

Technical Sub-group on the Classification of Business Functions

Revised Terms of Reference

Draft

Updated October 2020

Background

The UN Expert Group on International Statistical Classifications decided at its meeting in May 2011 in New York that guidance for the identification of core business functions and support functions (not necessarily a classification) in relation to their international outsourcing should be developed. However, it is not clear how to determine what the core functions within each sector are. Global sourcing has a high policy relevance and creates many measurement problems for statisticians. It would therefore be very useful to study this under some common guidelines. The Expert Group suggested that a subgroup should be created to discuss how to approach this.

In order to be able to internationally replicate and compare the results of such studies, there is a need for a standardized classification of business functions. Such classification would go beyond the traditional product or activity breakdown (CPC or ISIC) and provide categories that are more relevant for the way in which companies structure their operations. Such classification would be very important in the measurement of outsourcing and the distribution of work in Global Value Chains (GVCs) as well as relating business functions to international trade flows.

The Statistical Commission at its 43rd session in February 2012 concurred with the decisions of the expert group by taking note of the report.

Since then a Technical subgroup on the Classification of Business Functions (TSG-CBF) was created in 2012 and experimental work was carried out in Europe, Canada, and the United States to develop and test a Classification of Business Functions. Eurostat took the lead in building and testing the Classification of Business Functions in EU countries through the International Sourcing/Global Value Chains Survey. Based on the experience of Eurostat a draft Classification of Business Functions was developed. The terms of reference of the TSG-CBF are updated in light of the work carried out since 2012.

Scope of the work

The Technical Subgroup on the Classification of Business Functions is expected to finalize and submit to the Expert Group on International Statistical Classifications an international Classification of Business Functions, the correspondence to CPC and ISIC, and the guidelines for its implementation.

Composition of the TSG

The composition of the TSG-CBF is as follows:

- Mr. Franklin Assoumou Ndong, Statistics Canada
- Mr. Amitava Saha, Ministry of Commerce and Industry, India
- Mr. Andrew Hancock, Statistics New Zealand

- Ms. Severa Belista De Costo, National Statistical Coordination Board, Philippines
- Ms. Fay Dorsett, US Census Bureau, USA
- Mr. Peter Bøegh Nielsen, Head of division for Structural Business Statistics, Denmark
- Mr. Fred Demollin, CBS Netherlands
- Mr. Stefano Menghinello, ISTAT, Italy
- Mr. Wolfhard Kaus, Destatis, Germany
- Mr. Tim Sturgeon, MIT (Academia)
- Mr. Celestino Giron, ECB
- Mr. Nadim Ahmad, Head of the Trade and Competitiveness Statistics Division, OECD
- Ms. Barbara D'Andrea, WTO
- Mr. Nikola Sunjka, Eurostat
- UNSD

The chair of the TSG-CBF is Eurostat. UNSD serves as a secretariat of the TSG-CBF.

Organization of work

The TSG-CBF will communicate primarily through email and the use of conference calls.

A physical meeting is proposed for March/April 2020 to discuss and finalize the classification of business functions before the Global Consultation with countries and relevant organizations.

Timeline

- November 2020 – Meeting of the Technical Subgroup on the Classification of Business Functions
- January - February 2021 Global Consultation on the Classification of Business functions
- Q2 2021 – Virtual meeting of the TSG-CBF to finalize the classification
- Q3 2021 – Submission of the classification to the Expert Group on International Statistical Classifications