INSTITUTO NACIONAL DE ESTADISTICA

Business Statistics by Group Status

Methodology

Includes the Statistics on Affiliates of Foreign Enterprises in Spain (FILINT)

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I Introduction and background

From reference year 2008 to 2020, the National Statistics Institute of Spain has annually published its ***Statistics on Affiliates of Foreign Enterprises in Spain*** (FILINT), which integrates information from the Structural Business Statistics (EEE in Spanish initials) from the Industry, Trade and Non-financial Services sectors, but focusing the FILINT statistics exclusively on the sub-group of enterprises in Spain which are affiliates of foreign enterprises, that is, enterprises residing in Spain and controlled by a non-resident unit.

Starting in the year 2021, coinciding with the entry into force of Regulation 2019/2152 of the European Parliament and Council regarding European business statistics (Regulation EBS), implemented under Act 2020/1197, and to provide better information to the public, **this statistical operation broadened its dissemination strategy in the following terms**:

– It includes **a new initial block of tables** with variables and indicators that refer to **all enterprises residing in Spain** within the sectors covered by the study, broken down according to a new variable indicating the affiliation to a business group and the typology of this group. Thus, the following sub-populations are determined: 1) enterprises not forming part of a group, 2) enterprises of a group wholly residing in Spain, 3) Spanish multinationals and 4) foreign multinationals.

  The behaviour of each sub-population can be quite different, for example, in terms of productivity, amount of investment or exportation rates. The publication of data and indicators, separating and comparing these four enterprises subsets, provides interesting information for macroeconomic analysis and the study of globalisation.

– A **second block** of tables remains, which refers to the sectors within the scope of study, specifically those **enterprises residing in Spain that form part of a foreign multinational**, that is, "Affiliates of Foreign Enterprises in Spain" which is exactly what had been covered with the publication of the FILINT until 2020, providing continuity with the previous issue series on these affiliates.

Therefore, starting in the year 2021, this operation is now called the **Business Statistics by Group Status** (**EEPG** in its Spanish initials).

It is worth highlighting the following aspects:

– The EEPG is wholly integrated in the *Structural Business Statistics* (EEE in its Spanish initials) for the Industry, Trade and Services sectors, which is published annually by the INE, and these operations provide the economic and employment variables which are presented in the EEPG. The entire production process of the EEPG is done in parallel with the production of the EEE, adding a subsequent treatment to the two unique variables specific to the EEPG, which are the type of business group and the country where the parent enterprise is located in the case of enterprises controlled from abroad.

– The first block of tables of the EEPG coincides with the cope and coverage of the EEE in the respective Industry, Trade and Non-Financial Services sectors. The entirety of enterprises presented in both statistics refer to the group of enterprises residing in Spain in the sectors covered by the study.

– The second block of tables of the EEPG refers specifically to the sub-population of enterprises residing in Spain which are affiliates of foreign enterprises (the FILINT cohort).

Finally, it is worth mentioning that the INE also publishes, in another operation called *Statistics on affiliates of Spanish enterprises abroad*, the statistical findings on the affiliates of Spanish enterprises residing overseas (the FILEXT cohort).

II Practical implementation of the “enterprise” statistical unit

Until the 2017 reference year, the INE, like most European Union statistical offices, would identify the enterprise statistical unit with the Legal Unit (in the Spanish case, through the Tax ID number or NIF) for operational purposes. Thus, **for statistical purposes, each Legal Unit formed one enterprise**.

However, the progressive complexity of the way in which business groups operate internally nowadays caused the European Statistical System (ESS) to search for an improvement as regards the way in which the activity of these groups is reflected in the official statistics on enterprises. Legal Units that belong to business groups sometimes sell their products or provide their services exclusively or mainly within the group, without being market-oriented or having decision-making autonomy over the entire production process.

For this reason, in accordance with the European Statistical System, **as of the reference year 2018,** the structural business statistics (EEE and consequently, the FILINT as well) established a new practical application of the statistical concept of Enterprise, which determined that **an “Enterprise” can be formed by a single Legal Unit (as it had been until 2017) or, in the case of business groups, by several Legal Units.**

This change in the treatment of enterprises was also implemented in the Statistical Use of the Central Business Register (DIRCE in its Spanish initials). For more information on the delineation of the statistical unit of Enterprise within business groups (a technique called “profiling”), see the following link:

https://www.ine.es/metodologia/t37/t3730200_profiling.pdf

The adoption of the concept of the Statistical Enterprise implies that, when the Enterprise is made up of more than one Legal Unit (LU), its LUs must be grouped, condensing all economic and employment figures into the Statistical Enterprise. Furthermore, when certain relationships exist between the Enterprise's LUs (such as vertical integration of industrial activities, and/or Industry-Trade relationships, and/or auxiliary relationships), certain intra-enterprise flows must be consolidated. To do this consolidation, the income/entry of certain LUs have to be deducted, with their corresponding counterbalancing expense/de-listing from other LUs involved in this internal flow

To understand in greater detail how “statistical enterprises” have been constructed, consult the methodology of the *Structural Business Survey (EEE): Industrial Sector, Trade Sector and Services Sector*.

https://www.ine.es/en/metodologia/t37/metodologia_eee2023_en.pdf

It should be noted that most businesses are legal units that do not form parts of groups, so the Enterprise=Legal Unit identity remains valid. The change only affects Legal Units that are part of business groups. However, the latter are quite important in economic and employment terms, however, meaning that the EEE and FILINT data series prepared since the 2018 reference year under the new Statistical Enterprise approach are not strictly comparable to those of previous years, prepared under the traditional criteria based on separate Legal Units.

III New developments since the 2021 reference years resulting from the entry into force of the EBS Regulation

The 2021 reference year was the first year to apply the stipulations of Regulation 2019/2152 of the European Parliament and of the Council concerning European Business Statistics (EBS Regulation) and its implementing act 2020/1197 in terms of structural enterprise statistics and statistics on affiliated enterprises.

The main changes that affect the EEPG and FILINT were:

– The coverage of activities in Services Sector was expanded to include sections R (*Artistic, recreational and entertainment activities*), P (*Education*) and Q (*Health and social services activities*) as well as divisions S95 and S96 (*Repair of computers, and personal and household goods* and *Other personal services*, respectively).

– A **single number of active enterprises** has been agreed upon, which is applicable to both the Business Demographics Statistics and the EEE. Thus, the differences existing until now in this magnitude have been corrected, which had been a mandatory requirement with the entry into force of the new European regulation. As a result of this improvement, the 2021 data on the number of enterprises are not directly comparable to those of 2020.

– The institutional sectors that should be covered within the EEE has been clarified: only "**market-producing units**". The following institutional sectors are considered to fall within this determination:

  - *Non-financial enterprises (S.11).* Public limited enterprises, limited liability enterprises, other non-financial enterprises with their own legal personality, market-producing enterprises and other public entities.
  - *Financial institutions (S.12).* Note: These financial entities, although they are market producers, do not fall within the scope of the *EEE*: *Service Sectors* drawn up by the INE.
  - *Households as individual entrepreneurs* (S.14), that is, enterprises without a distinct legal personality from their owners.

  Thus, the coverage explicitly excludes:

  - Public administrations (S.13)
  - Non-profit institutions serving households (S. 15)

IV Business Statistics by Group Status

1 Objectives

The **Business Statistics by Group Status** (EEPG in its Spanish initials) presents annual information on the main economic and employment variables of **enterprises residing in Spain** from industrial, commercial and non-financial services sectors, classifying the statistical findings according to whether the enterprise forms part of a business group, differentiating by the type of group (entirely domestically held, Spanish multinational or foreign multinational).

In addition, and specifically for enterprises in Spanish pertaining to foreign multinationals (that is, the affiliates of foreign enterprises in Spain), statistical findings are provided by geographic area and the country of the parent enterprise ultimately having control. It also offers additional data relating to the percentage these foreign affiliates represent with regard to the total number of resident enterprises.

The conceptual and methodological framework of the EEPG coincides completely with the Structural Business Statistics (EEE) that the INE presents separately in their respective operations for the Industrial Sector, Trade Sector and Services Sector. The EEPG integrates information from the EEE on the three study sectors and adds additional information related to the affiliation and type of business group that the enterprise forms a part of. All this provides statistical findings that can classify the enterprises residing in Spain into sub-populations convenient for macroeconomic analysis and the study of globalisation.

These statistics (EEE and EEPG) can meet the information requirements of international organisations, in particular the European Union Statistical Office (EUROSTAT) and comply with the stipulations of Regulation 2019/2152 of the European Parliament and the Council on European Business Statistics (Regulation EBS) and its implementing legislation 2020/1197, specifically as to its tables on structural business statistics and statistics on affiliates. The methodological adaptation to these regulations has made them comparable to the rest of the countries in the European Union, which publish this same information on their respective area.

2 Statistical unit and reporting unit

2.1 STATISTICAL UNIT

The statistical unit of analysis, that is, what the statistical findings that are prepared, analysed and published are based on, is **the enterprise**, which is understood as the *'smallest combination of legal units that forms an organisational unit producing goods or services and that enjoys certain decision-making autonomy, particularly when using the resources available to it. The enterprise can carry out one or more activities in one or several places. An enterprise can correspond to a single legal unit"* (definition from European Union Regulation 696/93).

Specifically, for this operation, it considers enterprises residing in Spain whose main economic activity is included, according to CNAE-2009, in any of the investigated sectors (industry, trade and other non-financial market services).

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As explained above in section III, a new operational concept for 'Enterprise', which we will hereinafter call the “Statistical Enterprise”, is applied after 2018, which differs from previous years in that, after such year, the Enterprise = Legal Unit analogy will no longer always be true. In other words, some Statistical Enterprises may be made up of two or more Legal Units.

2.2 REPORTING UNIT

The reporting unit, or rather, the unit from which the basic information is obtained, is the Legal Unit, as the response is facilitated due to it being perfectly defined and located and having accounting and employment data, and homogeneous information is obtained. Legal Units can be enterprises with legal personality (limited enterprises) or natural persons (individual entrepreneurs).

The basic information on Legal Units is obtained either through direct gathering (by means of the completion of questionnaires) or, more and more commonly, through administrative sources (tax data for economic variables and Social Security data for variables based on employment).

Since the year 2018, upon using the Statistical Enterprise as a statistical unit, information is obtained from each Legal Unit that makes up the Enterprise, and statistics are compiled by grouping (and in the necessary cases, consolidating) variables for all the Legal Units that form the Enterprise.

3 Scope of the statistic

The scope of the statistic is defined in relation to the population investigated, time and space.

3.1 POPULATION SCOPE

Regarding its first block of tables, the study population subject to the EEPG refers to all the **enterprises residing in Spain** that are market producers and whose primary activity falls with one of the descriptors of the following sections of the National Classification of Economic Activities (CNAE-2009):

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Sectors	Activities according to the CNAE-2009		
	Section		Divisions
Industrial Sector	B	Mining industries	05-09
	C	Manufacturing	10-33
	D	Electricity, gas, steam and air conditioning supply	35
	E	Water supply, sewerage, waste management and remediation	36-39
Trade Sector	G	Wholesale and retail trade; repair of motor vehicles and motorcycles	45-47
Non-financial Services Sector	H	Transport and storage	49-53
	I	Hospitality	55-56
	J	Information and communications	58-63
	L	Real estate activities	68
	M	Professional, scientific and technical activities	69-75
	N	Administrative and support services activities	77-82
	P	Education *(Note 1)*	85
	Q	Health and social services *(Note 1)*	86-88
	R	Artistic, recreational and entertainment activities *(Note 2)*	90-93
	S	Other services (except 94 Associative activities) *(Note 2)*	95-96

Regarding its second block of tables (FILINT), the statistics focuses on **enterprises residing in Spain which are affiliates of foreign enterprises** and whose primary activities include industrial, trade and non-financial services, considering the same activities already noted in the first block of tables. *(Note 1 and Note 2)*

3.2 TERRITORIAL OR GEOGRAPHICAL SCOPE

All statistical units (enterprises) located within Spain (including Ceuta and Melilla) are subject of the study. *(Note 3)*

3.3 TEMPORAL SCOPE

The statistics is performed annually.

The reference period of the date is the calendar year, which generally coincides with the accounting financial year. Exceptionally, units which operate seasonally or campaigns which undertake two different years, and whose data are accounted for as such, refer to information in the season or campaign that ends in the reference year.

Note 1: Activities in sections P and Q (Education and Health and Social Services) are included in the EEE for the first time, and also in the FILINT, after the 2021 reference year.

Note 2: Activities in section R (Artistic, recreational and entertainment activities) and divisions S95 and S96 (Repair of computers, personal items and household items, and other personal services), although they were previously included in the EEE, they have been incorporated in the FILINT after the 2021 reference year.

Note 3: The FILINT statistic published before the 2020 reference year excluded Ceuta and Melilla.

4 Sampling frame and design

The EEPG is entirely integrated with the EEE of the Industry, Trade and Services sectors, so all aspects related to the sampling frame and design are the same as those applied for these structural statistics.

4.1 SAMPLING FRAME

The **sampling framework** is obtained from the ***Central Business Register*** (DIRCE in Spanish), which is updated annually with administrative sources (primarily tax and Social Security data) and with information from the INE's statistical operations.

The DIRCE is a tiered integrated information system, in which the following are ordered, from smallest to largest: Establishment, Legal Unit, Statistical Business, and Business Group. For each one of these levels, the DIRCE contains information on the primary economic activity, the number of employees and the turnover (variables that are used in the sample design and stratification process) and on identification and location data (necessary for an accurate information collection). In addition, for business groups, the DIRCE system contains information on the type of group, as well as date on the ultimate controlling unit and its country of residence.

It is worth adding that the European Statistics System also uses the ***EuroGroups Register (EGR)***, focusing on multinational business groups. To form the annual frames of the EGR, Eurostat compiles information on multinational groups and their legal structures (including details on their enterprises and legal units) received in the national enterprises registers of EU Member States (for example, the DIRCE in the case of Spain) and countries of the EFTA, and it complements this with additional data from private sources (databases on enterprises). To update each yearly version of the EGR, Eurostat coordinates data interchange process with the different Member States for statistical purposes, processes which allow the states to validate cross-border information on these multinational business groups.

4.2 SAMPLE DESIGN

Specific details on the **sampling design** (sample type, determination of exhaustive units, stratification, sample size and affixation, sample selection, estimators and sampling errors) can be consulted in the Methodology of the Structural Business Statistics, available on the INE website.

https://www.ine.es/en/metodologia/t37/metodologia_eee2023_en.pdf

It is worth adding that, given the peculiarities of the specific cohort of affiliates of foreign enterprises (FILINT cohort), it has been considered appropriate to apply, wherever possible, the criteria of exhaustiveness in the selection process of these units.

5 Variables and definitions

The classification and study variables present in this statistical operation are described below.

5.1 CLASSIFICATION VARIABLES

Group Status

A **business group** is an association of enterprises united by legal and/or financial ties. A group of enterprises can have more than one decision centre, especially for production, sales and profit policies. It can centralise certain aspects of the financial and tax management. It constitutes an economic entity endowed with decision making powers, in particular with respect to its component units. (Source: Regulation (EEC) no. 696/1993 on the statistical units for the observation and analysis of the production system in the Community).

Business groups can be categorised according to **where control is ultimately exercised and where their component units reside**. To do so, the following definitions are taken into account:

– "**Control**" is understood as the ability to determine the general policy of a enterprise, for example, appointing, where appropriate, the pertinent managers. In this context, enterprise A is considered to be controlled by an institutional unit B when B controls, directly or indirectly, more than half of the shareholders' voting rights, or otherwise secures control over A.

  At times, this control can be exercised via effective minority control, without owning more than half of the shares or votes, if the percentage, for example, although less than 50%, is greater than that of any other owner. We speak of indirect control when this is not directly exercised, but through another subsidiary over which there is control. That is, if a enterprise A controls another enterprise B, and this in turn controls a third enterprise C, it follows that enterprise A indirectly controls enterprise C.

– **Control is understood to be "ultimate"**, that is, a unit A is considered the ultimate controller of B, if A is located at the upper end of the control chain of B and no other institutional unit controls A. In the terminology of statistics on European subsidiaries, this criterion corresponds to the concept of UCI (Ultimate Controlling Institutional Unit).

Based on the above, the population of **enterprises residing in Spain** can be classified into the following sub-populations:

– *Enterprises not forming part of a business group.* These are independent enterprises, not controlled by others, nor controlling any others.

– *Enterprises forming part of an entirely resident or domestic business group.* These are enterprises that form part of a Spanish group whose component legal units all reside in Spain (both the controlling unit and the other controlled units).

– *Enterprises that form part of a Spanish multinational group (Spanish multinational).* These are resident enterprises in Spain which form part of a Spanish group (its

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institutional control unit is located in Spain) and, in addition, the group controls at least one affiliate outside Spain. They include both the controller unit in Spain and the other controlled units located in Spain.

– *Enterprises that form part of a multinational group under foreign control (foreign multinational)*. These are resident enterprises in Spain that form part of a foreign group (its ultimate institutional control unit is located outside Spain). They are foreign affiliates in Spain (we call this the FILINT cohort, whose data was published by the INE in the *Statistics on Foreign Affiliates in Spain*, until 2020).

Economic activity

The economic activity carried out by a enterprise is defined as the creation of added value through the production of goods and services.

Enterprises frequently carry out various activities, which can be separated into different classes under the National Classification of Economic Activities. In general, the activities carried out by an economic unit may be one of three types: primary, secondary and auxiliary activities. The primary activity is differentiated from the secondary activity(s) by it being the one generated the greatest added value. As for auxiliary activities, these are ones that generate services which are not sold in the market and are only used by the unit which so requires them (administration, transport services or warehousing).

For the purposes of this statistic, enterprises are classified according to their primary activity, that is, the one that provides the greatest added value. However, given the difficulty that the calculation or estimation of this variable may sometimes pose for enterprises, if this information is not available, the primary activity will be considered as the one that generates the highest turnover or, failing that, the one that employs the greatest number of employees.

From the point of view of the dissemination of the results, two different levels of disaggregation of the enterprises' activity are established:

a) Classification of enterprises according to activity sector.

   Three large sectors are considered:

   - Industry (sections BCDE of the CNAE)
   - Trade (section G of the CNAE)
   - Services (Sections HIJ LMN PQR and divisions S95 and S96 of the CNAE) (*Note 1 and Note 2*)

b) Classification of enterprises according to disaggregated branch of activity.

   The different activity branches considered within each sector are as follows:

Note 1: Education and Health Activities are included in the EEE for the first time, and also in the FILINT, after the 2021 reference year.

Note 2: Artistic, recreational and entertainment activities and the Repair of computers, personal items and household items, and other personal services, although they had been included in the EEE, they are incorporated in the FILINT after the 2021 reference year.

Industry

Mining and quarrying industries, energy, water and waste (CNAE 05-09, 19, 35-39)

Food, beverages and tobacco (CNAE 10-12)

Textile, clothing, leather and footwear (CNAE 13-15)

Wood and cork, paper and graphic arts (CNAE 16-18)

Chemical and pharmaceutical industry (CNAE 20, 21)

Rubber and plastic products (CNAE 22)

Various non-metallic ore products (CNAE 23)

Metallurgy and manufacture of metal products, except machinery and equipment (CNAE 24, 25)

Electrical, electronic and optical material and equipment (CNAE 26, 27)

Mechanical machinery and equipment (CNAE 28)

Transport material (CNAE 29, 30)

Miscellaneous manufacturing industries, repair and installation of machinery and equipment (CNAE 31-33)

Trade

Sale and repair of motor vehicles and motorcycles (CNAE 45)

Trade intermediaries (CNAE 461)

Wholesale trade of agricultural raw materials and livestock, food products, beverages and tobacco, and household items (CNAE 462-464)

Wholesale trade of information technology equipment and other machinery and equipment and non-specialised wholesale trade (CNAE 465-469)

Retail trade of food, automotive fuel and information technology equipment in specialised establishments (CNAE 471-474)

Other retail trade (CNAE 475-479)

Services

Transport and postal and courier activities (CNAE 49-51, 53)

Storage and activities related to transport (CNAE 52)

Hotel, restaurants and catering (CNAE 55, 56)

Publishing, cinematographic activities, radio, television and telecommunications (CNAE 58-61)

Computer programming and information services (CNAE 62, 63)

Real estate activities (CNAE 68)

Professional, scientific and technical activities (CNAE 69-75)

Administrative and support service activities (CNAE 77-82)

Education (CNAE 85) *(Note 1)*

Health and social service activities (CNAE 86-88) *(Note 1)*

Artistic, recreational and entertainment activities (CNAE 90-93) *(Note2)*

Repair of computers, personal effects and household items; other personal services (CNAE 95-96) *(Note 2)*

Size of the enterprise

The size of the enterprise is one of the most significant variables when determining a enterprise's behaviour. This dimension can be established in terms of the magnitude of its turnover or production value, or considering the number of people that make up the enterprise's workforce. In this statistic, we choose to consider this second option to determine the enterprise's size, establishing size tranches based on their employed personnel.

Personnel employed in the enterprise are considered to be the group of people who contribute, through the contribution of their work, to the production of goods and services, or who carry out auxiliary activities in the enterprise, whether paid or not. These include people on short-term leave (sick leave, holiday, or exceptional leave), staff on strike, and people who work outside the enterprise but who are part of it and are paid by it (more details in section 5.2).

For the purposes of the dissemination of the findings, two different levels of disaggregation of the enterprise size variable are established:

a) Classification of enterprises by aggregated size:
   - Less than 10 employed persons
   - From 10 to 49 employed persons
   - From 50 to 249 employed persons
   - 250 employed persons or more

b) Classification of affiliates by disaggregated size interval:
   - Less than 10 employed persons
   - From 10 to 19 employed persons
   - From 20 to 49 employed persons
   - From 50 to 99 employed persons
   - From 100 to 249 employed persons
   - From 250 to 499 employed persons
   - From 500 to 999 employed persons
   - 1000 employed persons or more

Geographical region and country of the parent enterprise

This classification variable is used for tables concerning *Affiliates of Foreign Enterprises in Spain* (FILINT).

According to the methodology established by Eurostat, encompassed by European regulations and the corresponding manual of recommendation on affiliate statistics, the criterion applied when determining the country of the parent enterprise is considered to be the enterprise that has ultimate control of the foreign affiliate residing in Spain. The ultimate owner of an affiliate is the institutional unit or enterprise which, hierarchically at the top of the chain of control of said affiliates, exercises control over it and is not in turn controlled by any other unit.

The statistical findings for Affiliates of Foreign Enterprises in Spain (FILINT) are disaggregated by the geographic area of the parent enterprise. In certain cases, and depending on its importance, the information provide is described by country of origin of the parent enterprise that controls the affiliate.

For the purposes of the dissemination of the findings, two different levels of disaggregation of the geographic area variable of the parent enterprise:

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1. Classification of affiliated enterprises according to the aggregated geographical area:
   - **a) Europe**
     - i) Euro Zone
     - ii) Rest of the European Union
     - iii) Rest of Europe
   - **b) America**
   - **c) Asia**
   - **d) Rest of the world**
2. Classification of affiliated enterprises according to the disaggregated geographical area:
   - **a) Total Europe**
     - i) Euro Zone
       - Germany
       - France
       - Luxembourg
       - Netherlands
       - Italy
       - Portugal
       - Belgium
       - Austria
       - Ireland
       - Other Euro Zone Countries
     - ii) Rest of the European Union
       - Sweden
       - Denmark
       - Other Countries of the European Union
     - iii) Rest of Europe
       - United Kingdom[1]
       - Switzerland
       - Rest of European Countries
   - **b) Total Americas**
       - United States
       - Mexico

[1] The United Kingdom left the European Union on 1 February 2020.

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- Canada
- Other Countries in the Americas

c) Total Asia

- Japan
- Hong Kong
- China
- South Korea
- Arab Emirates
- Other Countries in Asia

d) Rest of the world

Autonomous Community (only in the FILINT statistics until 2018 for results based on Legal Units)

This list was only included in the FILINT statistics until the 2018 reference year for results based on legal units. Until that year the findings on the main disaggregated variables were presented for each of the 17 autonomous communities according to the location of the corporate headquarters of the legal unit.

5.2 STUDY VARIABLES

The variables presented in this statistic are detailed and described in following.

Number of enterprises

Enterprise is understood as the 'smallest combination of legal units that forms an organizational unit producing goods or services and that enjoys certain decision-making autonomy, particularly when using the resources available to it. The enterprise can carry out one or more activities in one or several places. An enterprise can correspond to a single legal unit" (definition from European Union Regulation 696/93).

Only the active units at some time during the reference period are included. A statistical unit is considered to have been active during the reference period if, in said period, its turnover has been net positive, it has effectively produced, it has had employees or it has made investments.

Taking into account the classification made in the EEPG for **enterprises residing in Spain**, and referring to each sub-population as indicated in the following:

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Enterprises that do not form part of a business group. These are independent enterprises, not controlled by others, nor controlling any others	E_INDP
Enterprises forming part of an entirely resident or domestic business group. These are enterprises that form part of a Spanish group whose component legal units all reside in Spain (both the controlling unit and the other controlled units).	E_GD
Enterprises that form part of a Spanish multinational group (Spanish multinational). These are resident enterprises in Spain which form part of a Spanish group (its institutional control unit is located in Spain) and, in addition, the group has at least one affiliate outside Spain. They include both the controller unit in Spain and the group's other units located in Spain.	E_ME
Enterprises that form part of a multinational group under foreign control (foreign multinational). These are resident enterprises in Spain that form part of a foreign group (its ultimate institutional control unit is located outside Spain).	E_MX (or also called the FILINT cohort)

The following enterprise sets and subsets can be calculated:

Total enterprises residing in Spain = E_INDP + E_ GD + E_ME + E_MX

Of which:

– are controlled in Spain = E_INDP + E_ GD + E_ME
– are in business groups = E_GD + E_ME + E_MX
– are in business groups controlled in Spain = E_GD + E_ME
– are multinationals = E_ME + E_MX
– are Spanish multinationals = E_ME
– are foreign multinationals (FILINT) - = E_MX

On the other hand, the INE presents, in another operation called *Statistics on affiliates of Spanish enterprises abroad*, the statistical finding on the affiliates of Spanish enterprises residing overseas (the FILEXT cohort).

With this, the information requisites on statistics of foreign affiliated required by the Commission's Implementing Regulation 2020/1197 on European business statistics can be met, specifically for its Tables 14, 15 and 33:

– Table 14: Statistics on the FILINT cohort (that is, subset E_MX)
– Table 15: From Spanish multinationals, its portion residing in Spain (that is, E_ME)
– Table 33: From Spanish multinationals, its portion residing outside Spain (that is, the FILEXT cohort)

Employed personnel

Employed personnel are considered to be the group of people who, as part of the enterprise, contribute to its activities through the contribution of their work, whether paid

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or unpaid. Included are working owners, partners who work regularly in the unit, and unpaid family members who work regularly in the unit. Also included are people who, although they work outside the enterprise, belong to it and are paid by it (for example, sales representatives, courier staff, and repair and maintenance teams who work on behalf of the enterprise). Employed personnel include both permanent and temporary personnel, whether full-time or part-time.

Not included as employed personnel:

- Exclusively capitalist partners and family members of the owner who do not actively participate in the enterprise.
- Members of the Board of Directors who do not work for the enterprise for at least a third of a normal working day.
- Personnel who work at the enterprise's premises but who depend on another enterprise from which they receive their remuneration.
- Personnel provided by temporary employment agencies: It is the personnel who work in the enterprise but do not belong to it because they are personnel supplied by temporary employment agencies.
- People with unlimited leave, leave of absence, retirees... unless they truly continue working in the enterprise.
- Dependent freelancers: These are professionals who do not appear on the enterprise's payroll and who are linked to it by some type of contract other than those of an employment nature, such as a commercial contract or other type, and who work exclusively, or at least mainly, for the enterprise.
- In general, freelancers linked to the enterprise by a commercial contract.

Employed personnel include both paid and unpaid personnel.

For the purposes of statistical findings, information on employed personnel is presented in terms of an annual average.

Paid personnel

Salaried personnel are employees related to the establishment through a work contract and who receive remuneration in the form of a wage, salary, commission, bonus, piecework or in kind. This includes both permanent and temporary personnel, whether full-time or part-time.

It also includes both those who perform functions directly associated with the productive activities of the establishment, as well as those others whose tasks are not directly linked to the production process (directors on salary, managers, technicians, office and administrative personnel, subordinates, sellers, etc.).

Turnover

Turnover includes all amounts invoiced by the observed unit during the reference period, which correspond to the sale of goods and services supplied to third parties.

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In the assessment of business volume, all fees and taxes on goods and services invoiced by the unit are taken into account, with the exception of the VAT invoiced by the unit to its customers and other similar deductible taxes directly linked to business volume. Other expenses (transport, packaging, etc.) passed on to the customer are also included, even if these are specified separately on the purchase invoice. However, possible price reductions, rebates and discounts, as well as the value of returned packaging, must be deducted from the total amount.

From an accounting standpoint, the concept of business volume corresponds to the sum of the amounts related to net sales of products, net sales of merchandise and the provision of services. It does not include, therefore, subsidies or other operating income, nor financial, extraordinary or other income that affects the annual results.

Sales outside Spain

The breakdowns made in the *Structural Business Statistics* includes the geographical destination of sales. From this breakdown, it obtains the variable on Sales outside Spain.

Total purchases of good and services

This concept includes:

– *Goods acquisition:* Amount of goods acquired by the enterprise during the reference year to resell them in the same condition in which they were acquired without subjecting them to transformation. These are accounted for in net terms, that is, subtracting discounts on purchases for prompt payment[1], rebates[2] on purchases, purchase returns[3] and similar operations.

– *Purchases of raw materials and other supplies:* Value of goods acquired for transformation during the production process (raw materials) and the amount purchased on supplies such as fuel, spare parts, packaging, office supplies, etc. (such provisions must have the characteristic of being storable). These are accounted for in net terms, that is, subtracting discounts on purchases for prompt payment, rebates on purchases, purchase returns and similar operations.

– *Work carried out by other enterprises or professionals in the sector.* Value of the work that, forming part of its own production process, is commissioned and carried out by other enterprises or professionals. Due to its importance for the Industrial Sector, the subcontracting of expenses is featured in this heading, that is, the amount paid by the enterprise to other enterprises as a result of their participation, as subcontractors, in the design or production of a certain product.

– *Expenses on external services:* These are the wide range of operating expenses incurred by the enterprise during the reference year, such as R&D expenditure, leases and royalties, repair and maintenance, the services of independent

[1] Discounts on purchases for prompt payment. Discounts and similar concepts that are granted to the enterprise by its suppliers for prompt payment, those not included in the invoice.

[2] Rebates. These are discounts and similar concepts based on having reached a certain order volume

[3] Purchase returns. Includes shipments returned to suppliers normally due to non-compliance with the order conditions.

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professionals, transport, insurance premiums, banking and similar services, advertising, publicity and public relations, utilities (electricity, water...) and other services.

Personnel expenses

Personnel costs are defined as the total remuneration, in cash and in kind, that an employer must pay to an employee (permanent and temporary employees, as well as home workers) in exchange for the work performed by the latter during the reference period. Personnel expenses include, in addition to salaries and wages, employees' social security contributions and taxes withheld by the unit, as well as the employer's mandatory and voluntary social contributions.

Remunerations paid during the reference period are considered included, regardless of whether they are paid based on working hours, production or piecework, and whether they are paid periodically or not (productivity and performance incentives, bonuses, extraordinary benefits, severance pay, accommodation, transportation, cost of living and family allowance, commissions, attendance bonuses, overtime, night work, etc.).

From an accounting point of view, salaries and wages, compensation, Social Security paid by the enterprise, as well as other social expenses are part of the concept of personnel expenses.

Wages and salaries

These include all amounts, mandatory or voluntary, paid in money or in kind by the enterprise to its salaried personnel of all types (permanent and temporary), as remuneration for the work they have done.

These payments are recorded at their gross amount, that is, before making the corresponding deductions for social security and personal income taxes paid by the workers. It also includes compensation, that is, payments made directly by the enterprise to its employees in the event of illness, unemployment, dismissal, accident, pension, early retirement... It also includes compensation to personnel settled with equity instruments (for example, shares, stock, etc.).

The full base salary is included; monetary supplements for overtime, seniority, title, dangerousness, incentives, assistance, residence, transportation premium, etc.; benefit bonuses, Christmas bonuses and extraordinary payments; remuneration in kind (valued according to the net cost it represents for the enterprise) provided free of charge or at a reduced price to its employees as consumers (food products, fuel, housing, clothing, distributed shares, etc.).

Payments made to professionals or free and independent collaborators linked to the enterprise by a commercial contract, travel expenses of enterprise personnel, payments to temporary employment enterprises are not included. Social Security contributions and pension funds paid by the enterprise are also not included in this heading.

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Investment in material assets

Investment is defined as the real increases in the value of capital resources made by the enterprise in the reference year. The real increase in productive resources is understood to be the increased value that occurs in the different types of assets, whose origin is traced from purchases of goods from third parties (new or used), in its own production of assets, or in work carried out by the enterprise itself or by third parties on already existing elements in order to increase their productive capacity, performance or service life (acquisitions, improvements and own production).

Investment in material assets includes material capital goods acquired from third parties, as well as those produced by the unit itself (that is, the capitalised production of material goods) that have a service life beyond one year. These assets include land and natural assets, buildings, constructions and renovations, technical installations, machinery, tools, other installations, furniture, information processing equipment, transportation elements and other tangible assets. It is the gross investment during the reference period in material goods.

Assets incorporated as a result of business restructuring (mergers, segregations, etc.) should not be taken into account under the concept of investment. Purchases of small tools that are not capitalised and are included as current expenses should not be part of this either. Current maintenance costs are excluded.

Production value

Production value measures the amount of goods and services actually produced by the enterprise during the year.

Production value of production is defined as the turnover, plus or minus changes in inventories (of finished products, work in progress and goods and services purchased for resale), minus the acquisition of goods and services for resale, plus the work carried out by the enterprise for its assets (capitalised production) and other management income (excluding subsidies). Income and expenses classified as financial or as income in the form of interest and dividends in business accounting are excluded from the concept of production value.

Gross added value at factor cost

The added value at factor cost is the gross income obtained from operating activities, once adjusted for operating subsidies and indirect taxes.

Its estimated value can be calculated from the turnover, plus capitalised production, plus other operating income, plus changes in inventories, minus acquisition of goods and services, minus other taxes on products linked to non-deductible business volume, minus fees and taxes linked to production. As in the concept of production value, leases (income) and expenses classified as financial or extraordinary in business accounting are excluded from added value.

The added value at factor cost is calculated as “gross” because value adjustments (such as depreciation) are not taken into account in its valuation.

Gross operating surplus

Gross operating surplus is the surplus generated by the operations once the labour factor has been offset. It can be calculated using the gross added value at factor cost, minus personnel costs. It constitutes the available balance for the unit which will allow it to compensate its fund providers and service its debt, pay taxes and eventually finance all or part of its investment.

5.3 MAIN INDICATORS

For the purposes of providing an analysis of the particular characteristics of each industry and cohort investigated, and within these, determine the similarities or differences existing between their component enterprises, certain indicators are prepared in the form of ratios based on the previously mentioned variables.

Productivity: This is the ratio between the added value at factor cost and the average number of employed persons in the year. It represents the contribution of each employed (paid or otherwise) to the generation of the enterprise's profit; indirectly this is the measure of relative weight of the labour factor in each activity. Expressed in euro.

Average salary: This is the ratio between the total Wages and salaries and the average paid employee. It provides for a comparative analysis of the average remuneration paid to wage earners in each activity. Expressed in euro.

Added value rate: This is the proportion that the gross added value at factor cost represents with respect to the production value. It shows the capacity to generate income per unit of product or service. Expressed as a percentage.

Personnel cost rate: This is proportion that personnel costs represent with respect to the added value at factor cost. It can be considered as a measure of the participation of the salaried employees in the distribution of the revenue generated in the industry. Its complementary is the Surplus Rate. Expressed as a percentage.

Gross operating rate: This is the proportion that the gross operating surplus represents with respect to turnover. Expressed as a percentage.

Material investment rate: This is proportion that material investment represents with respect to the added value at factor cost. Expressed as a percentage.

Rate of paid personnel: Proportion of the paid personnel over the total employed personnel, both as an annual average. Its complementary measures the degree of non-paid employment in each sector. Expressed as a percentage.

Female Participation Rate Among Paid Personnel: Proportion of the number of paid women over the total paid personnel, both variables as an annual average. Expressed as a percentage.

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6 Processing of information

The gathering and processing of information for the EEPG is part of the general production plan for the *Structural Business Statistics* (EEE in its Spanish initials) in the industry, trade and services sectors.

Except for the variables related to the membership in a business group and the country from which ultimate control of the enterprise is exercised, all the remaining variables of the EEPG are obtained from the EEE.

The following processes in the production of the EEPG are common to those used in these structural operations:

– Collection of information, which includes direct collection through questionnaires and, to an increasing extent, the use of data from administrative sources (Social Security affiliate file and tax files).

– Field work management projects and their computerisation, information purification, control and correction of errors, and handling of incidents.

– Validation and compilation of information from the sample Legal Units, including the handling of non-responses.

– Treatment of information for the Statistical Enterprise, which includes the aggregation of data from the Legal Units that make up the enterprises and their consolidation.

– Calculation of elevation factors for the construction of statistical aggregates of enterprises.

All the details of these processes are documented in the Methodology on Structural Business Statistics, available on the INE website.

https://www.ine.es/en/metodologia/t37/metodologia_eee2023_en.pdf

Specifically for the EEPG, the following processes are also carried out:

– Incorporation of the variables related to the type of business group and country of the parent enterprise that ultimately exercises control.

– Sectoral integration: Although the structural statistics on the industry, commerce and services sectors are disseminated separately, it has been considered useful to design a single statistical product that jointly presents the data of all enterprises residing in Spain in all three sectors, in order to respond more effectively to the current demands and statistical needs of different users of this information.

– Compilation for the preparation of dissemination products, including confidentiality treatment.

– Formation of macrodata files to meet the requirements of European Parliament and Council Regulation 2019/2152 relating to European business statistics (EBS Regulation) and its Implementing Act 2020/1197, specifically regarding the following tables:

  - Table 14: National business statistics on the enterprises of ultimate control by country (that includes the data on enterprises residing in Spain and ultimately controlled by institutional units outside Spain).

  - Table 15: National business statistics on enterprises under foreign control and active national affiliates in the reporting country (which includes data on enterprises residing in Spain of Spanish multinationals).

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7 Dissemination of information

7.1 DISSEMINATION PLAN

Starting in the 2021 reference year, the publication of the statistical finding of the EEPG in INEBase is organised in two large blocks, which include the following tables:

Main variables and indicators according to Group Status (affiliation within a business group and type of group)

1.1 Main variables according to affiliation within a business group and type, by business activity branch

1.2 Main variables according to affiliation within a business group and type, by activity sector and size of the enterprise

1.3 Main indicators according to affiliation within a business group and type, by business activity branch

1.4 Main indicators according to affiliation within a business group and type, by activity sector and size of the enterprise

Affiliates of Foreign Enterprises in Spain (FILINT)

2.1 FILINT. Main variables by activity branch. Value and percentage of total enterprises

2.2 FILINT. Main variables by intervals of enterprise size. Value and percentage of total enterprises

2.3 FILINT. Main variables by activity sector and enterprise size. Value and percentage of total enterprises

2.4 FILINT. Main variables by country of the parent enterprise

2.5 FILINT. Main variables by activity sector and geographical area of the parent enterprise

2.6 FILINT. Main investor countries by activity branch

2.7 FILINT. Main investor countries by activity sector

With respect to the second of these blocks (FILINT tables), users can continue consulting the findings from previous years, that is:

– Results based on statistical enterprises Years 2018 to 2020 *(Note 1) (Note 2)*

– Results based on Legal Units Years 2008 to 2018 *(Note 1) (Note 2)*

Note 1: Since the 2018 reference year and onward, the FILINT statistics, much like the EEE, applies the operative concept of "enterprise", according to which a Statistical Enterprise can be formed by a single Legal Unit (as it had been until the year 2017) or various Legal Units. Due to this change, the statistical results for 2018 (based on the Statistical Enterprise) are therefore not comparable with those of previous years (based on separate Legal Units). In order to facilitate the comparison in 2018, the INE disseminated the statistical finding of this year in both versions.

Note 2: The dissemination plan under both approaches is nearly identical, except for the findings based on statistical enterprises, where the tables referring to autonomous communities are removed, as the "Statistical Enterprise" can be made up of "Legal Units" located in different autonomous communities.

It is worth noting that, for previous periods (2005-2007), information only referring to the service sector is available, which can be obtained by consulting the corresponding *Statistics on Foreign Affiliates in the Services Sector*.

7.2 TREATMENT OF CONFIDENTIAL DATA

Law 12/1989 on the Public Statistical Function establishes that the INE cannot disseminate, or make available in any way, individual or aggregate data that could lead to the identification of data not previously known about a person or entity.

The INE takes the necessary logical, physical and administrative measures to ensure there is effective protection of confidential data, from data collection to publication.

- The survey questionnaires include a legal clause that informs users about the protection that covers the data collected.
- In the information processing phases, data that provide direct identification are only kept as long as they are strictly necessary to guarantee the quality of the processes.
- In the publication of the results tables, the details of the information are analysed to prevent confidential data from being deduced from the statistical units. Cells that could lead to the identification of individual data are marked as confidential and do not show the information they contain (primary and secondary confidentiality).
- In custom requests, the same treatment is carried out to preserve statistical secrecy.

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