation could be added and the unit would no longer appear in the register as an active unit. Only after 24 months of inactivity may the

unit be marked dead (not erased) in the statistical business register and that is the date to be recorded. The register manager should be able to follow dormant (temporarily inactive) units and record the death date. The choice of 24 months as the relevant period allows for the possibility of the register being updated annually, and also meets business demography requirements that a unit should be inactive for two years before it can be considered a real death for statistical purposes. The 24 months rule does not concern units in the enterprise group control chain, e.g. special purpose entities (brass plates, empty shells etc.). They are considered as active and kept in the register. It should be possible to separate them by automatic procedure based on ISIC class, chain of control and certain characteristics such as employment.

Sources: Administrative sources (from which the date often comes with considerable delay), surveys.

Comments: There is usually no interest on the part of a legal unit to officially announce its cessation of activity. This is often a slow process of diminishing activity but even if the activity completely ceases, the owner may still think it could resume in the future, hence it may be interested in retaining a legal name, fiscal number and other legal attributes.

Between activity and real death, there is therefore often a period of inactivity during which the unit may be regarded as ‘dormant’. A sign of such a situation would be the lack of employees, the cessation of tax compliance or the inability to contact the unit after repeated efforts.

When the production factors are transferred from a legal unit to another, this is usually documented in a contract and so a record of its having occurred will exist. Even if the exact date of the event is not transmitted to the statistical institute, the year in which it occurred might be.

Most legal units in a register are not linked to any other legal unit, so that the relationship legal unit = enterprise holds in most cases. This means that an event such as change of ownership which may create a new unit in the administrative files may pass unnoticed, unless the new units are checked against existing units using, for example, location and activity as criteria. This may mean that the event occurred as well during the past fiscal year as, having occurred earlier, that it was only recently registered.

For statistical purposes, it would be sufficient to include a new link in the business register and to assume it took place during the previous period, though a direct check (e.g. a phone call) is recommended.

5.3.4.2.5 (+ meta information)

5.3.4.3 Legal unit - Stratification characteristics

Issues: sample survey, statistics by size classes (multiple concepts and criteria may be used for defining size classes: definitions and procedures to be documented)...

5.3.4.3.1 Legal unit - The legal form (legal units only)

Purpose: The legal form (also known as legal status) is useful for eliminating ambiguity in identification searches and as the possible criterion for selection or stratification for surveys. It is also used for defining the institutional sector (3.11). Statistics according to legal form are produced e.g. in business demography.

Definition: Defined according to national legislation.

Proxies: The character of legal or natural person is decisive in fiscal terms, because the tax regime applicable to the unit depends on this. It means that any statistical register fed with fiscal records will have that information. For the monitoring of the internal market, there is also an interest at European level in being able to distinguish publicly traded and incorporated companies. A recommendable breakdown of legal forms is given in ESA95 in Table 2.3.

Sources: Administrative sources, surveys.

Comments: Experience has shown that it will often be useful to make adjustments to information collection processes and questionnaires according to the legal form of the legal unit operating an enterprise. A code representing the legal form should therefore be recorded in accordance with the classification of legal forms or categories. 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.

5.3.4.3.2 Legal unit - Principal activity (possible double coding, if related with a higher level unit)

Purpose: The principal activity code in ISIC Rev.4 (and/or other nomenclatures compatible with, for example NACE in Europe, ...) is a stratification characteristic and important in the compilation of regional and small area statistics.

Definition: The activity code is determined according to the rules in the ISIC handbook. The activities actually pursued in a legal unit will be taken into account, even when they are ancillary in the context of the enterprise.

Proxies: Several criteria can be used for defining the principal activity code. Employment or Value added by different activities can be used (if available), but also activity descriptions, etc.

Sources: The code can be obtained from surveys or administrative sources.

Comments: If the activities are ancillary in the context of the enterprise, this optional characteristic intends to specify it.⁸

⁸ **Optional: The activity carried out in the legal unit constitutes an ancillary activity of the enterprise to which it belongs (yes/no):**

5.3.4.3.3 Legal unit - Secondary activities

Purpose: Secondary activities can be used for determining “establishments” which are of key importance for national accounts. The “establishments” can be recorded in the register as separate units (this practice is commonly applied by many smaller countries); if this is not the case, the previous characteristics offer the possibility of analytically defining them.

Definition: The activity codes are decided according to the rules in the ISIC handbook. The activities actually pursued in a legal unit will be taken into account.

Proxies: Several criteria can be used for defining the secondary activity code(s). Employment or Value added by different activities can be used (if available), but also activity descriptions, etc.

Sources: The code can be obtained from surveys or administrative sources.

Comments: The characteristic concerns only local units which are surveyed in other surveys than the register update survey. Such units are generally large and important and the information should be requested and updated in the register.

5.3.4.3.4 Legal unit - Optional: Ancillary unit (yes/no)

Purpose: To distinguish ancillary legal units. This characteristic enables statistical analyses to reallocate the cost of ancillary activities to the activities for the benefit of which they are pursued.

Definition: Ancillary activities are defined in Chapter 4.

Proxies: Certain ISIC classes often constitute ancillary activities.

Sources: Administrative sources, surveys.

Comments: If the legal unit has been identified as an ancillary unit, this fact should be positively indicated in the register, and if it has clearly been identified as a non-ancillary unit it should also be indicated. The absence of any mark should be interpreted as ‘no knowledge’ about this characteristic.

5.3.4.3.5 Legal unit - Turnover (with flag for consolidated turnover)

Purpose: Turnover is an important size indicator for stratification. The availability of turnover at legal unit level may be useful for stratification purposes and also for profiling a group by bottom-up.

Purpose: This characteristic enables statistical analyses to reallocate the cost of ancillary activities to the activities for the benefit of which they are pursued.

Definition: Ancillary activities are being defined in the ISIC/SNA manuals.

Proxies: Certain ISIC classes often constitute ancillary activities.

Sources: Administrative sources, surveys.

Comments: If the legal unit has been identified as an ancillary unit, this fact should be positively indicated in the register, and if it has clearly been identified as a non-ancillary unit it should also be indicated. The absence of any mark should be interpreted as ‘no knowledge’ about this characteristic.

Definition: The turnover is defined in the same way as in structural business statistics.

Proxies: None

Sources: Administrative sources, surveys.

Comments:

5.3.4.3.6 Legal unit - Number of employees

5.3.4.3.7 Legal unit - Number of persons employed (optional)

Purpose: The register should record the actual numbers of persons employed and employees, both as head counts and the latter also in FTEs. The main aim is to obtain stratification variables as well as statistical information. Persons employed are preferable for stratifying survey samples for very small units. The business register employment figures are used especially for small area statistics, where the business register is the only comprehensive source. In addition, employment figures can be used by employment statistics where needed.

Definition: The structural business statistics definitions should be used, with the exception that the requirement to measure the numbers as annual averages does not apply. For stratification purposes the intention is to use the situation at the end of year (including seasonally active units). As the end date approach is not harmonised the annual average can also be used as reference calculated for a certain period. The number of employees in full-time equivalents might be calculated for a full year as well as for the period in which the legal unit is active. If number of employees in fulltime equivalents is used as stratification variable, the calculation for the active period should be used, while for statistics covering a year the calculation should cover the whole year.

Proxies: These figures can be obtained directly in some countries, while other countries may have an administrative source available only for the number of paid employees. However, the latter countries can obtain total employment by making a statistical adjustment to their figures on paid employees by adding a constant representing unpaid employment (including working proprietors), calculated e.g. according to legal form and activity:

For sole proprietors, total employment = paid employees + 1;

For partnerships, total employment = paid employees + 2.

Depending on the availability of administrative sources, more sophisticated methods have been devised in some countries. Note also that 0 means less than half a person, whether calculated as head counts or FTEs.

Sources: Administrative sources, surveys, calculations.

Comments: Note that the reference period used for the measurement of employment in business demography is a year, i.e. the labour force should be an annual average, though this can be approximated by using the number of persons employed at any given moment during the year if this is the only information available. How the annual average is calculated depends on the updating frequency of the register. If the unit operates during only part of the year (seasonal, new enterprises), the average should be calculated for that period.

Both head counts and FTE have certain advantages and the latter should be recorded if possible. Head count is the number of physical persons, full-time and part-time, employed by a unit. FTEs are defined in SBS (variable 16 14 0) and also in national accounts (FTE employment is the number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs). FTEs are a more accurate measure of labour input but they are available in fewer countries. As the concept of ‘full-time’ may vary, the definition does not really make the FTE data comparable. Given the administrative origin of the data, it may not be possible to calculate FTEs in some countries. Another possibility would be to use ‘hours worked’ directly. This is gaining favour in employment statistics, but the comment on data availability is also likely to apply to this variable.

5.3.4.3.8 Legal unit - Institutional sector and sub-sector

Purpose: The institutional sector classification for legal unit derives from the institutional sector classification of the enterprise to which they belong (see § 5.3.2.3.8).

1. National accounts: It is significant where business registers are used for national accounts, something which is becoming more and more important (although practice varies considerably between countries).
2. Business statistics: It can be used for separating market and non-market activities for business statistics and business demography which cover only market activities.
3. Public enterprises: It can be used to separate information on public enterprises.
4. It can be used to separate privately and publicly controlled enterprises and to find the volume (e.g. share of employment in the market) of the State as the ultimate controller of enterprises in the economy.
5. It can also be used to distinguish foreign-controlled enterprises and ensure that the enterprise information is consistent with the corresponding legal unit, enterprise and enterprise group information.

Definition: see *Definition* in § 5.3.2.3.8.

Proxies: see *Proxies* in § 5.3.2.3.8.

Sources: see *Sources* in § 5.3.2.3.8.

Comments: see *Comments* in § 5.3.2.3.8.

5.3.4.3.9 (+ meta information)

5.3.4.4 Legal unit - Relationship between units

Issues : group analysis; profiling, local statistics...

5.3.4.4.1 Link between establishment and enterprise (local unit with legal unit...)

5.3.4.4.2 Link with Enterprise Group, for reporting units as legal units, or for enterprises (delineation of the Group or Truncated Group)

5.3.4.4.3 Link with Enterprise, for reporting units as legal units or parts of legal units (delineation of the Enterprise or Truncated Enterprise)

5.3.4.4.4 Control relationships of legal units by the group (direct + indirect)

5.3.4.4.5 Ownership relationships of legal units (direct + indirect)

5.3.4.4.6 Integration relationships in consolidated accounts (integration method + percentages)

5.3.4.4.7 (+ meta information)

5.3.4.5 Legal unit - Relationship with other registers/update sources

5.3.4.5.1 Legal unit - Value added tax (VAT) registration number or, failing that, other administrative identity number

Purpose: The VAT number is useful for the utilisation of tax data for business register purposes, for the links to non-resident units and for the links to foreign trade.

Definition: Often defined by the tax administration. A separate VAT number does not exist in all countries, where another unique identifier may be used in lieu of the VAT number.

Proxies: Certain economic activities may be exempted from VAT and thus have no VAT number, in which case another administrative identity number have to be used, for instance general tax number, corporate tax number etc.

Sources: Mainly tax administration.

Comments: The main problem with the VAT number is that it may not relate only to one legal unit, but to a group of legal units, which may equal an enterprise or an enterprise group or its subgroup. In such cases, the VAT number can be the same for several legal units. In some countries, it may also relate to part of a legal unit or to a natural person who is not an economic operator, but who may have a VAT number for tax reasons.

5.3.4.5.2 Legal unit - Balance sheet data registration ID (for units required to publish accounts)

5.3.4.5.3 Legal unit - Relationships Balance of payments register or foreign direct investment register

5.3.4.5.4 Legal unit - Relationships Farm register

5.3.4.5.5 Legal unit - Chamber of commerce or Company Houses IDs

Purpose: The first link concerns the balance sheet data. Many countries use the published accounts as a source for business registers and combining the business register and published accounts data is likely to become very important in the future. It reduces response burden and serves the production of economic and financial statistics.

The second link concerns the BoP and FDI registers and the usefulness of these links concerns the harmonisation of statistics related to globalisation. Conventional bank settlements data is becoming more and more frequently replaced by data based on direct surveys, for which the BoP compilers are increasingly relying on business registers.

The third reference, link to farm register, is important for the coverage of main agricultural enterprises and for updating the increasing rural multi-activities, where the role of agriculture as principal or secondary activity may often change.

The fourth reference, link to the IDs given by the Chambers of Commerce or by Company Houses refer to many cases of compulsory registrations that do exist in countries for legal reasons (publicity of the existence of legal persons, liability commitments of the producers etc). These administrative or para-administrative bodies register as well births and deaths as changes in legal structures of the legal units they are in charge of. They very often cover largely but only partially the statistical register domain.

Definition: The practical arrangement of the links, either from the business registers to the associated register or vice versa is a country matter.

Proxies: The links can be achieved in several ways, for example:

- a) Recording in the business register the reference number of the unit in the other register(s), together with the legal unit identity number.
- b) Adding one or more marks to the business register to indicate that the legal unit is also present in other register(s) under the same identity number.
- c) In the absence of a unique identifier, the link can also be built by name/address matching and possible use of other variables. This is less effective, but matching names/addresses can be useful for detecting errors. For every legal unit recorded in administrative sources, the different relations should be stored separately.

Sources: Administrative sources and registers.

Comments: The requirement to publish annual accounts depends on national legislation, which may vary between countries and usually concerns incorporated and publicly traded companies.

The data stemming from published accounts could be considered free from confidentiality restrictions and suitable for exchange with other statistical institutes, but this is not always the case, e.g. when this data is linked to data collected via surveys. The link to balance sheet data can be used for the combining of register and accounts data, which is generally available in satellite registers. Either the central bank or the national statistical institute (NSI) is a member of the European Committee of Central Balance Sheet Data Office, which supplies data for an increasing number of Member States.

The second reference concerns the BoP register, which in most countries is in the national central bank (NCB). In that case, a close cooperation and exchange of information between the NSI and the NCB is vital for well targeted and good quality BoP and FDI surveys. The BoP register may also be in the NSI, or there may not be a separate BoP register, because the statistical business register is also used for BoP purposes.

The link between farm and business registers is examined in detail in **Chapter XXXX**. The role of several other satellite registers (e.g. shop register, tourist establishment register, transport registers, educational institutes register, etc.) can also be important for updating the business register, especially in finding whether the units are active or not, because data on these can be collected more frequently. The harmonisation of the handling of units in these associated registers and in the business register is also an important issue. Links to these can often be created directly as some of them can be in the NSI.

5.3.5 Local unit of legal unit characteristics

5.3.5.1 Local unit of legal unit - Identification characteristics

5.3.5.1.1 Local unit of legal unit - Identity number

Purpose: To identify the unit and to follow its continuity.

Definition: It is recommended to use a register-specific identity number for local units. The identity number of a local unit should remain the same while the unit is considered as continuous according to the continuity rules as defined in Chapter **XXXX** (even in the case that the legal unit to which it belongs may change).

Proxies: Using a unique administrative identity number is also possible (if it exists), but it may cause problems with the continuity of the local unit.

Sources: Assigned in the business register procedure, unless the administrative number is used.

Comments: External (shared) identity numbers may exist for local units, but as these may change during the existence of the unit, it is recommended that external identity numbers be treated as variables, keeping track of their changes.

5.3.5.1.2 Local unit of legal unit - Name

5.3.5.1.3 Local unit of legal unit - Address

5.3.5.1.4 Local unit of legal unit - Telephone and fax numbers, electronic mail address and information to permit electronic collection of data (optional)

Purpose: The necessary contact information for the unit.

Definition: The official name of the local unit is generally the same as the enterprise that controls it, with some additional part specifying usually location or activity. If there is only one local unit in the enterprise, a separate name may not exist. The actual address of the location of the unit and the contact information should always be recorded.

Proxies: Different local units within an enterprise may use different trading styles, also known as 'signboard names' or 'commercial names' and provision should be made for recording the different trading styles where they exist.

Sources: Administrative sources and surveys.

Comments: The address could be given a code referring to a national territorial nomenclature. It would be preferable if that nomenclature or national geographical code enables the unit to be pinpointed as accurately as possible, at the level of the street, section of street and building.

It will always be useful to provide for the possibility of recording a correspondence address in addition to the physical address of the local unit if the unit wishes correspondence relating to statistical surveys to be sent elsewhere (see characteristic 1.2 for legal units above).

5.3.5.1.5 Local unit of legal unit - Identity number of the enterprise to which the local unit belongs

Purpose: The local unit must be linked with the enterprise to which it belongs.

Definition: This link can be included in the register by adding the identity number of the enterprise to the local unit file (and vice versa).

Proxies: Other ways are conceivable, for example when the enterprise consists of one local unit only another (simple) arrangement of the business register is possible.

Sources: Created in business register procedures.

Comments:

5.3.5.2 Local unit of legal unit - Demographic characteristics

5.3.5.2.1 Local unit of legal unit - Date of commencement of activities

Purpose: The date is needed for monitoring the demography of local units.

Definition: This date should refer to the birth or other creation date of the local unit according to the continuity rules.

Proxies: If the exact date is not known, it should be estimated, but it must be consistent with the information on the corresponding legal unit and enterprise.

Sources: The date can be obtained from surveys or administrative sources or be estimated.

Comments:

5.3.5.2.2 Local unit of legal unit - Date of final cessation of activities

Purpose: The date is needed for monitoring the demography of local units.

Definition: The date refers to the death or other deletion date of the local unit.

Proxies: As explained for the corresponding characteristic of legal units, this date may not be available with any precision; only the fact that the local unit has ceased to exist or has ceased its activities during the reference year may be known, in which case it should be estimated.

Sources: The date can be obtained from surveys or administrative sources, defined in a business register procedure according to established rules or estimated.

5.3.5.3 Local unit of legal unit - Stratification characteristics

5.3.5.3.1 Local unit of legal unit - Principal activity code at ISIC 4-digit level

Purpose: The principal activity code is a stratification characteristic and important in the compilation of regional and small area statistics.

Definition: The activity code is determined according to the rules in the ISIC handbook. The activities actually pursued in a local unit will be taken into account, even when they are ancillary in the context of the enterprise.

Proxies: Several criteria can be used for defining the principal activity code. Employment by different activities can be used (if available), but also activity descriptions, etc.

Sources: The code can be obtained from surveys or administrative sources.

Comments: If the activities are ancillary in the context of the enterprise, characteristic 5.3.5.3.3 should indicate this.

5.3.5.3.2 Local unit of legal unit - Conditional: Secondary activities, if any, at ISIC 4-digit level; this point concerns only local units which are the subject of surveys

Purpose: Secondary activities can be used for determining establishments (local kind-of-activity units (LKAUs)), which are of key importance for national/regional accounts. The establishments can be recorded in the register as separate units (this practice is commonly applied by many smaller countries); if this is not the case, characteristic 5.3.5.3.2 offers the possibility of analytically defining them.

Definition: The activity codes are decided according to the rules in the ISIC handbook. The activities actually pursued in a local unit will be taken into account.

Proxies: Several criteria can be used for defining the secondary activity code(s). Employment by different activities can be used (if available), but also activity descriptions, etc.

Sources: The code can be obtained from surveys or administrative sources.

Comments: The characteristic concerns only local units which are surveyed in other surveys than the register update survey. Such units are generally large and important and the information should be requested and updated in the register.

5.3.5.3.3 Local unit of legal unit - Optional: Activity carried out in the local unit constituting an ancillary activity of the enterprise to which it belongs (yes/no)

Purpose: To distinguish ancillary local units. This characteristic enables statistical analyses to reallocate the cost of ancillary activities to the activities for the benefit of which they are pursued.

Definition: Ancillary activities are defined in 5.3.4.3.2.

Proxies: Certain ISIC classes often constitute ancillary activities.

Sources: Administrative sources, surveys.

Comments: If the local unit has been identified as an ancillary unit, this fact should be positively indicated in the register, and if it has clearly been identified as a non-ancillary unit it should also be indicated. The absence of any mark should be interpreted as ‘no knowledge’ about this characteristic.

5.3.5.3.4 Local unit of legal unit - Number of persons employed

5.3.5.3.5 Local unit of legal unit - Number of employees

5.3.5.3.6 Local unit of legal unit - Optional: Number of employees in full-time equivalents (FTEs)

Purpose: The register should record the actual numbers of persons employed and employees, both as head counts and the latter also in FTEs. The main aim is to obtain stratification variables as well as statistical information. Persons employed are preferable for stratifying survey samples for very small units. The business register employment figures are used especially for small area statistics, where the business register is the only comprehensive source. In addition, employment figures can be used by employment statistics where needed.

Definition: The structural business statistics definitions should be used, with the exception that the requirement to measure the numbers as annual averages does not apply. For stratification purposes and according to the BR intention is to use the situation at the end of year (including seasonally active units). As the end date approach is not harmonised the annual average can also be used as reference calculated for a certain period. The number of employees in full-time equivalents might be calculated for a full year as well as for the period in which the enterprise is active. If number of employees in fulltime equivalents is used as stratification variable, the calculation for the active period should be used, while for statistics covering a year the calculation should cover the whole year.

Proxies: These figures can be obtained directly in some countries, while other countries may have an administrative source available only for the number of paid employees. However, the latter countries can obtain total employment by making a statistical adjustment to their figures on paid employees by adding a constant representing unpaid employment (including working proprietors), calculated e.g. according to legal form and activity:

- For sole proprietors, total employment = paid employees + 1;
- For partnerships, total employment = paid employees + 2.

Depending on the availability of administrative sources, more sophisticated methods have been devised in some countries. Note also that 0 means less than half a person, whether calculated as head counts or FTEs.

Sources: Administrative sources, surveys, calculations.

Comments: Note that the reference period used for the measurement of employment in business demography is a year, i.e. the labour force should be an annual average, though this can be approximated by using the number of persons employed at any given moment during the year if this is the only information available. How the annual average is calculated depends on the updating frequency of the register. If the unit operates during only part of the year (seasonal, new enterprises), the average should be calculated for that period.

Both head counts and FTE have certain advantages and the latter should be recorded if possible. Head count is the number of physical persons, full-time and part-time, employed by a unit. FTE is the number of full-time equivalent jobs, defined as total hours worked

divided by average annual hours worked in full-time jobs. FTEs are a more accurate measure of labour input but they are available in fewer countries. As the concept of ‘full-time’ may vary, the definition does not really make the FTE data comparable. Given the administrative origin of the data, it may not be possible to calculate FTEs in some countries. Another possibility would be to use ‘hours worked’ directly. This is gaining favour in employment statistics, but the comment on data availability is also likely to apply to this variable.

5.3.5.3.7 Local unit of legal unit - Geographical location code

Purpose: The geographical location code complements the address and postal codes (2.2) and can be used to derive classifications relating to the geographical location of units at the most detailed level. Other national classifications such as administrative regions, travel-to-work areas, health or education regions etc. can also be derived from it.

Definition: Member States can decide which code is most useful for their own purpose.

Proxies: The geographical location code can refer to the LAU (see 2.2) classification at the most detailed level used in the country. It can refer to geocoding the accurate geographical identification system according to latitude and longitude points recorded from a GPS unit in countries where the exact site of local unit can be recorded.

Sources: Administrative sources.

Comments:

5.3.5.4 Local unit of legal unit - Relationship between units

5.3.5.4.1

5.3.5.4.2

5.3.5.4.3

5.3.5.5 Local unit of legal unit - Relationship with other registers/update sources

5.3.5.5.1 Local unit of legal unit - Conditional: Reference to associated register(s) in which the local unit appears and which contain information which can be used for statistical purposes (if such associated registers exist)

Purpose: The associated register(s) can offer one or more important administrative sources for updating the local unit information.

Definition: The practical arrangement of the links, either from the business registers to the associated register or vice versa is a matter of subsidiarity.

Sources: Administrative sources.

Comments: This characteristic is very country-specific. There may not be any such files in some countries, while in other countries they may be important and there may be many references for one local unit. The associated registers (e.g. labour administration register) may refer to the local unit, but also to a legal unit (or local legal unit), so the reference unit should be checked carefully. This might be the case if the local unit is located at the residence of a legal unit which comprises several local units. In the case of a complex

enterprise, there may be several legal units with a local unit at the same address, probably forming one local unit for statistical purposes. In this case, all links should be stored.

5.3.6 Local unit of enterprise group characteristics

Purpose: Any location of an enterprise group is a local unit of the enterprise group. It is not necessary to register it into the statistical business register. If the statistical business register contain the local units of legal units with all the identity numbers of the enterprises to which they belong (without matter if they belong to one or to several enterprises of the same enterprise group) and the enterprise with all the identity numbers of the enterprise group to which it belongs, it is possible to build the local units of enterprise group and their characteristics.

For this reason we don't develop the local unit of enterprise group characteristics

5.3.7 Local unit of enterprise characteristics

Purpose: Any location of an enterprise is a local unit of the enterprise. It is not necessary to register it into the statistical business register. If the statistical business register contain the local units of the legal unit with all the identity numbers of the enterprises to which it belongs, it is possible to build the local units of enterprise and their characteristics.

For this reason we don't develop the local unit of enterprise characteristics.

A specific case might appear if the legal unit is split between more than one enterprise: in this case it may be impossible without extra information to know whether a location is linked or not with all the concerned enterprises and to allocate figures such as employment to the local units of the enterprises.

5.4 Links to other chapters/issues in the report

This chapter 5 depends on previous chapter 4 which describes the units on review (statistical units or reporting units) for the SBR requirement.

This chapter is also linked with the chapter 6 which describes the data sources used to set up the SBR, and with chapter 7 which describes the updating process of variables. The continuous updating of the SBR data is also treated in Chapter 8, and data retention in Chapter 9.

5.5 Other issues

Definition of Units is a complicated area, and there is no generally agreed or accepted terminology. References to the glossary are important to harmonise the concepts (with lists of synonyms and focus on similar but not quite identical concepts).

The report should provide guidance on how to define unique IDs for the units (this could be dealt with in chapter 9 as well). Some recommendations and/or examples of good practices should be provided.

The variable needed for the treatment of special cases as Branches, Ancillary Units, Special Purpose Entities (SPEs), Holding Companies (HCs) or Head Offices (HOs) should be described in this chapter 5. But coordination is needed with the joint ECB/Eurostat/OECD task force on the statistical treatment of HCs, HOs and SPEs.

Another issue is the procedure used for attributing ISIC codes (the ECB/Eurostat/OECD task force will also deal with this issue)

Impact of thresholds in economic variables: whenever an implicit or explicit threshold exists, it has to be documented in metadata relating to the variables and to the scope of the register, if relevant.