

Glossary

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A

Activity

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

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

Principal activity The principal activity of a statistical unit is the activity which contributes most to the total value added of that unit. The principal activity is identified according to the top down method (see section 3.1) and does not necessarily account for 50% or more of the unit's total value added.

Secondary activity A secondary activity is any other activity of the unit, whose outputs are goods or services are suitable for delivery to third parties. The value added of a secondary activity must be less than that of the principal activity.

Ancillary activities Principal and secondary activities are generally carried out with the support of a number of ancillary activities, such as accounting, transportation, storage, purchasing, sales promotion, repair and maintenance, etc. Thus, ancillary activities are those that exist solely to support the principal or secondary economic activities of a unit, by providing goods or services for the use of that unit only.

Source: NACE Rev. 2, Statistical Classification of Economic Activities in the European Community, Introduction, Eurostat, 2007, P. 13.

Related terms:

- Industry
- ISIC Rev. 4
- NACE Rev. 2
- Statistical unit
- Activity [Business Demography]

Activity [Business Demography]

Within the Business Demography context, activity is defined as any turnover and/or employment in the period from 1st January to 31st December in a given year. This definition complements the concept of activity in the Business Registers glossary.

Source: Eurostat-OECD Manual on Business Demography Statistics (chapter 6)

Related terms:

- Activity

Administrative sources

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

Source: Business Registers Recommendations Manual, paragraph 20.3



Ancillary activity

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

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

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

- Production of goods or work carried out which forms part of fixed capital formation: in particular, construction work for own account. This is in line with the method used in NACE Rev. 1.1, where units carrying out construction work for own account are classified under the building industry if data are available;
- Production, a significant part of which is sold commercially, even if much is used as consumption in connection with the principal activity or secondary activities;
- The production of goods which subsequently become an integral part of the output of the principal or secondary activity - e.g. production of boxes, containers, etc. by a department of an enterprise for use in packing its products;
- The production of energy (integrated power station or integrated coking plant), even where this is consumed in its entirety in the principal or secondary activity of the parent unit;
- The purchase of goods for resale in (an) unaltered state;
- Research and development. These activities are not very widespread and do not produce services which are used in current production.

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

Related terms:

- Activity

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

Autonomy of decision

see: Enterprise

B

Birth date [of Business]

The date on which a unit was born.

Enterprise:

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



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

Source: Business Register Recommendations Manual, paragraphs 13.13, 13.30

Related terms:

- Date of creation

Birth rate

The birth rate of a given reference period (usually one calendar year) is the number of births as a percentage of the population of active enterprises. This birth rate may vary depending on the birth concept that is used. The use of thresholds affects both the numerator (births) and the denominator (population of active enterprises), but may do so to a different degree.

Births of enterprises

see: Enterprise birth, Number of births of enterprises

Break-up

of Enterprise:

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

There is no continuity or survival, but the closure of the previous enterprise is not considered to be a real death. Similarly the new enterprises are not considered to be real births. A break-up can be seen as the opposite of a merger.

Source: Business Register Recommendations Manual, paragraph 13.22, Eurostat-OECD Manual on Business Demography Statistics (chapter 4).

Related terms:

- split-off
- merger
- new enterprises

Business closures

see: Cessation [of Business]

Business demography

Business demography covers events, like births and other creations of units, deaths and other cessations of units, and their ratio to the business population. It covers follow-up of units in time dimension, thus gaining information on their survival or discontinuity. It also covers development in time dimension according to certain characteristics like size, thus gaining information on the growth of units, or a cohort of units, by type of activity.



Demographic information can in principle be produced by any statistical unit, however, a clear political interest in Europe is on enterprise demography.

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

Source: Business Register Glossary

Related terms:

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

Business register

see: Statistical business register

Business start-ups

see: Creation [of Business]

C

Ceased trading

see: Number of deaths of enterprises

Cessation [of Business]

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

Related terms:

- Enterprise death
- Merger
- Take-over
- Break-up

Commencement [of business]

see: Creation of business

Complex enterprise

An enterprise combined of two or more legal units under the same control

Source: Eurostat



Concentration

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

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

Source: Business Register Recommendations Manual, paragraphs 13.18-13.19

Related terms:

- Merger
- Take-over
- De-concentration

Continuity

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

In practice, the continuity rules depend on considerations of cost-efficiency, notably availability of information, costs of additional information collection for the statistical institute, and response burden effects. Practical criteria, if complete information on the continuity of the production factors is not available, is discussed for enterprises in chapter 14 of the Business Register Recommendations Manual.

Source: Business Register Recommendations Manual, chapter 14

Related terms:

- Survival

Coverage

The extent to which a frame includes the units belonging to the respective target population. Congruency is the ideal case.

Source: Eurostat

Related terms:

- over-coverage
- under-coverage
- frame

Creation [of Business]

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

**Related terms:**

- New enterprises
- Enterprise birth
- Merger
- Break-up
- Split-off

D

Date of cessation

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

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

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

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

Source: Business Register Recommendations Manual, paragraphs 5.83 - 5.93

Related Terms

- Enterprise death
- Death date

Date of commencement

see: Date of creation

Date of creation

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

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

Enterprise - Variable 3f (date of commencement of activities of the enterprise) - The date refers to the birth or other creation date of the enterprise and it is different from variable 1d, because the continuity rules for enterprises



should be applied. The date of birth is in principle the date on which the first financial commitments are made, but in practice it may refer to the registration date in the administrative source.

Source: Business Register Recommendations Manual, paragraphs 5.80 - 5.82

De-concentration

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

Source: Business Register Recommendations Manual, paragraph 13.22

Related terms:

- Break-up
- Split-off
- Concentration

Death date

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

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

Source: Business Register Recommendations Manual, paragraphs 5.83 - 5.93

Related terms:

- Date of cessation

Death rate

The death rate of a given reference period (usually one calendar year) is the number of deaths as a percentage of the population of active enterprises. This death rate may vary depending on the birth concept that is used. The use of thresholds affects both the numerator (deaths) and the denominator (population of active enterprises), but may do so to a different degree.

Deaths of enterprises

see: Enterprise death, Number of deaths of enterprises

Demography of enterprises

see: Business demography

Dormant unit

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



Source: Business Register Recommendations Manual, paragraph 7.33

Related Terms:

- death date
- reactivation

E

Economic activity

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

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

Related terms:

- Activity

Economic enterprise birth

Birth of an enterprise with at least two employees. This population consists of enterprise births that have at least two employees in the birth year and of enterprises that existed before the year in consideration, but were below the threshold of two employees.

Related terms

- Entry by growth
- Economic enterprise death
- Employer enterprise birth

Economic enterprise death

An Economic Enterprise death occurs either as an enterprise death with at least two employees in the year of death or as an exit by decline, moving below the threshold of two employees.

Related terms

- Exit by decline
- Economic enterprise birth
- Employer enterprise death

Employees

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

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



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

In particular the following are considered as employees:

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

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

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

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

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

Related terms:

- Employment
- Number of employees
- Number of persons employed

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

Employer enterprise birth

Birth of an enterprise with at least one employee. This population consists of enterprise births that have at least one employee in the birth year and of enterprises that existed before the year in consideration, but were below the threshold of one employee.

Related terms

- Entry by growth
- Economic enterprise birth
- Employer enterprise death

Employer enterprise death

An Employee Enterprise death occurs either as an enterprise death with at least one employee in the year of death or as an exit by decline, moving below the threshold of one employee.

**Related terms**

- Exit by decline
- Economic enterprise death
- Employer enterprise birth

Employment

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

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

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

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

1. Employees:

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

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

2. Self-employed persons:

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

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

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

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

Related terms:

- Employees
- Number of persons employed



Enterprise

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

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

Related terms:

- Number of enterprises
- Statistical unit

Enterprise birth

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

A birth occurs when an enterprise starts from scratch and actually starts activity. An enterprise creation can be considered an enterprise birth if new production factors, in particular new jobs, are created. If a dormant unit is reactivated within two years, this event is not considered a birth.

Source: Definitions of SBS Regulation variables (11 12 0), Eurostat-OECD Manual on Business Demography Statistics (chapter 5).

Related terms:

- Reactivation
- Economic enterprise birth
- Employer enterprise birth

Enterprise closures

Enterprises that are not active in a given period, but were active in the previous period. The number of enterprise deaths is derived from the population of enterprise closures by removing reactivations within two years and closures that do not meet the definition of enterprise deaths.

Source: Eurostat-OECD Manual on Business Demography Statistics

Related terms:

- New enterprises
- Number of deaths of enterprises
- Activity

Enterprise death

A death amounts to the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event. Deaths do not include exits from the population due to mergers, take-overs,



break-ups or restructuring of a set of enterprises. It does not include exits from a sub-population resulting only from a change of activity.

An enterprise is included in the count of deaths only if it is not reactivated within two years. Equally, a reactivation within two years is not counted as a birth.

Source: Definitions of SBS Regulation variables (11 13 0), Eurostat-OECD Manual on Business Demography Statistics (chapter 7).

Related terms:

- Cessation [of Business]
- Reactivation
- Economic enterprise death
- Employer enterprise death

Enterprise group

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

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

Related terms:

- Enterprise
- Statistical unit

Entry by growth

An entry by growth occurs if an enterprise was already active, but its employment was below the employee threshold for at least two years before the year when it reaches the employee threshold. This is an event that occurs only in the context of demographic data based on a threshold of one or two employees.

Related terms

- Exit by decline
- Economic enterprise birth
- Employer enterprise birth

Event [Business Demography]

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

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



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

Note: n = 2 or more

Source: Business Register Recommendations Manual, paragraph 13.45

Exit by Decline

An exit by decline occurs if an enterprise continues to be active, but moves below the employee threshold for at least two years. This is an event that occurs only in the context of demographic data based on a threshold of one or two employees. An exit by decline occurs if an enterprise continues to be active, but moves below the employee threshold for at least two years. This is an event that occurs only in the context of demographic data based on a threshold of one or two employees.

Related terms

- Entry by growth
- Economic enterprise death
- Employer enterprise death

F

Factors of production

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

Source: Business Register Recommendations Manual, paragraph 14.9

False match

A pair wrongly designated as a match in the matching process

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

**Related terms:**

- Matching

False non-match

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

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

- Related terms: Matching

Frame

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

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

Related terms:

- Statistical business register

(compare: CODED: “Frame - Statistics Canada”)

Franchise

The operation of a franchise network is a method of doing business that is popular in a number of service activities, especially hotels, restaurants, and retail sales. Franchisees are independent legal units which sign a contract with another legal unit, the franchiser, to engage in an activity making use of trademarks, trading styles and marketing support provided by the franchiser, usually in return for a fee or a share of the profits. A franchise contract typically includes a number of restrictive clauses limiting the franchisee’s freedom of choice, for instance imposing standards as to the goods and services to be produced, their quality and their price. The franchisee may be compelled to obtain supplies from the franchiser and must pay possibly access rights. The franchisee remains entirely responsible for his investment. Contribution towards certain services organised by the franchiser that is common to the entire network. The franchiser, in turn, offers scale economies without completely taking away the autonomy of the franchisee, for example by taking care of collective marketing. Franchise operators may or may not belong to the same enterprise group.

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

Source: Business Register Recommendations Manual, paragraphs 19.54-19.55

Related terms:

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

(compare: CODED: “Franchise”)



FTE's

see: Full-time equivalent units

Full-time equivalent units

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

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

Related terms:

- Number of employees
- Head count

G

Gazelle

A gazelle is a high-growth enterprise that is up to 5 years old.

Related terms:

- High-growth enterprise

Growth

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

Source: Eurostat-OECD Manual on Business Demography Statistics, section 6.2

H

Head count

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

Source: Business Register Recommendations Manual, paragraph 5.5

Related terms:

- Number of persons employed
- Full-time equivalent units



High-growth enterprise

A high-growth enterprise is an enterprise with average annualised growth greater than 20% per annum, over a three year period should be considered as high-growth enterprises. Growth can be measured by the number of employees or by turnover.

Related terms:

- Gazelle

Holding company

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

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

In theory, pure holding companies do not fulfil the definition of the enterprise, as they are not a combination of factors of production producing goods and services. Since an enterprise can not contain parts of legal units, and as ISIC Rev. 4 and NACE Rev. 2 group 64.2, “activities of holding companies”, allows the units concerned to be clearly recognisable and their impact quantifiable, holding companies within groups should be regarded as separate enterprises (for some purposes these may be considered to be “quasi-enterprises”). This solution does not rule out the possibility of apportioning variables to other enterprises within the group, indeed this may be desirable for certain types of statistics. The possibility of combining all legal units within the group into one enterprise is not considered here as the groups under consideration can be very large. Units that combine holding and other types of activities should be treated as separate enterprises, particularly if this involves the provision of goods and services outside the group.

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

Related terms:

- Holding corporations

Holding corporations

SNA 1993:

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

ESA 1995:

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

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



- b) in sector S.12, financial corporations, if the preponderant type of activity of the group of corporations as a whole is financial intermediation (see paragraph 2.40. e).

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

Related terms:

- Holding company

Identity number

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

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

Source: Business Register Recommendations Manual, paragraphs 5.10 - 5.12

Imputation

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

Source: Eurostat, Quality /Glossary

Industrial activity

see: Activity

Industry

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

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

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

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

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

**Related terms:**

- Activity

ISIC Rev. 4

ISIC Rev.4 is a standard classification of economic activities arranged so that entities can be classified according to the activity they carry out. The categories of ISIC at the most detailed level (classes) are delineated according to what is, in most countries, the customary combination of activities described in statistical units and considers the relative importance of the activities included in these classes. While ISIC Rev.4 continues to use criteria such as input, output and use of the products produced, more emphasis has been given to the character of the production process in defining and delineating ISIC classes.

The groups and divisions, the successively broader levels of classification, combine the activities of producing units according to: similarities in the character of the goods and services produced, the uses to which the goods and services are put, and the inputs, process and technology of production.

Wide use has been made of ISIC, both nationally and internationally, in classifying data according to kind of economic activity in the fields of production, employment, gross domestic product and other statistical areas. ISIC is a basic tool for studying economic phenomena, fostering international comparability of data, providing guidance for the development of national classifications and for promoting the development of sound national statistical systems.

In providing more up-to-date detail, this revision of the classification provides a closer representation of current economic reality. In addition, the Revision 4 of ISIC has improved comparability with other regional activity classifications in use around the world.

Source: United Nations Statistics Division

Related terms:

- NACE Rev. 2

J

Jobs

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

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

The concept of jobs differs from the concept of employment:

- It includes second, third, etc. jobs of the same person. Those second, third, etc. jobs of a person may either successively follow one another within the reference period (usually, a week) or, as when someone has an evening job as well as a daytime job, run in parallel.
- On the other hand, it excludes persons temporarily not at work but who have a 'formal attachment to their job' in the form, for instance, of 'an assurance of return to work or an agreement as to the date of return'. Such an understanding between an employer and a person on lay-off or away on training is not counted as a job in the system.



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

Related terms:

- Employment

Joint venture

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

For business demography purposes, joint ventures may be considered to be real births if they involve the creation of new factors of production. The cessation of a joint venture mirrors the above. It can be considered a real death if less than half of the employment is transferred to the participating enterprises.

The proportion of the new factors of production necessary for a joint venture to be considered a real birth should be at least half, i.e. if less than half of the total employment of the joint venture enterprise is transferred from the participating enterprises, it is considered to be a real birth.

Source: Business Register Recommendations Manual, paragraph 13.23, - Business demography methodological manual, sections 4.1 and 5.1

L

Legal form

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

- Sole proprietorship: Enterprise owned exclusively by one natural person.
- Partnership: Association of persons who conduct a business under a collective name. It can take the form of a limited partnership.
- Limited liability companies: Enterprises comprising joint-stock companies, limited partnerships with share capital and private limited company. Harmonised rules at European level governing the publication of accounts for these types of companies are laid down by the Fourth Council Directive.
- Co-operative societies: These are bodies set down by law in each country. They observe a number of general principles, for example they may only be entitled to provide their services to members, profits are often distributed in proportion to members' dealings with the society, etc.
- Non-profit making bodies.
- Enterprises with other forms of legal constitution: This group includes nationalised industries, publicly-owned enterprises and state or local authority monopolies.

Source: Eurostat

Related terms:

- Enterprise

Legal status

see: Legal form



Legal unit

Legal units include:

- legal persons whose existence is recognised by law independently of the individuals or institutions which may own them or are members of them.
- natural persons who are engaged in an economic activity in their own right.

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

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

Related terms:

- Enterprise
- Statistical unit

Limited liability companies

see: Legal form

Local Unit

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

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

Related terms:

- Enterprise
- Statistical unit
- Number of local units

M

Main activity

see: Principal activity, Activity

Main location

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

Source: Business Register Recommendations Manual, Paragraph 14.11



Market producer

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

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

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

Related terms:

- Other non-market producers

(equals: CODED: “Market producer - ESA”)

Match

A pair that represents the same entity in reality.

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

Related terms:

- Matching

Matching

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

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

Source: Business Register Glossary

Related terms:

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

Merger

of Enterprises:

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

There is no continuity or survival, but the closures of the previous enterprises are not considered to be real deaths. Similarly the new enterprise is not considered to be a real birth. This event can be seen as the opposite of a break-up.



Source: Business Register Recommendations Manual, paragraph 13.18, Eurostat-OECD Manual on Business Demography Statistics (chapter 4).

Related terms:

- break-up
- take-over
- new enterprises

N

NACE Rev. 2

NACE (“Nomenclature générale des Activités économiques dans les Communautés Européennes” - Statistical classification of economic activities in the European Communities) is the acronym used to designate the various statistical classifications of economic activities developed since 1970 in the European Union. It is the European standard classification of productive economic activities. NACE presents the universe of economic activities partitioned in such a way that a NACE code can be associated with a statistical unit carrying them out. NACE provides the framework for collecting and presenting a large range of statistical data according to economic activity in the fields of economic statistics (e.g. production, employment, national accounts) and in other statistical domains.

NACE is derived from ISIC, in the sense that it is more detailed than ISIC. ISIC and NACE have exactly the same items at the highest levels, where NACE is more detailed at lower levels.

The coding of the NACE nomenclature comprises:

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

Source: NACE Rev. 2 introductory guidelines, Eurostat

Related terms:

- Activity
- ISIC Rev. 4

New enterprises

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

Source: Business Demography Methodological Manual

Related terms:

- Enterprise closures
- Number of births of enterprises



- Activity

Non-market producer

see: Other non-market producers

Non-match

A pair that represents two different entities in reality

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

Related terms:

- Matching

Non-profit institutions

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

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

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

Related terms:

- Other non-market producers
- Activity

Number of active enterprises

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

Source: Draft - Business demography methodological manual, section 3.1

Number of births of enterprises

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

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

Related terms:

- Reactivation
- Enterprise birth



Number of deaths of enterprises

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

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

Related terms:

- Enterprise death

Number of employees

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

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

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

In particular the following are considered as employees:

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

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

The number of employees does not include voluntary workers.

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

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

Related terms:

- Employment
- Number of persons employed



Number of employees in full-time equivalent units

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

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

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

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

Related terms:

- Employees
- Employment
- Number of persons employed

Number of enterprises

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

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

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

Related terms:

- Enterprise

Number of local units

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

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

Related terms:

- Local unit

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

Number of persons employed

The number of persons employed is defined as the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it (e.g. sales representatives, delivery personnel, repair and maintenance teams). It includes persons absent for a short period (e.g. sick leave, paid leave or special



leave), and also those on strike, but not those absent for an indefinite period. It also includes part-time workers who are regarded as such under the laws of the country concerned and who are on the pay-roll, as well as seasonal workers, apprentices and home workers on the pay-roll.

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

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

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

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

O

Other non-market producers

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

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

Related terms:

- Market producer

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

Over-coverage

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

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

Related terms:

- coverage
- under-coverage
- frame

(compare: CODED: "Over-coverage")



P

Partnership

see: Legal form

Persons employed

see: Number of persons employed

Population of active enterprises

see: Number of active enterprises

Production factors

see: Factors of production

Principal activity

The principal (or main) activity is identified as the activity which contributes most to the total value added of a unit under consideration. The principal activity so identified does not necessarily account for 50% or more of the unit's total value added. The classification of principal activity is determined by reference to ISIC Rev. 4 / NACE Rev. 2, first at the highest level of classification and then at more detailed levels ("top-down" method).

Source: Eurostat

Related terms:

- Activity
- Statistical unit

R

Reactivation

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

Source: Based on Business Registers Recommendation Manual chapter 14

Real birth

see: Enterprise birth

Real death

see: Enterprise death



Register [Business registers manual]

see: Statistical business register

Restructuring

Restructuring within an enterprise does not affect the continuity of the enterprise, but changes its structure in the process. An example could be the creation or deletion of a local unit. Restructuring may affect key characteristics such as size or principal activity. It could be argued that this is not really a demographic event at the level of the enterprise and does not impact on the demographic variables relating to the enterprise, but it could affect the way the enterprise is included in demographic statistics. Restructuring will be reflected through changes to relationships or characteristics recorded in the register.

Restructuring within an enterprise group is a change (e.g. creation and/or cessation of one or more enterprises) involving more than one enterprise before and more than one enterprise after the event, where all enterprises involved are under common control. It affects the identity of at least one enterprise, though the total number of enterprises before and after the event may be the same. A typical example is the complete reorganisation of the production capacity of a large enterprise group, involving many enterprises and possibly, but not necessarily, entailing a change in the number of enterprises of the group. Complex restructuring is a similar event, but this is not constrained to one enterprise group. An example is the transfer of a number of enterprises or parts of enterprises between groups. Restructuring within an enterprise group, or complex restructuring, may entail any number of register creations and deletions.

Source: Business Register Recommendations Manual, paragraphs 13.16-13.36

S

Self-employed person

see: Employment

Small and medium-sized enterprises

Enterprises that belong to size categories defined by staff headcount and financial ceilings.

1. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
3. Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

In addition, an SME must be 'autonomous', it cannot belong to an enterprise group or be a 'partner enterprise'. The main criterion (with some exceptions that must not lead to dominant influence), is holding 25 % or more of the capital or voting rights of another enterprise.

Source: Commission Recommendation (2003/361/EC), Annex, Articles 2-3

Related terms:

- Enterprise



SME

see: **Small and medium-sized enterprises**

Sole proprietorship

see: **Legal form**

Split-off

of Enterprise:

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

There is no death, but one or more new enterprises are created. This event can be seen as the opposite of a take-over.

Source: Business Register Recommendations Manual, paragraph 13.22, Eurostat-OECD Manual on Business Demography Statistics (chapter 4)

Related terms:

- break-up
- take-over
- de-concentration
- new enterprises

Statistical business register

Statistical business registers are lists of enterprises and other units, as required by the registers Regulation or recorded on voluntary basis, whose activities contribute to the Gross Domestic Product of the Member State. All Member States of the European Union maintain business registers for statistical purposes. According to Article 1 of the registers Regulation “Member States shall set up for statistical purposes one or more harmonised registers with the definitions and scope specified in the following Articles”.

Source: Business Registers Recommendation Manual, paragraph 1.11

Statistical unit

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

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



Statistical units are defined on the basis of three criteria:

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

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

- Units with one or more activities and one or more locations

Enterprise,

Institutional unit;

- Units with one or more activities and a single location

Local unit;

- Units with one single activity and one or more locations

KAU,

UHP;

- Units with one single activity and one single location

Local KAU,

Local UHP.

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

Structural business statistics

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

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

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

Survival

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



Source: Business Register glossary

Related terms:

- Continuity

Survival [Business Demography]

In the Business Demography context, survival occurs if an enterprise is active in terms of employment and/or turnover in the year of birth and the following year(s). Two types of survival can be distinguished:

- 1) An enterprise born in year xx is considered to have survived in year xx+1 if it is active in terms of turnover and/or employment in any part of year xx+1 (= survival without changes).
- 2) An enterprise is also considered to have survived if the linked legal unit(s) have ceased to be active, but their activity has been taken over by a new legal unit set up specifically to take over the factors of production of that enterprise (= survival by take-over).

Source: Eurostat-OECD Manual on Business Demography Statistics

Related terms:

- Continuity

Survival rate

The survival rate of newly born enterprises in a given reference period is the number of enterprises that were born in year xx-n and survived to year xx as a percentage of all enterprises born in year xx-n.

T

Take-over

of Enterprises:

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

Enterprises taken over are not considered to be real deaths. In this case, one of the original enterprises does survive in a recognisable form, and therefore there is both continuity and survival. The remaining original enterprises are closed. This event can be seen as the opposite of a split-off.

Source: Business Register Recommendations Manual, paragraph 13.14, Eurostat-OECD Manual on Business Demography Statistics (chapter 4)

Related terms:

- merger
- split-off
- concentration
- new enterprises



Turnover [Business statistics]

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

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

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

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

Note: Indirect taxes can be separated into three groups.

- i) The first comprises VAT and other deductible taxes directly linked to turnover which are excluded from turnover. These taxes are collected in stages by the enterprise and fully borne by the final purchaser.
- ii) The second group concerns all other taxes and duties linked to products which are either 1) linked to turnover and not deductible or 2) taxes on products not linked to turnover. Included here are taxes and duties on imports and taxes on the production, export, sale, transfer, leasing or delivery of goods and services or as a result of their use for own consumption or own capital formation.
- iii) The third group concerns taxes and duties linked to production. These are compulsory, unrequited payments, in cash or in kind which are levied by general government, or by the Institutions of the European Union, in respect of the production and importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production irrespective of the quantity or the value of goods and services produced or sold.

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

U

Under-coverage

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

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

Related terms:

- coverage
- over-coverage
- frame

(compare: CODED: "Under-coverage")



V

Value added tax

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

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

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

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

VAT

see: Value Added Tax