

# Statistical Units

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## Statistical Units: what's the issue

- During the development of the latest SNA and ISIC, the current statistical unit recommendations have been questioned. The key questions are:
- the use of the establishment in the world of modernised production methods
- guidance on creating one ISIC code for MNEs/LCU cases

# SNA25/BPM7 research question

- ***Joint BPM7/2025 SNA research agenda on statistical unit***
- *One of the challenges brought about by the rapidly changing nature of production and in particular the ways in which enterprises produce goods and services has cast a spotlight on the SNA's/BPM's preference for the use of the establishment as the preferred unit to compile statistics on the production of goods and services, and in particular in the SNA, supply and use tables. There is a need for investigating this issue, and to take stock of the current SNA/BPM recommendations on statistical units (including institutional units), and to reflect on whether or not the recommendations on statistical units need to be adjusted in the future. A clear view of what needs to be measured in the economy needs to be established in order to identify ways to improve the definitions, if necessary, thereby taking into consideration current country practices; regional accounts as well as productivity measurement.*

# ISIC research question

- *ISIC research agenda on statistical unit*
- *ISIC is used to classify statistical units, such as establishments or enterprises, according to the economic activity in which they mainly engage. At each level of ISIC, each statistical unit is assigned to one and only one ISIC code. The current practice from the classification community is to recommend the use the classes of ISIC for the industrial classification of establishments. The official business statistics community has increasingly adopted an integrated economic statistics approach based upon an enterprise-centred perspective and considered that statistical units in the statistical business registers is based on enterprise. While the issue of classifying enterprise is well noted in the introduction, more practice guidance is recommended, in particular in the case of classifying multi-national enterprise and large case units.*

# Enterprise/Establishments

- Enterprise: smallest combination of legal units with a certain degree of autonomy for decision making
  - SNA2008, ISICrev4 and EU all had slightly different definitions.
- Establishment: results from the partition of an enterprise into different economic activities and locations (also known as the local kind of activity unit)

# What needs to be measured ?

- Goods and services produced within a national economy, with sufficient detail to understand the industrial composition of the economy.
- “Produced within national economy” is more complicated due to the economic ownership concept and complex supply chains
- Main data: production, intermediate consumption, investment and employment . Some businesses cannot supply by establishment.
- Not a new issue – is it more of a problem now?

# Country practice

- The enterprise is the core business survey unit in many countries (EU, UK etc)
- The establishment is also widely used (NA etc)
- The establishment is an easier concept. The enterprise is less easy to identify in practice- more subjective, often created through profiling
- Information on country practice available from SBR Country Practice reports

## Which is best

- For small businesses Enterprise=Establishment.
- But large businesses usually contribute most.
- Remember – many countries use legal unit
- For some surveys the establishment would still be best e.g. collecting product details
- Employment data, may only be held centrally, and hence better from enterprise.
- Intellectual property – also held centrally



# International Comparability

- How does the unit issue affect comparability?
- Establishment provides better industrial granularity but may not be suitable for financial type information.
- The enterprise definition is quite flexible, so affects comparability

## MNE ISIC

- Top-down methodology enables a dominant ISIC class to be calculated.
- Most MNE's report for different parts of the business –by profiling/LCUs agreeing granular (enterprise)structure.
- Can also use secondary class if needed.
- What is overall MNE classification used for?
- So, is this a problem?

# Where can improvements in definition/guidance be made

- Recommendations on when to use Enterprise/Establishment
- Implementation notes when cross border supply chain/economic ownership involved.
- Other ??

## Next Steps

- Take on UNCEBTS comments
- Discuss with Wiesbaden Group