

# **DISTRIBUTIVE TRADE AND SERVICE INDUSTRIES STATISTICS**

## **1. Introduction**

Distributive trade and service industries [DTSI] account for a substantial proportion of economic activities in every country, whether they are measured in terms of contributions to the GDP or share of total employment. In Nigeria, the sub-sector's share of GDP is over 10 per cent. There are no reliable estimates of the percentage of able-bodied Nigerians employed in this sub-sector, but casual observation suggests that it is remarkably high in spite of the increasing rate of under-employment.

## **2. Coverage, Scope, Uses and Users of Statistics of Distributive Trade and Service Industries**

Distributive trade and services sub-sector consists of national establishments which engage in trading and provision of invisible goods. The following activities are defined in the International Standard Industrial Classification (ISIC) as falling within the scope of distributive trade and services: wholesale trade; retail trade; restaurants, cafes, and other eating and drinking places; hotels, camps and other lodging places; real estate; data processing services; advertising services; machinery and equipment retail and leasing; motion picture production; radio and television broadcasting; theatrical producers and other entertainment services; repair of footwear and other leather shoes; electrical repair shops; repair of motor vehicle and motorcycles; watch, clock and jewelry repair; other repair shops not classified elsewhere; laundries, laundry services, cleaning and dyeing plants, barber and beauty shops; photographic studios, including commercial photography. Hotels, Restaurants and Tourism have been constituted in a data set with distinct divisional code.

Wholesale trade is defined as re-sale, without transformation, of new and used goods to non-final consumers. Grading, bulk-breaking, repackaging and bottling are not regarded as transformation and are, therefore, legitimate activities of wholesalers. In Nigeria, bottling is regarded as manufacturing. Some bulk-breaking and repackaging

establishments (especially those with parent companies located outside Nigeria and which are in food and chemical production) could also be classified under manufacturing.

Retail trade is defined as re-sale, without transformation, of new and used goods for personal or household consumption or utilisation. The scope is confined to services rendered to households and enterprises. These are services provided by establishments which can be regarded as stores, hotels, restaurants, theatres, shops and offices. It Excludes the producers of Government services, producers of private non-profit services, financial institutions, insurance and some other services rendered by individuals (professionals, artists, authors, servants, etc.).

The data of distributive trade and services industries as defined above are required for several purposes. These include

- the study of trends in the economy of wages and salaries earned in the sub-sector, including changes in stocks, gross fixed capital formation and sales to final consumers.
- the construction of indices of wholesale and retail trades which are important indicators of business activities.
- use by the administrators of value-added tax.
- use in trade, industry and market research, surveys and trend analysis and planning at the corporate level.

### **3. Sources and Methods of Compiling Statistics on Distributive Trade and Service Industries (DTSI)**

There are primary and secondary sources of data on DTSIs. The secondary sources include tax records, balance sheets and other administrative sources, especially documents filed with the Corporate Affairs Commission in compliance with the Companies and Allied Matters Act (CAMA).

These administrative sources may be useful to researchers and other analysts whose studies focus on few establishments and on limited aspects of their activities. They do not generate data that can be relied upon as inputs into an operational database on distributive trade and service industries.

Primary sources of data are surveys, censuses and inquiries designed to collect data on the sub-sector. The then FOS conducted the first distributive survey in Nigeria in 1971. Other surveys were conducted in 1972, 1973 and 1985.

DTSIs are the only channels through which goods and services available for consumption reach the final consumers. The sub-sector is also important with respect to employment generation. There is therefore, the need to collect available and measurable data to determine reliable estimates of the share of the sub-sector in various components of national accounts (as has been the case with the manufacturing sub-sector since the inception of the survey of manufacturing activities).

The distribution survey conducted by the then FOS did not cover all the services listed under the scope and coverage above. It covered wholesale and retail trades, restaurants and other catering and drinking places, hotels and other lodging places.

In the distribution survey, the establishment is the unit in respect of which statistical data are gathered. The establishment is defined as the store, shop, office or other single location where a combination of resources and activities is directed by one ownership in carrying out one kind of business. The establishment includes support units such as garages, subsidiary warehouses and offices in its proximity and serving it exclusively.

The data of secondary activities which do not fall into the same class as those of the major activities of the establishment are treated separately under the appropriate ISIC group (e.g manufacturing carried on with distribution). Where a unit engages in, say, both wholesale and retail trades, it is classified according to the one activity which forms a greater percentage of its total activities.

Following the tradition of the survey of manufacturing industries, the NBS restricts the coverage of the distribution survey to establishment employing ten or more persons. These are the establishments which are likely to keep systematic records of their activities.

The distribution survey as conducted by the NBS is an establishment survey. An establishment is the unit of observation and is defined as an economic unit at a single location engaging in one (or predominantly one) kind of activity of distribution. Even when a single firm or enterprise carries out its business at several locations each of the units of the enterprise is regarded as an establishment.

The frame used for identifying establishments to be surveyed is a list of from the distributive trade sub-sector as compiled for major cities and urban centres by the NBS.

Data collection is undertaken by mailing a questionnaire to each identified firm. This is supplemented by field visits and postal reminders.

The questionnaire used for data collection has the following eight main parts:

1. General characteristics of the establishment, including name, address, kind of activity (wholesale, retail, other services), form of ownership, nationality of owners and sources of paid-up capital.

2. Number of persons on the payroll as at last pay day in June and December by gender, broad professional categories (professional, administrative and managerial, clerical and other office workers and sales persons) for Nigerians and total of other employees for non-Nigerians; number of other workers as at December ending (working proprietors and unpaid family workers) and compensation of employees (total wages and salaries; employers' contribution to the Nigeria Social Insurance Trust Fund (NSITF) and private pension schemes, and other labour benefits).

3. Value of purchases of goods intended for sale classified into sixteen approximately 2-digit codes of the ISIC.

4. Value of sales of goods classified into the same sixteen categories as in 3 above.

5. Amount of commission and other incomes received sub-divided into:

[i] income for services rendered to customers.

[ii] commission and fees recovered.

[iii] purchases made on account of others.

[iv] incomes from repairs.

[v] other incomes.

6. Values of stocks at the beginning and end of the year.

7. Details of operating costs (transport costs, costs of running own transport, payment to independent transporters), rents and rates paid on non-residential premises, electricity (purchased, generated), advertising and sales promotion, audit fees, legal expenses, bank charges, import and export duties, and other disbursements not specified elsewhere.

8. Capital expenditure and sales of fixed assets disaggregated into the following seven categories of assets: residential buildings, non-

residential buildings, other construction except land improvement, transport equipment, land and land improvement.

Response rate to distribution survey has not fallen below 70 per cent for the past three surveys. Also, reliability of data is improved considerably through editing, scrutiny and built-in measures to ensure internal consistency of responses to various related sections of the questionnaire and compatibility of data of two consecutive periods for establishments which responded to the previous survey.

The origins of the commodities covered in the survey of distributive trade and service industries vary substantially. Since most commodities reach the ultimate consumer through the distributive trade sub-sector, the completeness of this kind of survey can be measured by the closeness of the estimate of its turnover to the value of the total supply of commodities in the system. As computed by the then FOS for the 1974 survey, less than 75 per cent of the value of total supply of commodities was accounted for by the turnover of the distributive trade sub-sector. The proportion of physical volume of goods which passed through this sub-sector was much less than 75 per cent because of Nigeria's lengthy distribution chain.

To facilitate the evaluation of comparability of published data with statistics from other inquiries in the country and statistics of other countries and to assess reliability, the following information are usually published about the survey:

- scope of the inquiry; that is, activities included, definition of statistical unit and items of data gathered.
- coverage of the inquiry; that is, size, type of ownership and kind of legal organisation of establishments included.
- methods of data collection, including sample, design, type of questionnaire as well as instructors and enumerators.
- operational definition of items of data.
- the extent and treatment of non-response.

The items of data usually published include employment, compensation of employees, expenditure on fixed assets, sales and receipts, purchases, other costs, stock; gross margin and value-added.

#### **4. Current Methods of Data Storage and Dissemination**

The data on distributive trade as compiled by the NBS have so far been reported and stored in hard copies of about 15 tables summarising the observations on the basis of:

- type of activity
- commodity group

- legal organisation
- Size of establishment or
- type of assets, depending on the summarised variable.

The questionnaire designed by the NBS for collecting distributive trade statistics contains more information than are summarised in the 15 tables referred to above.

Consequently, the structure of the dataset proposed by the National Bureau of Statistics for this sub-sector contains more details. It includes services of industries which are not covered by the survey as presently conducted by the NBS as well as categorisation of establishments by as many as 31 commodity groups instead of 13 covered by the NBS.

Also, the details on employment and earnings are gender-specific. The inclusion of these details imposes an additional responsibility on the NBS and any other agency that may be charged with the responsibility of collecting data on distributive trade and service industries.

## **5. Data Base Coding System for Distributive Trade and Service Industries**

Attempts have been made to follow the coding system used in the International Standard Industrial Classification [ISIC] revision 3 of 1988. Thus the division code or the first two digits of the code assigned to the dataset is taken from the ISIC. Using the ISIC coding system, distributive trade and service industries has been assigned a divisional code of 49 at the NBS.

### **The Items and Details Codes**

While efforts have been made to ensure that the Division code or the first two digits of the code assigned to each variable conform as much as possible to the ISIC, the items and details codes which form the last four digits of the code assigned to each variable are arbitrarily determined. These codes form the Division-Item-Detail [DID] coding system for the NBS's datasets.

Generally, the NBS is using six-digit code for attributes [variables]. The first two digits are used to identify a particular division. The first four digits are used for a particular item under the division, with the first two digits as the division codes and the last two as the item codes. Where an item is repeated in two or more divisions, it is

assigned the same 3rd and 4th digit codes. 'Distributive Trade and Service Industries' has 67 items; that is, item codes 4901-4967.

In coding the details, six digits are used to identify a particular attribute [variable] as follows: the first two digits for the division, the next two for the items under that division and the last two [that is, the 5th and the 6th digits] for the details [variable] under the division and the item.

Based on this coding system, the NBS data structure for Distributive Trade and Service Industries is as shown below:

## **49            DISTRIBUTIVE            AND            SERVICE            INDUSTRY'S STATISTICS**

### **4901-4965            Domestic Trade and Service Industries: Commodities, Commodity Groups, Type of Activity, Sales Category and Employment Size to be used as Items**

4901	Food as covered in distribution survey
4902	Livestock Feeds as covered in distribution survey
4903	Beverages as covered in distribution survey
4904	Soft Drinks as covered in distribution survey
4905	Tobacco/Cigarettes as covered in distribution survey
4906	Textiles as covered in distribution survey
4907	Wearing apparel as covered in distribution survey
4908	Suit cases as covered in distribution survey
4909	Foot Wear as covered in distribution survey
4910	Lumber as covered in distribution survey
4911	Books and stationery as covered in distribution survey
4912	Petroleum products as covered in distribution survey
4913	Agricultural raw materials as covered in distribution
survey	
4914	Paints as covered in distribution survey
4915	Fertilizers as covered in distribution survey
4916	Pharmaceuticals as covered in distribution survey
4917	Soap and cosmetics as covered in distribution survey
4918	Batteries as covered in distribution survey
4919	Tyres and tubes as covered in distribution survey
4920	Plastic products as covered in distribution survey
4921	Glass and glass products as covered in distribution survey
4922	Cement as covered in distribution survey
4923	Cement blocks as covered in distribution survey
4924	Building materials as covered in distribution survey

- 4925 China ware as covered in distribution survey
- 4926 Hard ware as covered in distribution survey
- 4927 Steel and Iron Rods as covered in distribution survey
- 4928 Tanks, reservoirs and metal container as covered in distribution survey.
- 4929 Electricity generating sets as covered in distribution survey
- 4930 Motor vehicles as covered in distribution survey
- 4931 Motor bodies as covered in distribution survey
- 4932 Furniture as covered in distribution survey
- 4933 Imitation jewels as covered in distribution survey
- 4934 Wholesale and retail establishments as covered in distribution survey
- 4935 Wholesale establishments as covered in distribution survey
- 4936 Retail establishments as covered in distribution survey
- 4937 Individual Ownership as covered in distribution survey
- 4938 Partnership as covered in distribution survey

## **6. CONCLUDING REMARKS**

Presently, the National Bureau of Statistics (NBS) is the only agency which collects and publishes data on distributive trade and service industries. The line ministry responsible for commerce and tourism could be advised to participate in the collecting, processing and dissemination of data on distributive trade and service industries in collaboration with the NBS.

The Local Government Areas should also be brought into the picture when their statistical units are fully established. This is so, because this dataset can form the basis of measuring variations in economic development of each LGA and can also be used to monitor growth and governance at this very crucial level of governance in the country.

Finally, the distributive trade and service industries sub-sector has a large number of informal participants. These are made up of one-person retailers and retailers who use family workers that are paid in kind. Surveys focusing on establishments employing ten or more persons naturally Exclude a very big proportion of persons engaged in the activities of this sector. Also, most of the small-scale participants in this informal sub-sector are women; statistics which seek to quantify the participation of women in development will

remain incomplete for as long as the informal component remains unenumerated in the survey.