ANNEX B

Variable Definitions

Structural business statistics (SSIS and BSC)

The Structural Statistics for Industry and Services (SSIS) database and Business statistics by Size Class (BSC) database contain information by ISIC 4-digit group, wherever possible, on the following variables. The harmonised definitions used are described for each variable in turn below.

Variable code	Variable description
TUTT	Turnover or gross premiums written
PROD	Production at producers' prices
VALU	Value added at basic prices
VAFC	Value added at factor costs
GOPS	Gross operating surplus
INGS	Total purchases of goods and services
CSGS	Change in stocks of goods and services
INEN	Purchases of energy products
GITG	Gross investment in tangible goods
GFLA	Gross investment in land
GFBS	Gross investment in existing buildings and structures
GFEQ	Gross investment in machinery and equipment
EMPN	Employment, number of persons engaged
EMPE	Employment, number of employees
EMPF	Employment, number of females employees
FTEE	Employment, number of employees in full time equivalent units
EHOU	Hours worked by employees
REMN	Compensation of labour, all persons engaged
REME	Compensation of labour, employees
WASN	Wages and salaries, all persons engaged
WASE	Wages and salaries, employees
ESUP	Other employers' social contributions, employees
ENTR	Number of enterprises
ESTB	Number of establishments

1. Turnover

Turnover equals the total value of invoices by the observation unit during the reference period corresponding 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. Operating subsidies received from public authorities, or supranational authorities are also excluded.

2. Production

The value of production corresponds to the sum of the value of all finished products (including intermediary products sold in the same condition as received), of the net change of the value of work in progress and stocks of goods to be shipped in the same condition as received, of the variation of stocks of finished products and of those in progress, of the value of goods or services rendered to others, of the value of goods shipped in the same condition as received less the amount paid for these goods and of the value of fixed assets produced by the unit for its own use.

The valuation of production data can be made according to any of the following four valuations: factor costs, basic prices, market prices and producers' prices, according to the treatment applied to indirect taxes and subsidies, the OECD database typically provides values of production in producers' prices, which, in order to maintain consistency with Eurostat, is the OECD's preferred valuation concept. The formulation described below describes how production (shown at producer prices) can be derived from estimates of turnover.

PRODUCTION
=
TURNOVER
+
Net change in stocks of finished products and work in progress produced by the unit
+
Net change in stocks of goods and services purchased for resale
–
Purchases of goods and services purchased for resale
+
Capitalised (own-account production)

3. Value added

In very simple terms value added corresponds to the difference between production and any intermediate consumption; where total intermediate consumption should always be valued at purchasers' prices. Alternatively value added can be described as the sum of the gross operating surplus and compensation of employees. Like production, the valuation of value added can be made according to any of the following four valuations: factor costs, basic prices, market prices and producers' prices, according to the treatment applied to indirect taxes and subsidies. The definition for value added is consistent with that described in the 1993 *System of National Accounts* (paragraphs 6.4-5).

The formulation for value added shown below, reflects value added at factor costs. Value added at basic prices can be easily derived from this by not subtracting the final item (taxes and subsidies on production).

VALUE ADDED
=
TURNOVER
+
Capitalised (own-account) Production
+
Net change in stocks
–
Purchases of goods and services (the value of all goods and services purchased during the accounting period for resale or (intermediate) consumption in the production process. These values should reflect the actual price paid after deducting for deductible items such as VAT
–
Taxes and subsidies linked to production

4. Gross operating surplus

Gross operating surplus is the surplus generated by operating activities after deducting labour costs (compensation of employees), and, depending on the valuation used for value added, taxes minus subsidies on production from value added.

It reflects the balance available to the unit which allows it to recompense the providers of own funds and debt, to pay taxes and eventually to finance all or a part of its investment, and so measures the surplus or deficit accruing from production before taking account of any interest, rent or similar charges payable on financial or tangible non-produced assets borrowed or rented by the unit, or any interest, rent or similar receipts receivable on financial or tangible non-produced assets owned by the unit.

For unincorporated enterprises owned by households in which the owner(s) or members of the same household may contribute unpaid labour inputs of a similar kind to those that could be provided by paid employees, the surplus should strictly be referred to as "mixed income" because it implicitly contains an element of remuneration for work done by the owner, or other members of the household, that cannot be separately identified from the return to the owner. In practice however these surpluses are also described as gross operating surplus. Gross operating surplus (including mixed income) can therefore be derived as:

GROSS OPERATING SURPLUS
=
VALUE ADDED (at factor costs)
–
COMPENSATION OF EMPLOYEES

Some countries have been able to provide estimates total remuneration of all persons employed, meaning that gross operating surplus excludes the employment component of mixed income. Gross operating surplus is measured gross of consumption of fixed capital (depreciation).

Valuation at factor costs, basic prices, producers' prices and market prices

The following Table illustrates the concepts of factor costs, basic prices, producers' prices and market prices and illustrates the relationships between these valuations, for value added and production.

	Value at **factor costs**
+	Other taxes *on production*[1]
–	Other subsidies *on production*[1]
=	Value at **basic prices**
+	Taxes *on products*[2] *(not including imports and VAT)*
–	Subsidies *on products*[2]
=	Value at **producers' prices**
+	Taxes *on imports*
–	Subsidies *on imports*
+	Trade and transport costs
+	Non-deductible VAT
=	Value at market prices[3]

1. Other taxes *on production* consist mainly of taxes on the ownership or use of land, buildings or other assets used in production, or on the labour employed or compensation of employees paid. Other subsidies *on production* consists of subsidies, except subsidies on products, which resident enterprises may receive as a consequence of engaging in production (*e.g.*, subsidies on payroll or workforce, or subsidies to reduce pollution).
2. Taxes *on products*, exclusive of VAT, import and export taxes, consist of taxes on goods and services that become payable as a result of the production, sale, transfer, leasing or delivery of those goods or services, or as a result of their use for own consumption or own capital formation.
   Subsidies *on products* correspond to subsidies payable per unit of a good or service produced, either as a specific amount of money per unit of quantity of a good or service, or as a specified percentage of the price per unit; it may also be calculated as the difference between a specified target price and the market price actually paid by a buyer.
3. Market prices, often referred to as purchasers' prices, are those which purchasers pay for the goods and services they acquire or use, excluding deductible VAT.

5. *Total purchases of goods and services*

Purchases of goods and services include the value of all goods and services purchased during the accounting period for resale or (intermediate) consumption in the production process, excluding purchases of capital goods to be used in the production process, which are registered separately as gross fixed capital formation. The goods and services concerned may be either resold with or without further transformation, completely used up in the production process or, recorded as increases to stocks/inventories.

Services paid for during the reference period are also included regardless of whether they are industrial or non-industrial; including payments for all work carried out by third parties on behalf of the unit including current repairs and maintenance, installation work and technical studies. Expenses related to the installation of capital goods and capitalised goods are excluded.

Non-industrial payments include legal and accountancy fees, patents and licence fees (where they are not capitalised), insurance premiums, costs of meetings of shareholders and governing bodies, contributions to business and professional associations, postal, telephone, electronic communication, telegraph and fax charges, transport services for goods and personnel, advertising costs, commissions (where they are not included in wages and salaries), rents, bank charges (excluding interest payments) and all other

business services provided by third parties. Services which are transformed and capitalised by the unit as capitalised production are excluded.

Expenditure classified as financial expenditure or extraordinary expenditure in company accounts is excluded from the total purchases of goods and services.

Purchases of goods and services are valued at purchasers' prices excluding deductible VAT and other deductible taxes linked directly to turnover. No other adjustments for other taxes and duties on products or production are necessary.

6. Change in stocks (inventories) of goods and services

Change in stocks is the difference between the value of the stocks at the end and the beginning of the reference period. Change in stocks may be measured by the value of entries into stocks less the value of withdrawals and the value of any recurrent losses of goods held in stocks. Stocks are recorded at purchaser's prices exclusive of VAT if they are purchased from another unit, otherwise at production costs.

Stocks (inventories) are composed of the following:

- stocks of finished goods;
- stocks of work in progress;
- stocks of goods and services purchased for resale in the same condition as received; and
- stocks of raw materials and consumables.

Stocks (inventories) are composed of the following: Included are the stocks of goods and services bought for the sole purpose of reselling them in the same condition. Excluded are stocks of goods and services which are provided to third parties on a commission basis. Products purchased for resale and stocked by services enterprises can include goods (industrial equipment in the case of "turnkey" engineering contracts, or buildings in the case of property development, etc.) as well as services (rights to use advertising space, transport, accommodation, etc.).

7. Purchases of energy products

Purchases of all energy products include all purchases of energy products during the reference period that are intended to be used in production as fuel during the reference period. Energy products purchased as a raw material or for resale without transformation should be recorded as changes in stocks (inventories).

8. Gross investment in tangible goods: land, existing buildings and structures, plant machinery and equipment and new buildings and structures

Investment in tangible goods includes gross investment in land, and gross fixed capital formation in existing and new buildings and structures and machinery and equipment. It refers to the value of these assets purchased, or constructed on the unit's own account for its own use, during the reference year and that are expected to have a productive life of one year or more after the purchase date. Major additions, alterations and improvements to existing assets which extend their normal economic life or raise their productivity are also included. (The definition of gross fixed capital formation follows that provided in Chapter X of *SNA 1993*).

Tangible assets include land, buildings, other construction and land improvements, transport equipment, machinery and other equipment. Transactions in intangible assets

include investment in non-financial produced fixed assets such as mineral exploration, computer software and entertainment, literary or artistic originals intended to be used for more than one year.

Gross investment in land includes purchases of land, underground deposits, forests and inland waters. Where land is purchased with existing buildings and the value of the two components is not separable, the total is recorded under this heading if it is estimated that the value of the land exceeds the value of the existing buildings. If the existing buildings are estimated to be of greater value than the land, the total is recorded under gross investment in existing buildings and structures. Also included here is land merely improved by levelling, the laying of pipes or by the provision of paths or roads. Land acquired through (business) demographic events such as mergers, take-overs, break-ups, split-off is excluded.

Gross investment in existing buildings and structures excludes purchases of buildings that have never been used, and also excludes acquisitions via mergers, take-overs, break-ups or split-offs of the business units. Investment in new dwellings and structures should be included in the total figure for gross investment in tangible goods.

The value of ***investment in machinery and equipment*** corresponds to the value of transport equipment, industrial machinery and equipment, office machinery, equipment and furniture, professional instruments and equipment, acquired new or second hand or manufactured by the unit on its own account and for its own use, and having a life expectancy of more than one year. It also includes the cost of major repairs that are carried out by the unit itself (extensions, alterations, improvements and other repairs which prolong the life or increase the productivity of existing fixed assets. Small tools purchases are also excluded, see *SNA 1993*, paragraph 10.63.

Assets acquired from others are valued at purchasers' prices, which cover all costs directly connected with the acquisition and installation of the items for use. Assets produced on own-account should be valued at basic prices. Although, frequently these valuations are based on production costs, including labour. Sales of assets should be valued at the actual amounts realised rather than at book values.

9. Employment – Numbers of persons engaged and number of employees

The ***total number of persons engaged*** is defined as the total number of persons who worked in or for the concerned unit during the reference year. Total employment excludes: directors of incorporated enterprises and members of shareholders' committees who are paid solely for their attendance at meetings; labour made available to the concerned unit by other units and charged for; persons carrying out repair and maintenance work in the unit on the behalf of other units; home-workers; and persons on indefinite leave, military leave or in retirement.

The ***number of employees*** includes all persons, workers and employees, covered by a contractual arrangement and working in the unit who receive compensation for their work, whether full-time or part-time. In particular, the following are considered as employees: salaried managers; students who have a formal commitment to contribute to the unit's activities in return for remuneration and/or education services; and employees engaged under a contract specifically designed to encourage the recruitment of unemployed persons. Also included are persons on sick leave, paid leave or vacation. It excludes: working proprietors; active business partners; unpaid family workers; and home-

workers, irrespective of whether or not they are on the payroll. The employee definitions apply equally to ***numbers of female employees.***

10. Employment – Numbers of employees in full time equivalents

This corresponds to the number of employees converted into full time equivalents. 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; the standard number of working days in the week; and 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.

11. Hours worked by employees

Hours worked by employees are defined as the total number of hours actually spent by all employees, during the year. They include:

- Hours actually worked during normal periods of work.
- Time worked in addition to hours worked during normal periods of work (overtime), where overtime hours are calculated in terms of actual hours spent at work and not in terms of time paid for.
- Time spent at the place of work on work such as the preparation of the workplace, repairs and maintenance, preparation and cleaning of tools.
- Time spent at the place of work waiting or standing by for such reasons as lack of supply of work, breakdown of machinery, or accidents.
- Time corresponding to short rest periods at the workplace, including tea and coffee breaks.

They exclude:

- Hours paid but not worked, such as paid annual leave, paid public holidays, paid sick leave.
- Meal breaks, welfare and union activities.
- Time spent on travel from home to work and *vice versa*.

12. Compensation of labour: All persons engaged and employees

The definition for ***compensation of employees*** is consistent with the definition set out in paragraph 7.21 of *SNA 1993*. It includes the total remuneration, in cash or in kind, payable to an employee in return for work done by the latter during the reference period. No compensation of employees is payable in respect of unpaid work undertaken voluntarily, including the work done by members of a household within an unincorporated enterprise owned by the same household. Compensation of employees does not include any taxes payable by the employer on the wage and salary.

It includes therefore wages and salaries of employees and other employers' social contributions.

Compensation of labour for all persons engaged is equivalent to the sum of ***wages and salaries of all persons engaged*** and ***other employers' social contributions for employees.***

13. *Wages and salaries: All persons engaged and employees*

Total ***wages and salaries for all persons engaged*** includes all payments in cash or in kind payable to all persons counted on the payroll by way of remuneration for work done during the reference period. They exclude social security, pension, retirement and other contributions payable by the employer but include social contributions, income taxes etc made by the employee even if they are actually withheld and paid on their behalf by their employer. Payments for agency workers are not included in the wages and salaries of the unit using the workers but are instead recorded with the agency.

Wages and salaries for employees is a subset of total wages and salaries applying to employees only.

14. *Other employers' social security contributions, employees*

Social contributions payable by employers include the actual social contributions payable by employers to social security schemes or to private funded social insurance schemes to secure social benefits for their employees; or imputed social contributions by employers providing unfunded social benefits.

15. *Enterprises*

An enterprise is a legal entity possessing the right to conduct business on its own; for example to enter into contracts, own property, incur liabilities for debts, and establish bank accounts. It may consist of one or more local units or establishments corresponding to production units situated in a geographically separate place and in which one or more persons work for the enterprise to which they belong.

16. *Establishments*

An establishment is a unit that engages, under a single ownership or control, or predominantly one, kind of activity at a single location; for example a workshop or factory.

Business Demography

The Business Demography database contains, in particular, information on the following variables. The harmonised definitions used are described for each variable in turn below. These definitions are based on the *2007 Eurostat-OECD Manual on Business Demography Statistics*. For further information see *www.oecd.org/std/industry-services/businessdemographymanual*.

1. *Employer enterprise birth*

The OECD's core measure of births reflects the employer enterprise birth. An employer enterprise birth refers to the 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. Enterprise births do not include entries into the population due to mergers, break-ups, split-off or restructuring of a set of enterprises. They do not include

entries into a sub-population resulting only from a change of activity. If a dormant unit is reactivated within two years, this event is not considered an enterprise birth.

2. Employer enterprise birth rate

The employer enterprise birth rate refers to the number of employer enterprise births, as a percentage of the population of active enterprises with at least one employee.

3. Employer enterprise death

An employer 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. Deaths do not include exits from the population due to mergers, take-overs, break-ups or restructuring of a set of enterprises. They do 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.

4. Employer enterprise death rate

The employer enterprise death rate refers to the number of employer enterprise deaths, as a percentage of the population of active enterprises with at least one employee.

5. N-year survival rate

The *n*-year survival rate for a particular year (*t*) refers to the number of enterprises that had at least one employee for the first time in year ($t - n$) and that have not died in year (*t*), as a percentage of all enterprises with at least one employee for the first time in year ($t - n$).

6. High growth enterprises (with growth based on the number of employees)

High Growth enterprises measured in number of employees refer to all enterprises with average annualised growth in number of employees greater than 20% per annum, over a three year period, and with 10 or more employees in the beginning of the observation period.

In other words, the figures for a particular year (*t*) refer to the number of enterprises whose number of employees grew by 72.8% cumulatively in the preceding 3 years and that had more than 10 employees at ($t - 3$). The calculation should not include employer enterprise births in $t - 3$.

7. High growth enterprises (with growth based on turnover)

High Growth enterprises measured in turnover refer to all enterprises with average annualised growth in turnover greater than 20% per annum, over a three year period, and with 10 or more employees in the beginning of the observation period.

In other words, the figures for a particular year (*t*) refer to the number of enterprises whose turnover have grown by 72.8% cumulatively in the preceding 3 years and that had more than 10 employees at ($t - 3$). The calculation should not include employer enterprise births in $t - 3$.

8. High growth enterprises rates

The share of high-growth enterprises is compiled as the number of high-growth enterprises as a percentage of the population of enterprises with ten or more employees.

9. Gazelles (with growth based on the number of employees)

Gazelle enterprises are a subset of High growth enterprises reflecting those high-growth enterprises born 5 years or less before the end of the 3 year observation period.

Gazelles measured in number of employees are enterprises which have been employers for a period of up to 5 years, with average annualised growth in turnover greater than 20% per annum, over a three year period, and with 10 or more employees in the beginning of the observation period.

In other words, the figures for a particular year (t) refer to the number of enterprises which had been employers for a period of up to 5 years at (t) and that had more than 10 employees at ($t - 3$) and whose number of employees grew by 72.8% cumulatively in the period ($t - 3$) to (t). The calculation should not include employer enterprise births in $t - 3$.

10. Gazelles (with growth based on turnover)

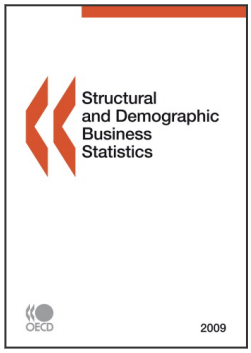
Gazelle enterprises are a subset of High growth enterprises reflecting those high-growth enterprises born 5 years or less before the end of the 3 year observation period.

Gazelles measured in turnover are enterprises which have been employers for a period of up to 5 years, with average annualised growth in turnover greater than 20% per annum, over a three year period, and with 10 or more employees in the beginning of the observation period.

In other words, the figures for a particular year (t) refer to the number of enterprises which had been employers for a period of up to 5 years at (t) and that had more than 10 employees at ($t - 3$) and whose turnover grew by 72.8% cumulatively in the period ($t - 3$) to (t). The calculation should not include employer enterprise births in $t - 3$.

11. Gazelles rates

The share of gazelles is compiled as the number of gazelles as a percentage of the population of enterprises with ten or more employees.



From:

Structural and Demographic Business Statistics 2009

Access the complete publication at:
https://doi.org/10.1787/9789264072886-en

Please cite this chapter as:

OECD (2010), "Annex B: Variable Definitions", in *Structural and Demographic Business Statistics 2009*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/9789264072886-35-en

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