



Issues in the implementation of business functions in Europe

Meeting of the TSG-CBF
Virtual meeting
4-5 November 2020

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Background

- Used in international sourcing surveys
- Data collected on: employment, sourcing and motivation/barriers
- Several rounds of discussions on issues

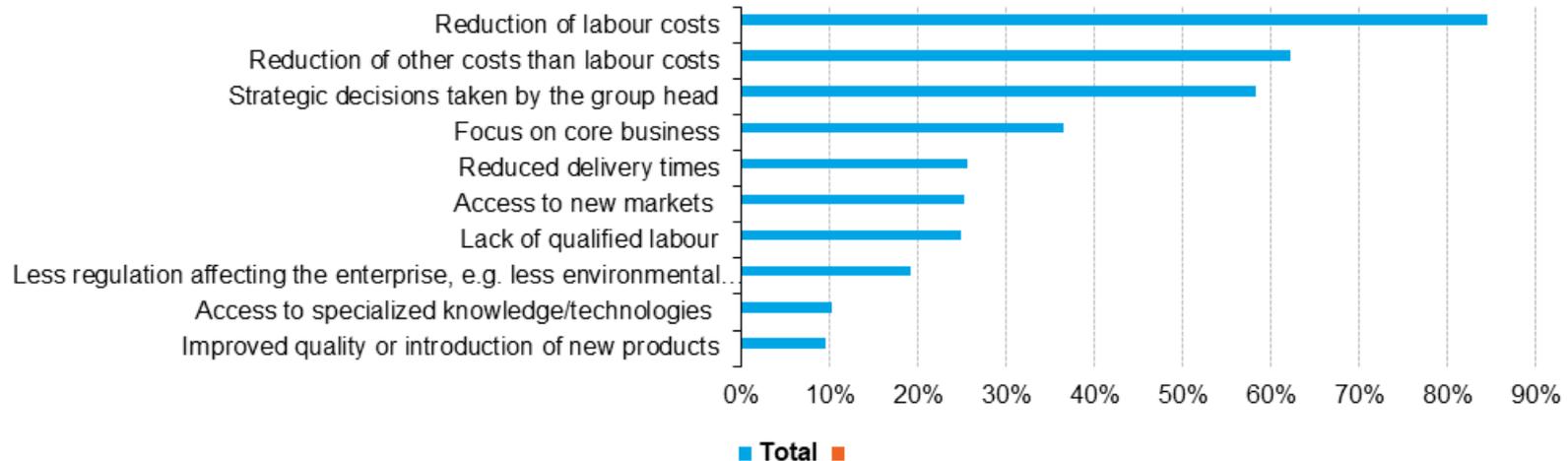
1. Finding the right contact person

- **Accounting** vs. **management**
- Depends on the statistical unit chosen as well
- Majority of responses in the International sourcing survey came from accounting
- Several departments can be involved: management, HR, accounting, strategic planning and others
- **Counting** measurements vs. **motivational** measurements

1. Finding the right contact person (snapshot - sourcing)

Motivational factors important for enterprises sourcing internationally (2014-2017)

(percentage of all surveyed enterprises sourcing internationally)



Note: Multiple answers allowed.

Source: Eurostat (iss_18mso)

1. Finding the right contact person (snapshot – back-sourcing)

Motivational factors important for enterprises to move functions from abroad (2014-2017)
(percentage of all surveyed enterprises sourcing internationally)



Note: Multiple answers allowed.
Source: Eurostat (iss_18bfmot)

2. Choosing the right statistical unit

- In the IS survey, **SU is 'enterprise'**
- It is an organizational unit producing goods or services which has a certain degree of **autonomy in decision-making**.
- It can carry out more than one economic activity and it can be situated at more than one location.
- One or more legal units.
- Observed units are still legal units.
- Why is it better to report on the enterprise level?

2. Choosing the right statistical unit (2)

- Issues to be resolved:
 - How to aggregate data – by the respondent or the statistical office
 - Additive vs. non-additive variables
 - LeU obligation to report on other LeUs part of the same enterprise
 - Lack of respondent knowledge of other LeUs
 - Period surveys – how to deal with enterprise legal unit (LeU) changes

3. Understanding the concepts

- Business functions concept needs to be explained to the respondents
- If the survey is on sourcing, a clear definition of this concept is required
- Translation issues

4. Core and support functions

- Respondents have difficulty understanding the distinction.
- The enterprise has **one core function or more?**

4. Core and support functions (2)

- The latest draft **dispenses** with the **core/support** function **distinction** on the **respondents** side, to create a neutral classification. However, core/support function distinction is still a very important aspect of the business functions classification.
- This distinction can be done at a later stage, e.g. using statistical analysis (similar to the ISIC or NACE main industry code/activity designation).

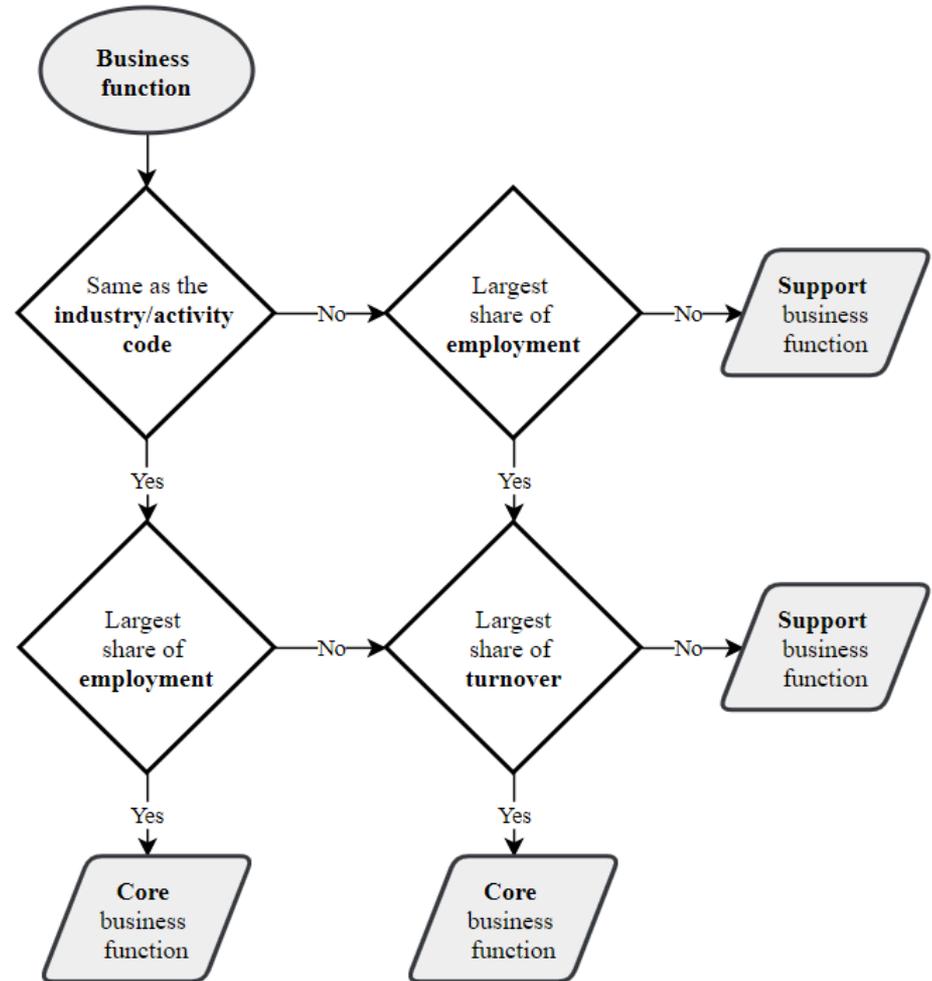
4. Core and support functions (3)

- **For smaller enterprises, the core/support business function** concept might be **not intuitive**. Many of them had problems with the provided classification of business functions in the previous voluntary surveys.
- When asked, many respondents to the survey, which are **service providers, have difficulty differentiating between their core and support business functions.**



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4. Core and support functions (4)



4. Core and support functions (5)

- What if the data on turnover or share of employment is unavailable?
- What if the same business function is both core and support?
- How to define if a function generates turnover?

5. Other business functions questions

- Long disaggregation are difficult to understand and lead to less cases per BF
- When assessing jobs per BF, how to deal with job sharing?

Summary

- Finding the right contact person
- Choosing the right statistical unit
- Understanding the concepts
- Core and support business functions distinction
- Other issues
 - Long disaggregation
 - business functions / job sharing

Questions for the discussion

- What do you think about the proposed list of functions?
- What are your thoughts on resolving some of the mentioned issues?
- Are there other relevant issues?