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THE BASIC ELEMENTS OF INDUSTRIAL SURVEYS:  
THE UNITS OBSERVED AND THE IDENTIFICATION REGISTER <sup>1/</sup>

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<sup>1/</sup> The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO.

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Before any industrial survey is made, the basic elements must be precisely defined. This involves deciding on the characteristics on which identification and selection will be based in determining the coverage of the survey.

## I. The basic natural units

### 1.1 The enterprise

This is an economic organization of a particular legal form set up for the purpose of producing goods for sale, trading in such goods or providing services. It may be regarded as the smallest legally autonomous unit (industrial or commercial firm).

### 1.2 The establishment

This is essentially a geographical unit (factory, office, shop, warehouse, mine, etc.) which is situated at a particular location and in which, as a general rule, one or more persons work under the direction of a single owning or controlling entity. Exceptionally (in the case of a warehouse, for example), the establishment may not contain any permanent workers.

Thus an establishment is characterized by: an activity, a location (i.e. an address) and a controlling or operating agency. The operator may be the owner or the independent manager of the establishment and may be either an individual or a corporate body (company, public authority, etc.).

Naturally, in the case of an enterprise consisting of a single establishment, as is the most common situation, the two concepts merge. The existence, however, of enterprises including offices, shops, factories, yards, warehouses, etc., situated in different locations makes it necessary for the enterprise to be clearly distinguished from the individual establishments. Although this "natural" definition of an establishment as the local unit of an enterprise, whatever its nature (office, warehouse, shop, factory, etc.) has the virtue of simplicity, it should be borne in mind that in certain fields (mining, transport, electricity and gas undertakings, etc.) the concept of an establishment is sometimes difficult to apply.

### 1.3 The product

(whether an article/commodity or a service) this is defined as an element or a homogeneous category of elements of a nomenclature of products (or activities); for example, the steel products "AKN-35NC-6-Billet, dimension 70" and "AKN-35 CD4-Round bar,

dimension 30" belong to the category "construction steels" of the group "semi-finished and rolled products". The latter group forms part of "high-grade and special steels", a component of the class "ferrous metals" produced by the branch "iron ore and iron and steel products".

Generally, the activity of an establishment is designated by quoting a subdivision of a product nomenclature.

#### 1.4 Classification of enterprises and establishments by activity

The classification of enterprises having only one establishment, where the concepts of enterprise and establishment merge, cause no particular difficulty. Such establishments (or such enterprises) are classified according to the activity in which they are engaged. Where there are associated activities (the frequency of this situation depends partly on the level of nomenclature adopted for the purpose of classification), the establishments are classified by their main activity - that in which the largest number of persons are employed.

In the case of enterprises having many establishments, the problem is less simple. The principle generally applied is the following: the registered office of the enterprise is classified according to the main activity of the enterprise, and the other establishments are classified according to their particular activity. For example, let us suppose that a particular large enterprise includes several establishments, some engaged in the manufacture of chemical products and the others devoted to electro-metallurgy. The establishments other than the registered office will be classified by their particular activities; the registered office will be classified by the main activity of the enterprise. The latter is determined by comparing the numbers of employees engaged in the various activities. This rule should perhaps be explained in further detail. The registered office is sometimes a mere address at which it is even possible that no paid employee is to be found. It may, for example, be the private domicile of the head of the enterprise, or be situated at the offices of a company of which the enterprise under consideration is a subsidiary. Such a registered office is supplemented by an administrative headquarters where the offices from which the enterprise is actually managed are located. The administrative headquarters is also classified according to the main activity of the enterprise. In addition, large industrial or commercial enterprises with establishments scattered throughout the country sometimes

set up regional administrative, technical or commercial sub-offices or regional commercial branch offices responsible simply for publicity and the recording of orders. This sort of establishment, regarded as an extension of the registered office, is also classified according to the main activity of the enterprise.

It is to be noted further that establishments of a commercial nature maintained by an industrial enterprise are, in principle, classified on the basis of the main activity of the enterprise. If, however, the enterprise markets its products through an integrated network of retail shops, the latter are classified according to the activity concerned.

Ancillary establishments (warehouses, garages, etc.) are classified according to the main activity of the particular establishment which they serve, if any, or otherwise according to the main activity of the enterprise.

## II. Complex or artificial units

Faced with the growing complexity of enterprises, statisticians have felt the need to define units such that the analysis of production and the production factors in sufficient detail continues to be possible.

The Statistical Commission of the United Nations defines an "establishment" as the fraction of a local unit which can be classified under a single activity. However, it has found it necessary in view of the statistical and accounting practices of enterprises to treat as a single establishment one or more local units subject to common accounting even if they are devoted to several activities, and as several establishments a single local unit where several activities are carried on and separate accounts are kept for these activities.

The Committee for Industrial and Craft Statistics of the six countries of the European Economic Community, for the purpose of its programme of short-term and annual industrial statistics, has defined the unit of economic activity as an entity including all the fractions of an enterprise, even if separated in space, which co-operate in one and the same activity, identified by the nature of the goods or services produced or by uniformity of the production process, and defined in a nomenclature of economic activities.

### III. Identification register

Established and administered with the aid of current administrative records, the identification register of enterprises and establishments will constitute the permanent census of the basic units of industrial statistics, and consequently the basis for planning and launching of industrial surveys.

#### 3.1 Content of the register

It is a card file in which the relationship between establishments and enterprises is indicated.

In the enterprise file, each enterprise appears with:

- Its fixed identification number;
- Its name;
- The address of the registered office;
- The main economic activity;
- The category of enterprise in terms of the number of employees.

In the establishment file, each establishment appears with:

- Its fixed identification number;
- The identification number of the enterprise to which it belongs;
- The name of the enterprise;
- The address of the establishment;
- Its nature: registered office of the enterprise, production establishment or ancillary unit;
- The main activity;
- The category according to number of employees.

#### 3.2 Establishment and regular updating of the register

The entering of an establishment in the register originates with the examination of the records relating to certain administrative procedures: inclusion in the trade register, collection of taxes, social welfare payments, etc. The agency officially responsible for care of the register is sent these records by the competent administration. When an establishment is entered in the register an identification number is assigned to it which serves for general reference purposes. This number is communicated to the various



administrations concerned (financial, social security, etc.), which, in their turn, communicate it to the establishment. From then on it is the sole reference number of the establishment in its relations both with the Institute of Statistics and with other government departments.

When any alteration is made in the structure of this establishment (change of activity, address, owner or operator, etc.), the administration concerned has the head of the establishment fill in an inquiry form and transmits it to the agency responsible for the register; it is primarily by this means that the latter agency keeps the register up to date. Should the establishment cease operations, the same administrations, when they are so informed, report the fact to the agency responsible for the register and this department withdraws the establishment from the file.

Various studies made by the Institute of Statistics will be used to check that the register is up to date, in particular when population censuses are taken.

### 3.3 Physical form of the register

The register for which the Institute of Statistics is responsible has three aspects:

The dossiers in which the records relating to each enterprise and all the correspondence concerning it are kept.

The manual card file, containing the data on the establishments. This file, classified geographically, is used whenever an individual item of information is needed on one or more specific establishments, and particularly when the identification number of the establishment is required. For such reference the exact address of the establishment concerned must be known.

The automatic card index. A necessary creation in view of the multiple sorting operations involved in processing, the automatic card index constitutes the input data carrier for machine or computer processing. A single card with 80 columns is sufficient for one establishment.

The format for the entries on the card is as follows:

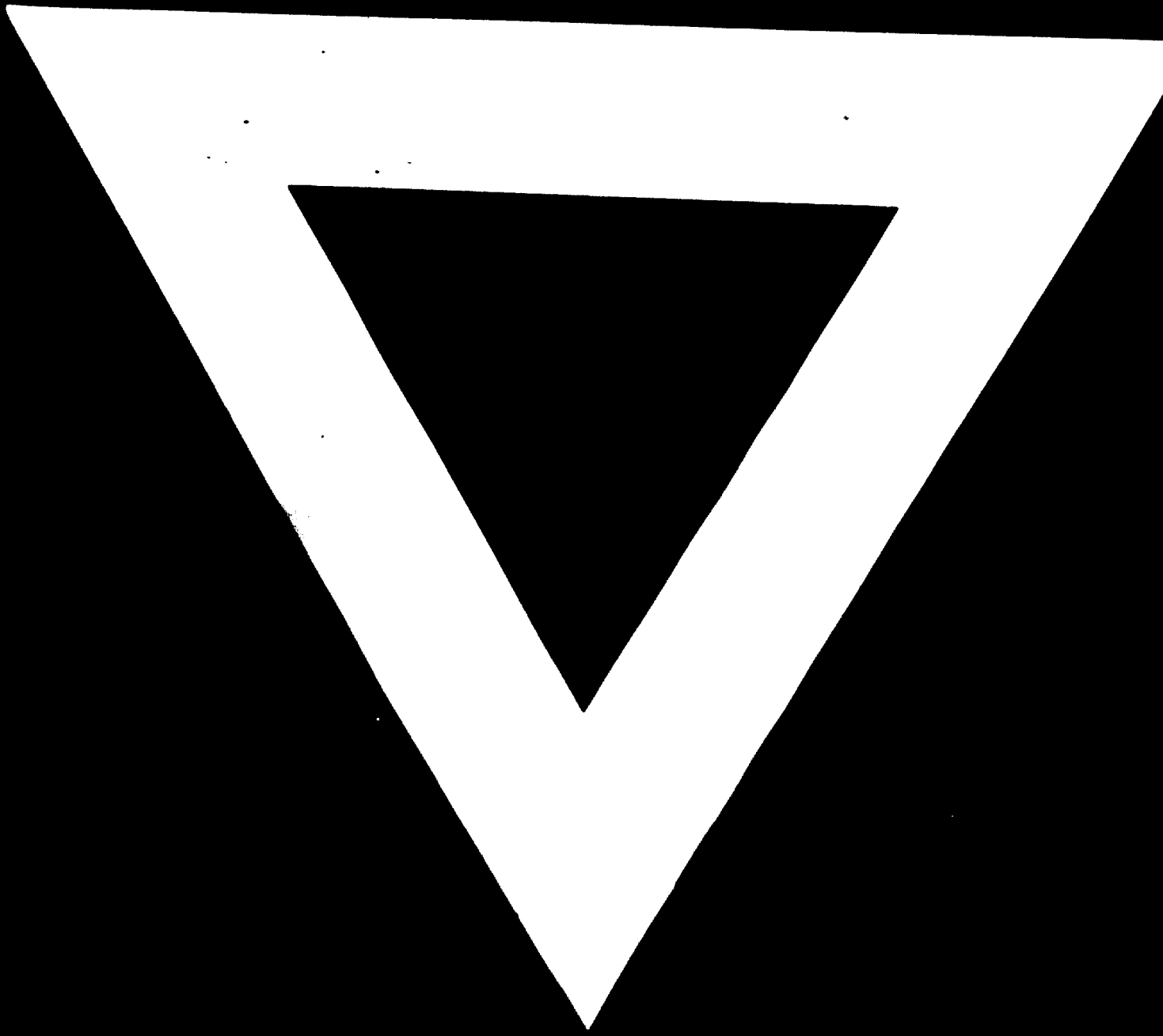
<u>Column</u>	
1	Type of card
2-13	Identification number of the enterprise
14-38	Beginning of the name of the enterprise
39-50	Identification number of the establishment
51-68	Address
69	Year
70-74	Total number of employees
75-76	Employment group
77	Nature of the establishment
78-79	Date of last updating
80	Updating operation

#### 3.4 Utilization of the register

The register thus established is an essential instrument for administrative co-ordination and for statistical co-ordination as it makes it possible to ensure the comparability of statistics. It can be used to provide lists of establishments or enterprises having certain characteristics. Such lists are requested by government departments, enterprises or private individuals. The register may be utilized directly for obtaining, on a given date, a more or less detailed statement, with figures, of the items of information contained in the register. It is a source of statistics on the current situation, a sort of permanent census of establishments and enterprises as at a given date; this census is admittedly limited to a small number of features - number of units, employees, activities, etc. - but nevertheless covers almost all industrial and commercial establishments.

Lastly, the register provides a basis for the planning and undertaking of surveys, in particular industrial surveys. It makes it possible to select the units to be surveyed by applying a particular method for the extraction of a sub-set of units (such as a sample).





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