# STATISTICAL UNITS

## Statistical units in the production of official statistics

The purpose of official statistics is to reflect the situation of and changes in the society, and to provide information about demographic, social, economic and environmental trends. Official statistics are in compliance with international classifications and methods, and these statistics are produced about statistical units. Statistical units are objects or subjects described by the data collected, processed and disseminated in the course of producing official statistics. The main statistical unit in economic statistics is an enterprise.
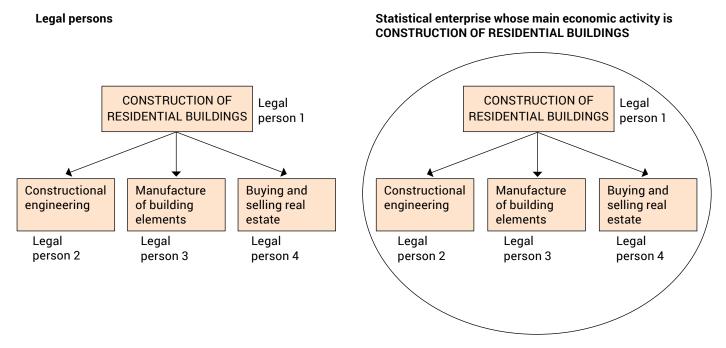
## Enterprise as a statistical unit

By the definition of the European Union, an enterprise is an organisational entity which produces goods or services and which comprises one legal person or a group of legal persons within an enterprise group. Enterprises are, to a certain extent, independent in their decision-making, in particular in the allocation of the circulating capital. Enterprises are engaged in one or more activities at one or more locations.

An enterprise is usually a sole legal unit but may also consist of several legal units (public limited companies, private limited companies, limited partnerships, general partnerships, commercial associations) or branches of a foreign company. A sole proprietorship is also classified as an enterprise based on the definition of a statistical unit.

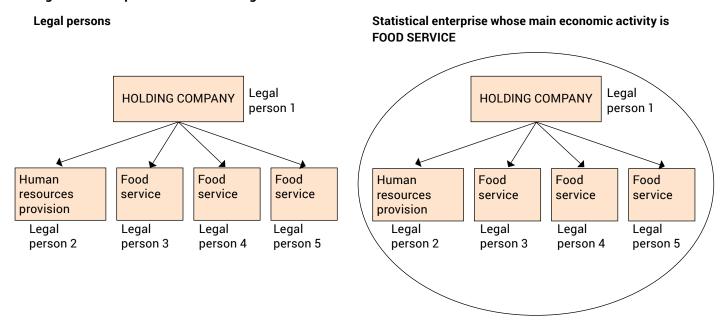An enterprise may consist of several legal persons if the following criteria are met:

a) The legal persons in an enterprise group are acting solely for the benefit of other legal persons in the same group, for business or administrative purposes, and their products or services are not intended for the market (vertical integration). This is treated as an ancillary activity of the legal person for whose benefit these activities are being carried out; and, for the purposes of economic statistics, the legal persons are merged into a single enterprise.

**Figure 1. Example of vertical integration**



**Legal persons**

**Statistical enterprise whose main economic activity is
CONSTRUCTION OF RESIDENTIAL BUILDINGS**

b)  The business is organised in such a way that there are several legal persons with the same economic activity within a single enterprise group (horizontal integration). In such cases, there are usually intra-group turnover and exchange of production factors (e.g. workforce).

**Figure 2. Example of horizontal integration**

**Legal persons**

**Statistical enterprise whose main economic activity is FOOD SERVICE**



## Why are statistical enterprises formed?

The purpose of forming statistical enterprises (i.e. enterprises consisting of several legal persons) is to ensure meaningful statistics that reflect the real economic situation as accurately as possible. The formation of a statistical enterprise is initiated by Statistics Estonia by submitting a relevant proposal to enterprise groups that have the greatest impact on the Estonian economy. Combining factors of production (e.g. workforce) of different legal persons within a statistical enterprise and eliminating internal turnover prevents data duplication. It also helps to optimise the administrative burden, as data are provided by a single enterprise instead of several legal persons.

## What is the impact of forming statistical enterprises?

The data of legal persons within a statistical enterprise are consolidated in official statistics. The consolidated data may include data on legal persons operating in different economic activities. Therefore, official statistics differ from data produced from data sources that are based on the data on legal persons. There are differences in the number of enterprises, the breakdown into economic activities and statistics on different domains.