CHAPTER II. STATISTICAL AND REPORTING UNITS

A. An overview

2.1. *Economic entities.* The universe of economic entities engaged in distributive trade is very vast. It varies from the small entities engaged in one or very few activities undertaken at or from one geographical location to large and complex entities engaged in many different activities that may be carried out at or from many geographical locations. Economic entities engaged in distributive trade vary in their legal, accounting, organizational and operating structures. In large and complex entities, the units at which or from which economic activity takes place are grouped for management, administrative, and decision-making purposes into hierarchical structures. Higher-level organizational units own, control, or manage the lower-level production units at which production decisions are made or production takes place. An economic entity may be structured along geographical, legal or operational lines. They may have one structure or several structures to carry out different functions or to serve different purposes.

2.2. In the complex entities, management of the financial affairs of the business usually occurs at a higher organizational level than does management of wholesaling or retailing operations. The accounting systems of businesses usually reflect this management structure by mirroring the hierarchy of management responsibility for the operations of the business. The accounts required to support the management and decision-making functions, whether financial or production, are usually maintained for the corresponding level of management responsibility. It follows that the ability to report data is different at various structural level.

2.3. *Collection of data from economic entities.* Economic statistics in general and distributive trade statistics in particular have to take into account those structures in order to compile data which are most useful for economic analysis. However, legal and operational structures of economic entities as well as their record keeping practices are not developed in most countries to suit statistical purposes. Therefore, it is desirable to have guidelines on definition of statistical, reporting and collection units for use in data collection so that comparable national and international statistics can be produced.

2.4. *Statistical units.* A statistical unit is an entity about which information is sought and for which statistics are ultimately compiled. It is the unit at the basis of statistical aggregates and to which tabulated data refer. These units can be divided into two categories:

(a) *observation units* – identifiable legal/organizational or physical entities which are able, actually or potentially, to report data about their activities;

(b) *analytical units* – entities created by statisticians (also referred to as statistical constructs), often by splitting or combining observation units in order to compile more detailed and more homogeneous statistics than it is possible by using data

on observation units. Analytical units are not able to report data themselves about their activities, but there exist indirect methods of statistical estimation including imputation of such data. Examples of analytical units are unit of homogeneous production and local unit of homogenous production.

2.5.   *Collection units.* A collection unit is the unit *from which* data are obtained and by which statistical forms are completed. In fact, it is more a contact address or contact person than a unit. Any entity which possesses statistically relevant information about statistical units can, potentially, serve as a collection unit. For, example, if entities leave the form filling to a bookkeeping office, the latter is the collection unit.

2.6.   *Reporting units.* A reporting unit is the unit *about which* data are reported. The typical case is when a given entity reports the required data about characteristics and activities of all of its locations, these locations are the reporting units. In such a case these entities are statistically observable and are both statistical and reporting unit.

2.7.   It should be noted that in practice the statistical, reporting and collection units often coincide with each other. However, this is not the case if the statistical units are analytical. It is recommended to distinguish between these units because they apply to different stages of data collection/compilation process. In the context of these recommendations statistical units are of primary interest as they are the basis of statistical aggregates and to which all data items refer. Collection and reporting units are especially relevant in the sampling and data collection stage.

2.8.   If an economic entity is engaged in several kinds of activity and if a separate statistical unit is associated with each of them, this entity is statistically complex. Provided that this unit (or units) is (are) able to supply all the required data no additional data collection is necessary with respect to the entity as a whole. However, if the complete set of data cannot be obtain in this way, the data collection should target the entity as a whole as well and, if successful, apportion additional information to the statistical units. While doing this it is important to ensure that the reported data does not contain double counting.

B.   Definition of selected statistical units

2.9.   Definitions of various kinds of statistical units are provided in the UNSD document *Statistical Units[1]*. Countries are encouraged to use that compendium to ensure better comparability on national practices in use of statistical and other units. Definitions of statistical units relevant to distributive trade statistics are reproduced below.

2.10.   *Enterprise Group.* An enterprise group is an association of enterprises (see para. 2.12) bound together by various types of links such as ownership, controlling interest and management. A group of enterprises can have more than one decision-making centre, especially for the policy on production, sales and profits. It may centralize certain aspects

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[1] The document is available at UNSD website:

of financial management and taxation. It constitutes an economic entity which is empowered to make choices, particularly concerning the units which it comprises. An enterprise group is controlled by the group head. The group head is a parent legal unit which is not controlled either directly or indirectly by any other legal unit. However, there are some forms of cooperative or mutual associations where the parent enterprise is actually owned by the units of the group.

2.11.   The enterprise group unit often corresponds to a conglomerate bound together by a network of complex relationships and frequently covers a very wide range of activities. Often, different subgroups can be identified within an enterprise group. There are some difficulties in the use of such a unit for statistical purposes, in particular because of the problems of identifying and keeping track of sometimes unstable links between different enterprises.

2.12.   *Enterprise.* An economic entity in its capacity as a producer of goods and services is considered to be an enterprise if it is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other economic entities. An enterprise is an economic transactor with autonomy in respect of financial and investment decision-making, as well as authority and responsibility for allocating resources for the production of goods and services. It may be engaged in one or more productive activities at one or more locations.

2.13.   An enterprise involved in distributive trade may be a corporation, a non-profit institution or an unincorporated enterprise. Corporate enterprise is a complete economic entity which is capable of engaging in the full range of transactions while "unincorporated enterprise" refers to the economic entity of a household only in its capacity as a producer of distributive trade services. A non-profit institution is also an economic entity set up for the purpose of serving and promoting the interest of distributive trade units.

2.14.   *Establishment[2].* The establishment is defined as 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. Although the definition of an establishment allows for the possibility that there may be one or more secondary activities carried out, they should be small in magnitude compared with the principal activity. If a secondary activity is as important, or nearly as important, as the principal activity, then the unit is more like a local unit, described below (see para. 2.24).

2.15.   In the case of most small and medium-sized businesses, the enterprise and the establishment will be identical. In general, it is recommended that large enterprises engaged in many economic activities that belong to different industries be broken into

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[2] The establishment is also called a local kind-of-activity unit in the European System of Accounts, 1995 (ESA 1995), para. 2.106.

one or more establishments, provided that smaller and more homogeneous production units can be identified for which production data can be meaningfully compiled.

2.16.   *Kind-of-activity unit.* Although the way the enterprise unit is constructed and defined it may have already a certain degree of homogeneity with respect to its economic activities, some statistics, including distributive trade statistics, may require a higher degree of homogeneity. For this purpose kind-of-activity unit can be defined and used.

2.17.   Kind-of-activity unit is an enterprise or part of an enterprise which engages in only one kind productive activity or in which the principal productive activity accounts for most of the value added. There is no restriction on the geographic area in which the activity is carried out. In order to obtain such homogeneous units, the enterprise must be partitioned into narrower, more homogeneous parts.

2.18.   Although the aim is to meet, as much as possible, the homogeneity requirement, the other two requirements, data availability and organizational structure, should not be disregarded. Splitting enterprises into kind-of-activity units must be a trade-off between homogeneity of economic activities on the one hand and the data availability and organizational structure on the other. The three requirements in most cases are interrelated: the more homogeneous one defines the unit, the fewer data would be available, and less it will be perceived as a separate entity in the organization. It is up to national statistical offices to find the right balance. However, it is recommended that such splitting should have due regard to data availability and organizational structure. It should be noted that each enterprise must, by definition consist of one or more kind-of-activity units. In many cases it can exist only as analytical statistical unit.

2.19.   While deciding on definition of kind-of-activity unit it should be noted that any given kind-of-activity unit falling within a particular heading of an activity classification can be engaged in the secondary activities which cannot be separately identified from the available accounting documents.

2.20.   *Definition of term "location".* Definitions of both establishment and local unit (below) use term "location". In this connection its meaning needs to be clarified. The term location can be interpreted in two different ways:

(a)   First, there is the pure location in the narrow sense of the word, i.e. a specific site such as an individual address or even a room in a multi-storey office building. This dimension of location should be made operational for statistical purposes because in some cases two or even more non-contiguous sites can be considered one location. This may happen when two stores of a trade enterprise are for example around the corner of the same block or just across the street and when no separate records are maintained for each store. In general, the distance between two sites has to be quite large in order to justify a separate location, especially when the sites fall within different most detailed geographical area for which series of data are to be compiled.

(b)   Second, the location may be interpreted as the combination of all locations belonging to an enterprise within the geographical area. The identification of such a statistical unit allows for the distinction between provinces, states, counties, municipalities, townships and even smaller entities like mesh blocks[3]. Therefore, if activities are exercised at two or more locations, e.g. in the same municipality, township or similar restricted geographic areas, covering all of these locations in one single local unit will be acceptable from the point of view of concept of the local unit.

2.21.   Which of the two interpretations is to be used depends on the statistics in question. If, for instance, they are counting the number of retail shops in a certain area, or if production processes are analyzed, the location as an individual site is the appropriate unit; if, on the other hand, employment is the subject of statistics, all locations of an enterprise within the smallest geographic area could as well be taken together in one local unit.

2.22.   *The local unit.* Enterprises often engage in their productive activity at more than one location, and for the purposes of obtaining geographical distribution of the collected data it is necessary to partition such enterprises accordingly. Thus, a local unit is defined as an enterprise, or a part of an enterprise (for example, a workshop, factory, warehouse, office, mine or depot), which engages in productive activity at or from one location. The definition has only one dimension in that it does not refer to the kind-of-activity that is carried out by the unit.

2.23.   *Ancillary establishments.* If an establishment undertaking purely ancillary activities (see para. 3.10) is statistically observable, in the sense that separate accounts for the production it undertakes are readily available, or if it is in a geographically different location from the establishments it serves, it may be desirable and useful to consider it as a separate unit – an ancillary establishment, and allocate it to the industrial classification corresponding to its principal activity (see para. 3.8). However, it is recommended that separate establishments be created only if suitable basic data as the value of the intermediate consumption, compensation of employees, gross fixed capital formation and employment are available.

2.24.   The output of ancillary establishment should be derived on a sum of costs basis, i.e. all costs of its production including the costs of the capital used in the production. The output of the ancillary unit is treated as intermediate consumption of the establishments it serves and should be allocated using an appropriate indicator such as the output, value added or employment of these establishments (see Box 1). Holding companies are not ancillary units; the functions they perform to control and direct subsidiary companies are not ancillary activities.

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[3] The basic concept of geographically referenced statistics is that data are aggregated for the area in which an activity actually takes place. A mesh block is a micro-level geographical unit to which individual people or businesses can be coded and individual or unit record data can be aggregated.

Box 1. Imputation of the output of an ancillary activity and its allocation to establishments

The example considered in case 1 below represents an enterprise with two establishments and one headquarter (ancillary activity). For simplicity, the entire outputs of establishments are assumed to be for the market so that their outputs can be derived from sales. The value added (VA) of the enterprise should be:

$$VA = \text{output 1} + \text{output 2} - \text{total intermediate consumption (IC)}$$
$$= 200 + 100 - (100 + 30 + 30) = 140.$$

Case 1: An enterprise with two establishments and one headquarter (ancillary) unit

Enterprise comprising		
Establishment 1	**Establishment 2**	**Headquarter**
$IC_1 = 100$	$IC_2 = 30$	$IC_3 = 30$
$VA_1 = 100$	$VA_2 = 70$	$VA_3 = 15$ [compensation of employees, consumption of fixed capital and other taxes on production = 15]
Output 1 = 200	Output 2 = 100	Output3 (imputed) = 45

In this case the headquarter (ancillary activity) should be treated as a separate establishment and classified according to its own activity (ISIC 8211). Its output (imputed on cost basis) should be distributed to the establishments 1 and establishment 2 in proportion to their output. The output of headquarter so distributed to establishments shall be treated as their intermediate consumption. Case 2 shows the allocation of the headquarters' output to each establishment. The allocation has been done using the output as the indicator (2/3 of the headquarters' output is allocated to establishment 1 and 1/3 to establishment 2).

Case 2. Treatment of the headquarter (ancillary) unit as an establishment

	Establishment 1	Establishment 2	Headquarter (treated as an establishment)
	$IC_1 = 100$	$IC_2 = 30$	
Output 3 consumed as IC (allocated in proportion to output)	2/3 output 3 + 30	1/3 output 3 + 15	$IC_3 = 30$
	$VA_1 = 70$	$VA_2 = 55$	$VA_3 = 15$
	Output1 = 200	Output2 = 100	Output3 (imputed) = 45

After the allocation, the value added of the enterprise remains the same as before, which is equal to $VA_1 + VA_2 + VA_3 = 70 + 55 + 15 = 140$, but the value added for each establishment is reduced by the share of the intermediate consumption of the headquarter unit imputed to it.

2.25. *Ancillary corporations*. A trading corporation may find it advantageous for tax or other reasons to create a subsidiary purely in order to perform certain ancillary activities for its own benefit. For example, it may create a subsidiary to which ownership of its land, buildings or equipment is transferred and whose sole function is to lease them back

again to the parent corporation; or it may create a subsidiary to keep its accounts and records on a separate computer installation etc. It is recommended that the ancillary corporations are not treated as separate statistical units because they can be regarded as artificial units created to avoid taxes, to minimize liabilities in the event of bankruptcy, or to secure other technical advantages under the tax or corporation legislation in force in a particular country

C.   Recommendations on statistical, reporting and collection units

2.26.   Two main types of data are required to describe the economic activity of distributive trade units - (i) production data, based on management and cost accounts of trade units[4]; and (ii) financial data, based on their accounting records[5]. These types of statistics are required for analysis of distributive trade sector as well as for compilation of national accounts. To compile such statistics statistical, reporting and collection units should be identified and consistently used. The recommendations on such units are provided below.

2.27.   Recognizing that the System of National Accounts recommends the establishment as the most appropriate statistical unit for production and employment data and that compilation of homogeneous and geographically distributed data is to be ensured, countries are encouraged to use establishment as a statistical unit for distributive trade statistics. In majority of the cases the establishment and the enterprise are the same, so all types of data can be obtained from the same source. In this case, an establishment/enterprise can be not only statistical, but also reporting and collection unit. However, if an establishment is a part of a multi-establishment enterprise, it may not have access to all necessary (e.g., financial) information. Under these circumstances, the enterprise, to which a given establishment belongs, may serve as a collection unit which provides data about activities of that establishment to the statistical authorities.

2.28.   Countries are encouraged to collect data for all relevant establishments belonging to a multi-establishment enterprise within a country. Special care should be taken in the case of enterprises operating branches in economic territories of several countries in order not to include in distributive trade statistics of the compiling country data reflecting activities of establishments which are resident units in other economies.

2.29.   If sufficient degree of homogeneity and desired geographic distribution can be obtained by other means, or data at the establishment level are not available, the enterprise can be used as the statistical unit and countries may limit their data collection activities to the enterprises whose main activity is distributive trade. Some countries may find it practical to use establishment as the statistical unit for collection of non-financial

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[4] In general, Production statistics include data on operating revenues earned from the sale of goods and services produced and the associated costs, wages and salaries, depreciation, and operating profits.

[5] Such records include consolidated profit and loss statements and balance sheets of assets and liabilities of trade units.

data items aiming to obtain maximum possible homogeneity and detailed geographical distribution, while use the enterprise to collect financial data.

2.30.   The kind-of-activity unit differs from the establishment in that there is no restriction in respect of the geographical area in which a given kind-of-activity is carried on by a single legal entity. In certain instances, the availability of data on a kind-of-activity-unit basis may suggest the employment of this unit in trade surveys rather than the establishment. For example, in some cases, data on fixed capital formation, inventories, and sales may be available easily in respect of kind-of-activity units but not of establishments, at the same time, interest in the classification of the data according to area or size of establishment may be minimal. More generally, the kind-of-activity unit may, for many purposes, be considered a suitable alternative to the establishment in those countries where the larger multi-establishment enterprises organize their records on this basis. If the kind-of-activity unit is used in such cases, it would, however, be useful to indicate the relationship between these units and the units used in other surveys.

2.31.   Local unit is used as the statistical unit for compiling particular types of data, where no breakdown by activity is required and as such is not recommended for use in distributive trade statistics. However, if the criterion of kind-of-activity unit can be attributed to the local unit and this will place it within the scope of Section G of ISIC, Rev. 4, the unit becomes an establishment and can be used in distributive trade statistics as both statistical and reporting unit.

2.32.   The enterprise group unit is too diverse in nature and unstable to be adopted as statistical unit in distributive trade statistics. However, enterprise group is useful for financial analyses and for studying company strategies. Therefore, if distributive trade statistics can be presented on an enterprise group basis it will be of importance for analytical purposes.

2.33.   The collection unit can be any entity which is in a position to provide national statistical office with a reliable and timely data with respect to adopted statistical units.

D.   Mapping of selected entities specific to distributive trade to the statistical units

2.34.   *Retail chains.* The retail trade sector in almost all countries has been undergoing significant changes in terms of types, size and structure of units in recent decades. The dominance of retail chain stores is one of the most important developments in the retail markets. Retail chains are organizational forms of retail trade units that apply mainly to retail trade but also to some other service oriented businesses. Retail chains are a range of retail outlets which share a brand and operate under the same ownership or central management. Such stores may be branches owned by one legal unit or franchises, owned by natural persons or companies and operated under contract with the parent corporation. In the first case when a retail chain operates under a single ownership there will be one trade enterprise with many establishments, corresponding to different locations. In the

second case when a retail chain operates under franchise agreement there will be many enterprises, corresponding to the number of franchisees.

2.35.   Retail chains have come into existence as a result of the vertical integration of retail trade businesses in one and the same retail trade activity class (i.e. they are selling the same type of merchandise – food, furniture, etc.). By type of operation (see para. 3.28) retail chains are classified as retailing at stores. Many countries introduce the minimum number of retail locations operating by a retail chain as an additional criterion to distinguish them from other store retailing. Chain stores differ in many ways from the single location stores as an important difference is the difference in their size. Typically they offer low prices for the specific merchandise and derive their profits from high sales volume rather than high trade margin.

2.36.   If a retail chain operates in more than one province or state and that sub-national data are important to the economy of a country, it is recommended that it should provide a list of all locations it operates in as well as totals on some of the important data items such as the number of employees, turnover, wages and salaries etc. about each location separately. Alternative methods such as using administrative data (e.g. employment data) from a business register as a proxy to allocate national economic activity to the sub-national level can also be considered to reduce the respondent burden. Each store in this case will be treated as a separate establishment as its output and value added will be derived proportionally to the available data by locations thus allowing the allocation of the trade activity to the location it actually takes place and facilitating the estimation of regional trade output and compilation of regional GDP.

2.37.   *Department stores /'shops-within-shops' trade.* A department store is a retail establishment which specializes in selling a wide range of products without a single predominant merchandise line (non-specialized stores). Certain department stores could be part of a retail chain while the others could be individual stores.

2.38.   Department stores are organizational forms of retail trade which may complicate the implementation of rules for identifying the local units (see para. 2.24). In principle, in almost all cases, the retail local units will be precisely equivalent to retail stores. One exception to this principle is the form of trade known as "shops-within-shops" trade when a department store is letting out part of its retail space to other retailers. Here, while to a casual customer there may appear to be only one shop, the definition of a local unit as a part of an enterprise implies that there are a number of local units and an equal number of shops. It is recommended that in the case of "shops-within-shops" trade the department store and all other shops on the same premises are treated as separate statistical units.

2.39.   *Franchising.* The operation of a franchise network is a method of doing business that is popular in a number of service activities, especially retail trade. 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 sales or 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 a contribution towards certain services organized by the franchiser that are 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.

2.40. It is recommended that franchisees engaged in distributive trade activities are considered as separate enterprises because they consist of a complete combination of factors of production, and they run the full entrepreneurial risk. Franchisees also comply with the definition of the enterprise which 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.

2.41. *Market places, street markets, etc.* These are outdoor locations where goods and services are exchanged. They are traditionally held in many countries and operate in a similar way irrespective of their location and name (on the street, at the market square or other specialized location). The traders (or producers) have stalls, but not entire stores. However, it is also possible to have associated shops. Often the markets are permanent, but it is also possible to have them temporary, with stalls only present for one or two days a week. Some of the market places are gradually being replaced by shopping centres with sizable area and specially organized premises like in the department stores.

2.42. Usually another unit is the owner and operates the location where the market is situated. The owner could be a municipality or a corporation and to be able to sell on these places, traders are required to obtain a license or pay a fee. In this case the recommended treatment for these units will be similar to the treatment of department stores (see para. 2.34 and 2.35) when they let out retail space to individual retailers – i.e. the individual retailers on the market place and its owner will be treated as separate statistical units. At the same time the market place will have as many local units as is the number of stalls. It should be noted that farmers selling their output at farmers' markets are not treated as trade units (see para. 1.14). Selling appears secondary activity to the production of agricultural goods and such units are classified in Division 01 of ISIC, Rev.4 - Crop and animal production, hunting and related service activities.

E. Statistical units of informal sector

2.43. *Informal sector.* The informal sector as an economic phenomenon manifests itself in different ways in different countries. Its size and significance may also depend on the social structures, national and local economic policies and enforcement efforts of a given country. It may encompass practically all kinds of economic activities and household enterprises with different forms of operation. A large number of informal activities are carried out without a fixed location, in homes, small shops or workshops. Informal activities range, for example, from street vending, shoe shining and other activities that require little or no capital and skills to activities that involve a certain amount of

investment or level of skills such as tailoring and car repair. Many informal sector enterprises are operated by an individual working either alone, as self-employed entrepreneur, or with the help of unpaid family members, although other informal micro-entrepreneurs may engage paid workers.

2.44.   The informal sector is defined by the International Conference of Labour Statisticians according to the types of production units of which it is composed. Thus, the informal sector[6] is characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned and which operate within the production boundary of the SNA. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations – where they exist – are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. It is recommended that countries define the informal sector in terms of characteristics of production units in which the activities take place and not in terms of the characteristics of the persons involved or their jobs.

2.45.   *Informal sector enterprises*. These are a sub-set of households unincorporated enterprises[7], i.e. enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners with at least some production for sale or barter on the market, and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner(s). Fixed and other capital used does not belong to the enterprise as such but to the household members. As expenditure for production is often indistinguishable from household expenditure and capital equipment such as buildings or vehicles may be used indistinguishably for business and household purposes. Therefore, these enterprises can not be treated as quasi-corporations and delegated to the corporate sector.

2.46.   *Additional criteria for defining the informal sector enterprises.* Apart from excluding household enterprises producing exclusively for own final use, countries should extend the definition with additional criteria for the household enterprises to further restrict the scope of the informal sector. The following additional criteria should be used for defining the informal sector enterprises

    (a)   *Size.* The size of informal sector enterprises in terms of employment should be below a nationally determined threshold.

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[6] For more details see the Resolution concerning statistics of employment in the informal sector, adopted by the Fifteenth International Conference of Labour Statisticians (January 1993)

[7] Household unincorporated market enterprises are created for the purpose of producing goods or services for sale or barter on the market. They include unincorporated enterprises owned and operated by individual household members or by several members of the same household, as well as unincorporated partnerships and cooperatives formed by members of different households, if they lack complete sets of accounts. See 2008 SNA Chapter 4. Institutional units and sectors.

and/or

(b) *Non-registration of the enterprises or its employees*. Informal sector enterprises should not be registered under specific forms of national legislation (such as factories' or commercial acts, tax or social security laws, professional groups' regulatory acts, or similar acts, laws or regulations established by national legislative bodies. It should be noted that regulations enacted by local authorities for the purpose of obtaining a trade license or a permit to operate a business are excluded from this criterion.

2.47.   With these additional criteria, the production unit in the informal sector is defined as a household enterprise with at least some production for sale or barter for which one or more of the criteria of a limited size of employment, the non-registration of the enterprise and/or its employees are met.

2.48.   *Types of informal sector enterprises*. The informal sector enterprises encompass the following two types:

(a) *Informal own-account enterprises*. Depending on national circumstances, either all own-account enterprises should be considered informal, or only those that are not registered under specific forms of national legislation. Since majority of own-account enterprises are small, no size criterion is recommended for defining them. Informal own-account enterprises may employ contributing family workers and employees on an occasional basis, but do not employ employees on a continuous basis.

(b) *Enterprises of informal employers*. These are household enterprises owned and operated by employers, either alone or in partnership with members of the same or other households, which employ one or more employees on a continuous basis.

2.49.   *Informal sector enterprises engaged in distributive trade*. They refer to any production unit that is engaged in resale of new or used goods and services on the market and that has the characteristics described in para. 2.44 and 2.45. The activities may be undertaken inside or outside the enterprise owner's home, and they may be carried out in identifiable premises, unidentifiable premises or without fixed location. Mobile (without a fixed location) units in distributive trade sector such as street vendors and hawkers should be considered as separate enterprises if they constitute self-employed persons or as employees if they work for enterprises of informal employers that meet the enterprise-bases criteria. It is recommended that informal sector enterprises engaged with trade activities include both enterprises in urban and rural areas.