

An enterprise is an organisational unit producing goods or services which has a certain degree of autonomy in decision-making. An enterprise can carry out more than one economic activity and it can be situated at more than one location. An enterprise may consist out of one or more legal units.

Legal units include legal persons whose existence is recognized by law independently of the individuals or institutions which may own them or are members of them, such as general partnerships, private limited partnerships, limited liability companies, incorporated companies etc. Legal units as well include natural persons who are engaged in an economic activity in their own right, such as the owner and operator of a shop or a garage, a lawyer or a [self-employed](#) handicrafts-man.

Most enterprises consist out of one legal unit. According to [Eurostat](#) estimations only a very small share of enterprises comprise more than one legal unit. However, in terms of [employment](#) or [value added](#) these enterprises cover a huge part of the economy. Many of the big companies quoted at the stock exchange are on top of a chain of control of a big number of legal units.

A legal unit may own a second legal unit and this second legal unit may carry out activities solely for this first legal unit. E.g. legal unit A, a limited liability, produces particular goods and legal unit B, a limited liability as well, solely sells these goods. Both units have the same management. In this case they are seen as one single enterprise. Another example may be that legal unit C employs the staff and legal unit D owns the means of production like machines and buildings. A third legal unit E may own and manage these two legal units. Only the units C, D and E together can produce something and hence are to be counted as one enterprise.

Reasons for splitting the organisational unit enterprise into more than one legal unit can be manifold: avoiding taxes or liabilities, different salaries according to the collective wage agreement or avoiding the publication of annual reports are among them. For example, an enterprise with a certain activity might be able to save expenses, if the wages in the collective wage agreement of this activity are higher than e.g. in logistics. In that case it could make sense to single out the transport capacities of this enterprise into a special limited liability. While in the practical organisation of the enterprise nothing has changed, it now legally consists out of two legal units.

In parallel globalisation has contributed further to more complex structures of enterprises. Being active on a market in a country very often requires an enterprise to have a legal unit in that country. The legal units of such an enterprise may be centrally managed from one country, the book-keeping may be carried out centrally from another country, R&D may be done in a country with high wages, parts of the production in countries with low wages. European business statistics serves European and national purposes, data collection in the [European Statistical System](#) is organised nationally. In this set-up only the national parts of a multi-national enterprise are registered in statistics and their European parts have to be aggregated to obtain European aggregates. Multi-national enterprises are often very big enterprises with a huge impact on statistics in terms of [employment](#) and [value added](#). Thus, a good quality of multi-national enterprise data is crucial for a good quality of European business statistics and necessitates a stepping-up of the collaboration among the [European Statistical System](#). This collaboration is organised in the form of European [profiling](#), a process to delineate complex and large enterprises.

Related concepts

- [Statistical units](#)

- [Enterprise Group](#)
- [Business functions](#)
- [Observation unit](#)

Statistical data

- [Structural business statistics overview](#)

Source

- [Regulation \(EEC\) No 696/1993](#) of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community
- [Notice of intention](#) of the Business Statistics Directors Groups and the Directors of Macroeconomic Statistics on the consistent implementation of Council Regulation (EC) No 696/93 on statistical units