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BUSINESS SERVICES IN EUROPE

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Y. Franchet
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Y. Franchet
Directeur général

BUSINESS SERVICES IN EUROPE

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Preface

This publication has been commissioned by Eurostat, unit D4 "Distributive trades, services and transport", headed by Mr. M. Lancetti under the direct responsibility of Mr. A. van Haasteren. It was prepared under a contract with Danmarks Statistik. It contains statistics on the business services sector originating from different sources. One of these sources are the pilot surveys on business services which have been organised by Eurostat and executed in collaboration with mainly the National Statistical Offices. These pilot surveys had been made possible by a financing of DG XXIII. The views expressed are those of the authors and do not necessarily reflect the opinion of the Commission.

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The entire report was edited by Ellen Nielsen, Danmarks Statistik

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Introduction

1. Background

One of the main features in the economic development of Europe in the last two decades has been the growing importance of the services sectors. Around 1970 the Member States of the European Community were characterised by a market services sector constituting 36-42% of the gross value added generated in the total economy. In all Member States an overall pattern of growth in market services´ share of the total economy in the period from 1970 to 1990 can be observed. In 1990 market services appear as the most important sector in the European economy with between 45% and 55% of the gross value added generated in the economy in 1990, cf. table 1.1.

Table 1.1

Breakdown of gross value added at market prices and employment, by sector in per cent of the total economy, 1970-1990.

	Market services				Other market services			
	Gross value added	Employment	Gross value added	Employment	Gross value added	Employment	Gross value added	Employment
	1970	1970	1990	1990	1970	1970	1990	1990
Belgium	42.4	36.9	54.4	48.4	13.6	9.7	21.3	18.5
Denmark	46.6	34.5	47.8	36.3	13.2	7.1	20.1	10.5
Germany	35.9	30.4	48.8	38.0	13.5	6.6	25.5	11.6
Greece	na	na	39.5*	na	na	na	na	na
Spain	40.3	na	51.2[5]	38.3	14.9	na	16.2*[5]	9.1
France	41.2	32.8	52.2	40.3	16.3	9.2	24.5	13.7
Ireland	31.7[1]	na	40.1	32.3*	11.3[1]	na	15.1	5.0*
Italy	39.2	28.8	51.5	42.6	13.4	5.6	20.7	13.0
Luxembourg	36.2	38.7[1]	57.4	52.5	12.8	7.7[1]	16.8	15.4
Netherlands	42.6	41.5	55.8	53.2	15.3	12.6	27.8	23.0
Portugal	42.4*[4]	23.1*[2]	47.0	28.8	8.0*[4]	2.5*[2]	8.8	3.7
United Kingdom	42.1[1]	39.8*[3]	51.3	48.5*	9.3[1]	13.6*[3]	23.8	16.6*

* Estimated by Eurostat.
[1] Year 1975
[2] Year 1978
[3] Year 1979 (Incl. services of credit and insurance institutions).
[4] Year 1977
[5] Year 1989
Source: Eurostat. National Accounts ESA. Detailed tables by branch 1970-1984 (1986) and 1985-1991 (1993).

However, the growth pattern within the services sectors is not uniform: on the one hand the distributive trades sector shows a declining share of the total gross value added in many Member States, and on the other hand the major part of the growth is found in the other market services sector, mainly generated by the subsector business services. In several Member States the increasing importance of the services sectors is strongly connected with the development of business services.

More detailed analysis of the performance of different subsectors, within for instance business services are hampered by the fact that the statistical coverage of these subsectors is relatively limited in most Member States. The growing importance and the limited statistical coverage of the services sectors are the main forces behind the statistical programme for the development of services statistics adopted by the European Council, cf. Council Decision 92/326/EEC[1].

It is designed to meet the information requirements of the European and national institutions, and the business community. The objectives of the programme and measures taken for achieving them are the following;

a) To set out an European reference framework for statistics on services defining the most appropriate concepts and methods for managing and monitoring Community policies, especially the implementation of the Single European Act, and for satisfying the needs of national, regional and local administrations, international organisations, economic operators and professional associations;

b) To establish an European statistical information system for services. In order to facilitate the data dissemination, a statistical information system, Mercure, has been set up. The ultimate aim is to extend the coverage of Mercure to a uniform set of harmonised data on all services industries.

c) To promote and support harmonisation of statistics on services. Pilot surveys have already been or are being carried out in several services sectors. The aim of these surveys employing common definitions and data collection methods is to prepare the way for regular harmonised data collection among participating countries.

d) In parallel to the work programme as laid down by the Council Decision a draft Council regilation on business statistics is currently under discussion with the Member States which, apart from modernising statistics on the industrial sector, for the first time will also cover structural statistics on services enterprises.

The objectives of the pilot survey on the business sector are twofold:

1) to provide basic statistical information on the business services sector within the Member States

2) to test and develop a methodology for the regular collection of statistical data on business services to be provided on a harmonised basis by all Member States[2].

The current publication forms part of this overall programme. The point of departure was to satisfy the need for statistics on business services on the basis of an exploitation of the pilot surveys on business services organised by Eurostat in collaboration with mainly the National Statistical Offices. This information was however complemented by information originating from other data sources in order to give an as coherent and complete overview possible within the possibilities currently available.

Being the first exercise of this nature and recognising that statistics on business services are even for services statistics a less well developed area, the publication contains deficiencies which at this stage can not be prevented. These deficiencies are indicated when they appear and should be taken into account when using the statistics. In general, due to these defiencies and the relatively small number of responding enterprises the results presented in this publication can only be interpreted as representative for the surveyed population of enterprises within the business services sector. None and less Eurostat feels that this publication marks an important step in the direction of establishing a fully developped system for statistics on services while realising that it shows at the same time the still considerable investment which is needed in order to satisfy yet

[1] OJ L 179 of 1.7.1992,p.131.

[2] The results of the testing of the methodology were presented at the Voorburg Group Meeting in 1993, cf. Peter Bøegh-Nielsen and S. Rikama, Methodological Implications of the pilot survey on business services undertaken by Member States of the European Communities, published in papers and final report of the 8th Meeting on Services Statistics, Oslo 1993.

even an important part of user needs on this important sector for the European economy.

The structure of the publication is first to present the methods and definitions used in the pilot survey and secondly to give some basic statistical information on the eight subsectors surveyed in this study.

2. Methods and definitions used in the pilot survey

2.1 Administration of the pilot survey

The pilot survey launched by Eurostat was carried out in all Member States except Belgium. In nine countries the survey was carried out by the national statistical institute under contract to Eurostat; in Ireland and United Kingdom the surveys were carried out by a private institute[3]. The national statistical institutes in Finland and Sweden also volunteered to participate in the pilot survey. However, the data were mainly compiled using existing statistical information in the two countries which did not cover the total range of variables required in the pilot survey.

The national pilot surveys were carried out in 1991, covering the statistical year 1990, except for Greece where the survey was carried out in 1992. The data were then processed in accordance with the guidelines mentioned below and submitted to Eurostat for further analysis.

In order to assist the Member States in carrying out the pilot survey and to collect harmonised data, Eurostat decided to develop a set of guidelines for data collection covering practical issues related to the carrying out of the survey[4]. The guidelines included a model questionnaire to be sent to business services sector enterprises, cf. paragraph 2.3, sampling procedures, cf. paragraph 2.4 and a number of tables to be submitted to Eurostat for further analysis.

Eurostats methodological manual on the services sector which was drafted in its first version in autumn 1990 provided the framework for the definition of the business services subsectors, cf. paragraph 2.2, and also the definitions of the variables to be collected, cf. paragraph 2.3.

2.2 Definition of the business services sector

The business services sector includes very heterogeneous activities which do not allow analysis at a sectoral level to give a meaningful appreciation of the different activities constituting the sector. Thus the sector has been divided into eight subsectors which are defined by four-digit classes of the activity classification NACE Rev1. The eight subsectors are presented in table 2.1 and a more detailed description is given in Annex II.

Table 2.1

Definition of the business services sector by NACE Rev1

1.	Computer and computer related services	(NACE Rev1: 72.10 - 72.60)
2.	Professional services	(NACE Rev1: 74.11, 74.12, 74.14)
3.	Marketing services	(NACE Rev1: 74.13, 74.40)
4.	Technical services	(NACE Rev1: 74.20, 74.30)
5.	Renting and leasing services	(NACE Rev1: 71.10 - 71.30)
6.	Labour recruitment and provision of personnel	(NACE Rev1: 74.50)
7.	Operational services	(NACE Rev1: 74.60, 74.70)
8.	Other business services	(NACE Rev1: 74.81 - 74.84)

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[3] For Ireland the survey was conducted by Services Industries Research Centre, Dublin, and for the United Kingdom by Services Industries Research Centre, Portsmouth.

[4] Eurostat: Guidelines for a pilot survey on the business services sector, document SO/91/OG EN, Meeting of 13-14 March 1991 Luxembourg. See also annex I for a presentation of the questionnaire.

At the time of the pilot survey the new activity classification, NACE Rev1, had not been implemented in the Member States which were using their own national nomenclatures of economic activity. In order to arrive at a common definition of the business services sector and the eight subsectors each Member State needed to:

1) list the various activities making up the subsectors

2) identify these activities in terms of NACE Rev1 classification and in terms of the country's own nomenclature

3) regroup these activities into the subsectors defined in the pilot survey

2.3 Definition of the collected variables

As mentioned above the variables collected in the pilot survey have been defined by the Methodological manual elaborated by Eurostat which gives a detailed classification and definition of variables to be collected[5]. The variables in the manual relevant for a statistical description of the services industries can be divided into three groups:

1) demographic and structural variables (activity, age, size class, legal status)

2) economic variables (turnover, gross value added, labour costs, investments)

3) employment variables (number of persons employed, part-time employees)

2.4 Survey universe and identification methods

2.4.1 Identification of the universe

According to the recommendations laid down in the data collection guidelines, the Member States should survey a sample of 1 500 or 3 000 enterprises within the business services sector depending on the size of the Member State.

The pilot survey revealed that the Member States had relatively uneven conditions for identifying the universe, as only a few Member States had business registers with a full coverage of all enterprises within the business services sector. In broad terms, three kind of survey frames were used in the pilot survey for identifying the universe;

1) Business registers with a total and updated coverage as in Denmark, France and the Netherlands - and also in Finland and Sweden

2) Statistical registers used for specific statistical purposes, i. e. production or accounts statistics, with a limited sectoral or size coverage as in Germany, Spain, Greece, Italy, Luxembourg and Portugal

3) Private data bases with only a limited coverage and updating as in Ireland and United Kingdom

2.4.2 The surveyed population by nationality

The problem of inadequate registers combined with the non-mandatory status of the pilot survey resulted in an average response rate of 46.8%, cf. table 2.2. For many countries the response rate was even lower, e.g. the United Kingdom (12.8%) and Germany (24.6%). Altogether the pilot surveys comprised of 44 084 enterprises - or about 3% of the total estimated universe of enterprises within the business services sector.

As a consequence of the heterogeneous sampling procedures and the response rates obtained the possibilities for comparative studies of the collected data between the Member States remain rather modest. Only for France and Germany are raised the data at the level of the total business services sector. For all other Member States the data only give information about the responding population of the sample. The French population constituted nearly two thirds of the total number of enterprises surveyed, thus making analysis on the EUR(11) level[6] impossible due to the unequal national distribution in the pilot survey.

[5] Cf. Eurostat. Methodological Manual of Statistics on Service Enterprises. See also annex III for a definition of the main variables in the survey.

[6] As Belgium did not participate in the survey, the total population of the pilot surveys in the 11 remaining Member States shall be referred to as the EUR(11).

Tabel 2.2

Size of samples and accepted responses in the pilot survey in each Member State.

	Number of surveyed enterprises	Number of accepted responses	%-share of total number of accepted responses	Response rate (%)[1]
Belgium	na	na	na	na
Denmark	1715	925	2.1	53.9
Germany	16954	4169	9.5	24.6
Greece	2500	1108	2.5	44.3
Spain	10589	3037	6.9	28.7
France	38567	27856	63.2	72.2
Ireland	3008	426	1.0	14.2
Italy	4860	1564	3.5	32.2
Luxembourg	1097	470	1.1	42.8
Netherlands	1500	1500	3.4	100.0
Portugal	3307	1500	3.4	49.4
United Kingdom	10189	1301	3.0	12.8
EUR(11)	94286	44084	100.0	46.8

[1] As the sampling and data collecting procedures are of a heterogeneous charactor the obtained response rates are not comparable between Member States.

Source: Eurostat. Pilot survey data.

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Thus the statistical results of the pilot survey give no indication of the total magnitude of the European business services sector. The best statistical information on this issue is found in the Eurostat publication "Enterprises in Europe" (1994). In this publication the total European universe of business services enterprises is estimated at 1.9 million, employing 8.4 million people. In 1990 a little more than half of the enterprises and two thirds of the employment within the business services sector are found in the three largest economies of the European Community, Germany, France and the United Kingdom, the latter being the main contributor, cf. table 2.3.

Table 2.3

The national shares of the total business services sector at EUR(12) level, 1990, %-share.

	Enterprises	Employed	Turnover
Belgium	3.5	2.3	2.7
Denmark	1.2	1.7	1.5
Germany	19.6	16.3	24.4
Greece	3.2	1.4	0.3
Spain	15.1	8.6	na
France	12.5	19.3	18.3
Ireland	na	na	na
Italy	0.6	2.4	5.0
Luxembourg	0.1	0.1	0.2
Netherlands	2.3	3.0	1.8
Portugal	2.4	1.1	0.5
United Kingdom	20.6	30.5	35.5

Source: Eurostat. Enterprises in Europe (1994).

2.4.3 The surveyed population by size-class

The differences in the coverage of the sample frames used in the different Member States are also reflected by analysing the size distribution of the surveyed enterprise population. Generally, the surveyed samples show a bias towards the larger enterprises (100+ persons employed) as 1.2% of the enterprises surveyed belongs to medium-sized (100-499 employees) or large enterprises (500+ employees) compared to 0.3% at the EUR(12) level presented in the study by Eurostat "Enterprises in Europe", cf. table 2.4. Especially the sample populations in Italy, the Netherlands and the United Kingdom show high shares of larger enterprises. Also the small enterprises (10-99 employees) showed a high share of the surveyed enterprises in the three above-mentioned countries and in three further Member States; Denmark, Spain and Ireland. Micro-enterprises (0-9 employees) were particularly dominant in Germany, Greece and France, but as the self-employed were not included in the sample population in all Member States, national differences in the proportion of micro-enterprises are difficult to interpret.

Table 2.4

The surveyed enterprises broken down by size class in 1990, %-share.

	0 employees	1-9 employees	10-99 employees	100-499 employees	500+ employees
Belgium	na	na	na	na	na
Denmark	18	52	28	2	1
Germany	28	59	12	1	0
Greece	na	94	6	1	0
Spain	na	66	30	3	1
France	3	85	11	1	0
Ireland	1	64	32	3	1
Italy	na	na	87	11	2
Luxembourg	2	75	23[1]	-[1]	-[1]
Netherlands	36	26	31	5	2
Portugal	na	77	20	2	1
United Kingdom	1	38	46	11	4
Sweden	60	36	4	0	0
Finland	na	88	11	1	0

[1] For Luxembourg the largest size class is 10+ due to confidentiality.

Source: Eurostat. Pilot survey data.

Looking at the size structures broken down by subsectors, the pilot survey showed that the large enterprises were found mainly in the subsectors labour recruitment and provision of personnel and operational services. On the other hand all other sectors showed a uniform size structure with the micro-enterprises constituting 85-90% of the total number of enterprises; only computer services differed slightly from this pattern with 82%. The subsectors labour recruitment and provision of personal and operational services were also outstanding in their share of small enterprises which made 32% and 22% respectively on the EUR(11) level.

Naturally, the size structure of the sample is also reflected by the scale in different Member States of employment in business services. Thus employment in the enterprises surveyed in the Netherlands and the United Kingdom was dominated by large enterprises with 61% and 59% respectively of total employment, cf. table 2.5. Remarkably, large Italian enterprises only accounted for 26% of total employment in the Italian population compared to the average share of 32% for large enterprises at EUR(11) level.

The importance of employment in large enterprises can be traced back to the importance of the two subsectors labour recruitment and provision of personal and operational services, representing three-quarters of total employment in this size class. The large enterprises in all other subsectors accounted for less than 20% of total employment in their respective subsector.

Medium sized enterprises were characterised by a pattern of most subsectors showing a share around the EUR(11) average of 22%. Operational services was the only subsector with a significantly higher share (32%) and professional and technical services showed a considerably lower share (10% and 12% respectively).

Table 2.5

Employment in the surveyed enterprises broken down by size class, 1990, %-share.

	0-9 employees	10-99 employees	100-499 employees	500+ employees
Belgium	na	na	na	na
Denmark	10	38	15	37
Germany	26	25	21	28
Greece	36	42	23	0
Spain	1	34	28	38
France	26	30	16	28
Ireland	10	30	26	34
Italy	na	38	36	26
Luxembourg	20	80	na	na
Netherlands	2	19	19	61
Portugal	16	26	28	30
United Kingdom	2	14	25	60
Sweden	27	30	18	25
Finland	25	35	40	na

Source: Eurostat. Pilot survey data.

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The small enterprises also showed a fairly uniform pattern with a share around 38% for all subsectors, except for professional services with a relatively higher share (48%) and labour recruitment and provision of personnel and operational services with a significant lower employment share (11% and 12% respectively).

The micro enterprises which employed the smallest number of employees were dominated by three subsectors: professional services (36%), technical services (34%) and other business services (33%). At the other end, the employment shares of the subsectors labour recruitment and provision of personnel and operational services were negligible with 2% and 1% respectively.

The number of local units per enterprise is another feature in the demographic structure of the enterprises surveyed. On average, the surveyed enterprises consisted of 1.5 local unit per enterprise, cf. table 2.6. The main deviations with 2.3 local units per enterprise were found in the sample populations in Italy and the United Kingdom which were also characterised by a relatively large number of larger enterprises in the population surveyed.

The structural pattern is fairly uniform when broken down by subsectors as five subsectors (computer services, professional services, marketing services, technical services and operational services) showed an average number of local units amounting to 1.4-1.5. The subsector showing the highest average number of local units per enterprise was renting and leasing services (1.8 local units). This is mainly due to the relatively high numbers in Italy (3.9 local units) and the United Kingdom (4.1 local units).

Table 2.6

Number of local units per enterprise, 1990.

	Computer services	Professional services	Marketing services	Technical services	Renting and leasing services	Recruitment and provision of personnel	Operational services	Other business services	All subsectors
Belgium	na	na	na	na	na	na	na	na	na
Denmark	1.3	1.1	1.1	1.5	1.1	na	1.4	2.3	1.4
Germany	1.1	1.1	1.0	1.1	1.2	2.6	1.2	1.0	1.1
Greece	1.0	1.0	1.0	1.0	1.2	1.3	1.0	1.0	1.0
Spain	2.3	1.4	1.7	1.7	2.2	1.3	2.3	1.4	1.6
France	1.1	1.1	1.1	1.1	1.2	2.8	1.2	1.1	1.1
Ireland	1.1	1.0	1.3	1.2	1.2	1.4	1.8	2.5	1.4
Italy	2.0	2,4	4.2	2.0	3.9	na	1.5	1.8	2.3
Luxembourg	1.1	1.0	1.0	1.0	1.2	1.2	1.1	1.1	1.1
Netherlands	1.1	2.0	1.3	1.7	1.1	1.9	1.9	1.1	1.5
Portugal	1.2	1.1	1.2	1.1	1.8	1.2	1.3	1.2	1.2
United Kingdom	2.3	2.3	0.9	2.2	4.1	1.7	1.5	2.9	2.3
Sweden	1.1	1.1	1.0	1.1	1.0	na	1.7	1.1	1.1
Finland	1.2	1.1	1.0	1.1	1.3	1.1	1.2	1.0	1.1

Source: Eurostat. Pilot survey data.

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2.4.4 The surveyed population by legal status

The last demographic variable to be analysed is the legal status of the surveyed enterprises, cf. table 2.7. No uniform pattern can be found: the legal status 'company' was the most frequent among the surveyed enterprises in seven Member States (Denmark, Spain, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom). In 3 Member States (Germany, Greece and France) the sole proprietorship was the most frequent legal status, whereas partnership was the dominant legal status in Portugal. The differences between the national pilot surveys may reflect real differences between Member States due to e.g. the legislative conditions but in a number of cases the differences recorded are caused by the sample frame, e.g. Italy and the United Kingdom which were both dominated by large enterprises and consequently by companies (67% and 83% respectively).

The subsectors showed distributions which differed from the general pattern of legal status. Thus companies dominated in computer services and marketing services in all Member States except Germany and Portugal. In renting and leasing services companies were dominant in all Member States except Portugal, where partnerships were the most frequent legal status - as for all other subsectors. On the other hand sole proprietorship was the most frequent legal status in professional services in six Member States (Denmark, Germany, Greece, Spain, France and Ireland).

Table 2.7

The surveyed enterprises broken down by legal status, 1990, %-share

	Sole proprietorship	Partnership	Company	Other
Belgium	na	na	na	na
Denmark	42	na	58	0
Germany	76	14	9	1
Greece	70	14	16	0
Spain	41	na	54	5
France	52	11	35	3
Ireland	30	18	50	2
Italy	8	11	67	15
Luxembourg	33	4	62	1
Netherlands	37	6	46	10
Portugal	12	81	6	2
United Kingdom	4	11	83	2
Sweden	25	14	60	2
Finland	11	29	59	1

Source: Eurostat. Pilot survey data.

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3. Statistical results of the pilot survey

As mentioned above, the statistical results obtained from the pilot survey cannot be characterised as representative of the business services sector in Europe, but only of the surveyed enterprises. The possibilities of comparability between Member States are thus rather limited. In this section a number of basic variables will be compared between subsectors in order to try to identify the most basic structures and differences between the various subsectors in the Member States. Keeping the quality of the data in mind these comparisons will mainly be done by ranking the subsectors in the different Member States in relation to a number of basic demographic, employment and economic variables, cf. table 3.1[7].

The enterprises surveyed showed a clear pattern concerning distribution of enterprises among the subsectors. Professional services was the most numerous subsector in eight of the Member States and came second in two. Only in the United Kingdom sample was the subsector professional services of minor importance. Technical services also showed a frequent representation in the samples: this subsector ranked second in eight Member States, cf. table 3.1. Altogether the two most frequent subsectors stood for nearly 55% of all the enterprises surveyed. In France and the United Kingdom the subsector other business services was the most numerous and in Italy computer services ranked number one.

The structural pattern is more scattered as regard employment. In general operational services showed the highest ranking with most employees in Germany, Luxembourg, the Netherlands and

[7] Due to the skewness in the national distribution in the total number of surveyed enterprises at the EUR(11) level the following method has been used for profiling the subsectors and the total business services sector at the European level;
As the first step in the analysis each subsector is ranked within each country in terms of number of enterprises, employees, turnover (tabel 3.1), turnover per employee, gross value added per employee, labour costs per employee, investments per employee, employees per enterprise (tables 3.1.1-3.8.1), exports and types of clients (tables 3.1.2-3.8.2).
As the second step the EUR(11) average has been calculated as the unweighted average of the national rankings for each analysed variable.

Portugal and second largest in Denmark, Greece, Spain and Italy. Technical services was the most important subsector in Denmark, Spain, Ireland and the second most important in the Netherlands. In all operational and technical services accounted for half the employment registered in the enterprises surveyed. Professional services, which showed the highest number of enterprises was the second most important subsector in four Member States concerning employment. France showed a different pattern with the subsector recruitment and provision of personnel as the most important subsector with nearly 20% of the total employment in the business services sector in France.

Table 3.1

Ranking of number of enterprises, employees and turnover by subsector and member state, 1990.

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR (11)
Enterprises													
Computer services	na	6	5	4	6	5	4	1	3	5	6	2	4
Professional services	na	1	1	1	1	2	1	2	1	1	1	4	1
Marketing services	na	5	3	5	3	4	6	5	4	7	4	5	5
Technical services	na	2	2	2	2	3	2	3	2	2	2	3	2
Renting and leasing	na	7	7	6	5	7	8	7	7	4	5	7	7
Recruitment and provision of personnel	na	na	8	8	8	8	5	na	8	8	8	8	8
Operational services	na	3	6	7	7	6	7	4	5	6	7	6	6
Other business services	na	4	4	3	4	1	3	6	6	3	3	1	3
Employees													
Computer services	na	3	5	5	4	6	5	1	3	5	8	2	4
Professional services	na	4	2	6	3	2	4	4	2	4	2	4	3
Marketing services	na	6	6	1	5	7	6	5	5	6	4	8	6
Technical services	na	1	3	3	1	5	1	3	4	2	3	3	2
Renting and leasing	na	7	8	7	6	8	8	7	8	7	6	6	8
Recruitment and provision of personnel	na	na	4	8	8	1	7	na	7	8	7	7	7
Operational services	na	2	1	2	2	3	3	2	1	1	1	5	1
Other business services	na	5	7	4	7	4	2	6	6	3	5	1	5
Turnover													
Computer services	na	2	5	2	4	5	7	3	1	5	7	3	4
Professional services	na	4	1	7	3	2	5	4	2	3	4	4	3
Marketing services	na	3	4	1	2	1	6	2	5	6	1	7	2
Technical services	na	1	2	6	1	3	1	1	3	1	2	5	1
Renting and leasing	na	7	3	5	6	7	8	6	6	7	3	1	7
Recruitment and provision of personnel	na	na	8	8	8	6	4	na	8	8	8	8	8
Operational services	na	5	7	3	5	8	3	5	4	3	5	6	6
Other business services	na	6	6	3	7	4	2	7	7	2	6	2	5

Source: Eurostat. Pilot survey data.

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When studying the third basic variable, turnover, the subsector technical services again showed a high ranking, being first in five Member States and second in two additional Member States. The subsector showing the highest turnover was marketing services, standing first in three Member States and second in Italy and Spain. The two subsectors accounted for a little less than half the total registered turnover in the pilot survey. Not surprisingly, the subsector operational services, which had the highest employment, showed only a minor share (8%) of the total turnover of the enterprises surveyed.

3.1 Computer and related services

The subsector computer services accounted for between 11 and 15% of the total number of enterprises, employment and turnover in the pilot surveys. Computer and related services are one of the fastest-growing services industries. The enterprises producing computer services are also often involved in computer hardware/software sales and thus cause problems in the definition of the principal activity classification between trade and services activities. For instance, in the case of Luxembourg NACE Rev1 class 51.64 (Wholesale of office machinery and equipment) was also included in the sample and taken into account if the enterprises received more than 10% of their turnover from computer services activities.

This definition is clearly reflected in the data collected, as turnover per employee in Luxembourg exceeded the amount of all other Member States. In general, computer services was ranked as the third or fourth highest subsector for turnover per employee (Denmark, Germany, Spain, France, Italy, Netherlands, Portugal and United Kingdom) and gross value added per employee (Denmark, Germany, Greece, Spain, Italy, Netherlands and Portugal), cf. table 3.1.1. Only the enterprises surveyed in Ireland showed figures notably different from the other European countries.

In five out of 11 Member States (Germany, Greece, France, Luxembourg and the Netherlands) Computer services showed the highest labour costs per employee. The same pattern was registered in Finland and Sweden. Concerning investments there is no clear pattern, but on average computer services was the subsector ranking third concerning investments per employee. Nor concerning number of employees per enterprise was a uniform pattern across the Member States found. The United Kingdom sample differs especially with a very high average employment per enterprise - more than 110 employees per enterprise.

Table 3.1.1

Computer services. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	3	4	2	2	2
Germany	4	4	1	2	3
Greece	2	3	1	3	4
Spain	4	3	2	5	2
France	3	2	1	2	3
Ireland	7	7	7	7	3
Italy	4	4	4	5	4
Luxembourg	2	2	1	na	3
Netherlands	4	3	1	5	5
Portugal	3	3	3	4	6
United Kingdom	3	2	2	3	1
EUR(11)	3	2	1	3	2
Sweden	3	2	1	2	3
Finland	2	4	1	3	3

Source: Eurostat. Pilot survey data.

The pilot survey also included a breakdown of the turnover into domestic sales, exports to other EC countries and exports to countries outside the EC. In five Member States (Denmark, Germany, France, Ireland and the United Kingdom) computer services was the subsector with the highest exports share to other EC countries, cf. table 3.1.2. Especially computer services in Ireland (15% of the total turnover in computer services) and the United Kingdom (7%) showed high exports shares; although the highest share was found in Luxembourg (21%) though computer services only ranked second in Luxembourg. Concerning exports to extra-EC countries the pattern was different. Only in Portugal was computer services ranked first. Extra-EC exports came out with relatively high shares in Denmark (9%), Ireland (9%) and Portugal (9%).

Table 3.1.2

Ranking of turnover in computer services broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	1	4	5	5
Germany	1	4	8	3
Greece	8	3	6	2
Spain	5	2	na	na
France	1	4	6	3
Ireland	1	2	6	7
Italy	5	5	2	3
Luxembourg	2	5	6	4
Netherlands	2	3	5	3
Portugal	4	1	5	3
United Kingdom	1	5	7	3
EUR(11)	1	4	6	3

Source: Eurostat. Pilot survey data.

The pilot survey also included a breakdown of the turnover by type of client, i.e. enterprises, households and government. Computer services was characterised by only minor sales to households compared to the other subsectors, cf. table 3.1.2. The exception was computer services in Italy which registered 6% of the total turnover sold to households thus ranking second in the Italian survey. In all other Member States computer services showed a smaller share of turnover sold to households than in the Italian survey.

Computer services also ranked middlingly concerning government as client in comparison with the other subsectors. But both for computer services enterprises in Greece (22%) and Italy (31%) government was an important client. Thus in Italy nearly 40% of the turnover generated in computer services derived from clients other than enterprises.

3.2 Professional services

The subsector professional services was the most numerous subsector and accounted for about a third of the enterprises which responded to the pilot surveys. One reason for this high number of enterprises might be found in the licensing system for lawyers and accountants in the Member States, which implies the existence of good and updated identification sources compared to many other subsectors.

The subsector of professional services showed no clear performance concerning the selected variables, cf. table 3.2.1. Not surprisingly, the subsector ranked low concerning turnover and investments per employee, and also low concerning employment per enterprise. More surprisingly the enterprises within professional services also showed relatively low labour costs per employee, which must be seen as a consequence of the frequent appointment of partners amongst professional employees, leaving a relatively high share of non-academic employees or young professionals. Only the United Kingdom, which was dominated by a high number of larger enterprises with a relatively larger part of employees compared to partners, showed a different pattern concerning labour costs per employee as professional services in the UK ranked number one.

Table 3.2.1

Professional services. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	6	3	4	5	6
Germany	6	6	6	6	6
Greece	7	7	8	7	8
Spain	6	6	5	3	7
France	5	3	3	6	5
Ireland	5	6	6	4	8
Italy	5	5	5	2	7
Luxembourg	6	3	2	na	6
Netherlands	6	6	4	6	4
Portugal	6	5	5	3	8
United Kingdom	4	3	1	5	7
EUR(11)	7	5	5	5	8
Sweden	5	5	5	5	5
Finland	4	2	3	2	8

Source: Eurostat. Pilot survey data.

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Not surprisingly, professional services only showed modest rankings for export shares. In all Member States the exports shares to other EC countries were less than 5% of the total turnover, except for Luxembourg (12%) and the United Kingdom (7%), cf. table 3.2.2.

On the other hand, professional services was the subsector with the highest export shares to extra-EC countries in Denmark (18%), Luxembourg (8%) and Portugal (9%).

Table 3.2.2

Ranking of turnover in professional services broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	6	1	2	4
Germany	5	2	2	4
Greece	4	6	1	4
Spain	2	4	2	3
France	5	2	1	7
Ireland	6	6	1	8
Italy	4	4	3	6
Luxembourg	3	1	2	7
Netherlands	3	4	2	4
Portugal	4	1	3	4
United Kingdom	1	2	2	5
EUR(11)	4	2	1	5

Source: Eurostat. Pilot survey data.

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Professional services was characterised by being the subsector which generated the highest share of turnover from households, cf. table 3.2.2. In 9 of 11 Member States professional services ranked first or second. In Greece (37%), France (21%), Germany (18%) and Denmark (17%) households constituted a considerable share of the turnover.

Professional services showed secondary rankings concerning government as clients. Only in Spain (22%) and the United Kingdom (15%) was more than 10% of the generated turnover derived from government as clients.

3.3 Marketing services

Marketing services is in most Member States characterised by a large volume in turnover caused by the large amount of purchases of advertisement space and time sales invoiced by marketing enterprises. In Denmark, Greece, Spain, Italy and Portugal, where marketing services ranked one, the turnover per employee in this subsector was 2.5-5 times the national average turnover per employee in the business services sector, cf. table 3.3.1.

The structure is more distorted when analysing gross value added per employee. On the one hand marketing services ranked one or two in Germany, Greece, Spain, Ireland and Portugal; on the other hand, marketing services appear to have a comparably low generation of gross value added in Denmark, France, Luxembourg and the United Kingdom.

Marketing services in Spain and Portugal were characterised by having the highest labour costs per employee of all the surveyed subsectors in these two countries. The four above-mentioned Member States with a relatively low gross value added also showed relatively low labour costs per employee, below the national averages in the business services sector.

Except for Greece and Italy, the subsector marketing services showed a number of employees per enterprise below the national average. Investments per employee had a general trend of marketing services being one of the three subsectors with the highest investments except in Germany, France and the United Kingdom.

Table 3.3.1

Marketing services. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	1	6	6	3	4
Germany	2	2	4	4	7
Greece	1	1	2	2	2
Spain	1	1	1	2	4
France	2	5	5	5	4
Ireland	3	1	3	1	5
Italy	1	3	2	3	3
Luxembourg	3	6	6	na	7
Netherlands	3	4	2	3	6
Portugal	1	2	1	2	5
United Kingdom	5	6	8	7	8
EUR(11)	2	2	3	5	5
Sweden	2	3	2	3	6
Finland	3	1	2	4	5

Source: Eurostat. Pilot survey data.

Exports were of no major importance in marketing services, cf. table 3.3.2. The subsector showed medium ranking in most Member States. The highest exports shares to other EC countries were found in Greece (6%), Ireland (12%), Luxembourg (12%) and the United Kingdom (6%). The exports to extra-EC countries were without significance except for Ireland (6%) and the United Kingdom (7%).

Marketing services was together with labour recruitment and provision of personnel the subsector with the least share of households clients. In all Member States the share was less than 3%, cf. table 3.3.2. Neither were government clients of greater importance for the marketing services sector compared to the other subsectors: marketing services showed only secondary rankings except in Spain.

Table 3.3.2

Ranking of turnover in marketing services broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	5	7	7	7
Germany	4	5	7	5
Greece	3	7	8	6
Spain	4	4	3	2
France	3	5	6	6
Ireland	2	4	6	3
Italy	7	5	7	7
Luxembourg	3	3	6	6
Netherlands	6	7	7	5
Portugal	6	7	6	6
United Kingdom	4	2	6	7
EUR(11)	6	7	7	7

Source: Eurostat. Pilot survey data.

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3.4 Technical services

Technical services was one of the most important subsectors at the total European level, ranking second in all basic variables (number of enterprises, employment and turnover) analysed in section 3.1. The picture changes somewhat when looking at the economic variables per employee as in most Member States technical services then achieved a medium ranking, cf.table 3.4.1.

Technical services enterprises showed relatively high labour costs per employee; the subsector ranked first or second in Denmark, Germany, France, Ireland, Italy and Portugal; only in Greece were labour costs per employee low.

Table 3.4.1

Technical services. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	4	2	1	6	3
Germany	5	5	2	5	8
Greece	5	5	6	5	5
Spain	3	4	3	4	3
France	4	4	2	4	6
Ireland	6	4	2	6	4
Italy	3	2	1	6	2
Luxembourg	5	5	4	na	4
Netherlands	5	5	3	7	2
Portugal	4	4	2	5	3
United Kingdom	8	5	3	6	6
EUR(11)	4	4	2	6	4
Sweden	4	4	3	4	4
Finland	5	3	4	1	4

Source: Eurostat. Pilot survey data.

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Technical services showed a relatively high ranking concerning exports to other EC countries: the subsector was in first or second position in six Member States (Denmark, France, Italy, Netherlands, Portugal and United Kingdom), cf. table 3.4.2. Especially in Portugal (16%) and in the Netherlands (10%) the subsector showed high export shares in the total turnover.

In Spain, France, Italy and the Netherlands technical services was the subsector showing highest shares of exports to extra-EC countries, and the subsector was ranking second in further three Member States (Denmark, Germany and Portugal).

Technical services was the only subsector in the Netherlands with any significant exports to extra-EC countries (8%). But also in Denmark (17%), Italy (14%) and France (13%) technical services showed a considerable share of exports to extra-EC countries. In total, technical services was the most export-oriented sector; the enterprises within technical services in Portugal received 21% of their turnover from other countries, Danish enterprises received 20%, and Dutch enterprises 18% of their total turnover from exports. The major exception was Luxembourg, where technical services showed the smallest exports share of the subsectors surveyed.

Table 3.4.2

Ranking of turnover in technical services broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	2	2	6	1
Germany	3	1	1	1
Greece	6	4	3	1
Spain	3	1	4	1
France	2	1	4	1
Ireland	6	6	4	1
Italy	2	1	5	1
Luxembourg	5	3	1	2
Netherlands	1	1	6	2
Portugal	2	3	4	1
United Kingdom	1	5	5	2
EUR(11)	2	1	4	1

Source: Eurostat. Pilot survey data.

Technical services showed no clear pattern of breakdown of turnover by type of client, cf. table 3.4.2. In Germany (19%) and Luxembourg (10%) technical services ranked first concerning households as clients. In Greece (28%) households also constituted an import client group. In other Member States households were of minor importance.

On the other hand the pilot survey clearly showed that in all Member States technical services was ranked first or second regarding government as clients. Furthermore in Denmark (43%), Greece (38%) and Italy (43%) government made up a relatively large share of the total turnover in technical services.

3.5 Renting and leasing services

The subsector renting and leasing services was one of the minor subsectors in terms of total volume of the business services sector. The number of enterprises in this subsector represented about 5% of the total number of enterprises surveyed. The subsector represent a larger share (15%) in the Netherlands. Concerning the total employment in the business services sector the subsector renting and leasing services represented an even smaller share (3%).

The precondition for renting and leasing activities is a considerable amount of available capital, in contrast to most of the other subsectors in business services. Thus the investment per employee is exceptionally high compared to the other subsectors. The results of the pilot survey also clearly stresses the high investment share; renting and leasing services was ranked first in all Member States except Ireland, cf. table 3.5.1.

The subsector also came first or second concerning gross value added per employee in all the Member States again except for Ireland. This also goes for the ratio of turnover per employee, where the only exception was Greece. On the other hand enterprises within the subsector bore relatively low labour costs per employee and the subsector also employed the least number of employees per enterprise in the business services sector except for professional services. The overall pattern when analysing the data per Member State also showed relatively low rankings, except for Greece where the surveyed units were relatively larger than in other Member States.

Table 3.5.1

Renting and leasing services. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	2	1	5	1	7
Germany	1	1	3	1	5
Greece	3	2	3	1	3
Spain	2	2	6	1	5
France	1	1	4	1	8
Ireland	2	3	4	2	7
Italy	2	1	3	1	4
Luxembourg	1	1	5	na	8
Netherlands	2	2	6	1	7
Portugal	2	1	3	1	4
United Kingdom	1	1	5	1	5
EUR(11)	1	1	4	1	7
Sweden	1	1	4	1	7
Finland	1	na	5	na	7

Source: Eurostat. Pilot survey data.

The enterprises in renting and leasing services showed no clear pattern concerning exports shares, cf. table 3.5.2. In Italy (8%) and Portugal (27%), the subsector received a considerably higher share of turnover from exports to other EC countries than the other subsectors, and in Greece the exports share was also very high (27%). On the other hand the exports share in Germany, Spain and France was less than 2%. Exports to extra-EC countries were of minor importance in most Member States with Greece (8%), Ireland (9%) and Italy (4%) as exceptions.

Table 3.5.2

Ranking of turnover in renting and leasing services broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	3	4	1	6
Germany	7	6	3	8
Greece	2	2	4	7
Spain	6	6	na	na
France	7	8	3	4
Ireland	4	2	8	2
Italy	1	2	1	2
Luxembourg	na	na	2	4
Netherlands	5	5	1	8
Portugal	1	5	2	8
United Kingdom	7	8	1	5
EUR(11)	4	6	2	6

Source: Eurostat. Pilot survey data.

Not surprisingly, households were relatively important clients for enterprises within renting and leasing services compared to the other subsectors: the subsector ranked first or second in six Member States, cf. table 3.5.2. In Denmark, Greece and the Netherlands households constituted about a quarter of the total turnover in renting and leasing services.

On the other hand government was only of minor importance as a client in all Member States except for Ireland and Italy, where they generated 22% and 32% respectively of the total turnover generated by renting and leasing enterprises.

3.6 Labour recruitment and provision of personnel

The pilot survey revealed that the subsector of labour recruitment and provision of personnel in general gave the Member States huge problems of identification of the population in question. Firstly, in Denmark and Italy the subsector constitutes no independent subsector and thus cannot be analysed. Secondly, in three Member States (Greece, Luxembourg and Portugal) the total number of enterprises surveyed was less than 20. In general the subsector played the least important role concerning number of enterprises with only 1% of the total surveyed enterprises.

Concerning employment the subsector labour recruitment and provision of personnel was also of minor importance, except in France where this subsector was the major contributor to the employment of the business services sector (18%). France was also the only Member State where the turnover share of labour recruitment and provision of personnel was of any importance.

One reason for the low coverage of this subsector in the business services sector is probably the fact that in many countries provision of personnel has traditionally been produced by public or semipublic bodies. As a consequence of this structure, the number of private enterprises in this subsector is limited.

As the number of surveyed enterprises totalled less than 3 500, the data for this subsector should be interpreted with utmost caution. The results of the pilot survey showed only minor values for the ratios calculated concerning economic data, cf. table 3.6.1, except for Ireland (turnover and labour costs per employee) and the Netherlands (turnover, gross value added and labour costs per employee). On the other hand, this subsector showed the highest or the second highest number of employees per enterprise in Germany, France, Luxembourg, Portugal and the United Kingdom.

Table 3.6.1

Recruitment and provision of personnel. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	na	na	na	na	na
Germany	7	7	7	7	1
Greece	6	4	5	7	7
Spain	5	5	4	7	6
France	7	7	6	8	1
Ireland	1	5	1	4	6
Italy	na	na	na	na	na
Luxembourg	8	7	7	na	2
Netherlands	1	1	5	2	8
Portugal	7	7	7	7	2
United Kingdom	6	7	6	8	2
EUR(11)	6	7	6	7	3
Sweden	na	na	na	na	na
Finland	8	na	6	na	1

Source: Eurostat. Pilot survey data.

Labour recruitment and provision of personnel showed a rather blurred pattern concerning export shares, cf. table 3.6.2. The subsector ranked first in Greece (33%) and Spain (3%), but ranked last in Germany and the United Kingdom.

The subsector also showed an indistinct pattern concerning exports to extra-EC countries: the subsector ranked first in Greece (38%), Ireland (10%) and the United Kingdom (8%) but last in Germany and Spain. Greek enterprises showed exports as the major part of the turnover of enterprises within labour recruitment and provision of personnel. But as the number of surveyed enterprises in Greece was very limited the results must be interpreted with the utmost caution.

Table 3.6.2

Ranking of turnover in labour recruitment and provision of personnel broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	na	na	na	na
Germany	8	6	6	7
Greece	1	1	7	8
Spain	1	6	na	na
France	4	6	8	7
Ireland	3	1	5	6
Italy	na	na	na	na
Luxembourg	na	na	6	8
Netherlands	7	6	8	6
Portugal	7	6	8	5
United Kingdom	6	1	8	8
EUR(11)	7	5	8	8

Source: Eurostat. Pilot survey data

Together with computer services, labour recruitment and provision of personnel was the subsector where households showed the least importance, cf. table 3.6.2. The pattern was uniform across Member States. The same goes for government as clients, where labour recruitment and provision of personnel also showed only secondary rankings.

3.7 Operational services

Not surprisingly, operational services was the subsector which showed the largest employment, accounting for about 30% of the total employment in the pilot survey. Concerning the other basic variables, number of enterprises and turnover, operational services was of minor importance in all Member States except perhaps for the Netherlands where the subsector generated a relatively high share of the turnover of the total number of enterprises surveyed.

The enterprises within operational services showed a rather uniform performance as the subsector in all countries showed the lowest ratios concerning the economic variables turnover, gross value added, labour costs and investments per employee. Only United Kingdom enterprises in operational services showed a quite different pattern, with relatively high gross value added and investments per employee, cf. table 3.7.1.

On the other hand operational services was ranked in first or second place for employment; again with the exception of enterprises surveyed in the United Kingdom. In seven of the Member States (Germany, Greece, Spain, Ireland, Luxembourg, the Netherlands and Portugal) the number of employees per enterprise was 5 to 10 times higher in operational services than the national average in business services. The major reason for the very high number of employees in operational services was found in the very large number of part-time employees in this subsector.

Table 3.7.1

Operational services. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	7	7	7	7	1
Germany	8	8	8	8	2
Greece	8	8	4	6	1
Spain	8	8	8	8	1
France	8	8	8	7	2
Ireland	8	8	8	8	1
Italy	7	7	7	7	1
Luxembourg	7	7	8	na	1
Netherlands	8	8	8	8	1
Portugal	8	8	8	8	1
United Kingdom	7	3	7	2	3
EUR(11)	8	8	8	8	1
Sweden	7	6	6	7	1
Finland	7	5	8	5	2

Source: Eurostat. Pilot survey data.

Not surprisingly, operational services was the subsector in which exports had the least importance, cf. table 3.7.2. The same pattern was also found in the exports to extra-EC countries, where operational services showed only secondary rankings in all Member States.

Table 3.7.2

Ranking of turnover in operational services broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	7	6	4	2
Germany	6	8	4	2
Greece	7	8	5	5
Spain	8	6	na	na
France	7	7	5	2
Ireland	6	6	3	5
Italy	5	7	6	5
Luxembourg	na	na	2	1
The Netherlands	8	7	4	1
Portugal	8	8	7	2
The United Kingdom	8	5	3	1
EUR(11)	8	8	5	2

Source: Eurostat. Pilot survey data

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In general, households were of only minor importance as clients for enterprises within operational services, cf. table 3.7.2. The only exception was Luxembourg, where operational services ranked second regarding households as clients. On the other hand, operational services ranked higher compared to other subsectors concerning government as clients: only technical services showed a higher ranking. In seven Member States operational services ranked first or second. Furthermore, government made up a considerable share of the total turnover generated in enterprises within operational services in the Netherlands (47%) and Denmark (40%).

3.8 Other business services

The subsector other business services showed a rather heterogeneous character, being the residual class of business services. This is partly due to the fact that the activity classes in NACE Rev1 constituting the subsector have very different activities, e. g. photographic activities and secretarial and translation activities, partly due to the fact that the Member States classify differently for this subsector, as for instance in the case of Denmark where labour recruitment and provision of personnel is classified in this subsector.

The subsector constituted a major part of the enterprises surveyed in Greece, France, Ireland, the Netherlands and the United Kingdom (between 15 and 25% in these five countries) and also a considerable share of total employment and turnover in the same countries, cf. table 3.8.1.

Not surprisingly, due to the above-mentioned heterogenity of this subsector, the Member States showed no general pattern in other business services. The EUR(11) level showed a relatively low ranking for all economic variables except investments per employee. On the other hand, the subsector showed very low labour costs per employee; especially in the Member States in southern Europe. At the EUR(11) level only the subsector operational services showed a lower ratio of labour costs per employee.

Table 3.8.1

Other business services. Ranking of economic key variables 1990.

	Turnover per employee	Gross value added per employee	Labour costs per employee	Investments per employee	Employees per enterprise
Belgium	na	na	na	na	na
Denmark	5	5	3	4	5
Germany	3	3	5	3	4
Greece	4	6	7	4	5
Spain	7	7	7	6	8
France	6	6	7	3	7
Ireland	4	2	5	3	2
Italy	6	6	6	4	6
Luxembourg	4	4	3	na	5
Netherlands	7	7	7	4	3
Portugal	5	6	6	6	7
United Kingdom	2	8	4	4	4
EUR(11)	5	6	7	4	5
Sweden	6	7	7	6	2
Finland	6	na	7	na	6

Source: Eurostat. Pilot survey data.

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The subsector other business services showed no distinct pattern concerning exports, cf. table 3.8.2. In general, the subsector was ranked medium in most Member States, but in Luxembourg enterprises in other business services ranked first with a considerable share of their turnover (34%) generated from exports to other EC countries.

In general, households seemed quite important as clients in most Member States, cf. tabel 3.8.2. In Spain, Portugal, Greece and the Netherlands especially households made up relatively large shares of the turnover generated in other business services. On the other hand, the other business services showed a medium ranking compared to other sectors regarding government as client group. But all in all, due to the residual character of this subsector, further analysis of its performance is not meaningful.

Table 3.8.2

Ranking of turnover in other business services broken down by exports and type of clients, 1990.

	Exports		Type of clients	
	Other EC countries	Extra EC	Households	Government
Belgium	na	na	na	na
Denmark	3	3	3	3
Germany	2	3	5	6
Greece	5	5	2	3
Spain	6	2	1	4
France	5	3	2	5
Ireland	5	5	2	4
Italy	3	3	4	4
Luxembourg	1	2	5	3
Netherlands	3	2	2	7
Portugal	3	4	1	6
United Kingdom	4	2	3	4
EUR(11)	3	3	3	4

Source: Eurostat. Pilot survey data.

4. Conclusion

The data collected in the pilot survey on business services can not be raised to the total EUR(11) level, due to the low response rates and differences in sampling frames implying skewness in the national distribution of the surveyed enterprises.

The results of the pilot survey are mainly found in the methodological feedback reported to the Voorburg Group Meeting in 1993[8] and in the possible statistical profiling of the business services sector and the eight subsectors constituting the business services sector, presented in this publication "Business Services in Europe".

Without forgetting the data quality, the pilot survey gives a first comparible picture of the basic structures of the European business services sector, with a level of detail which has not been possible to present statistically before. The above analysis has revealed a number of uniform patterns across the Member States for the variables studied.

The pilot survey has also shown a number of shortcomings.These must be dealt with in the future co-operation within the European Union in order to reach a level where data raised to the national totals can be compared and analysed within an European context on a harmonised basis.

[8] Cf. footnote 1.

Belgium

1. General business structure in Belgium

The developments with respect to the structure of the economy in Belgium do not deviate greatly from developments in the other European countries. Over the period 1970 to 1990 market services increased its share in GDP with 24.4% to 53.5%. The two subsectors with the largest growth were banking and insurance services and other market services which share in GDP increased in both cases with just under 50%. The largest contribution in the end came from other market services including business services. Its relative size increased from 13.3% in 1970 to 19.9% in 1990 which made it with distance the largest single subsector within the services sector in Belgium.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	43.0	47.3	50.8	53.5
of which distributive trade	15.0	14.3	14.3	15.8
of which hotels and restaurants, transport and communication	11.6	12.7	12.9	13.1
of which banking and insurance	3.1	4.3	5.4	4.6
of which other market services	13.3	16.0	18.3	19.9
Non -market services	12.5	16.0	15.1	13.2
of which general government	11.1	14.8	14.0	12.3
of which other non-market services	1.4	1.2	1.1	0.9
All sectors	100.0	100.0	100.0	100.0

Source: Eurostat. National Accounts ESA.

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The direction of the developments of employment in services were similar to those noted before with respect to GDP. The employment share of market services grew slightly more than the sector's relative share of GDP. The share of GDP increased 24.4% in the period between 1970 to 1990 and the share of employment increased with 31.8%. The result was that 48.1% of employment in the Belgium economy was in market services in 1990. Employment in the market services sector stood at 1 811 000 persons in 1990, exceeding the employment in manufacturing industries with more than one million more. Also employment in non-market services grew, solely due to a growth of employment in the government although this trend was reversed at the end of the period. Market oriented services were by far the most important contributor to employment in the services sector over the last 20 years. It actually experienced a more than doubling of its share in employment resulting in 685 000 employed persons in this subsector in 1990 which is 379 000 more than in 1970. The sector obtained herewith a similar importance for employment in Belgium as the distributive trade subsector.

Table 1.2

Breakdown of employment by sector in per cent of total economy 1970-1990.

	1970	1980	1985	1990
Market services	36.5	42.1	45.0	48.1
of which distributive trade	16.7	16.5	16.1	16.8
of which hotels and restaurants, transport and communication	8.3	9.7	9.6	9.1
of which banking and insurance	2.7	3.2	3.9	4.0
of which other market services	8.7	12.8	15.2	16.2
Non-market services	18.0	21.7	23.1	22.1
of which general government	14.6	18.9	20.4	19.8
of which other non-market services	3.5	2.8	2.7	2.3
All sectors	100.0	100.0	100.0	100.0

Source: Eurostat. National Accounts ESA.

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2. Structure of business services in Belgium

This section decribes the structure of the Belgian business services sector compared to the EUR(12) level. The business services is defined as the NACE 70 classes 83 and 84[1] as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes. The data refer to the year of 1990.

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in the total industry in Belgium, 1990.

	Number of enterprises	Number of employees[1]	Turnover (million ECU)
Business services (NACE 83,84)	67033	194424	20916
The total industry (NACE 1-8)	438145	1978592	394812
Business services as %-share of the total industry	15.3	9.9	6.0
Business services in Belgium as %-share of business services in EUR(12)	3.5	2.3	2.7
The total industry in Belgium as %-share of the total industry in the EUR(12)	3.5	2.3	3.4

[1] The EUR(12) figures is based on number of persons employed in EUR(12).

Source: Eurostat. Enterprises in Europe (1994)

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[1] NACE classes 83/84 are used as a rough indicator of the business services sector, although they, on the one hand, include activities auxiliary to banking, finance and insurance and dealers in real estate and house and state agents. On the other hand, class 923 cleaning services, (operational services in the pilot survey) is not included in the used definition of business services.

2.1 Number of enterprises

In 1990 89.8% of all Belgian enterprises were classified in the NACE classes 1 - 8. These 438 000 enterprises represented about 3.5% of the EUR(12) total.

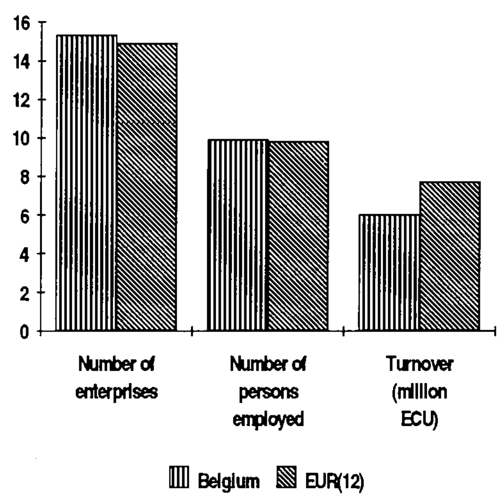
15.3% of the 438 000 Belgian enterprises were engaged in business services. This amounted to about 3.5% of the EUR(12) share of business services.

The distribution of enterprises among size classes did vary compared to the EUR(12) figures. 97% of the Belgian enterprises in business services was of micro size (0-9 employees). The corresponding EUR(12) figure was 95%. The share of small enterprises in the Belgian services sector was near half of the EUR(12) figure, namely 2.5% against 4.6%.

For enterprises with more than 100 employees (the medium and large enterprises) the Belgian share (0.27%) was slightly smaller than the corresponding EUR(12) figure (0.30%) but looking solely at the large enterprises the Belgian share were larger namely 0.07% against 0.04% for the EUR(12).

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Eurostat. Enterprises in Europe (1994).

2.2 Employment[2]

The total number of employees in the NACE70 classes 1-8 in Belgium was about 1 979 000. About 194 500 or 9.9% was employed in the business services sector. This was the same percentages as for the persons employed in the EUR(12).

The average number of employees per enterprise in Belgium in 1990 was 2.6. In EUR(12) as a total there were 4.4 employed persons per enterprise.

2.3 Turnover

The total turnover in the Belgian NACE70 classes 1-8 amounted to ECU 349 800 million. This were 3.4% of the EUR(12) figure.

The Belgian business services sector generated about ECU 20 900 million in turnover. This amounted to almost 6% of the total industry in Belgium and to 2.7% of the turnover in business services in EUR(12).

In Belgium the 97% of the enterprises which can be characterised as micro enterprises generated 38.7% of the turnover while the figures for EUR(12) as a total were respectively 95% and 47%.

On the other hand the 2.6% of the Belgian enterprises which was characterised as small generated 38% of the turnover while the corresponding figures for EUR(12) was 4.5% and 27% respectively. The 0.3% of the Belgian enterprises with 100 or more employees generated 25.6% of the total turnover in business services. This was the same as in EUR(12).

The 0.07% largest enterprises with 500 or more employees in Belgium generated almost 9% of the turnover in the business services sector while the 0.04% in EUR(12) as a total generated more than 10% of the turnover.

2.4 Breakdown of business services

In this section the business services sector in Belgium is broken down into 3-digit NACE-70 classes, cf. table 2.2.

In Belgium the dominating class is the class of market research (NACE class 839) with 30% of the enterprises, almost 53% of the employees and

2 The EUR(12) figures is based on number of persons employed while the Belgian figures is based on number of employees.

Table 2.2

Number of enterprises, number of employees, turnover and gross value added by NACE class, 1990.

Nace 70	Number of enterprises	Number of employees	Turnover million ECU	Gross value added million ECU
835 Legal services	458	10571	108	na
836 Accountants, tax experts, auditors	13695	19827	4332	na
837 Technical services	15073	19847	2553	na
838 Advertising	7454	8993	2396	na
839 Market research, computer services and business services n.e.s.	18267	105665	5903	na
842 Renting, leasing and hiring of construction machinery etc.	280	154	145	na
843 Renting, leasing and hiring of bookkeeping and office machines etc.	212	74	1110	na
844 Car renting without driver	527	1151	1084	na
845 Renting, leasing and hiring of other means of transport without driver	165	442	159	na
847 Renting, leasing and hiring of other movables without permanent staff	1223	1097	866	na
923 Cleaning services	2885	33143	706	na
Total	60239	200964	19362	na

Source: Eurostat. Enterprises in Europe (1994)

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31% of the turnover. Close to this sector follows NACE class 837 (technical services) with 25% of the enterprises, almost 10% of the employees and 13% of the turnover. Third and fourth is accountants, tax experts and auditors (NACE class 836) and advertising (NACE class 838) with 23% and 12% of the enterprises, almost 10% respectively 5% of the employees and 22% and 12% of the turnover.

Contrary to most other EUR(12) countries the NACE class 835 (legal services) has most employees per enterprises, namely more than 23. Second is cleaning services (NACE class 923) with almost 12 per enterprise and third is market research (NACE class 839) with almost 6 employees per enterprise. Last comes NACE class 843 (renting, leasing and hiring of bookkeeping and office machines etc.) with 0.3 employee per enterprise. In return this class has the highest turnover per enterprise (5.2 million ECU) and also the highest turnover per employee (1.5 million ECU). As seen in the other Member States, the NACE class 923 (cleaning services) has the lowest turnover per enterprise with 200 000 ECU and 21 000 ECU per employee.

Denmark

1. General business structure in Denmark

Between 1970 and 1990 the service sector in Denmark strengthened its position in the economy with a growth of almost 22% in the sector's share of GDP. In 1970 the services sector's share of the total economy (GDP) was 47.1%. This share rose to 57.3% of GDP in 1990.

The overall growth in the services sector covers large sectoral differences, (cf. table 1.1), e.g. the distributive trades' share of the gross value added declined almost 24% while the subsector business services[1] had a growth in its share of 111% in the same period. Taking the business services and other market services together, the growth in the combined sector was 45.2% (from 14.8% of the total gross value added in 1970 to 21.5% in 1990).

According to table 1.1 the market services sector's gross value added at factor cost had a growth of 5.9% between 1970 and 1990. This growth rate might seem relatively small compared to other countries but the initial level was high (45%) in Denmark and together with the non-market services sector the total services sector in Denmark now covers more than 70% of gross value added at factor cost, as a large part of the gross value added at factor cost (more than 22% of the total gross value added) came from public services.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	45.1	46.3	46.0	47.8
of which distributive trades	16.5	14.6	14.2	12.6
of which hotels and restaurants, transport and communication	10.5	9.6	9.7	10.5
of which banking and insurance	3.3	3.3	3.1	3.1
of which other market services[1]	14.8	18.7	19.1	21.5
Non- market services	16.7	23.7	22.8	23.1
of which private welfare etc.	0.71	0.7	0.7	0.7
of which public services	16.0	23.0	22.1	22.4
All sectors	100.0	100.0	100.0	100.0

1 Including business services.

Source: Danmarks Statistik, National Accounts Statistics

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1 Business services is a part of other market services in table 1.1. In 1970 the business services share of other market services was 25%. In 1990 the share was 44%.

Looking at employment[2] the pattern is similar to that of GDP and the gross value added at factor cost, cf. table 1.2. The growth in market services' share of the total employment were 3.2%. Together with the non-market services the share rose by 25.8%. The major part of this growth came from the subsector business services, from banking and insurance and from public services. The distributive trades declined about 14% in the same period, from 326 000 persons to 281 000 persons.

A large part of this decline was caused by a decline in the number of self-employed which fell 14% but at the same time the share of self-employed in the business service sector rose from 2.8% in 1970 to 8.9% in 1990.

All in all the general business structure in Denmark is characterised by a large services sector (public and private) of which the subsector other market services, including business services, covered about 12% of the employment in the total services sector and generated almost 22% of the gross value added in the total economy in Denmark in 1990.

Table 1.2

Breakdown of persons employed by sector in per cent of total economy 1970-1990.

	1970	1980	1985	1990
Market services	34.5	34.2	34.3	35.6
of which distibutive trade	14.3	12.1	11.2	10.9
of which hotels and restaurants, transport and communication	9.1	8.8	8.9	9.2
of which banking and insurance	2.4	3.4	3.8	4.1
of which other market services[1]	8.8	9.9	10.4	11.5
Non- market services	18.8	29.3	30.7	31.5
of which private welfare etc.	2.0	1.2	1.0	1.1
of which public services	16.8	28.1	29.7	30.4
All sectors	100.0	100.0	100.0	100.0

[1] Including business services.

Source: Danmarks Statistik, National Accounts Statistics

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[2] Here defined as the number of persons employed.

2. Structure of business services in Denmark

This section describes the structure of the Danish business services sector compared to the EUR(12) level. The business services sector is defined as NACE 70 classes 83 and 84[3], as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes. The data refer to the year 1990.

2.1 Number of enterprises

In 1990 93.3% of all Danish enterprises were classified in the NACE 70 classes 1-8. These enterprises represented about 1.1% of the EUR(12) total and the 20 800 Danish enterprises which main activity were business services represented 1.1% of the EUR(12) business services total.

14.5% of the Danish enterprises in 1990 were engaged in the business services sector, which was about the same as the corresponding EUR(12) figure, i.e. 15%.

The distribution of business services enterprises by size-classes did not vary much from that of the EUR(12). The Danish figure for the micro enterprises is 92.2% (EUR(12) 95.2%) and for the small enterprises the figure is 4.3% (EUR(12) 2.6%). The share of enterprises having 500 or more employees is 0.08% in Denmark. The corresponding figure for EUR(12) is 0.05%.

Comparation of the Danish number of employees per enterprise with the corresponding EUR(12) figure shows that for enterprises with 100 or more employees the average enterprise size is smaller in Denmark than in EUR(12). This especially holds true for enterprises having 500 or more employees. The average size in Denmark for the large enterprises is 643 employees, in EUR(12) the average is 1988 employees. So, on the one hand Denmark has a larger share of large enterprises, on the other hand the average size of these is relatively small compared to EUR(12).

2.2 Employment

Total employment in the NACE 70 classes 1-8 in Denmark was about 1 363 000 persons. About 127 800 or 9.4% were employed in the business services sector. This percentage is almost the same as for EUR(12) (9.8%).

The average size of the business services enterprises is higher in Denmark than in EUR(12) as a whole. The average size is 6.1 persons per enterprise in Denmark and 4.4 persons per enterprise in EUR(12). This picture is repeated if one looks at the industry as a whole (NACE 1-8). The reason for this is not the existence of a great number of large enterprises, but rather that the micro and small enterprises have a larger average size in Denmark (4.2 in average) than in EUR(12) (2.1 in average).

2.3 Turnover

In 1990 total Danish turnover in the NACE 70 classes 1-8 amounted to ECU 162.5 billion or 1.6% of the EUR(12) total. This is in line with the Danish share of business services (NACE 83, 84) which amounted to ECU 10.9 billion or 1.4% of the corresponding EUR(12) total. The business services stood at 6.8% of the turnover in total Danish industry (NACE 70 1-8) which is a little less than the EUR(12) share of 7.7%.

Denmark has almost the same share of micro- and small enterprises in the business services as the EUR(12) total .In Denmark 99.5% of the enterprises in the business services sector can be characterised as micro- or small enterprises and their share of turnover was 73%. The corresponding figures for EUR(12) were 99.8% and 74.3%.

[3] NACE classes 83 and 84 are used as a rough indicator of the business services sector, although they, on the one hand, include activities auxiliary to banking, finance and insurance and dealers in real estate and house and state agents. On the other hand, class 923, cleaning services, (operational services in the pilot survey) is not included in the used definition of business services.

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in Denmark, 1990.

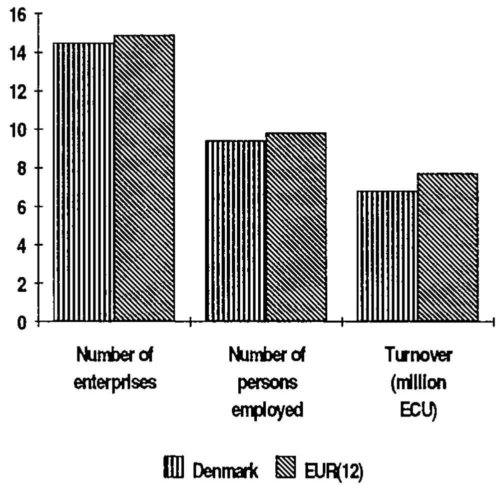
	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services (NACE 83,84)	20815	127872	10994533.0
Total industry (NACE 1-8)	143716	1363542	30297282.0
Business services as %-share of total industry	14.5	9.38	6.8
Business services in Denmark as %-share of business services in EUR(12)	1.2	1.7	1.5
Total industry in Denmark as %-share of total industry in EUR(12)	1.2	1.7	1.5

Source: Eurostat. Enterprises in Europe (1994)

eurostat

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Eurostat. Enterprises in Europe (1994)

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The medium-sized enterprises (100-499 employed) accounted for 0.4% of the Danish enterprises engaged in business services where the figure for EUR(12) was 0.3%. The Danish medium sized enterprises generated almost the same share of turnover compared to their EUR(12) counterparts, namely 12% against 11.9%.

The 17 large Danish enterprises (with 500 or more persons employed) engaged in business services, i.e. 0.08%, accounted for 15.4% of the turnover in the business services sector. In EUR(12) 0.05% of the enterprises had 500 or more employees and they generated 20% of the turnover.

2.4 Breakdown of business services

In this section the business services sector in Denmark is broken down into 3-digit NACE 70 classes.

Contrary to the other EC Member States the class of technical services (NACE 837) was the overall dominating class with about 24% of the enterprises, 25% of the persons employed, 33% of the turnover and 36% of the gross value added. Close to this class are the class market research, computer services and business services (NACE 839) which contained more enterprises (26%) but a little less of the persons employed (24%), turnover (28%) and gross value added (26%).

The class cleaning services (NACE 923) contained 13% of the enterprises and 20% of the total employment in the business services sector. Of minor importance was the class renting, leasing and hiring of other movables without permanent staff (NACE 847) containing only 0.6% of the enterprises, 0.8% of the persons employed, 0.4% of the turnover and 0.4% of the value added.

If the turnover figures are related to the employment the pattern changes. The class advertising (NACE 838) ranked first with a turnover of ECU 141 000 per person employed and a gross value added at about ECU 47 000. Second are the class car renting without driver (NACE 844) with a turnover of almost ECU 130 000 per person employed and a gross value added of ECU 80 000.

Not surprisingly advertising had the highest turnover per enterprise (ECU 635 250), second was technical services ECU 624 000 and third car renting (ECU 489 100).

Technical services generated the highest value added per enterprise at ECU 476 100 and advertising cames in second last with ECU 211 200. The number of persons employed per enterprise in advertising was the second lowest (4.5 persons - only car renting was lower with 3.8). As in the other EC Member States the class cleaning services had the highest number of persons employed (11.1) per enterprise and the lowest turnover (ECU 208 700) and value added (ECU 177 500) per enterprise.

Table 2.2

Number of enterprises, number of persons employed, turnover and gross value added by NACE class, 1990.

NACE 70	Number of enterprises	Number of persons employed	Turnover million ECU	Gross value added million ECU
835 Legal services	1543	11924	518.6	506.3
836 Accountants, tax experts, auditors	2865	20346	984.3	892.1
837 Technical services	4794	36263	2991.8	2282.5
838 Advertising	2183	9832	1386.8	461.0
839 Market research, computer services and business services n.e.s.	5349	34281	2539.6	1666.0
842 Renting, leasing and hiring of construction machinery etc.	na	na	na	na
843 Renting, leasing and hiring of bookkeeping and office machines etc.	na	na	na	na
844 Car renting without driver[1]	375	1411	183.4	112.9
845 Renting, leasing and hiring of other means of transport without driver	na	na	na	na
847 Renting, leasing and hiring of other movables without permanent staff[2]	115	1158	34.7	27.1
923 Cleaning services	2644	29424	551.8	469.3
Total	19868	144639	9190.9	6417.3

1 In the Danish statistics the NACE class 844 (Car renting without driver) is an aggregation of the classes 842 and 843.
2 NACE class 847 (Renting, leasing and hiring of other movables without permanent staff) also contains class 845.

Source: Eurostat. Enterprises in Europe (1994)

eurostat

3. Pilot survey: Business services by subsector in Denmark

3.1 The pilot survey, brief description

The pilot survey was carried out in 1991 by the Danish statistical office, Danmarks Statistik, and covered the year 1990.

The Danish pilot survey consisted of a total of 1.715 enterprises of which 925 acceptable responses were received, i.e. a response rate of 54%. Table 3.1 presents the breakdown of enterprises, employees and turnover by subsectors.

Table 3.1

Number of enterprises, employees and turnover in the pilot survey, 1990.

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	81	9	2449	13	168.6	16
Professional services	257	28	1890	10	106.9	10
Marketing services	83	9	959	5	150.1	15
Technical services	246	27	6518	36	418.8	40
Renting and leasing services	48	5	270	2	27.4	3
Operational services	94116	13	5228	29	101.5	10
Other business services	94	10	1057	6	64.2	6
All subsectors	925	100	18371	100	1037.5	100

Source: Danmarks Statistik. Pilot Survey Data 1990.

eurostat

3.1.1 Number of enterprises

As in the other countries, the sectoral breakdown shows that both professional services and technical services were of major importance accounting for more than 25% of the enterprises each. Operational services accounted for 13% and the rest of the sectors matched about 10% or less.

Almost 70% of the enterprises belonged to employment size-class 0-9 employees (micro enterprises) followed by 28% for the class 10-99 employees (small enterprises). 2% of the enterprises in the pilot survey had 100 or more employees. Compared with the general size pattern the Danish survey showed a bias towards the larger enterprises which was also the case for most of the other countries.

Micro enterprises accounted for 64% of the enterprises in the professional services sector and for 18% of all the enterprises in the survey. 27% of the self-employed (0 employees) was engaged in the technical services sector.

The firms with 100 or more employees held also a relatively strong position in the technical services sector with nearly 4% of the enterprises and 42% of the empioyees in that sector.

3.2 Demographic data

3.2.1 Local units

The business services enterprises surveyed in Denmark consisted of a total of 1 282 local units averaging about 1.4 unit per enterprise. For the large enterprises (with 500 or more employees) the average was 13 units per enterprise.

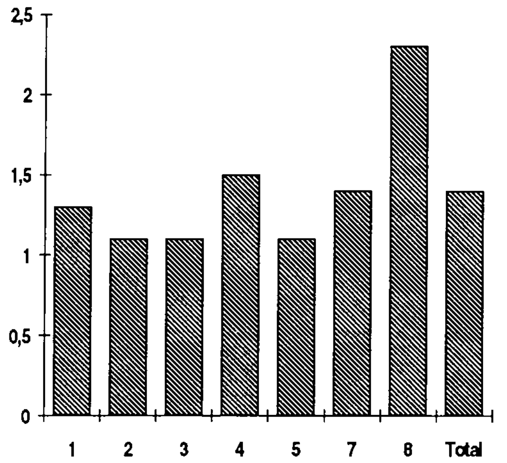
The number of local units per enterprise was on average for all subsectors between 1.1 and 1.5, except for other business services which had an average of 2.3 local units per enterprise, cf. figure 3.1.

91% of the firms in the survey had only one local unit. At the sector level this figure varied from 79% (Computer and related services) to 97% (Renting and leasing services). Computer and related services is the subsector where it was most common to have more than one local unit per enterprise. 16% of the enterprises in the subsector computer and related services had two local units and almost 5% had between 3-5 local units.

Only very few enterprises (1%) in the survey had more than 5 local units, of which 9 enterprises had between 10 and 99 local units, an average of 26.1 local unit per enterprise. No enterprises had more than 100 local units.

Figure 3.1

Number of local units per enterprise by subsector, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: Danmarks statistik. Pilot Survey Data 1990.

3.2.1.1 Employment distribution

The 91% of the enterprises which had one local unit accounted for only 39% of the employees, while the 1% of the enterprises with between 10 and 99 local units employed 36% of the total number of employees in the survey.

64% of the employees in the subsector operational services worked in enterprises with more than 9 local units while only 29% worked in enterprises with one local unit. Furthermore a minor share of the employees (8%) in this sector worked in enterprises whit 2-9 local units. A similar picture (but not quite so marked) holds for the subsector technical services.

A somewhat different picture applies to the subsector renting and leasing services. In this sector 84% of the employees worked in enterprises with one local unit and 16% worked in enterprises whit 6-9 local units.

3.2.2 Legal status

3.2.2.1 Number of enterprises

Due to the sampling method which excluded partnerships from the survey only two forms of legal status were of any importance in the Danish services sector; the sole proprietorship-form and the company-form. The first had a share of 42% of the enterprises, the latter 58%. The rest (non-profit organisations and other legal status) covers 0.4% of the enterprises.

However, the distribution of legal status depends much upon the sector, c.f. table 3.2. The sole proprietorship was most common in operational services (73% of the enterprises) and less common in computer and related services (15% of the enterprises).

In professional services the distribution was closer to equal; 56% of the enterprises were sole proprietorships and 44% were organised as companies.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	85	99	0	0	15	1	0	0	100	100
Professional services	44	74	0	0	56	26	0	0	100	100
Marketing services	71	91	0	0	28	9	1	0	100	100
Technical services	69	96	0	0	31	4	0	0	100	100
Renting and leasing services	77	86	0	0	23	14	0	0	100	100
Operational services	27	80	0	0	73	20	0	0	100	100
Other business services	62	73	0	0	36	13	2	14	100	100
All subsectors	58	90	0	0	42	9	0	1	100	100

Source: Danmarks Statistik, Pilot Survey Data 1990.

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3.2.2.2 Number of employees

The distribution of employees by legal status is much more biased than the distribution of enterprises by legal status. Almost 90% of the employees were employed in companies. Only a minor share (10%) of the employees worked in sole proprietorship enterprises[4].

There are two reasons for this highly biased distribution. The first reason is that nearly 60% of the enterprises with 10 or more employees were organised as companies.

The second reason is to be seen in the average size of the enterprises. Enterprises organised as sole proprietorship employed on average 4.5 employees while the average size for enterprises organised as companies was 30.7 employees. However, it should be underlined that 5 companies in the survey employed in all 6 798 employees - an average of 1 360 employees.

The overall average employment size was 19.9 employees per enterprise. However, 159 (17%) of the total 925 enterprises had more employees than the average and the overall median for the whole sample was calculated as 4 employees. There are also some major subsectoral variations, e.g. the subsector renting and leasing services had an average of 45 employees per enterprise.

All in all there was a clear propensity for larger enterprises to be organised as companies and smaller ones in sole proprietorships.

3.2.2.3 Turnover and gross value added

The companies generated 90% of the total turnover of the surveyed population. This emphasises the significance of companies as the most important legal status at the expense of the sole proprietorship covering only 9%.

There are, however, some differences between subsectors, e.g. only 1% of the turnover in computer and related services came from enterprises organised as sole proprietorships while the rest came from companies. In professional services and operational services 26% and 20% respectively of the turnover was generated in enterprises organised as sole proprietorships. Non-profit organisations and other legal status did not play any significant role.

[4] No enterprises with sole pripríetorship as legal status has more than 99 employees in the sample.

The average turnover per enterprise was about ECU 1.1 million, but the spread was large, from ECU 416 000 in professional services to more than ECU 2 million in computer and related services.

In the subsubsector computer and related services 23 enterprises (28%) had a turnover higher than the average while compared to 19% (178 enterprises) at the total level having a turnover higher than the average. The median turnover for computer and related services was almost ECU 860 000 while the median turnover for the overall sample was about ECU 217 900. This confirms the dominating role of this subsector concerning turnover.

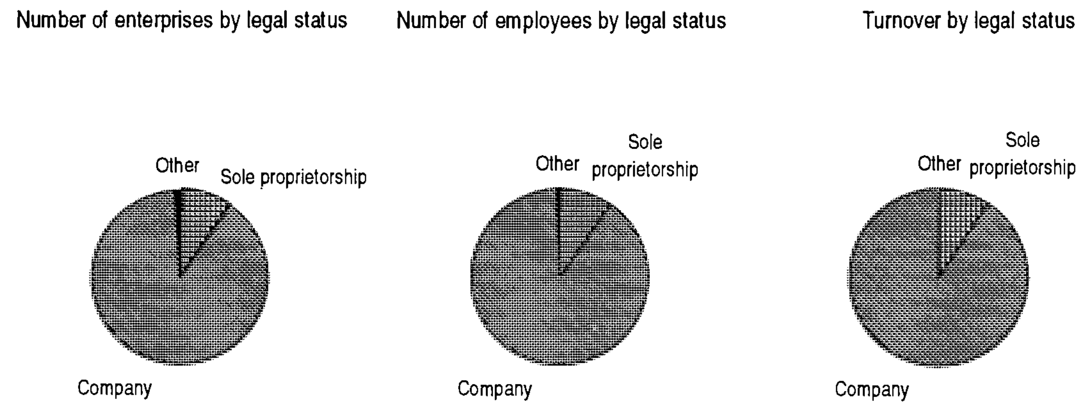
The pattern of gross value added follows closely that of the turnover in the Danish survey.

3.2.2.4 Turnover and gross value added per employee

The overall average turnover per employee varied only a little with legal status. The differences were, however, substantial for some sectors between the two main legal status groups; sole proprietorship and companies.

Figure 3.2

Enterprises, employees and turnover by legal status, 1990.



Source: Danmarks Statistik. Pilot Survey Data 1990.

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The average turnover per employee by subsectors ranges from about ECU 156 500 for marketing services to ECU 19 400 for operational services. In the subsector renting and leasing services the difference between the two forms of legal status mentioned was ECU 30 000 or about 24% in favour of the enterprises organised as sole proprietorships. A similar pattern holds for operational services and partly for computer services.

The gross value added per employee showed about the same pattern by legal status as the turnover. However, the differences between the two legal status main groups are smaller. For operational services only the difference is significant; ECU 8 700 or 38%.

It is difficult to draw solid conclusions if one analyses the sample by employment size classes instead of by subsector. But the tendency is that for both sole proprietorships and companies the micro enterprises with 1-9 employees has a turnover per employee that is somewhat higher than the turnover of the medium sized enterprises. Looking at gross value added the pattern is more marked, especially for the enterprises organised as sole proprietorships.

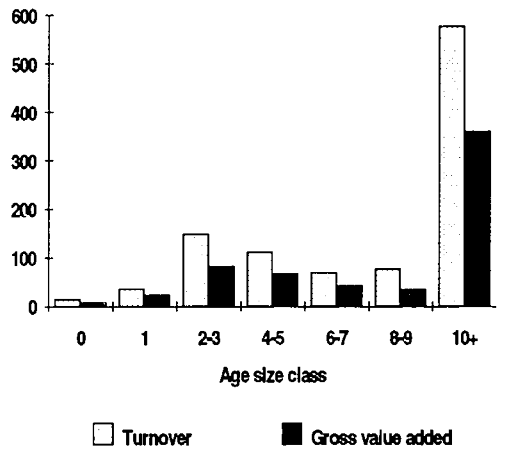
3.2.3 Age of enterprise[5]

3.2.3.1 Turnover and gross value added

Almost 56% of the enterprises' total turnover were generated by the ten-year or older enterprises. The same enterprises accounted for about 58% of the total gross value added, cf. figure 3.3.

Figure 3.3

Turnover and gross value added by age of enterprise, (million ECU), 1990.



Source: Danmarks Statistik. Pilot Survey Data 1990.

In the other age classes turnover shares varied from 1% for the newest enterprises to 13% for the 2 to 3 year old enterprises. The distribution of value added follows closely that of turnover at the total level.

Technical services constituted the largest share of turnover in all age classes except for the youngest enterprises (less than two years old).

The distribution of gross value added follows that of the turnover and the tendency is even more pronounced.

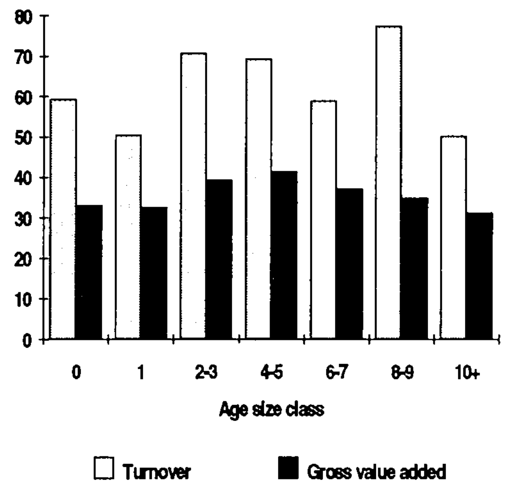
3.2.3.2 Turnover and gross value added per employee

There is a (weak) tendency of rising turnover per employee with age. The highest turnover per employee is recorded in the age class 8-9 years.

The tendency is slightly different for the gross value added. Here the highest value is reached in the age class 4-5 years.

Figure 3.4

Turnover and gross value added per employee by age of enterprise, (ECU 1.000), 1990.



Source: Danmarks Statistik. Pilot Survey Data 1990.

At the level of subsectors the picture is not unambiguous. For the subsector computer and related services and for renting and leasing services the highest turnover per employee is reached at the age class 8-9 years, for professional services and for technical services at the age class 2-3 years, for marketing services at the age class 10 years or older, for operational services at the age class 4-5. A more or less similar pattern is valid for gross value added per employee. The highest average turnover is reached by the subsector marketing services. With a few exceptions, this subsector also showed the highest turnover per employee in each age class.

[5] The Danish business register does not contain information about the exact age of an enterprise. The "birth" of an enterprise is defined as the date at which the enterprise is registered at the Directorate of Tax and Customs. This registration may be caused by a real birth or by other events e.g. a change in ownership or legal status.

3.3 Employment [6]

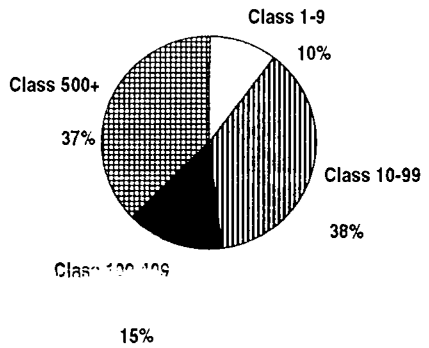
3.3.1 Employment by size-class

The share of employees is almost equal in the small and large enterprises covering about 37% each. About 15% of the employees are in medium-sized (100 and 499 employees). 10% of the employees are employed in enterprises in the micro enterprises (1-9 employees), cf. figure 3.5.

The distribution of employees by subsector shows that the subsector technical services employed most people on average (35%) with operational services in second place (29%). Almost 40% of the employees employed in large enterprises were employed in the subsector technical services. 48% of the same size class were employed in the subsector operational services equalling about 18% of all employees.

Figure 3.5

Breakdown of employees by employment size-class, %-share, 1990.



Source: Danmarks Statistik. Pilot Survey Data 1990.

3.3.2 Employment per enterprise

The overall average employment per enterprise was 19.9 employees. It ranged from 4 employees per enterprise in micro enterprises to 1 360 employees in large enterprises.

[6] The Danish survey data do not contain information about part-time employment.

However there were large differences between subsectors - especially with regard to enterprises with 10 or more employees. At the total level the average employment per enterprise ranged from 5.6 employees in renting and leasing services to 45.1 in operational services.

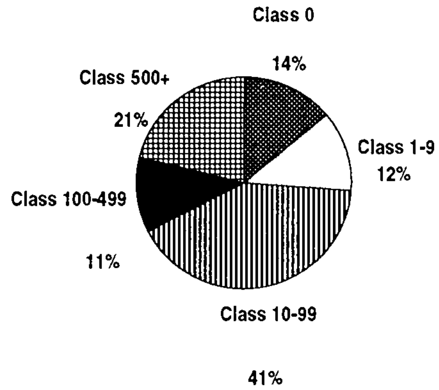
3.4 Turnover

3.4.1 Turnover by size-class

The 925 enterprises who participated in the survey had a total turnover of a little more than 1 billion ECU. 41% of this turnover was generated by small enterprises and 26% was generated by micro enterprises, cf. figure 3.6.

Figure 3.6

Breakdown of turnover by employment size-class, %-share, 1990.



Source: Danmarks Statistik. Pilot Survey Data 1990.

3.4.2 Turnover by subsector

The subsector technical services generated more than 40% of the total turnover. In most of the surveys carried out in the other Member States the subsector marketing services generated the largest share of turnover. Three subsectors generated between 10% and 20% of the total turnover and three other sectors generated less than 10% each. One of these (renting and leasing services) generated only 3%.

Turnover by subsectors across employment size-classes shows no clear tendencies. Only in the subsector technical services there is a tendency of a rising share of turnover with employment size.

3.4.3 Turnover per employee

The overall turnover per employee in the surveyed enterprises was about ECU 56 500. The small and medium sized enterprises generated between 33% and 50% more turnover per employee than the larger enterprises with 100 or more employees.

At the subsector level the differences were large. With a turnover at ECU 156 500 per employee the subsector marketing services generated 2.7 times more turnover than the overall average and more than 8 times more than the subsector operational services which generated only ECU 19 400 per employee.

3.4.4 Turnover per enterprise

The average overall turnover per enterprise was about ECU 1.1 million but there were large differences between subsectors.

Not surprisingly there is a clear tendency to a larger turnover per enterprise with enterprise size, and the turnover per enterprise for micro enterprises is significantly lower than for the rest of the size classes.

On average computer and related services generated about 1.9 times more turnover than the overall average while professional services only generated 0.37 times the overall average.

3.4.5 Turnover divided into domestic/export markets

Almost 86% of the business services enterprises' overall turnover was received from the Danish home-market. 3% of the turnover came from exports to other EC countries. The residual 12% of the turnover comprises exports to extra-EC countries.

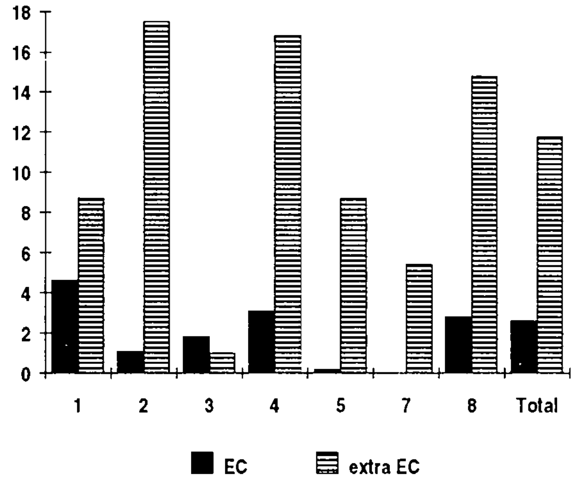
The survey revealed that exports was a remarkable source of income for the micro and small enterprises. The micro enterprises received around 19% of their turnover from exports while the small enterprises received 15% of their turnover from exports. The medium sized enterprises received less than 6% of their turnover from exports while the large enterprises received almost 12% of the turnover from exports.

The EC turnover share only varied little with enterprise size class - from 2% for medium-sized enterprises to 3% for large enterprises.

The variation in EC turnover share was larger if one looks at the distribution by subsectors, c.f. figure 3.7.

Figure 3.7

EC and extra EC demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing service
7. Operational services
8. Other business services

Source: Danmarks Statistik. Pilot Survey Data 1990.

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The subsector operational services had no exports to other EC countries while the subsector computer and related services exported 5% on average to other EC members states. The small enterprises with 1-9 employees in this subsector received almost 7% of their total turnover from exports to other EC countries.

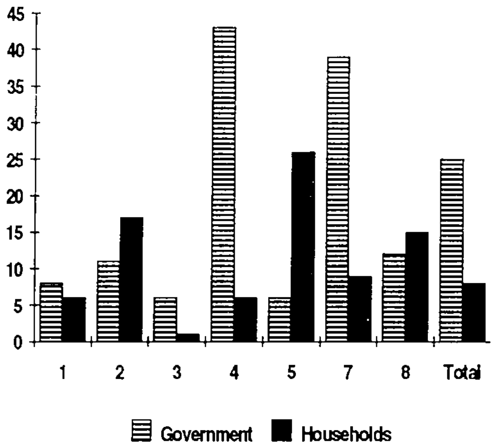
The subsector technical services had a total exports of almost 20% of the turnover while the subsector marketing services received 3% of turnover from exports. It is remarkable compared to the other Member States that on average all subsectors had exports 4.5 times larger coming from outside EUR(12) than from EUR(12).

3.4.6 Turnover broken down by type of client

As a whole the enterprises in the sample received 67% of the turnover from other enterprises. 25% was received from government and the residual 8% from households, cf. figure 3.8. Compared to the majority of the other countries the share of turnover from enterprises was much lower whereas the share from government was higher.

Figure 3.8

Government and household demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: Danmarks Statistik. Pilot Survey Data 1990.

The subsector technical services received on average 43% of turnover from government clients. In this subsector there is a remarkable difference in type of clients broken down by size-class, as the larger enterprises mainly received turnover from government and the small ones from households.

Especially the subsectors marketing services and computer and related services received a large part (93% and 86% respectively) of their turnover from other enterprises. Especially the micro and small enterprises in the subsectors computer and related services, technical services and renting and leasing services got a large share of their turnover from households.

3.5 Accounts data

3.5.1 Gross value added

3.5.1.1 Gross value added by employment size-class

Gross value added of the surveyed enterprises amounted to almost ECU 620 million covering 60% of turnover. About 22% were generated in the micro and small enterprises while enterprises with 10 or more employees generated 79% of the total gross value added.

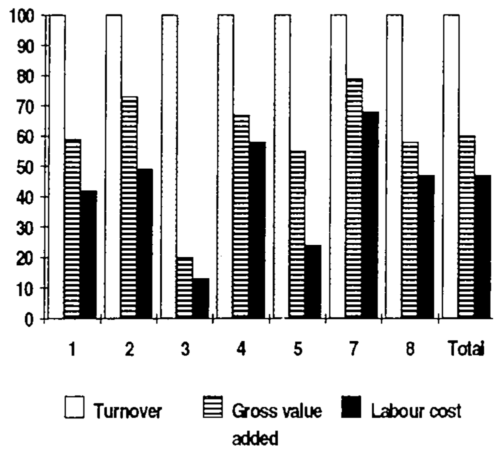
In general, the shares of gross value added by employment size-class followed that of turnover. The tendency for larger enterprises to generate a relative larger share of turnover also holds for gross value added. But the larger enterprises have a larger share of gross value added than of turnover.

3.5.1.2 Gross value added by subsector

The distribution of gross value added by subsector shows that 45% was generated by the subsector technical services.

Figure 3.9

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: Danmarks Statistik. Pilot Survey Data 1990.

The rest of the subsectors is divided into two groups: One group with shares between 10% and 20% per subsector and one with shares below 10% per subsector. The first group holds the subsector computer and related services, professional services and operational services, the second group holds marketing services, renting and leasing services and finally the subsector other business services.

Professional services are especially important in the micro enterprises, while the subsector technical services is far the most important in all other size classes.

3.5.1.3 Gross value added per employee

The average gross value added per employee was ECU 33 700. The micro enterprises had the highest value of ECU 37 600 per employee. The difference to the other size-classes, especially the large enterprises (more than 100 employees), are significant. A closer analysis reveals, however, that only one subsector, namely, operational services, followed the general pattern. The opposite tendency can be observed in technical services.

The subsector renting and leasing services was able to generate an average gross value added of almost ECU 56 200 per employee while on the other hand the subsector operational services was only able to generate an average of almost ECU 15 300 per employee.

3.5.1.4 Gross value added related to turnover

The total average gross value added share of the turnover was 60%. The highest value was reached by the subsectors operational services (79%) and professional services (73%). Closest to the average was computer and related services with 59%, cf. figure 3.9.

There is a clear tendency to a rising gross value added share of turnover with the size of the enterprise. The self-employed have a gross value added share of 42%, the small enterprises have a gross value added share of 55% and the largest enterprises have a gross value added share of 78%, cf. figure 3.10. Aggregating the employment size-classes into two classes having less than 100 employees and 100 or more respectively, shows that the larger enterprises are able to generate a gross value added share about 1.5 times higher than the smaller enterprises.

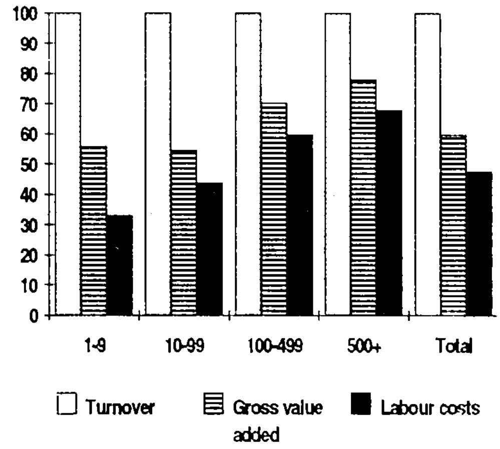
3.5.2 Labour costs

The total labour costs in the sample amounted to about ECU 492.3 million. The large enterprises' share of the labour costs was 30% while the micro enterprises share was 17%. The highest share, however, was in the small enterprises.

The average labour costs per enterprise were about ECU 523 000. Between subsectors the differences are substantiel. This of course follows closely the pattern of distribution of the number of employees in the subsectors. Differences in the two patterns should most likely be sought in differences in qualifications of the labour force between subsectors, cf. 3.5.2.1.

Figure 3.10

Turnover, gross value added and labour costs, by employment size-class, %-share of turnover, 1990.



Source: Danmarks Statistik. Pilot Survey Data 1990.

The labour costs' share of turnover was 47% on the total level. Between subsectors the differences were also considerable. In the subsector marketing services the labour costs share of turnover was about 13% while in operational services the share was 68%, cf. figure 3.9.

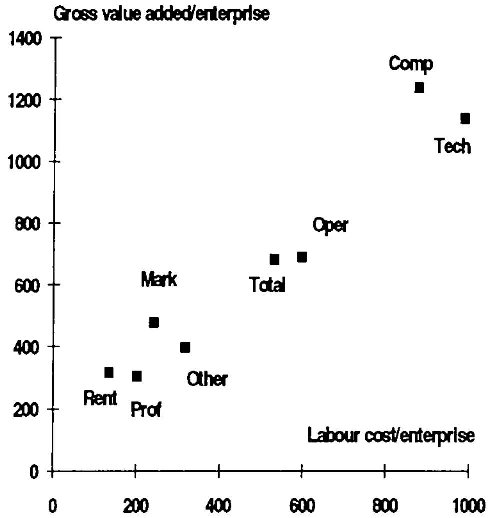
3.5.2.1 Labour costs per employee

The labour costs per employee averaged ECU 26 800 at the total level. The average varies with enterprise size showing rising labour costs per employee with enterprise size, cf. figure 3.10.

The differences in labour costs per employee between subsectors are, as expected, large. The highest labour costs are found in the subsectors technical services (ECU 37.350), computer and related services (ECU 28 980), other business services (ECU 38 320) and professional services (ECU 27 580). The subsector operational services has the lowest average of ECU 13 240.

Figure 3.11

Gross value added and labour costs per enterprise by subsector (1.000 ECU), 1990.



Computer and related services
Professional services
Marketing services
Technical services
Renting and leasing services
Operational services
Other business services

Source: Danmarks Statistik. Pilot Survey Data 1990.

A reason for the relatively high level of labour costs in especially computer and related services and technical services is probably a large share of high educated and skilled personnel in these subsectors.

There is a (slight) tendency for larger enterprises on the total level to have lower labour costs per employee than the micro and small enterprises. At the subsector level the most pronounced example is computer and related services with an average of ECU 28 980. The micro enterprises in this sector have an average of ECU 24 540, the small enterprises have an average of ECU 36 180, the medium sized enterprises have an average of ECU 32 710 and the large enterprises have an average of only ECU 9 490, probably due to a larger number of part-time employees in this size-class.

3.5.2.2 Labour costs and gross value added per enterprise

In figure 3.11 labour costs and gross value added per enterprise are represented for all subsectors. For the Danish business services sector a high correlation between gross value added and labour costs per enterprise is observed for all subsectors.

3.5.3 Investments

The total investments in the enterprises in the survey amounted to about ECU 80.5 million. The largest %-share of the total investments was accounted for by the small enterprises with a share of 33%. The large enterprises share was 25%.

On the subsector level, the computer and related services share of the total amounted to almost 40% of which nearly the half was invested in large enterprises. The technical services' share amounted to almost 20%. In all the other subsectors investments showed a considerably lower level.

The overall investments' share of turnover was about 8% with a rising tendency with enterprise size. Between subsectors there were considerable differences in investment shares of turnover. Renting and leasing services' investment share of turnover was about 39% while computer and related services was half of that, namely 19%. The other subsectors' investment shares are all below 10% - and typically about 3-6%.

The reason for the high investment share in renting and leasing services is likely to lie in the fact that e.g. car-renting companies often renew their stock of cars and other materials for hire.

Taking the enterprise size into consideration - the subsector marketing services has by far the highest investment share of turnover (77%) for the medium sized enterprises.

3.6 Summary and conclusion

Between 1970 and 1990 the growth in Danish market services was only 5.9%, but the initial level was high compared to most other EUR(12) countries. The market services sector covered in 1990 about 70% of gross value added and about 66% of the employment.

The EUR(12) shares and the corresponding Danish shares for number of enterprises, number of employees and turnover were about the same. The average number of employees per enterprise is about 1.4 times higher in Denmark. The share of large enterprises is, however, higher in Denmark than in EUR(12) but the average size of the Danish large enterprises is only about 42% of the EUR(12) average.

Both the analysis based on data from Eurostat and the data from the pilot survey revealed great differences among the subsectors of business services in Denmark.

The pilot survey, based on 925 valid questionnaires, showed that:

Half of the enterprises were either engaged in professional or technical services. Another subsector of great importance was computer and related services.

70% of the enterprises had less than 10 employees but they employed only about 10% of the total number of employees in the surveyed enterprises. The average number of employees per enterprise was about 20.

On average the surveyed enterprises had 1.4 local units, and the large enterprises showed an average of 13 local units.

58% of the enterprises had the company-form as legal status and 42% were sole proprietorships[7]. Only a few were organised as non-profit organisations or another form of legal status.

90% of the employees worked in enterprises with company as legal status and 90% of the turnover and the gross value added was generated in companies.

56% of the surveyed enterprises' total turnover was generated in enterprises which were 10 years or older. There is a slight tendency to a rising turnover with enterprise age.

The average turnover per enterprise was about 1.1 million. The average turnover per employee was about ECU 56 500. The smaller enterprises were able to generate 33% to 50% more turnover per employee than the large enterprises.

The business services sector was also a home market sector in Denmark. 86% of the total turnover was directed at the domestic clients. There is no significant sign of exports rising with size.

2/3 of the business services enterprises' turnover came from other enterprises in the economy. The government was the most important client for technical services.

Gross value added constituted about 60% of the turnover. The gross value added share rose with enterprise size but 21% of the gross value added was generated in micro enterprises. On average the gross value added per employee was ECU 33 400.

The labour costs were about 523 000 per enterprise and about ECU 26 800 per employee. Labour costs constituted about 47% of the turnover.

The investments share of turnover was about 8%. The small and medium-sized enterprises had the largest share of investments. This holds true also if one looks at the investment share of turnover.

[7] For an explanation about the absence of partnerships, see section 3.2.2.1.

Germany

1. General business structure in Germany

In Germany (the following comments refer solely to the territory of the Federal Republic prior to unification, i.e. the old Länder), services have steadily gained in importance over the past years.

In 1990,manufacturing which in 1970 had accounted for 51.7% of gross value added at market prices (current prices), contributed only 40.1%. As the share of manufacturing declined, the percentage earned by market services rose, from 33.7% to 45.0%. With general government etc. accounting for 13.3%, 58.3% of gross value added was earned in the services sector by 1990, an increase of around 13.4% percentage points over 20 years.

This structural change was attributable mainly to the subsector other market services including business services, which increased its share of gross value added by 10.8 percentage points from 13.1% in 1970 to 23.9% in 1990. The credit and insurance institutions subsector also improved its position, by 1.7 percentage points to 5.0%, whilst the shares of wholesale and retail trade, hotels and restaurants, transport and communications fell slightly between the two reference years, cf. table 1.1.

Table 1.1

Breakdown of gross value added at market prices, by sector in per cent of total economy, 1970-1990.

	1970	1980	1990
Market services	33.7	39.3	45.0
of which distributive trades	10.1	9.4	9.1
of which hotels and restaurants, transport and communication	7.2	7.4	7.1
of which credit and insurance institutions	3.3	4.7	5.0
of which other market services	13.1	17.9	23.9
Non- market services	11.2	14.4	13.3
All sectors	100.0	100.0	100.0

Source: Statistisches Bundesamt. Statistiches Jahrbuch 1994.

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These structural changes are reflected in the dynamics of the different subsectors as well. While the gross value added at market prices (1991 prices) of the manufacturing industries rose by 34.1% between 1970 and 1990, other subsectors far outstripped this figure, with market services sector growing by 113.3% of which, credit and insurance institutions by 146.1% and other market services by 147.8%.

The employment picture looks very similar. In 1990 (annual average), 39.7% of persons employed in the old Länder were working in manufacturing, 3.5% in agriculture, forestry and fisheries and 56.7% in services, 37.2% of these in market services enterprises and 19.5% in general government etc. Compared with 1970, employment in manufacturing had fallen by 9.2 percentage points from 48.9%, whilst the share of employment in market services had risen by 8.3 percentage points from the 1970 figure (28.9%). Over the twenty-year period, there was a particularly sharp rise in employment in other market services including business services. In 1990, 12.2% (annual average) of all persons in employment were working in this branch as opposed to only 6.3% in 1970.

Table 1.2

Breakdown of employment by sector in per cent of total economy, 1970-1990.

	1970	1980	1990
Market services	28.9	33.4	37.2
of which distributive trades	12.6	13.0	13.1
of which hotels and restaurants, transport and communication	7.8	8.3	8.8
of which credit and insurance institutions	2.2	2.8	3.1
of which other market services	6.3	9.2	12.2
Non- market services	13.6	18.0	19.5
All sectors	100.0	100.0	100.0

Source: Statistisches Bundesamt. Statistiches Jahrbuch 1994.

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The increasing strength of the services sector is also reflected in absolute figures and growth rates. Whereas in absolute terms the number of people employed in manufacturing and agriculture declined (by 1.68 and 1.27 million respectively), employment in services rose from 11.3 million to a total of 16.2 million, an increase of approximately 43%. The other market services were largely responsible for this development, employing 1.8 million more at the end of the reference period than at the beginning (+109%), followed by general government etc, with an increase of 1.9 million jobs (54% more than in 1970). Credit and insurance institutions were employing 295 000, or 49% more people at the end of the period than at the beginning, whilst distributive trade on the one hand and hotels and restaurants, transport and communications on the other despite below-average growth rates of 11.3% and 20.6% respectively, made a substantial contribution to the increase in the total employment in Germany, with 379 000 more jobs created in distributive trade and 427 000 more in the other subsector.

2. Structure of business services in Germany

This section describes the structure of the German business services sector compared to the EUR(12) level. The business services sector is defined as NACE 70 classes 83, 84 and 85[1], as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes. The data refer to the year of 1990.

2.1 Number of enterprises

In 1990 the total number of enterprises in Germany was 2 045 400 of which about 1 840 400 enterprises were classified in the NACE classes 1-8. The German enterprises in NACE 1-8 represented approximately 15% of the EUR(12) total. The 396 600 enterprises who were active in the business services sector in Germany represented 20% of the total number of business services enterprises at the EUR(12) level, cf. table 2.1. In 1990 22% of the enterprises in Germany were engaged in the business services sector which is a relatively high share as the business services enterprises at the EUR(12) level (NACE 83-85) accounted for only 16% of the total number of enterprises, cf. figure 2.1.

[1] NACE classes 83,84 and 85 are used as a rough indicator of the business services sector, although they, on the one hand, include activities auxiliary to banking, finance and insurance and dealers in real estate and house and state agents. On the other hand, class 923 cleaning services, (operational services in the pilot survey) is not included in the used definition of business services.

The distribution of business services enterprises by size-classes corresponded very closely to the distribution of the EUR(12) total. Almost all the enterprises in Germany as well as at the EUR(12) level belonged to the employment size-classes 0-9 employees or 10-19 employees, i.e. 99.7%.

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in Germany, 1990.

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services (NACE 83-85)	396569	1400447	197548.1
The total industry (NACE 1-8)	1840434	17923173	2458006.9
Business services as %-share of the total industry	21.6	7.8	8.0
Business services in Germany as %-share of business services in EUR(12)	19.6	16.3	24.4
The total industry in Germany as %-share of the total industry in the EUR(12)	14.6	20.9	23.9

Source: Eurostat, Enterprises in Europe (1994)

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2.2 Employment

In 1990 nearly 18 million persons in Germany were employed by enterprises which were active in NACE classes 1-8. The 1 400 400 persons employed in the business services sector accounted for 8% of the total number of persons employed. At the EUR(12) level the percentage share of persons employed in the business services sector was a little higher, i.e. 10%, cf. figure 2.1. The number of persons employed per enterprise was rather low in the German business services sector (3.5 persons) compared to most of the other countries and compared to the EUR(12) average of 4.4 persons per enterprise.

The German business services enterprises accounted for 16% of the total employment in the business services enterprises at the EUR(12) level. The corresponding figures for the total industry were some what higher as the total industry in Germany employed 21% of the persons employed in the total industry at the EUR(12) level, cf. table 2.1.

This relatively low number of persons employed in the business services sector might be explained by the distribution of the number of persons employed by employment size-classes. A relatively high proportion of persons is employed by small enterprises (33%) in the business services sector in Germany compared to the EUR(12) level (24%). The large enterprises in Germany employed on the other hand only 9% of the total number of persons employed in the business services sector whereas the corresponding figure for the EUR(12) level was 20%.

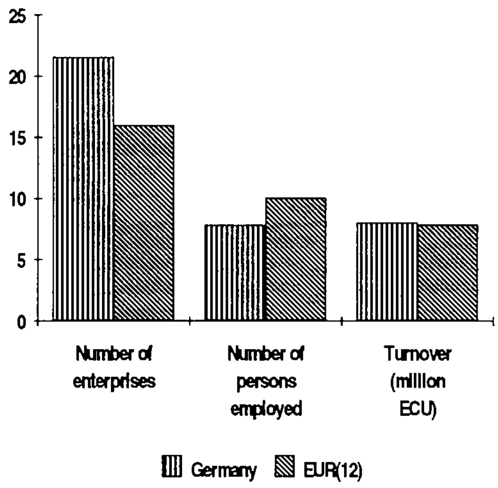
2.3 Turnover

In 1990 the total turnover of enterprises in NACE 1-8 in Germany amounted to ECU 2 458 billion equalling 24% of the total turnover at the EUR(12) level. The total turnover of the German business services sector amounted to ECU 197.5 billion and constituted thus an equel share (24%) of the business services sector in EUR(12). Totally the turnover of the business services in Germany constituted 8% of the turnover of the total industry in Germany (NACE classes 1-8). At the EUR(12) level the turnover generated by the business services enterprises also amounted to 8% of the total turnover, cf. figure 2.1.

The large enterprises generated only 4% of the total turnover in the business services sector in Germany compared to 10% at the EUR(12) level, although the large business services enterprises accounted for an almost equal share of the total number of business services enterprises in both Germany (0.03%) and at the EUR(12) level (0.04%). On the other hand the small (32%) and the medium-sized enterprises (27%) in Germany contributed relatively more to the total turnover than at the EUR(12) level. At the EUR(12) level these employment size-classes accounted for 27% and 16% respectively of the total turnover in the business services sector.

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Eurostat. Enterprises in Europe (1994).

3. Pilot survey: Business services by subsector in Germany

3.1 The pilot survey, brief description

In Germany, the pilot survey was carried out by the national statistical office, the Statistisches Bundesamt, in cooperation with the statistical office of seven of the Länder. With no up-to-date, exhaustive register of addresses for the services sector in Germany, one of the main problems when the pilot survey was planned was to find suitable addresses as a base from which to draw a representative sample. The possible alternatives were examined and it was finally decided to use the addresses of the 1987 census of non-agricultural local units (AZ), which, despite certain advantages, also had a few drawbacks, in particular the fact that the data covered only those enterprises in existence in the old Länder on the census date, 25 May 1987. Enterprises set up after that date were therefore not included in the sampling base. Those in the new Länder could not be considered either, and thus all results refer solely to the territory of the Federal Republic prior to 3 October 1990.

The anticipated non-response cases were taken into account when the sampling plan was drawn up. The gross sample included around 17 000 enterprises in the eight business services subsectors. After the fieldwork was finished, a total of 4 169 enterprises returned completed, usable survey forms, a response rate of 24.6%.

The survey characteristics were grossed up freely to give the results. The level of these grossed-up results was consistently too low, of course, since no sample of enterprises set up after 25 May 1987 could be included. It was not possible to make appropriate adjustments, since no suitable, up-to-date basic data were available for these subsectors.

The quality of the pilot survey results was affected by both the undercoverage and the lack of responses for some characteristics (e.g stocks and purchases of goods and services) for which it was not possible to compensate and which could not be quantified individually. Random sampling errors[2] must also be borne in mind. In some cases - even with aggregate results - these led to a marked drop in quality compared with the usual standard achieved in federal statistics.

In view of the undercoverage, lack of replies in the case of some characteristics and random sampling errors, the following comments refer primarily to recognisable structures rather than to absolute data. The above reservations should be constantly borne in mind when the results are interpreted.

3.1.1 Number of enterprises

The breakdown by subsector showed that the largest share of the business services enterprises in Germany were engaged in professional services (37%) and technical services (30%) as in most of the other Member States. The rest of the subsectors accounted for between 4% and 10% of the enterprises except for the subsector recruitment and provision of personnel that only engaged 1% of the business services enterprises, cf. table 3.1.

The largest share of the business services enterprises in Germany belonged to the size-class 0-9 (87%) followed by the size-class 10-99 employees to which 12% of the enterprises belonged.

The subsectors marketing services (91%) and technical services (91%) showed the largest shares of micro enterprises (0-9 employees) where as recruitment and provision of personnel recorded only 40% in this size-class. A large share of the enterprises in this subsector belonged on the other hand to small and medium-sized enterprises (10-99 and 100-499 employees).

Table 3.1

Number of enterprises, persons employed and turnover, 1990

	Number of enterprises	Per cent share	Number of persons employed	Per cent share	Turnover million ECU	Per cent share
Computer and related services	9961	6	104088	6	8138.7	10
Professional services	58847	37	412643	23	15321.5	20
Marketing services	15564	10	96469	5	11395.1	15
Technical services	47251	30	276145	15	14781.7	19
Renting and leasing services	5634	4	41521	2	12720.2	16
Recruitment and provision of personnel	990	1	124731	7	2228.0	3
Operational services	9422	6	648916	36	5608.8	7
Other business services	11375	7	87116	5	8095.5	10
All subsectors	159045	100	1791629	100	78289.5	100

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

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[2] There are particularly high relative standard errors in results for enterprises with 500 or more employees, in the subsectors renting and leasing services, recruitment and provision of personnel and other business services and in the characteristics; turnover with customers in other EC countries, turnover with customers in extra EC countries, domestic turnover with government, turnover with private households and , in some cases, investments.

3.2 Demographic data

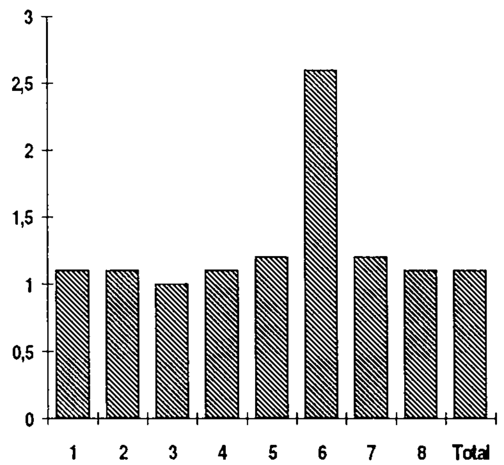
3.2.1 Local units

The 159 000 business services enterprises in Germany consisted of 176 400 local units averaging 1.1 local units per enterprise. The average for the large enterprises amounted to 6.3 local units per enterprise.

The number of local units per enterprise was on average for all subsectors between 1.1 and 1.2, except for recruitment and provision of personnel which had an average of 2.6 local units per enterprise, cf. figure 3.1.

Figure 3.1

Number of local units per enterprise by subsector, 1990



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

95% of the enterprises had only one local unit. Almost all the subsectors were close to this average ranging from 92% to 97%. Though, recruitment and provision of personnel deviated from this percentage share as only 76% of the enterprises had one local unit.

4% of the enterprises had two local units and the remaining 1% had three or more local units. All subsectors were close to these percentages shares except again for recruitment and provision of personnel where 8% had two local units and 16% had more than three local units. No enterprise in the pilot survey in Germany had more than 100 local units.

3.2.1.1 Employment distribution

The enterprises with only one legal unit accounting for 95% of the number of enterprises, employed 68% of the total number of persons employed in the business services sector, i.e. 1.2 million persons. Enterprises with between two and five local units covered 21% of the employment and 8% of the persons employed were employed by enterprises with 10-99 local units.

Renting and leasing services (55%) and especially recruitment and provision of personnel (21%) had low shares of persons employed in enterprises with only one local unit. On the other hand 17% of the persons employed in renting and leasing services and 49% of the persons employed in recruitment and provision of personnel were employed by enterprises with 10-99 local units. In professional services (78%), marketing services (85%) and other business services (86%) the workforce was concentrated in single-local-unit enterprises.

3.2.2 Legal status

3.2.2.1 Number of enterprises

The majority of the 159 000 business services enterprises in Germany were sole proprietorships, i.e. 76%. 14% were partnerships followed by companies which represented 9% of the enterprises. Enterprises with other legal status and non-profit organizations were of minor importance, cf. table 3.2.

However, the subsectors showed a different distribution of legal status, cf. table 3.2. The share of sole proprietorships in the subsectors renting and leasing services (66%), computer services (58%) and recruitment and provision in particular (31%) was relatively low. All three subsectors had, on the other hand, relatively high shares of partnerships as they accounted for 20%, 17% and 29% respectively. Computer services (25%) and recruitment and provision of personnel (39%) had further more the highest shares of companies.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover
Computer and related services	25	60	17	24	58	6	1	10	100	100
Professional services	6	22	15	36	78	41	1	2	100	100
Marketing services	15	51	12	35	72	12	1	1	100	100
Technical services	5	31	11	22	83	40	1	7	100	100
Renting and leasing services	14	81	20	13	66	5	1	0	100	100
Recruitment/provision of personnel	39	52	29	38	31	8	1	2	100	100
Operational services	12	31	15	48	74	20	0	0	100	100
Other business services	13	36	15	22	71	39	1	4	100	100
All subsectors	9	44	14	28	76	24	0	4	100	100

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

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3.2.2.2 Number of persons employed

Totally, 1 792 000 persons were employed in the business services enterprises in Germany. Although the sole proprietorships accounted for 76% of the enterprises only 31% of the total number of persons were employed by enterprises with this legal status. The largest share of the persons employed worked in partnerships, i.e. 37%, mainly caused by the large number of persons working in partnership in the operational sector. Companies which in most countries employed the largest share of the total number of persons employed in business services, accounted for 30%. As was the case for number of enterprises, the importance of non-profit organisations and other legal status was insignificant.

The distribution of the number of persons employed by legal status showed no other uniform pattern between the subsectors. Sole proprietorships accounted for the lowest share of persons employed in the subsectors recruitment and provision of personnel (2%) and computer services (14%) and the highest shares in technical services (53%) and professional services (51%). In companies the picture was exactly the reverse as the largest shares were recorded by recruitment and provision of personnel (63%) and computer services (54%) and the lowest in professionel (17%) and technical services (17%). Operational services showed the highest share of the persons employed in partnerships, i.e. 52%.

3.2.2.3 Turnover and gross value added

The total turnover of the business services enterprises in Germany was almost ECU 78.3 billion where as the gross value added amounted to a little more than ECU 69 billion. The companies generated 44% of the total turnover and 42% of gross value added while partnerships and sole proprietorships accounted for 28% and 24% of the total turnover. The figures for gross value added were similiar.

Companies were of greater importance as regards turnover and gross value added than regarding number of enterprises and number of persons employed in almost all subsectors. The share of turnover from sole proprietorships was relatively high in other business services (39%), technical services (40%) and professional services (41%) where as renting and leasing services (5%), computer services (6%) and recruitment and provision of personnel (8%) showed the lowest shares. In companies the opposite situation was the case. In partnerships the subsector operational services (49%) was considerable above the average and renting and leasing services (13%) considerable below, cf. table 3.2. The figures for gross value added showed a similiar pattern.

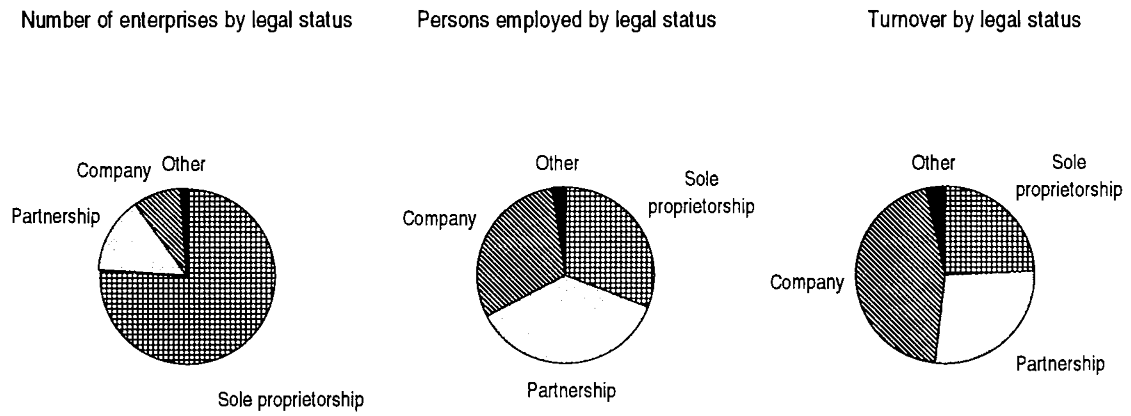
3.2.2.4 Turnover and gross value added per person employed

The average turnover per person employed amounted to ECU 43 700. Companies (ECU 64 600) and other legal status (ECU 58 500) recorded a turnover per person employed above the average, whereas partnerships showed the lowest turnover per person employed (ECU 33 100) due to the dominance of the operational services in this legal status. Renting and leasing (ECU 306 400) and marketing services (ECU 118 100) showed very high turnover per person employed, way above the average, whereas operational services was in the other end of the scale with only ECU 8 600 per person employed.

The average gross value added per person employed amounted to ECU 38 600. The average gross value added per person employed ranged from ECU 271 500 for renting and leasing services to ECU 8 300 for operational services.

Figure 3.2

Enterprises, persons employed and turnover by legal status, 1990.



Source: Statistiches Bundesamt. Pilot Survey Data 1990.

3.2.3 Age of enterprise

The German figures do not include enterprises that are 0 to 2 years old as the enterprises that are participating in the survey are selected from a sample frame from established in 1987.

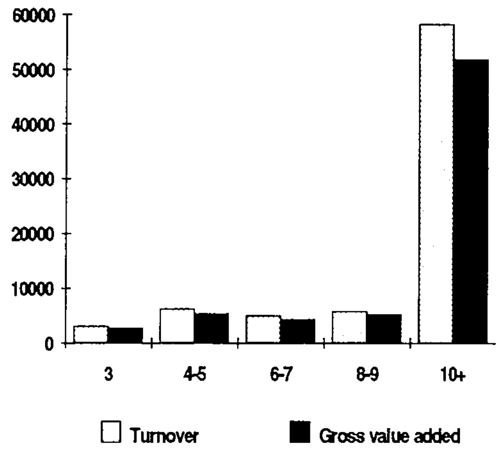
3.2.3.1 Turnover and gross value added

About 74% of the total turnover and gross value added were generated by the ten-year or older enterprises. In the other age classes turnover shares varied from 4% for the 3-year-old enterprises to 8% for the 4 to 5-year-old enterprises. The distribution of gross value added by age size class is similar to that of turnover at the total level, cf. figure 3.3.

By subsectors, the ten-year-old or older enterprises were of less importance in computer services and recruitment and provision of personnel as they only accounted for 59% of the turnover generated in these subsectors. In the ten-year-old or older enterprises other business services (82%), professional services (79%) and marketing services (78%) were of the greatest importance.

Figure 3.3

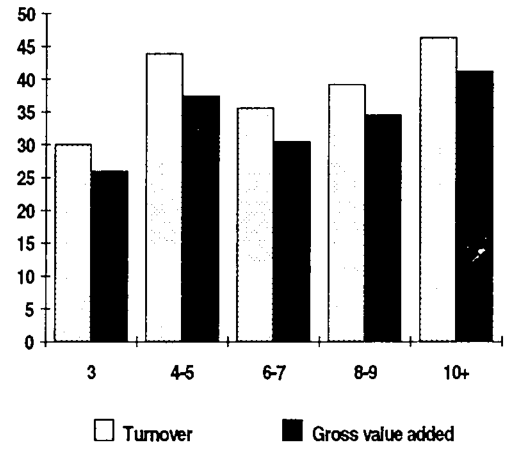
Turnover and gross value added by age of enterprise, (million ECU), 1990.



Source: Statistiches Bundesamt. Pilot Survey Data 1990.

Figure 3.4

Turnover and gross value added per person employed by age of enterprise, (ECU 1.000), 1990.



Source: Statistiches Bundesamt. Pilot Survey Data 1990.

3.2.3.2 Turnover and gross value added per person employed

On average the turnover and gross value added per person employed seemed to be rising in relation to the age of the enterprises, although the 4 to 5-year-old enterprises recorded the second highest turnover and value added per person employed, cf. figure 3.4. But the differences between the age classes are of minor magnitude.

Between subsectors the figures and patterns differed significantly. On average renting and leasing services showed the highest turnover per person employed, i.e. ECU 306 000, followed by marketing services (ECU 118 000) where as the subsector operational services recorded the lowest turnover per employee of only ECU 8 600. The low turnover per person employed in operational services is partly due to a very high share of part-time employees in this sector. Recruitment and provision of personnel also showed a low average of about ECU 20 000.

In computer services, professional services, technical services and operational services the turnover per person employed fluctuated relatively closely around the averages of the subsectors but did not follow any particular pattern across the age groups. Marketing services and renting and leasing services showed the highest fluctuation between age groups

The value added per person employed by age of the enterprise followed for almost all subsectors the same pattern as the turnover per person employed.

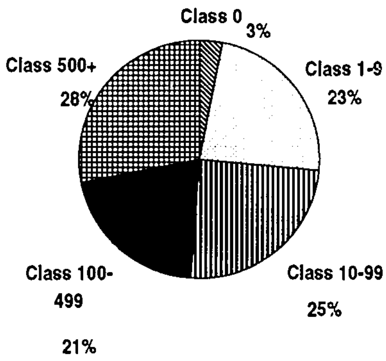
3.3 Employment

3.3.1 Employment by size-class

Business services enterprises in Germany had a total number of nearly 1.8 million persons employed in 1990. The large enterprises with more than 500 employees had the largest share of the total employment, i.e. 28%. The enterprises with no employees represented only 3% of the employment while the micro (1-9 employees), small (10-99 employees) and the medium-sized enterprises (100-499 employees) employed between 21% and 25% of the total employment, cf. figure 3.5.

Figure 3.5

Breakdown of persons employed by employment size-class, %-share, 1990.



Source: Statistiches Bundesamt. Pilot Survey Data 1990.

The subsector operational services was the most important subsector in terms of employment, employing more than one third of the total employment, nearly 650 000 persons and representing only 6% of the total number of enterprises. Professional services employed 23%, followed by technical services that employed 15% of the total number of persons employed. These two subsectors represented 37% and 30%, respectively, of the number of enterprises. The rest of the subsectors accounted for between 2% and 7% of the employment.

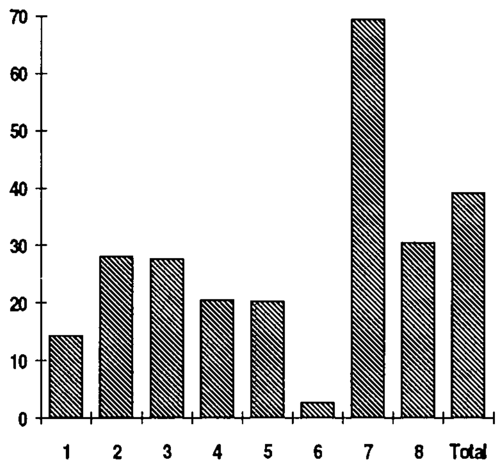
In recruitment and provision of personnel (53% and 34%) and operational services (55% and 33%) relatively high shares of the number of persons employed were employed in the large and medium-sized enterprises, the average shares being 28% and 21% respectively. For the rest of the subsectors the majority of the persons employed was employed in the small and micro enterprises.

A little more than 700 000 persons were employed part-time and of these persons the majority, i.e. 64%, was employed by enterprises engaged in operational services. This emphasizes the relatively high share of persons employed part-time in this sector which also is found in the other Member States. Also professional services (16%) and technical services (8%) had substantial shares of the persons working part-time. The remaining subsectors recorded shares below 4%.

The number of persons employed part-time as percentage share of the total number of persons employed was on average 39%. Operational services had, as could be expected, a high share of persons employed part-time, i.e. 70%[3]. Other subsectors recording relatively high shares of persons employed part-time were professional services (28%), marketing services (28%) and other business services (31%), cf. figure 3.6.

Figure 3.6

Persons employed part-time as a share of total number of persons employed, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

3.3.2 Employment per enterprise

The average number of persons employed per enterprise in Germany was according to the survey 11 persons. Only two subsectors were above the average, namely recruitment and provision of personnel and operational services that recorded 126 respectively 69 persons employed per enterprise. Operational services are characterized by a high share of persons employed part-time whereas recruitment and provision of personnel showed the lowest share of part-time employment of all subsectors. The remaining subsectors showed

[3] In operational services in Germany a considerable number of part-time employees is employed as so-called persons in limited employment, e.g. persons who due to the social legislation in Germany receive monthly wages not exceeding a specific amount (ECU 229 in 1990).

figures below the average ranging from 6 persons in technical services to 10 persons in computer services.

The number of persons employed per enterprise was ranging from 4 in micro enterprises to nearly 1 200 in the enterprises with more than 500 employees. The small and medium-sized enterprises employed on average 24 and 212 persons respectively. Within the large enterprises the averages of marketing services and renting and leasing services were below 1000 persons whereas recruitment and provision of personnel recorded a little more than 1900 persons employed per enterprise. The reason that recruitment and provision of personnel showed the highest average employment per enterprise was due to this relatively high average for the large enterprises in this subsector.

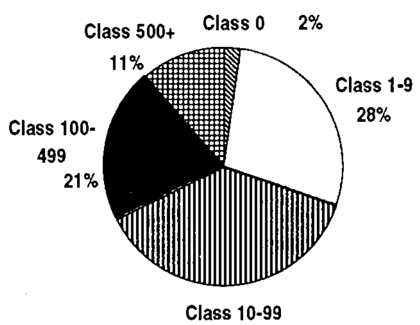
3.4 Turnover

3.4.1 Turnover by size-class

The German business services enterprises generated a total turnover of ECU 78.3 billion of which small enterprises (10-99 employees) accounted for the largest share, i.e. 38%. The employment size-class 1-9 was the second most important with 28% of the total turnover followed by the medium-sized enterprises (21%), cf. figure 3.7.

Figure 3.7

Breakdown of turnover by employment size-class, %-share, 1990.



Source: Statistiches Bundesamt. Pilot Survey Data 1990.

Across subsectors there was no uniform pattern. As for employment the larger enterprises in the subsectors recruitment and provision of personnel and operational services were of great importance as regards turnover as 79% and 70% respectively was generated by medium-sized and large enterprises. In marketing services (53%) and other business services (63%) the small enterprises (10-99) were of relatively high importance. Both the size-class 1-9 (40%) and the small enterprises (42%) generated high shares in professional services.

3.4.2 Turnover by subsector

Professional services recorded the highest share of the total turnover, i.e. 20%, followed by technical services (19%) and renting and leasing services (16%). The smallest subsector in terms of turnover was recruitment and provison of personnel with a turnover share of 3%.

The subsector renting and leasing services showed relatively high shares of turnover, i.e. 16%, compared to the sector's percentage share of the total number of enterprises (4%) and of employment (2%). Professional services were on the other hand of less importance in terms of turnover (20%) than in terms of especially number of enterprises (37%) and employment (23%). Technical services' share of the total turnover (19%) was considerably lower than the subsectors share of the total number of enterprises (30%).

3.4.3 Turnover per person employed

The average turnover per person employed was about ECU 43 700 ranging from ECU 17 800 for the large enterprises - due to the high number of large enterprises within operational services - to ECU 66 000 for the enterprises with 10-99 persons employed.

Across subsectors turnover per persons employed varied considerably from ECU 306 000 in renting and leasing services to ECU 8 600 in operational services. Marketing services (ECU 118 000), other business services (ECU 93 000) and computer services (ECU 78 000) also generated a turnover per person employed considerably above the average.

Within the subsectors there were substantial variations across the employment size-classes. Renting and leasing services showed the greatest variation from ECU 49 000 in the self-employed enterprises to ECU 547 000 in the size-class 100-499 employees. This was the highest turnover per persons employed recorded in all size-classes.

3.4.4 Turnover per enterprise

The average turnover per enterprise of the business services enterprises amounted to ECU 0.5 million. The highest average, i.e. ECU 21.3 million was recorded for the large enterprises decreasing continuously to ECU 40 000 for the enterprises with no employees.

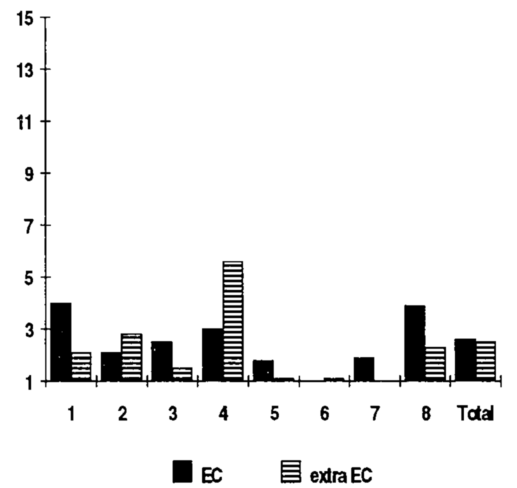
Renting and leasing services and recruitment and provision of personnel recorded the absolute highest average turnover per enterprise, i.e. ECU 2.3 million. The lowest turnover per enterprise, ECU 260 000, was generated by professional services, followed by technical services, ECU 313 000. For the rest of the subsectors the turnover per enterprise was above the average of ECU 0.5 million for all enterprises.

3.4.5 Turnover divided into domestic/export markets

On average 95% of the turnover generated by the enterprises was received from the national market. The exports share of 5% of the turnover was generated from other EC countries and extra EC countries with an almost equal share, cf. figure 3.8.

Figure 3.8

EC and extra EC demand for business services, %-share of turnover, 1990



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

The share of exports was largest in the large enterprises and enterprises with 10-99 employees as the exports amounted to 7% of the total turnover in both size classes. The enterprises with no employees (98%) and the enterprises with 1-9 employees (97%) were, on the other hand, most dependent on the national market. The exports to other EC countries was in general more important than exports to extra EC countries.

On average the national market played an important part in all subsectors as all subsectors received more than 90% of their turnover from the national market. Recruitment and provision of personnel and operational services received the highest shares from the national market, i.e. 99% and 98%. In some size -classes in these subsectors 100% of the turnover was generated from the national market. This was for instance the case in the large enterprises in both subsectors.

As all subsectors received a large share of their turnover from the domestic market the exports were on average of limited importance in the subsectors. Technical services was the subsector that had the largest average share of turnover from exports, i.e. 9%. This subsector together with professional services and recruitment and provision of personnel received on average the greatest part of their exports from extra EC countries.

3.4.6 Turnover broken down by type of client

The business services enterprises in Germany received on average 82% of their national turnover from other enterprises. For the small (85%) and medium-sized enterprises (86%) this client group was of greatest importance.

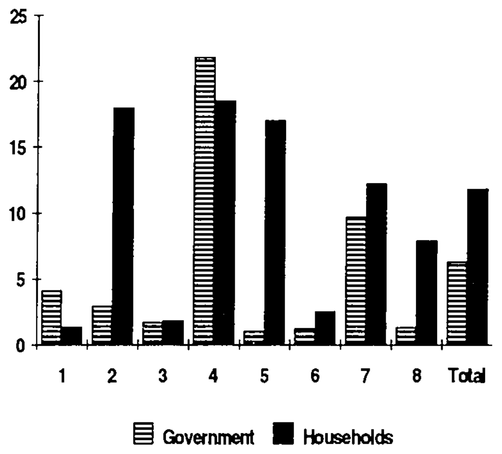
The share of national turnover from government equalled 6% on average and as seen for many of the other countries, especially for the large enterprises the government was an important client (11%). The remaining 12% of the national turnover was received from households. For especially the self-employed and the micro enterprises the households were of importance as clients.

The importance of the clients groups differed substantially across subsectors, cf. figure 3.9.

Four of the subsectors received on average more than 90% of the national income from enterprises, the subsectors being marketing services (97%), recruitment and provision of personnel (96%), computer services (95%) and other business services (91%). Government was a relatively important client for technical services (22%). Technical services was further more the subsector that received the largest share of its national turnover from other clients than enterprises as it generated 22% of national turnover from government and 19% from households. Professional services (18%), renting and leasing services (17%) and operational services (12%) were also relatively dependent on households as clients.

Figure 3.9

Government and household demand for business services, %-share of turnover, 1990.

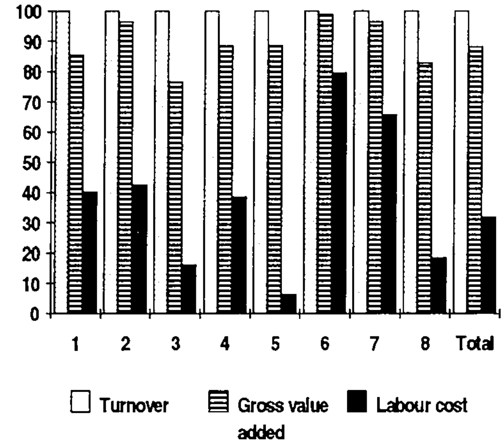


1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

Figure 3.10

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

3.5 Accounts data

3.5.1 Gross value added

3.5.1.1 Gross value added by employment size-class

The gross value added of the business services enterprises amounted to ECU 69.1 billion equalling 88% of the total turnover. 35% of the total gross value added was generated by enterprises with 10-99 employees. The second largest size-class in terms of gross value added was 1-9 employees which accounted for 29%, followed by the medium-sized enterprises that generated 21% of the gross value added.

The shares of gross value added by employment size-class followed closely that of turnover, with only marginal differences.

3.5.1.2 Gross value added by subsector

The largest subsector in terms of gross value added was professional services which generated 21% of the total gross value added. The second largest subsector was technical services (19%) followed by renting and leasing services (16%) and marketing services (13%).

Technical services generated almost 40% of the gross value added in the selfemployed enterprises but only 19% of the total gross value added. 31% of the gross value added generated in the size class 100-499 employees was generated by the subsector renting and leasing services which is a percentage share that is almost twice as high as the subsector's share of the total gross value added. Operational services (29%) and recruitment and provision of personnel (9%) was of relatively great importance in the large enterprises as their share of the gross value added in this size class was almost three and four times larger than the subsectors' average shares.

3.5.1.3 Gross value added per person employed

The average gross value added per person employed was ECU 38 600. The highest gross value added per person employed was recorded in the smaller enterprises where the enterprises with 10-99 and 1-9 employees generated ECU 55 000 respectively ECU 48 900 per person. The lowest gross value added per person employed amounted to only ECU 16 500 and was found in the large enterprises, due to the high number of large enterprises within operational services.

Of all the subsectors, renting and leasing services showed the highest gross value added per person employed, i.e. ECU 271 500, followed by ECU 90 500 for marketing services. At the other end of the scale was operational services with an average gross value added per person employed of ECU 8 300. This remarkable low figure might once again be explained by a high share of persons working part-time in this subsector.

3.5.1.4 Gross value added related to turnover

The gross value added as percentage share of turnover was rather high compared to the other countries due to the above mentioned underestimation of purchases and stocks. The percentage share did not vary significantly between subsectors. The highest values were recorded by recruitment and provision of personnel (99%), followed by operational services (97%) and professional services (96%). The lowest share (77%) was found in the subsector marketing services, cf. figure 3.10.

The gross value added share of turnover was rather stable across size-classes. The share was 93% for the large enterprises, the self employed and the enterprises with 1-9 employees and a little lower for the medium-sized (89%) and small enterprises (83%), cf. figure 3.11.

3.5.2 Labour costs

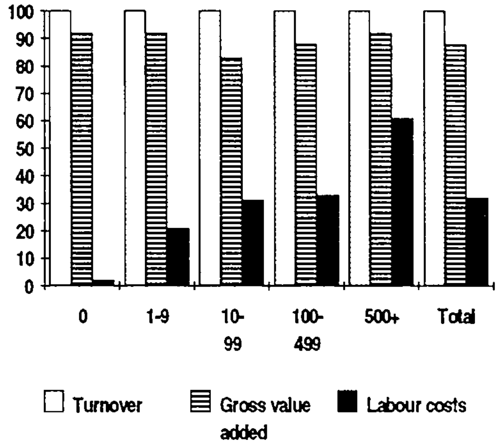
The total labour costs of the business services enterprises amounted to ECU 25.1 billion or 32% of the turnover.

The large enterprises accounted for 11% of the total turnover, but their share of labour costs was relatively higher, i.e. 22%. The enterprises with 1-9 employees generated, on the other hand, 28% of the total turnover but only 19% of the labour costs. Especially the turnover shares of renting and leasing services and technical services were much higher than the subsectors' labour costs shares in the micro enterprises.

The labour costs as percentage share of turnover amounted to 61% in the large enterprises and was decreasing to 22% in the enterprises with 1-9 employees, cf. figure 3.11.

Figure 3.11

Turnover, gross value added and labour costs by employment size class, %-share of turnover, 1990.



Source: Statistiches Bundesamt. Pilot Survey Data 1990.

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The subsector with the highest average share of labour costs in respect of turnover was recruitment and provision of personnel with a percentage share of 80%. Operational services (66%) also showed a share considerably above the average while the lowest share was recorded by renting and leasing services (6%), cf. figure 3.10.

3.5.2.1 Labour costs per person employed

The average labour costs per person employed amounted to ECU 14 000. The highest labour costs per person employed was recorded in computer services (ECU 31 400), followed by technical (ECU 20 600), renting and leasing (ECU 19 300) and marketing services (ECU 19 200).

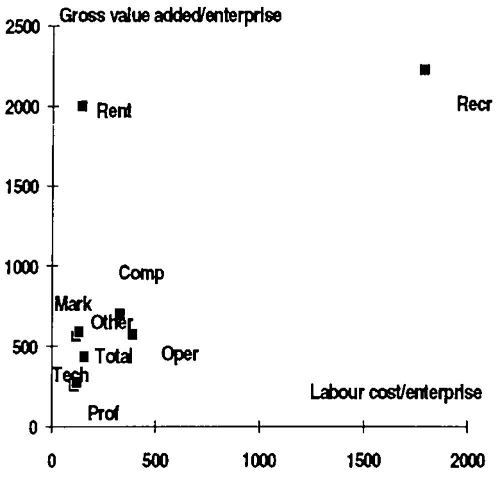
The operational services that employed a large share of the persons working part-time recorded the lowest labour costs per person employed, i.e. ECU 5 700 which was considerably below the average.

3.5.2.2 Labour costs and gross value added per enterprise

Labour costs and gross value added per enterprise are presented in figure 3.12 below. Renting and leasing services has a rather high gross value added per enterprise compared to the labour cost per enterprise in the German business services sector. For the rest of the subsectors gross value added and labour costs show a relatively high correlation.

Figure 3.12

Gross value added and labour costs per enterprise by subsector (1.000 ECU), 1990.



Computer and related services	**Rent**ing and leasing services
Professional services	**Recr**. and prov. of personnel
Marketing services	**Oper**ational services
Technical services	**Other** business services

Source: Statistiches Bundesamt. Pilot Survey Data 1990.

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3.5.3. Investments

In 1990 the investments of the German business services enterprises amounted to ECU 10.2 billion. The largest share of the investments was generated by the medium-sized enterprises which accounted for almost 50% of the total investments. As seen in the other Member States the capital intensive subsector renting and leasing services was by far the largest subsector in terms of investment, generating 65% of the total investment in the business services sector.

Investments as percentage share of turnover was on average 13%. The medium-sized enterprises recorded the highest share, i.e 31%, where as the investments as percentage share of turnover in the other size-classes was ranging from 6% in the small enterprises to 13% in the self-employed enterprises.

The investments as percentage share of turnover was also highest in the subsector renting and leasing services (53%). Computer services had an average share of 12% whereas the shares of the other subsectors were below 6%.

The average investments per enterprise amounted to ECU 64 200. Renting and leasing services recorded investments way above the average, i.e. ECU 1.2 million per enterprise, followed by computer services (ECU 97 100) which was the only other subsector with investments per enterprise above the average.

3.6 Summary and conclusion

In 1990 the nearly 400 000 enterprises within the business services sector (NACE 83-85) in Germany employed 1.4 million persons and generated a total turnover of ECU 2 458 billion. The business services enterprises in Germany represented about 21% of the business services sector at the EUR(12) level.

The business services sector in terms of number of enterprises and turnover was of greater importance in the German economy than at the EUR(12) level. On the other hand, the sector's share of the total employment was lower than at the EUR(12) level.

The distribution of number of enterprises by size-classes was similiar to that of EUR(12), whereas the large enterprises were of less importance in terms of both employment and turnover in Germany than at the EUR(12) level.

Of the 159 000 enterprises in the subsectors covered by the pilot survey in Germany, 87% belonged to the size-class 0-9 employees. This size-class only accounted for 26% of the employment and 30% of the turnover. The large enterprises with more than 500 employees generated the highest share of the employment (28%), 11% of the turnover but only 0.3% of the total number of enterprises.

37% and 30% of the enterprises were belonging to the subsectors professional and technical services respectively. These two subsectors also represented relatively high shares of the employment (23% and 15%) but operational services was the absolutely most important subsector in terms of persons employed, accounting for more than one third of the total employment. The reason for this high share of persons employed can be found in the fact that in this subsector 70% of the persons employed were employed part-time. In terms of turnover professional services and technical services once again generated the highest shares, i.e. 20% and 19%.

On average the business services enterprise had 1.1 local units. The subsector of recruitment and provision of personnel distinguished itself by having 2.6 local units per enterprise. About 95% of the enterprises had only one local unit but they accounted for only 68% of the employment.

76% of the enterprises was sole proprietorships. They employed only 31% of the total number of persons employed and generated 24% of the turnover and 26% of the gross value added. Companies accounted for the highest share of the total turnover (44%), but in terms of employment and number of enterprises they accounted for only 30% and 9%.

Ten-year-old or older enterprises generated about 74% of the total turnover and gross value added. Enterprises in the oldest age size-class was of less importance in computer services and recruitment and provision of personnel, generating only 59% of the total turnover in these subsectors. The turnover and gross value added per person employed seemed in general to be higher the older the enterprise, although the 4 to 5-year-old enterprises recorded the second highest turnover and gross value added per person employed.

The German business services enterprises received the greatest part of their turnover from domestic markets, i.e 95%. EC markets and extra EC markets accounted for 3% each. Technical services was the subsector that was most dependent on exports (9%) and received further more the greatest part of the exports from extra EC countries.

82% of the domestic turnover generated by the enterprises was received from other enterprises. Households were the second most important client group accounting for 12% on average, but almost for 20% in the micro enterprises. Government clients generated 6% but was especially important for technical services (22%). Technical services was the subsector that received the largest share of its national turnover (40%) from other clients than enterprises.

The gross value added of the business services enterprises amounted to ECU 69.1 billion or 88% of the total turnover. In addition, the enterprises recorded an average gross value added of ECU 38 000 per person employed. Professional services was the largest subsector in terms of gross value added, generating 21% of the total gross value added in the business services sector, whereas renting and leasing services recorded the highest gross value added per person employed (ECU 271 500). The gross value added as percentage share of turnover was - compared with the other Member States - rather high for the German business services enterprises, ranging from 77% in marketing services to 99% in recruitment and provision of personnel.

Labour costs of the business services enterprises amounted to ECU 25.1 billion and labour cost per person employed to ECU 14 000. Labour costs represented on average 32% of the turnover. Computer services recorded the highest labour costs per person employed (ECU 31 400), whereas recruitment and provision of personnel had the highest share of labour costs in respect of turnover (80%).

The total investments in the surveyed enterprises recorded ECU 10.2 billion which on average amounted to 13% of the total turnover. The capital intensive subsector renting and leasing services generated 65% of the total investments and showed the highest share of investments in terms of turnover, i.e. 53%. Renting and leasing services also recorded the highest investments per enterprise, i.e. ECU 1.2 million, the average being only ECU 64 200.

Greece

1. Structure of business services in Greece

This section describes the importance of the business services sector in Greece compared to the EUR(12) level[1]. The figures for Greece in table 1.1 relate to 1988 and are based mainly on the General Census of Local Units of that year.

1.1 Number of local units

In 1988, the total number of local units in Greece was 510 000, excluding agriculture. To this figure, about 900 000 agricultural and livestock holdings may be added, bringing the total number up to 1.4 million local units. In the past years, no survey based at enterprise level has been carried out.

The estimated ratio of enterprises to local units is about 97 to 100. Thus, the total number of enterprises comes to about 494 000, 11% of which were engaged in the business services sector.

Table 1.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in Greece, 1988.

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services (NAS, Greece)	55245	104312	1670.7
Total industry (NAS Greece)	494700*	2706820	68128.0
Business services as %-share of total industry	11.0*	3.9	2.5
Business services in Greece as %-share of business services in EUR 12	3.2	1.4	0.3
Total industry in Greece as %-share of total industry in the EUR 12	4.3*	3.4	0.6

* Estimated
NAS: National Accounts System of Greece

Source: National Accounts of Greece (1988) and Eurostat. Enterprises in Europe (1992).

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1.2 Employment

In 1988 the enterprises in NACE 1-8 in Greece employed 2.7 million persons. The 104 000 persons employed in the business services sector accounted for about 4% of the total number of persons employed in NACE 1-8. This figure is considerably less than the corresponding share at the EUR(12)level (9%), cf. figure 1.1.

On average, the business services enterprises employed 1.9 persons per enterprise, which is considerably lower than the EUR(12) average (4.4 persons).

1.3 Turnover and gross value added

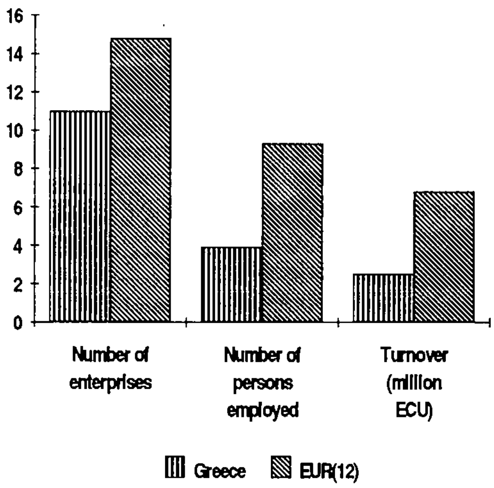
Enterprises in Greece generated about ECU 68.1 billion in turnover and ECU 36.1 billion in gross value added (53% of turnover) in 1988. The turnover figure corresponds to 0.6% of the EUR(12) total.

The business services sector in Greece generated about 2.5% of the turnover and about 3% of the gross value added generated by the total industry in Greece.

[1] This chapter does not follow the structure of the other country chapters in this publication, as it has not been possible to analyse the general business structure in Greece due to lack of available data.

Figure 1.1

Business services as %-share of total industry, 1988.



Source: National Accounts of Greece (1988) and Eurostat. Enterprises in Europe (1992).

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1.4 Breakdown of business services

In this section the business services sector in Greece is broken down by subsector. The breakdown of the data follows the definitions of the National Accounts System of Greece. Some NACE classes within the business services are codified under the same headings in the National Accounts System, so the estimate of the gross value added is aggregated with other activities. This is also the case for number of employees and number of enterprises.

Table 1.2

Number of enterprises, number of employees, turnover and gross value added, 1988.

National classification classes	Number of enterprises	Number of employees	Turnover million ECU	Gross value added million ECU
Renting of movables	6127	2374	210.9	122.2
Computer software, repairing and maintenance	62	414	56.9	39.7
of which production or selling of computer software	na	na	35.4	na
Other business services	48579	38776	1018.8	874.2
of which research and experimental development	na	na	23.8	na
of which legal services	na	na	191.0	na
Advertising	364	2226	273.8	100.5
Sewage and refuse disposal	113	5279	107.2	92.3
Total	55245	49069	1670.7	1229.4

Source: National Accounts of Greece (1988).

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When looking at number of enterprises, the subsector other business services, which consists of the national classes research and experimental development, legal services and other business services, was the most important with 88% of the enterprises in the business services sector, while 11% of the enterprises belonged to the subsector renting of movables.

The importance of the subsectors changes considerably when looking at number of employees, turnover and gross value added.

The subsector other business services accounted for 79% of the employees, 61% of the turnover and 71% of the gross value added. On the other hand, the subsector advertising accounted for 5% of the employees, 16% of the turnover and 8% of the gross value added (with 1% of the enterprises).

Surprisingly, the subsector computer software, repairing and maintenance consisting of production and selling of computer software on the one hand and repairing and maintenance of computers on the other, was small compared to the corresponding subsector in the other EC countries. This subsector held 0.1% of the business services sector enterprises, 1% of the number of employees, about 4% of the turnover and about 3% of the gross value added. Nearly 60% of the turnover in this subsector is generated by the computer-software enterprises.

2. Pilot survey: Business services by subsector in Greece

2.1 The pilot survey, brief description

Because of the lack of a general business register in Greece, the survey was based on statistical registers from the 1988 General Census of Establishments. The only exceptions were technical activities, which were covered by registers from the Technical Chamber of Greece, and professional activities, which were covered by a combination of the statistical registers covering the 1988 Census and the registers of the Greek Lawyers Association[2]. In general, the registers were supplemented with the registers and accounting records of the relevant professional organisations.

The survey unit was the local unit and not the enterprise as in the other Member States. The sample population in the Greek pilot survey consisted of 2 500 local units. Originally the sample population consisted of 1 500 local units, but because of a high non-response rate (about 85%) a sample of 1 000 extra local units were surveyed. The final number of surveyed units with valid answers were 1 108 local units, cf. table 2.1.

Table 2.1

Enterprises and local units in the Greek survey; an overview, 1990.

	Enterprises	Local units		
		Inside Greece	Outside Greece	Total
Enterprises	1080	na	na	na
of which with only one local unit	1043	1043	na	1043
of which with more than one local unit	37	131	75	206
Local units and not enterprises	na	28	na	28
Total	1 080	1197	75	1 277
Local units in the pilot survey with valid answers	1 080	28	na	1 108

Source: National Statistical Service of Greece, Pilot Survey Data 1990.

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2 As the registers of the Technical Chamber of Greece and the Greek Lawyers Association are expected to have a frequent updating, the subsectors professional and technical services are expected to contain relatively more new and micro sized enterprises than the other subsectors in the pilot survey.

According to the National Statistical Office of Greece, 1 043 local units in the survey were found to be enterprises with just one local unit, 37 local units were found to be part of enterprises with more than one local unit (they had 206 local units in all) and 28 local units were found to be local units of enterprises whose main activity lay outside business services. Of the 37 enterprises with more than one local unit, 5 enterprises were found only to have local units outside Greece.

Number of employees (full-time and part-time), turnover, gross value added, labour costs and investments were calculated on the basis of the 1 108 local units and not the 1 080 local units which actually are enterprises. This also holds for the turnover divided into market types and type of clients. The figures are therefore not comparable with other countries, as it has not been possible to single out the local units which actually were local units of enterprises not participating in the survey.

2.1.1 Number of enterprises

The overall number of enterprises in the Greek survey was 1 080. Due to the sampling method and the low response rate, the material does not contain data on enterprises with 0 employees and large enterprises (500 or more employees).

The majority of the enterprises (93%) are micro enterprises with between 1 and 9 employees. About 6% of the enterprises in the survey had 10 to 99 employees (hereafter called: small enterprises) while less than 1% had between 100 and 499 employees (hereafter called: medium-sized enterprises).

Only in 3 subsectors (marketing services, renting and leasing services and operational services) the percentage-share of the enterprises in the micro enterprise group was below 90%. The percentage-share of the enterprises in the small size-class in these subsectors was 28%, 13% and 37% respectively. In one subsector, namely recruitment and provision of personnel, all enterprises (15 in number) were micro enterprises.

The medium-sized enterprises were only represented in the subsectors marketing services and operational services with 5% and 10% respectively.

3 subsectors covered almost 3/4 of the surveyed enterprises, i.e. professional services (28% of the enterprises), technical services (24%) and other business services (22%). This pattern was repeated in the micro enterprises, but not in the small and medium-sized enterprises, which were dominated by marketing services and operational services.

Table 2.2

Number of local units, employees and turnover in the pilot survey, 1990

	Number of local units	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	88	8	463	9	28.6	10
Professional services	307	28	457	9	6.0	2
Marketing services	82	7	1477	28	212.8	71
Technical services	270	24	594	11	12.0	4
Renting and leasing services	70	6	393	7	12.6	4
Recruitment and provision of personnel	15	1	32	1	0.5	0
Operational services	30	3	1329	25	13.4	5
Other business services	246	22	552	10	13.4	5
All subsectors	1108	100	5297	100	299.4	100

Source: National Statistical Service of Greece, Pilot Survey Data 1990

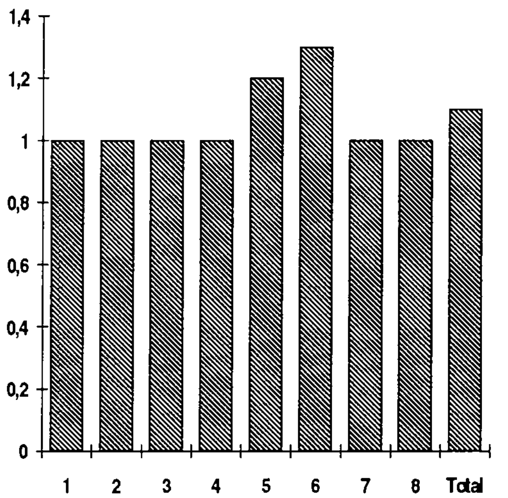
2.2 Demographic data

2.2.1 Local units

The overall number of local units was 1 174[3] in Greece. On average the enterprises had 1.1 local unit[4], cf. figure 2.1. Of the 131 local units with more than one local unit in Greece, 45% was in the marketing services subsector and 33% in the renting and leasing services subsector. Of the 98 local units in these two subsectors, more than 90% was small in size (10-99 employees).

Figure 2.1

Number of local units per enterprise by subsector, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: National Statistical Service of Greece. Pilot Survey Data 1990.

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2.2.1.1 Employment distribution

The total number of employees in the pilot survey was 5 297. By subsector marketing services and operational services dominated with 28% and 25% of the employment respectively. 11% of the employees were employed in technical services, 10% were employed in other business services, while computer services, professional services and renting and leasing had between 7 and 9% each.

2.2.2 Legal status

2.2.2.1 Number of local units

Almost 70% of the local units were organised as sole proprietorships. Partnerships and companies had almost an equal percentage-share (14% and 16%), cf. figure 2.2. This distribution was unusual compared with most of the other European countries, where most of the surveyed enterprises were organised as companies[5].

The reason for this pattern of legal status of the surveyed units can be found in the subsectors professional services and technical services, which constituted a little more than half of the surveyed population and were dominated by sole proprietorships, (97% and 90% respectively). In most of the other subsectors companies were the most frequent legal status: marketing services (63%), recruitment and provision of personnel (60%) and computer services (58%), cf. table 2.2. However, the most equal distribution of local units by legal status was found in renting and leasing services, where 39% were organised as sole proprietorships, 30% as partnerships and 31% as companies.

[3] Cf. section 2.1 and table 2.1.

[4] Based on 1 075 enterprises, cf. table 2.1.

[5] This could be a result of the sampling method.

Table 2.2

Breakdown of local units and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other[1]		Total	
	Local units	Turnover	Local units	Turnover	Local units	Turnover	Local units	Turnover	Local unots	Turnover
Computer and related services	58	93	26	6	16	1	0	0	100	100
Professional services	1	13	2	16	97	71	0	0	100	100
Marketing services	63	95	27	4	10	1	0	0	100	100
Technical services	5	30	5	8	90	48	0	15	100	100
Renting and leasing services	31	87	30	7	39	6	0	0	100	100
Recruitment/provision of personnel	60	62	27	36	13	2	0	0	100	100
Operational services	40	74	27	6	33	21	0	0	100	100
Other business services	6	42	24	30	70	29	0	0	100	100
All subsectors	16	87	14	6	70	6	0	1	100	100

[1] Including non-profit organisations

Source: National Statistical Service of Greece, Pilot Survey Data 1990

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2.2.2.2 Number of employees

As in the other EC countries, the pattern of employment by legal status in the Greek survey was dominated by the companies which employed 64% of the total employment of the surveyed units. 23% of the employees were employed in the sole proprietorships and 11% in partnerships, cf. figure 2.2.

Employment in the companies was primarily found in marketing services (40%) and operational services (31%).

On the other hand, of all employees working in sole proprietorships, 31% worked in professional services, 24% in technical services and 17% in operational services. Between sectors, there were also some large differences. 91% of the employees in marketing services worked in companies, compared to only 6% of the employees in professional services.

The relatively equal distribution of local units by legal status in renting and leasing services was not reflected in the employment distribution; almost 76% of the employees worked in local units organised as companies, while 11% worked in sole proprietorships.

In technical services, 12% of the employees worked in local units organised in another form of legal status, while 51% worked in sole proprietorships and 30% in companies.

A distribution of the legal forms by size-classes showed as one might expect, that the majority of the micro-sized local units (75%) were organised as sole proprietorships. On the other hand, only 14% of the medium-sized local units were sole proprietorships.

As in the other European countries, the larger local units in Greece were most often organised as companies. 55% of the total employment in companies was in small companies and 31% in medium-sized companies. In all, 35% of the total number of employees in the surveyed units worked in either small or medium-sized companies.

A calculation of the number of employees per local unit shows that employment in medium-sized sole proprietorships and in companies was of almost equal size (about 175 employees), while for small companies (34 employees) it was clearly larger than in their sole proprietorship counterparts (16 employees).

2.2.2.3 Turnover and gross value added

The total turnover in the surveyed units amounted to almost ECU 300 million. Of this, about 71% was generated by enterprises in the marketing services subsector, thus influencing the general distribution of turnover by legal status.

As one might expect from the distribution of employees, the bulk of the turnover (87%) was generated in companies. The sole proprietorships and the partnerships generated about 6% each, cf. figure 2.2.

In some subsectors, however, sole proprietorships generated a major share of the subsectors' total turnover. This was especially the case for professional services, where 71% of the turnover was generated in sole proprietorships, and for technical services, where 48% of the subsector's turnover was generated by the sole proprietorships. Also operational services and other business services had high shares of turnover coming from sole proprietorships. In the rest of the subsectors, sole proprietorships only played a minor role as far as turnover is concerned. Almost 15% of the turnover in technical services was generated in local units organised in another legal form.

Of the 87% of the turnover which was generated in companies, nearly 4/5 was generated by the marketing services sector and 10% by companies in computer services.

The gross value added amounted to almost ECU 107 million. The pattern followed that of turnover, with almost half of the gross value added generated by the units within the marketing services subsector. 78% of the gross value added was generated in companies, while sole proprietorships generated 13% and partnerships 7%.

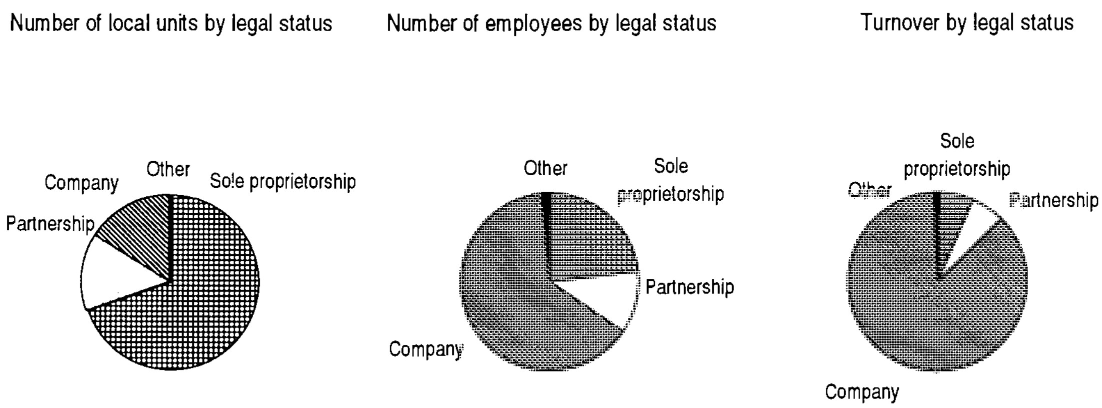
2.2.2.4 Turnover and gross value added per employee

The average turnover per employee amounted to about ECU 56 500. The highest average turnover per employee (about ECU 150 000) was - as in most other Member States - generated in companies in marketing services, while the lowest average turnover per employee (ECU 4 800) was generated in sole proprietorships in recruitment and provision of personnel. The relatively low turnover per employee was typical of the sole proprietorships, which had an overall turnover per employee of about ECU 15 700. But also here the marketing services subsector had the highest turnover per employee (ECU 40 500). The average turnover per employee for partnerships was about ECU 30 100 and for companies about ECU 76 800 - almost 4.9 times the average turnover per employee for sole proprietorships.

The average gross value added per employee amounted to about ECU 20 400, ranging from ECU 35 900 for companies in the marketing services subsector to ECU 4 700 for recruitment and provision of personnel services units organised as sole proprietorships. The average gross value added per employee for the sole proprietorships was about ECU 11 500, for partnerships about ECU 12 600 and for companies almost ECU 24 900 - 2.2 times the figure for sole proprietorships. Again, marketing services enterprises generated the highest gross value added per employee.

Figure 2.2

Local units, employees and turnover by legal status, 1990.



Source: National Statistical Service of Greece. Pilot Survey Data 1990.

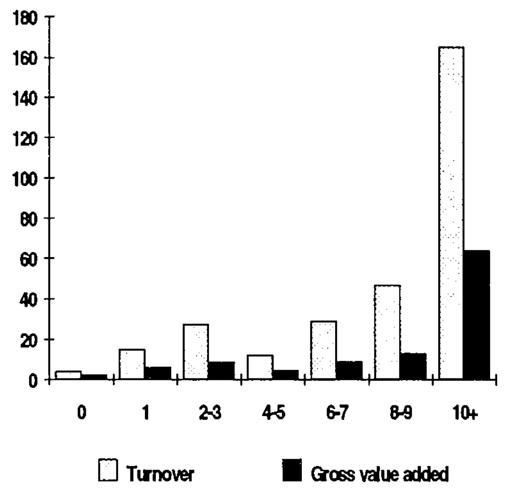
2.2.3 Age of the local units

2.2.3.1 Turnover and gross value added

The overall pattern is that more than half of the turnover (55%) was generated by local units which had existed 10 years or more. Young local units (less than 4 years old) generated only 16% of the total turnover, cf. figure 2.3.

Figure 2.3

Turnover and gross value added by age of local unit, (million ECU), 1990.



Source: National Statistical Service of Greece. Pilot Survey Data 1990.

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In the computer and related services subsector 28% of the turnover was generated by the young local units, while the oldest local units generated 64%; in the renting and leasing services subsector almost 82% of the turnover was generated by old local units, while the young units generated about 6%. In operational services and especially in recruitment and provision of personnel, the young local units had a large share of turnover, namely 31% and 54% respectively. Marketing services followed the general pattern, with turnover rising steadily with the age of the units.

The general pattern of gross value added followed that of the turnover. 58% of the gross value added was generated by the oldest local units and 18% by the young local units.

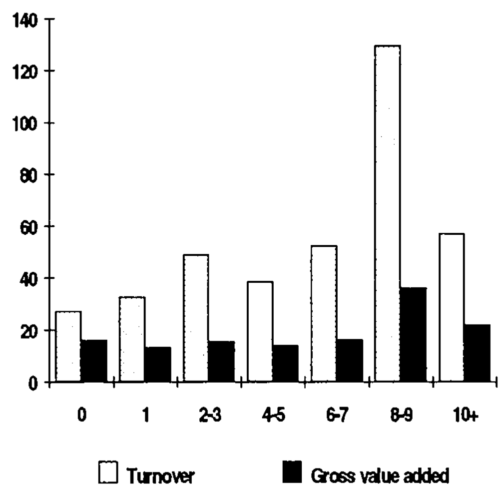
The gross value added share of turnover was 59% for the youngest units, while gross value added share of turnover for the 4-5 year old units was 37% and that of the more than 10 year old units 39%. This pattern also held at the subsector level.

2.2.3.2 Turnover and gross value added per employee

The overall average turnover per employee was about ECU 56 500. Figure 2.4 shows a tendency towards a rising turnover per employee in line with the age of the unit. However, the turnover only shows a moderate development for units which were between 4 and 7 years old. This pattern was followed for gross value added and was refound both at the subsector level and in the other European countries.

Figure 2.4

Turnover and gross value added per employee by age of local unit, (ECU 1.000), 1990.



Source: National Statistical Service of Greece. Pilot Survey Data 1990.

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Apart from marketing services, which had the highest turnover and gross value added per employee in all age-classes, computer services dominated among the young units (up to 3 years old). As the units became older, the pattern became more diversified. Among the 4-5 year old units, technical services was the dominating subsector while other business services, technical services (again) and computer services were the dominating subsectors in the subsequent age classes. It is characteristic that professional services had the smallest turnover and gross value added per employee.

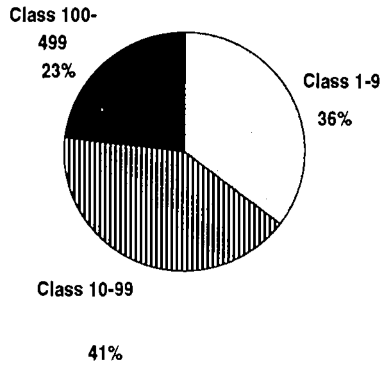
2.3 Employment

2.3.1 Employment by size-class

The total number of employees in the survey was 5 297 of which 41% were employed in small-sized units and 36% in micro-sized units, cf. figure 2.5.

Figure 2.5

Breakdown of employees by employment size-class, %-share, 1990.



Source: National Statistical Service of Greece. Pilot Survey Data 1990.

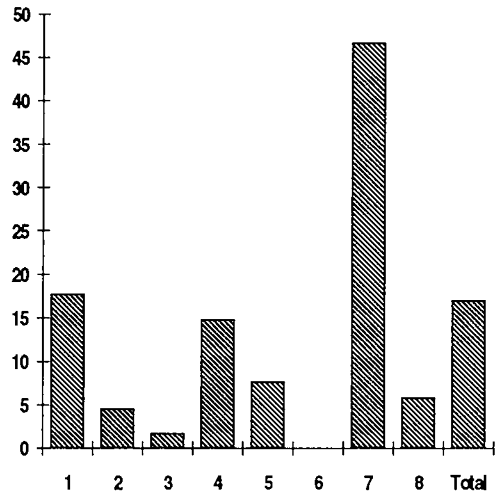
The figures are distorted by the fact that only two subsectors (marketing services and operational services) among the medium-sized units had employment and that all the employment in recruitment and provision of personnel services was in the micro local units. In professional services, 88% of the employees were found in the micro-units and the remainder in the small-sized units.

In the rest of the subsectors, the distribution between the micro units and the small-sized units was about 40-60% or 60-40%.

Part-time employment was also investigated in the Greek survey. The overall total of part-time employees was 898 and of these, 45% worked in the medium-sized units (in fact they worked only in one sector, namely operational services), while 41% worked in the small units. There are, however, large differences among the subsectors.

Figure 2.6

Part-time employees as a share of total number of employees, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: National Statistical Service of Greece. Pilot Survey Data 1990.

In professional services, more than 95% of the part-time employees were employed in micro-local units, while only 2% of the part-time employees were employed in micro operational services units. This pattern with part-time employment primarily in operational services can also be found in many other European countries.

The number of part-time employees as a percentage share of the total number of employees differed considerably between subsectors, cf. figure 2.6. As for most of the other Member States the share of part-time employees was highest for operational services (47%). At the other end of the scale were recruitment and provision of personnel which had no part-time employees, and marketing services with only 2% of the employees working part-time.

2.3.3 Employment per local unit

The average overall employment per local unit in the survey was 4.8 employees. The micro local units in Greece employed 1.8 employees per local unit. Especially professional services local units were rather small, with only 1.3 employee per local unit. The small-sized local units had 32 employees on average, and here the professional service local units were still relatively small, with 27 employees per local unit. The largest sector among the small-sized local units were operational services, with almost 53 employees per local unit. The medium-sized local units employed 174 employees on average, due to the high number of part-time employees in operational services in this size-class. As mentioned earlier, only marketing services (with 130 employees per local unit) and operational services (with 233 employees per local unit) were represented in this size-class.

In operational services, the local units employed on average 44 employees per local unit, due to the high number of part-time employees in this subsector. At the other end, professional services had about 1.5 employees per local unit. In all size-classes, the local units in professional services were relatively small compared to the average size in each size-class.

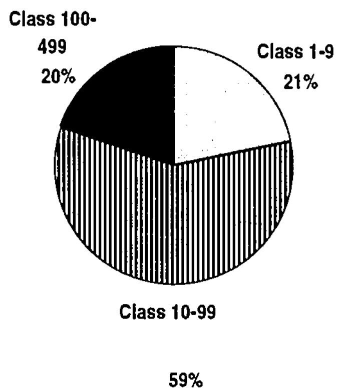
2.4 Turnover

2.4.1 Turnover by size-class

The total turnover generated by the local units in the survey amounted to almost ECU 300 million. 59% of the turnover was generated by the small-sized units, while the micro-units generated 21% and the medium-sized local units generated 20% of the total, cf. figure 2.7.

Figure 2.7

Breakdown of turnover by employment size-class, %-share, 1990.



Source: National Statistical Service of Greece. Pilot Survey Data 1990.

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2.4.2 Turnover by subsector

As mentioned earlier, almost 3/4 of the turnover was generated by the local units in marketing services and 10% by computer and related services. The rest of the subsectors generated about 4% or less each.

Marketing services was the dominant subsector in all three employment size classes in question. It accounted for 43% of the turnover among the micro units, for 75% among the small-sized units and for 91% of the turnover generated by the medium-sized units.

2.4.3 Turnover per employee

The overall average turnover per employee was about ECU 56 500. There was no tendency towards a rising turnover per employee with local unit size. For most of the subsectors, the turnover per employee among the micro-units was below the sector average, while it was above in the small-sized local units.

Not surprisingly, the highest turnover per employee (ECU 144 000) was generated in the marketing services subsector. This was 2.3 times higher than in computer services and 14 times higher than in operational services.

Overall, employees in marketing services generated almost 3 times more turnover than the average. In micro-sized units, the average employee in marketing services generated nearly 4 times more turnover than the overall average employee in a micro-sized unit.

When it comes to gross value added the picture changes a little. The overall average gross value added per employee was about ECU 20 800. The marketing services subsector had the highest gross value added at ECU 34 700, and computer and related services were second with an average gross value added at almost ECU 33 800 per employee. Only computer and related services, together with marketing services and renting and leasing services, were able to generate a gross value added higher than the average. But while marketing services was able to generate an average turnover about 3 times higher than the overall average, the same subsector was only able to generate a gross value added that was almost 2 times higher than the overall average. For computer and related services and renting and leasing services, the pattern was turned upside down. Here the turnover was 1.1 times higher than the average and the gross value added figures were 1.4 times higher than average.

2.4.4 Turnover per local unit

The average turnover per local unit was about ECU 270 000. Marketing services had the absolute highest turnover per local unit, with almost ECU 2.6 million.

This was 9.6 times more than the average and 133 times more than generated by a local unit in professional services. A comparison between the micro- and small-sized local units shows that the small-sized units generated between 9 and 47 times the turnover of the micro-units, depending on the subsectors.

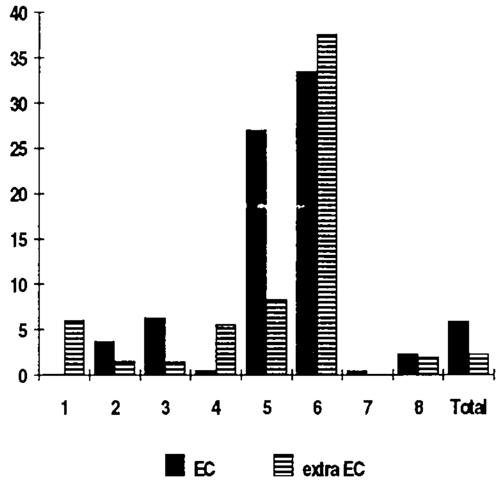
2.4.5 Turnover divided into domestic/export markets

Business services units in Greece received almost 92% of the turnover from the national market, but the larger the local units the lower the domestic turnover share.

At the subsector level, two sectors (renting and leasing services and especially recruitment and provision of personnel) differed from the rest. Renting and leasing received 65% from the national market, and recruitment and provision of personnel received only 29% from the national market. These results ran counter to the results from the other European countries.

Figure 2.8

EC and extra EC demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: National Statistical Service of Greece. Pilot Survey Data 1990.

Exports have been divided into two groups; EC and extra EC. Most of the exports from the Greek business services units went to other EC countries[6], cf. figure 2.8. Extra-EC exports exceeded the EC-exports only in computer services, technical services and recruitment and provision of personnel.

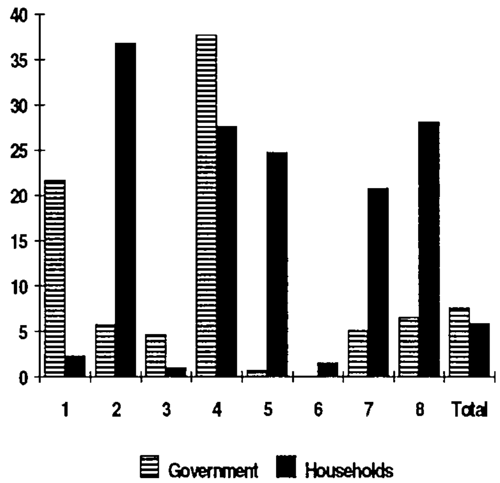
2.4.6 Turnover broken down by type of client

As a whole, the local units in Greece received 87% of their turnover from other enterprises, and the share rose with local unit size. By subsector, the local units in general received at least 3/4 of turnover from other domestic enterprises.

Two subsectors received relatively large shares of their turnover from the public sector. Computer and related services received 22% of the national turnover from government and 76% from other enterprises, which left only a small part coming from the households. Technical services received 38% of the national turnover from government - as also seen in many other Member States -, 35% from other domestic enterprises and 28% from households. The remaining subsectors received only a small share (less than 7%) of their domestic turnover from the government, cf. figure 2.9.

Figure 2.9

Government and household demand for business services, %-share of turnover, 1990



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: National Statistical Service of Greece. Pilot Survey Data 1990.

6 In fact 2.5 times more.

The subsectors professional services, renting and leasing services, operational services and other business services also received about 25-35% of their domestic turnover from households, but the major part (typically about 3/4) was received from other enterprises.

The tendency for government to prefer larger enterprises when it buys services was considerable in most subsectors while the opposite, was common for households, as in many other Member States. Enterprises as clients were spread evenly between size classes, with a small bias towards the small-sized local units.

2.5 Accounts data

2.5.1 Gross value added

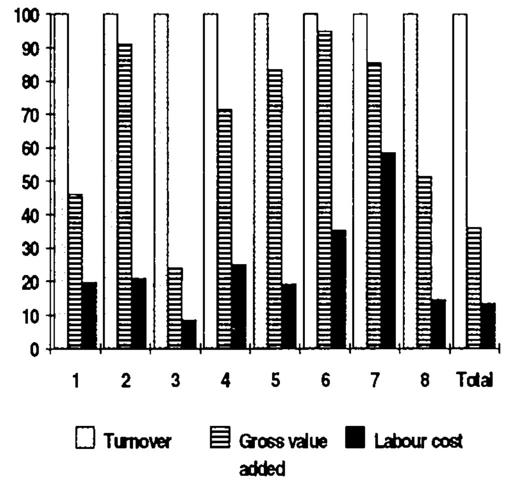
2.5.1.1 Gross value added by employment size-class

The overall gross value added amounted to ECU 110.3 million or 37% of the total turnover of the local units in the Greek survey. The bulk (55%) of the gross value added was generated by small units. Micro-units generated about 28% of the total gross value added, and the rest was generated by the medium-sized units.

Only two subsectors (marketing services and operational services) had enterprises among the medium-sized units, and they generated 26% and 46% respectively of the gross value added in these sectors. Only 5% of the gross value added in operational services was generated by the micro-units.

Figure 2.10

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operationa services
8 Other business services

Source: National Statistical Service of Greece. Pilot Survey Data 1990.

The most unequal distribution among the subsectors with only two size-classes of local units was in computer services and in professional services. In computer services, 25% of the gross value added came from micro-sized local units and 75% from small local units. In professional services, the proportion was the opposite. The most equal distribution between micro and small units was found in technical services (57% and 43% respectively) and in renting and leasing services (43% and 57% respectively)[7].

2.5.1.2 Gross value added by subsector

Three subsectors generated more than 70% of the total gross value added; marketing services (47%), computer and related services (14%) and operational services (10%). The rest generated less than 10% each.

In the micro local unit size-class, marketing services generated 23% of the gross value added, other business services generated 17% and technical services generated 16%. Recruitment and provision of personnel generated less than 2% of the gross value added in that size-class.

In the small-sized local unit class, marketing services stood even stronger, with 51% of the gross value added. Computer and related services generated

[7] In these two subsectors the micro units accounted for more than 85% of the enterprises in each sector.

13% and renting and leasing services 10%. The two subsectors represented in the medium local unit size-class divided the gross value added at 72% to marketing services and 28% to operational services.

2.5.1.3 Gross value added per employee

The average gross value added per employee amounted to ECU 20 800. The employees in the small local units had the highest gross value added per employee, with almost ECU 27 600. The employees in the micro- and medium-sized local units generated almost the same gross value added per employee each, namely ECU 16 400 in the micro and ECU 15 300 in the medium-sized units.

On average, marketing services generated the highest turnover per employee. The overall average gross value added per employee for this subsector was ECU 34 700. The employees in micro computer and related services local units generated ECU 15 900 per employee but ECU 57 900 in the small-sized computer units, which also showed the highest overall gross value added per employee.

2.5.1.4 Gross value added related to turnover

In general, the surveyed units had a gross value added share of turnover of about 37%. The level of the average gross value added was influenced by the relatively low gross value added share (24%) of the marketing services subsector, which accounted for nearly half the total gross value added generated in the units surveyed. All the remaining subsectors showed a considerably higher gross value added share (51%-95%) than the average share, cf. figure 2.10.

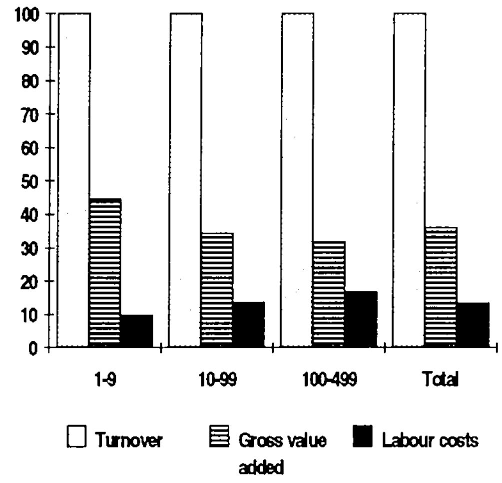
The micro local units' gross value added share of turnover, at almost 49%, was about 13-16% higher than both the small and medium-sized local units' share due to marketing services, cf. figure 2.11. At the subsector level, the gross value added percent-share of turnover rises with the number of employees in most subsectors (except in marketing services, renting and leasing services and other business services).

2.5.2 Labour costs

The total labour costs, amounted to about ECU 40.2 million - 13% of the total turnover, cf. figure 2.10. The small local units accounted for about 60% of the total labour costs, while the medium-sized local units accounted for 25% and the micro local units for 16%. Except for the subsectors other business services and operational services, the bulk of the labour costs was to be found in the small units.

Figure 2.11

Turnover, gross value added and labour costs, by employment size-class, %-share of turnover, 1990.



Source: National Statistical Service of Greece. Pilot Survey Data 1990.

The marketing services subsector had the highest labour costs, with 45% of the total labour costs compared to only 28% of the employment. On the other hand, operational services recorded 20% of the labour costs compared to 25% of the employment.

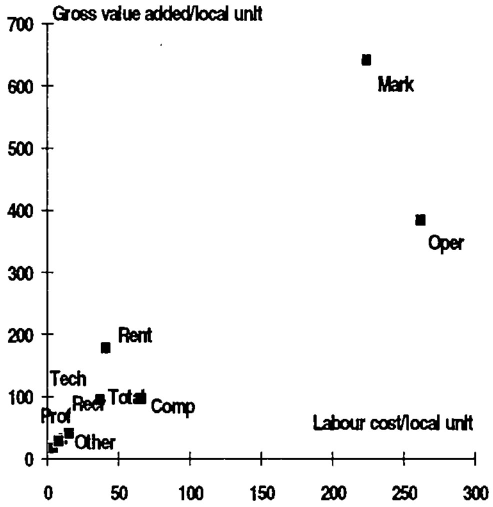
2.5.2.1 Labour costs per employee

The overall labour costs were about ECU 7 600 per employee. Computer and related services had the highest average labour costs, with ECU 12 200 per employee, but were closely followed by marketing service with ECU 12 100 ECU. Operational services labour costs per employee were ECU 5 900, while professional services had labour costs per employee which amounted to ECU 2 700 due to the high number of micro sole proprietorships in this subsector.

The labour costs per employee in the micro local units were relatively low compared to the overall average. Especially in local micro units within professional services and technical services, the labour costs were low - ECU 1 400 and ECU 1 500 per employee respectively - compared to the overall average for the subsectors in question. The reason for this pattern of labour costs is that especially these two subsectors were dominated by sole proprietorships of micro size.

Figure 2.12

Gross value added and labour costs per local unit by subsector (ECU 1.000), 1990.



Source: National Statistical Service of Greece. Pilot Survey Data 1990.

Labour costs in the small-sized computer services local units were ECU 20 900, in professional services ECU 12 900 per employee, and in technical services ECU 10 220 per employee. The reason for the relatively high labour costs in these subsectors should be found - as for the other European countries - in the level of qualifications required of the persons employed in these three sectors.

Breaking the labour costs down by size-class, both small computer and related services local units and small technical services local units have high labour costs compared to their micro counterparts.

2.5.2.2 Labour costs and gross value added per local unit

In figure 2.12 gross value added and labour costs per local unit are represented. For almost all the subsectors gross value added and labour costs showed a relatively high correlation. Operational services showed higher labour costs per local unit compared to gross value added per local unit than the other subsectors.

2.5.3 Investments

The total investments of the units in the survey amounted to about ECU 17.3 million, which was almost 6% of the turnover. The medium-sized local units' and the small local units' share of the total investments was almost equal - 45% and 44% respectively. The micro local units had a share of 11%.

Marketing services showed the highest investments (49% of total investments), due to considerable investments in medium-sized marketing local units.

Renting and leasing services accounted for 29% of the total investments, but at the size-class level this subsector had the highest shares of investments among the micro and small local units. In most other European countries, the enterprises in renting and leasing services represented the highest amount of investment at the total level.

Computer services accounted for 14% of the total investments and had shares around 25% in the size classes. The remaining subsectors had shares below 3% each.

Per local unit, the investments amounted to about ECU 15 600. Apart from the local units in marketing services, which had the highest investments per local unit with almost ECU 104 000 due to very large investments (almost ECU 2 million per local unit) among the medium-sized enterprises, the highest investments per local unit were found in renting and leasing services, with almost ECU 72 000 per unit. This was caused by relatively large investments among small local units in this subsector.

Local units in the subsector renting and leasing services had the highest investment share of turnover - namely almost 40% - while the rest of the subsectors had shares below 9%. This pattern was refound at the size-class level. The investments per local unit rose with local unit size, and this pattern was refound in investments per employee.

2.6 Summary and conclusion

Compared to the EUR(12) level, the importance of business services in Greece was rather limited. According to the 1988 Greek General Census, an estimated 11% of Greek enterprises were classified as being in the Business Services sector. They employed about 4% of the persons employed and generated 2.5% of the turnover.

The above-mentioned General Census also revealed that computer services (which is the only subsector in the Greek General Census with an equivalent definition in the pilot survey) in Greece was small compared to the corresponding subsectors in the other Member States.

The Greek pilot survey was conducted on local units, which makes it difficult to compare the Greek results with the results from the other Member States.

The main results of the Greek survey are:

Most enterprises (93%) in the survey were of micro size. 3 subsectors (professional services, technical services and other business services) covered almost 3/4 of the total number of enterprises in the survey. 2 subsectors (marketing services and operational services) employed more than half the employees.

About 70% of the local units were organised as sole proprietorships, while almost 16% were organised as companies and 14% as partnerships. 71% of the turnover was generated by the marketing services subsector. The total turnover amounted to ECU 300 million.

At the subsector level, computer services, marketing services, recruitment and provision of personnel services and operational services were dominated by companies, while professinal services and technical services were dominated by sole proprietorships. The subsectors renting and leasing services and other business services were dominated by partnerships.

The companies held 64% of the total employment. 23% was employed in the sole proprietorships and 11% in partnerships. 87% of the turnover was generated in companies, while sole proprietorships and partnerships generated about 6% each.

Messured per employee, the turnover amounted to ECU 56 500. Companies in the marketing services generated most turnover, namely ECU 150 000, while sole proprietorships in recruitment and provision of personnel services generated least (ECU 4 800).

41% of the employees were employed in small local units, while 36% were employed in micro-sized local units and 23% in medium-sized local units. 59% of the turnover was generated by the small local units, while 22% was generated by micro-sized local units.

92% of the turnover was received from the national market, but the larger the local unit the larger the share of turnover comming from export markets. Renting and leasing services was most geared towards the exports markets.

87% of the turnover was received from other enterprises, and the share rose with local unit size. Technical services and computer services were especially aimed at the public sector. Professional services, renting and leasing services, operational services and other business services recieved about 25%-35% of the turnover from households.

3 subsectors (marketing services, computer services and operational services) generated more than 70% of the gross value added - the rest of the subsectors generated less than 10% each. The gross value added amounted to ECU 20 800 per employee.

The average labour costs per employee amounted to ECU 7 600. Computer services had the highest average labour costs per employee, with ECU 12 200, closely followed by marketing services with ECU 12 100 per employee. The average labour costs in professional services as a whole amounted to ECU 2 700, due to many micro-sized sole proprietorships.

As in the other Member States the average labour costs in small-sized local units in computer services, professional services and technical services were high, due to the level of qualifications required in these three sectors.

Investments' share of turnover amounted to almost 6%. The small and medium-sized local units accounted for about 89% of the total investments.

The investments per local unit amounted to ECU 15 600, and apart from marketing services (which had average investments per local unit at ECU 104 000) the highest investments were found in renting and leasing services, with ECU 72 000 per local unit.

Spain

1. General business structure in Spain

In 1970, the services sector, including market and non-market services, accounted for 44% of GDP in Spain, while the industrial sector's share of GDP in the same year was 41%.

Over the years, services have increased their share of GDP whilst the percentage figure for industry has decreased, and in 1980 their total shares of GDP stood at 51% and 38% respectively. In 1990, the share of the services sector had risen to 54% and the share of industry had dropped to 35%.

In 1990, the gross value added at market prices for the services sector came to almost 60% of the gross value added produced in Spain that year.

As table 1.1 illustrates, the annual percentage figure of gross value added at market prices for the services sector rose as a proportion of total gross value added during the period from 1970 to 1990, for both the various market and non-market services.

Table 1.1

Gross value added at market prices, by sector in per cent of total economy. Current prices, 1970-1990.

	197C	1980	1985	1990
Market services	37.1	41.3	43.7	44.1
of which distributive trades	13.5	14.9	14.8	15.0
of which restaurants and accommodation	3.9	4.2	6.0	7.2
of which transport and communications	5.3	6.0	5.6	5.6
of which other market services	14.4	16.2	17.3	16.2
Non -market services	8.7	11.6	13.2	13.8
All sectors	100.0	100.0	100.0	100.0

Source: INE. National Accounts Statistics

eurostat

Table 1.2

Breakdown of employment, by sector in per cent of total economy, 1976-1990.

	1976	1980	1985	1990
Distributive trades, restaurants, hotels, repairs	18.3	19.2	20.4	22.0
Transport and communications	5.4	5.8	5.8	5.8
Financial institutions, insurance, business services and renting and leasirg	3.1	3.4	4.2	5.4
Other market services	14.5	16.6	20.1	21.7
All sectors	100.0	100.0	100.0	100.0

Source: INE. Labour force survey

eurostat

As can be seen from Table 1.2, employment follows a similar pattern to gross value added at market prices. From 1976 to 1990, there was an increase in the percentage of persons employed in the services sector compared to the total active population employed in the economy as a whole. In 1976, this figure stood at 41%, whereas the corresponding figure for 1990 was 55%. The main contributor to this growth is the sector other market services which also includes the business services. The figures for the manufacturing industry for these same years were 37% and 33% respectively.

2. Structure of business services in Spain

This section describes the importance of business services in Spain and the comparison with the EUR(12) level. The figures for Spain relate to 1990. The business services sector discussed in this section is defined as NACE 70 classes 83 and 84[1], as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes similar to the classes constituting the sector in the pilot survey.

2.1 Number of enterprises

In 1990 the total number of enterprises in Spain was 2 258 200. The 2.1 million Spanish enterprises in NACE divisions 1-8 represented 16.8% of the EUR(12) total. However, the number of Spanish business services enterprises accounted for only 15% of the EUR(12) level (NACE 83/84). As a consequence, the relative importance of business services is minor compared to the overall contribution of Spanish industry to the EUR(12) level, cf. table 2.1.

The number of business services enterprises in Spain represented 13% of the enterprises in NACE class 1-8 which is less than the average share of the business services sector at the EUR(12) level (15%), cf. figure 2.1.

The number of business services enterprises (in NACE classes 83 and 84) totalled 285 000. 98% of these enterprises were micro-firms. Thus the small, medium-sized and large enterprises were of less importance in Spain than in EUR(12) on average. The structure of the business services enterprises by employment size-classes was, though, very similar to the overall structure of all enterprises in Spain (NACE 1-8).

1 NACE classes 83 and 84 are used as a rough indicator of business services, although they on the one hand include activities auxiliary to banking, finance and insurance and dealers in real estate and house and estate agents. On the other hand class 923 cleaning services (operational services in the survey) is not included in the used definition of business services.

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in Spain, 1990.

	Number of enterprises	Number of persons employed
Business services	284642	719119
The total industry (NACE 1-8)	2126081	8886325
Business services as %-share of the total industry	13.4	8.1
Business services in Spain as %-share of business services in EUR(12)	15.1	8.6
The total industry in Spain as %-share of total industry in the EUR(12)	16.8	10.4

Source: Eurostat. Enterprises in Europe (1994)

2.2 Employment

The Spanish enterprises had in 1990 a total number of 9.3 million persons employed.

The total number of persons employed in 1990 in NACE 1-8 classes equalled 8.9 million, of which the business services (NACE 83/84) represented close to 719 000 persons, or 8.1%, cf. table 2.1. This share for the business services sector in Spain is relatively low, since business services enterprises at the EUR(12) level accounted for 9.8% of the total number of employees, cf. figure 2.1.

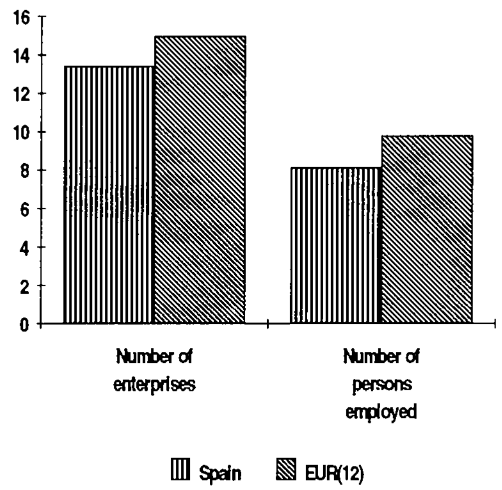
While the Spanish business services enterprises constituted 15% of the business services sector at EUR(12) level, the employment of the same enterprises accounted for only 8.6% of the total employment in the sector in EUR(12).

Total industry in Spain accounted for 10.4% of the total industry at the EUR(12) level in terms of employment, cf. table 2.1. The employment in the business services sector was thus of relatively less importance compared to total industry.

The employment structure in Spain differs from the EUR(12) average. The micro enterprises, with '0-9' employees, are on average better represented in Spain (67%) than on the EUR(12) level (44%).

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Eurostat. Enterprises in Europe (1994)

2.3 Breakdown of business services

In this section the business services sector in Spain is broken down into 3-digit NACE 70 classes. The Spanish data only allow this detailed breakdown for the variables number of enterprises and employment, cf. table 2.2

As in the other EC member states the class of market research, computer services and business services n.e.c. (NACE 839) is the dominant class with about one third of both the number of enterprises and number of employees in the business services sector in Spain.

As can be observed in the other countries as well, cleaning services (NACE 923) employed a relatively high share (19%) of the total employment in the sector compared to the low share (4%) of enterprises in cleaning services.

The same pattern can be observed for the class of accountants, tax experts and auditors (NACE 836), as the enterprises in this class constituted 6% of the enterprises but 14% of the employment in the business services sector in Spain.

Table 2.2

Number of enterprises, number of persons employed, turnover and gross value added by NACE class, 1990.

Nace 70	Number of enterprises	Number of persons employed	Turnover	Gross value added
835 Legal services	54900	87274	na	na
836 Accountants, tax experts, auditors	15417	108309	na	na
837 Technical services	59350	116790	na	na
838 Advertising	13092	36425	na	na
839 Market research, computer services and business services u.e.s.	85357	250061	na	na
842 Renting, leasing and hiring of construction machinery etc.	600	3353	na	na
843 Renting, leasing and hiring of bookkeeping and office mashines etc.	169	659	na	na
844 Car renting without driver	2050	6168	na	na
845 Renting, leasing and hiring of other means of transport without driver	661	1038	na	na
847 Renting, leasing and hiring of other movables without permanent staff	709	2610	na	na
923 Cleaning services	10156	143841	na	na
Total	242461	756528	na	na

Source: Eurostat. Enterprises in Europe (1994)

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3. Pilot survey: Business services by subsector in Spain

3.1 The pilot survey, brief description

In Spain, there is no complete register of services enterprises. However, the Spanish statistical office, INE, is in the process of implementing an 'Economic Directory Integration Project' (PIDE), which has led to the setting up of a central directory of INE enterprises; phase one (DIRCE 1). This directory, together with additional files, was used as sample base for the pilot survey.

The reference year of the survey data is 1990. However, for the local units and number of employees the reference date is the 31st December 1990.

To ensure that the survey was directed at active enterprises, only those employing more than 5 persons were selected. However, in cleaning services only enterprises with more than 100 employees were included.

3.1.1 Number of enterprises

The pilot survey carried out in Spain included 3 037 accepted responses, for which 39% of the responses were received from professional services and another 38% from technical services, cf. table 3.1. Because of the low number of enterprises in recruitment and provision of personnel (26), this subsector is excluded from sectoral analysis. The figures are, however, included in the totals.

As a consequence, the representativeness of the remaining subsectors was thus rather limited, and strong reservations are needed when interpreting the data. The survey data only describes the enterprises of the pilot survey and is not representative at total level for the business services sector in Spain.
Two thirds of the surveyed enterprises were micro-firms and only about 4% of the enterprises employed more than 100 employees.

Table 3.1

Number of enterprises, employees and turnover in the pilot survey, 1990.

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	74	2	6846	9	366.4	9
Professional services	1191	39	15395	21	704.0	17
Marketing services	294	10	5990	8	922.5	23
Technical services	1141	38	25314	34	1723.4	42
Renting and leasing services	111	4	1523	2	112.7	3
Recruitment and provision of personnel	26	1	338	1	15.9	0
Operational services	70	2	17119	23	173.0	4
Other business services	130	4	1353	2	55.5	1
All subsectors	3037	100	73878	100	4073.5	100

Source: INE. Pilot Survey Data 1990.

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3.2 Demographic data

3.2.1 Local units

The number of local units per enterprise in Spain exceeded the average of many other EC member states, which might be caused by the sampling procedure only including enterprises with 5 or more persons employed. The number of local units among the surveyed enterprises was 4 930 equalling an average of 1.6 units per enterprise.

Although the average number of local units was high, a total of 2 324 of the surveyed enterprises (77%) had only one local unit.

The average number of local units in micro-firms stood at 1.2, in small enterprises at 2.0, while the large enterprises (500+ employees) had an average of 10.8 local units.

The highest number of local units per enterprise was recorded for computer and operational services (2.3) followed by renting and leasing services (2.2). In the other subsectors the average varied from 1.4 for professional and other business services to 1.7 for marketing and technical services.

3.2.1.1 Employment distribution

The breakdown of employment by local units differed from the general pattern of the other EC countries as enterprises with one local unit employed only 35% of the survey enterprises' personnel. The corresponding figure for e.g. Portugal was more than 70%.

On the other hand, the large enterprises with more than 5 local units in Spain accounted for more than a third of the total employment in the surveyed enterprises.

3.2.2 Legal status

3.2.2.1 Number of enterprises

In the Spanish survey the legal status of the enterprises were divided into only three different categories, namely companies, sole proprietorships and 'other' legal status and non specified partnerships. However, this classification appeared to be adequate, since less than 5 per cent of the enterprises were classified in the class 'other' legal status.

Companies represented the majority, 54%, and sole proprietorships 41% of the enterprises, cf. figure 3.1. Interpreting the figures at total level might give a slightly distorted picture of the reality by subsectors, since the two dominant subsectors of professional and technical services had the smallest proportions of companies (41% and 51%), cf. table 3.2. As a consequence, the share of companies in other subsectors was relatively high varying from 91% of computer services to 61% of the subsector other business services.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Sole proprietorship		Other legal status		Total	
	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover
Computer and related services	91	99	7	0	3	0	100	100
Professional services	41	62	53	24	7	13	100	100
Marketing services	85	98	12	1	3	1	100	100
Technical services	51	92	46	6	3	3	100	100
Renting and leasing services	80	94	14	5	5	1	100	100
Recruitment/provision of personnel	89	98	8	1	4	1	100	100
Operational services	90	97	10	3	-	-	100	100
Other business services	61	78	33	19	6	4	100	100
All subsectors	54	89	41	7	5	4	100	100

Source: INE. Pilot Survey data 1990.

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3.2.2.2 Number of employees

The total number of employees of the surveyed enterprises amounted to nearly 74 000. A great majority of which (63 800) were employed by companies. Only 7 000 persons or 9.4% of the total number of employees were employed by sole proprietorships, cf. figure 3.1.

The highest employment shares of companies were found in computer (99%), marketing (97%) and operational (97%) services.

The average number of employees per enterprise in companies was 39 persons. The average employment per company was low in other business services (12 persons), renting and leasing (15 persons) and professional services (19 persons). Companies in operational services (263 persons) and computer services (101 persons) showed the highest averages.

The lowest average number of employees per enterprise was shown in sole proprietorships in the subsectors technical services (3 persons) and marketing services (2 persons). The average for sole proprietorships as a whole was 6 persons.

3.2.2.3 Turnover and gross value added

Companies accounted for 89% of the surveyed enterprises' turnover and 86% of the gross value added. In addition, the turnover share of sole proprietorships was 7% and their share of gross value added 10%. The only two subsectors, where sole proprietorships were of significance, were professional and other business services.

In terms of turnover, the companies dominated the above-mentioned subsectors of computer, marketing and operational services. Furthermore, the turnover and gross value added of technical and renting and leasing companies exceeded 90% of the totals in the respective subsectors, cf. table 3.2.

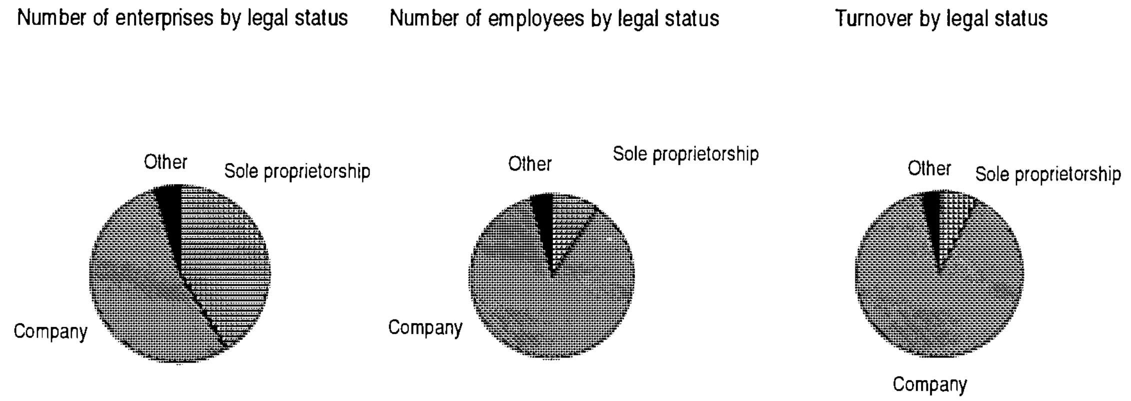
Turnover per enterprise in companies amounted to ECU 2.2 million and gross value added to ECU one million. In computer services companies, turnover exceeded ECU 5.4 million, while in e.g. professional services it remained at ECU 900 000.

The average turnover per sole proprietorship was ECU 239 000 and the enterprises in technical services showed the lowest average turnover of ECU 184 000.

Turnover per employee was highest in companies, ECU 56 800. However, sole proprietorships showed the highest gross value added per employee of ECU 28 400, compared to ECU 25 600 of companies.

Figure 3.1

Enterprises, employees and turnover by legal status, 1990



Source: INE. Pilot Survey Data 1990.

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3.2.3 Age of enterprise

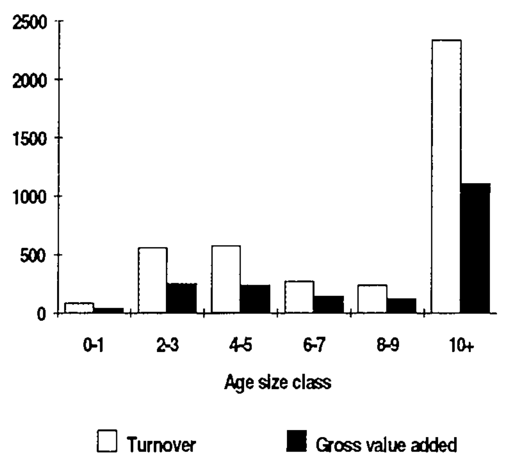
The Spanish survey data appeared to be in line with the general results of the member states concerning the age structure of the enterprises. The more general observation in the pilot surveys that the majority of the turnover and gross value added are generated in the oldest age size-class was supported also by the Spanish data. However, only 38% of the respondent enterprises were classified in this age size-class.

The majority of enterprises were 0 to 5-year-old in computer services (64%), renting and leasing services (62%) and other business services (63%).

On the other hand, the largest proportion of old enterprises appeared to be in technical, professional and operational services.

Figure 3.2

Turnover and gross value added by age of enterprise, (million ECU), 1990.



Source: INE. Pilot Survey Data 1990.

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The 10-year-old or older enterprises covered more than half of the total personnel of the surveyed enterprises. The old enterprises employed the most personnel in technical (68%), marketing (58%) and professional services (56%). They also accounted for the largest turnover and gross value added shares of these subsectors.

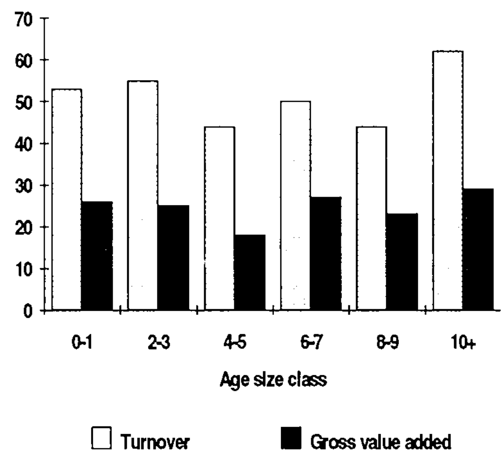
3.2.3.1 Turnover and gross value added per employee

The highest values of turnover and gross value added per employee were recorded in the oldest enterprises. The turnover per employee ranked from ECU 43 700 in 4 to 5-year-old enterprises to ECU 61 700 for the enterprises in the oldest age size-class, cf. figure 3.3.

The lowest gross value added per employee of ECU 18 300 was shown in 4 to 5-year-old enterprises and the highest ECU 29 200 in the oldest age size-class.

Figure 3.3

Turnover and gross value added per employee by age of enterprise, (1.000 ECU), 1990.



Source: INE. Pilot Survey Data 1990.

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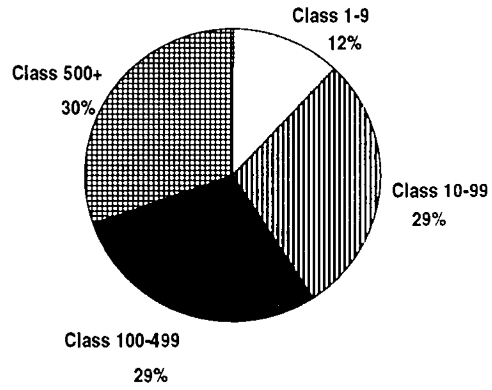
3.3 Employment

3.3.1 Employment by size-class

The enterprises in the pilot survey employed a total of 74 000 employees in Spain. The breakdown by employment size-classes showed almost an equal number of employees (around 22 000) for small (10-99 employees), medium-sized (100-499 employees) and large (500+ employees) enterprises. However, the micro-firms were only represented by about 9 000 employees, cf. figure 3.4.

Figure 3.4

Breakdown of employees by employment size-class, %-share, 1990.



Source: INE. Pilot Survey Data 1990.

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The breakdown of employment by subsectors showed that the subsectors of technical, operational and professional services recorded a high number of employees. These three subsectors cover together almost 80% of the total employment of the surveyed enterprises.

In addition, computer services are covered by 6 800 employees and marketing services by 6 000. As a result, the remaining three subsectors are represented by only some 3 200 employees.

Micro-firms (0-9 employees) were important employers in the subsectors other business services (33%) and professional services (30%). On the other hand, medium-sized and large enterprises covered the largest labour force especially in operational (93%) and computer services (86%).

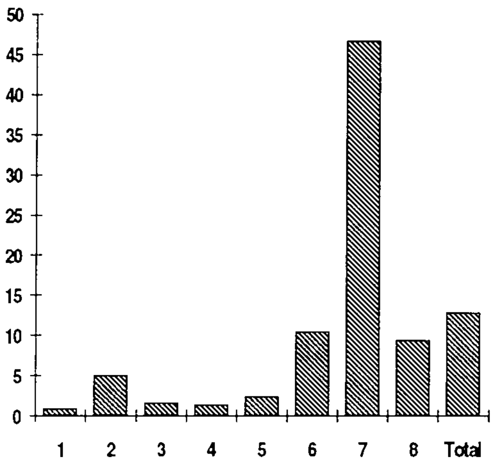
The Spanish survey data included 9 500 part-time employees equalling 13% of the total number of employees. This appeared to be clearly less than in many other EC countries.

One reason for this low number of part-time employees is that the number of employees in operational services which generally is the subsector with the highest share of part-time employees was not so dominating in the Spanish survey as observed in the pilot surveys of the other member states.

However, within the operational services sector, almost half of the employees were part-time employees, cf. figure 3.5.

Figure 3.5

Part-time employees as a share of total number of employees, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

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Part-time employees are of some importance also in other business services (9%). On the contrary, the share of part-time employees appeared to be insignificant in computer (1%), technical (1%) and marketing services (2%).

3.3.2 Employment per enterprise

The average number of employees per enterprise in the survey population amounted to 24.3, while the median employment per enterprise was 7 persons.

Once again, operational services raised the average showing 244.6 employees per enterprise. Also the median in this subsector was very high, 170 employees. Computer services enterprises were also large employing 92.5 persons on average, but the median remained at 16, which suggests that even though there were relatively many micro- or small enterprises in computer services, the importance of the large ones is significant.

The overall average for micro-firms was 4.5 employees per enterprise. The smallest micro enterprises on average were found in technical services (3.5 employees per enterprise). The average size of small enterprises (10-99 employees) in the pilot survey was 23.6 employees per enterprise, which almost equalled the corresponding figure of Portugal (23.4).

The average numbers of employees per enterprise recorded for medium-sized and large enterprises were 207 and 924 respectively.

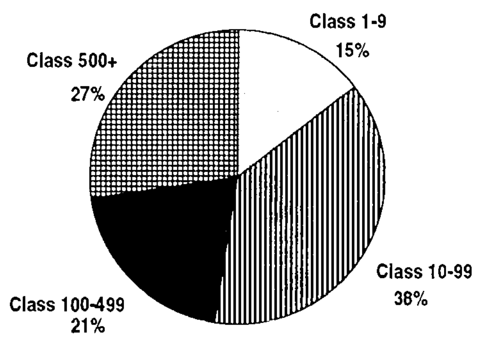
3.4 Turnover

3.4.1 Turnover by size-class

The total turnover of the surveyed enterprises amounted to ECU 4.1 billion. The small enterprises (10-99 employees) generated 38% of the turnover, followed by large enterprises (27%), cf. figure 3.6.

Figure 3.6

Breakdown of turnover by employment size-class, %-share, 1990.



Source: INE. Pilot Survey Data 1990.

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In terms of turnover, the large computer services enterprises generated 58% of the subsector's total. Micro-firms were important in other business services (36%) and professional services (30%)

3.4.2 Turnover per employee

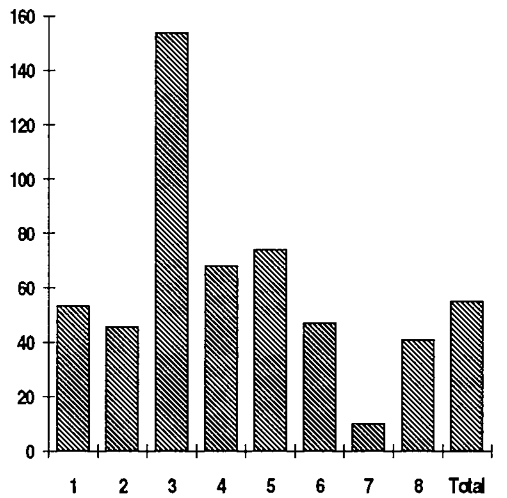
The average turnover per employee recorded in the Spanish pilot survey equalled ECU 55 100, cf. figure 3.7. For micro and small enterprises the average was clearly higher, ECU 65 700 and ECU 72 600. However, the medium-sized (ECU 39 000) and large (ECU 49 600) enterprises showed lower averages per employee.

Once again, the low averages for medium-sized and large enterprises can partly be explained by the low averages for enterprises in these size-classes in operational services. However, also in computer, professional, marketing and technical services, the lowest average turnover per employee was found in the medium-sized enterprises.

As can be observed in the pilot surveys of some of the other member states, the average turnover per employee in marketing services in Spain was high compared to the other subsectors, nearly triple the average turnover per employee.

Figure 3.7

Turnover per employee by subsector. (1.000 ECU), 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

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3.4.3 Turnover per enterprise

There existed a remarkable difference in the median turnover per enterprise, ECU 279 000, and the average turnover of ECU 1.3 million. The computer services enterprises recorded an average turnover of ECU 5 million and a median of ECU 655 000. This subsector showed the greatest difference between median and average.

The average professional services enterprise can be characterized as having a small number of employees, and also generating a very low average turnover per enterprise of ECU 591 000 and the lowest median of all subsectors (ECU 230 000).

In all the employment size-classes marketing services had the significantly highest turnover per enterprise. However, the average employment per enterprise in the marketing services showed average values. This suggests that a considerable share of the marketing services enterprises' turnover consists of reinvoicing of the costs for advertising space. This problem is observed in the other countries as well.

3.4.4 Turnover divided into domestic/export markets[2]

According to the pilot survey, the demand for business services in Spain was almost completely of domestic origin. Compared to many other EC countries the level of internationalization seems to be modest. A total of 97.9% of the total turnover came from Spanish markets, and only 1.3% was exported to EC countries, cf. figure 3.8.

There appeared to be no clear differences in exports across the employment size-classes. However, the micro-firms relied nearly exclusively on national markets (99.6% of turnover).

Operational services produced completely for domestic markets followed by renting and leasing services (99.9%), other business services (99.7%) and computer services (99.4%).

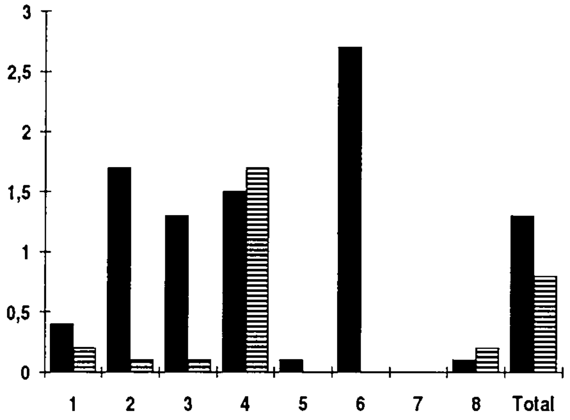
The most international subsector was technical services with an export share of 3.2% of the total turnover in this sector. However, less than half of the export was exported to EC countries. In small (10-99 employees) enterprises within the technical services the share of exports rose to 4.9%.

The highest share of EC exports was recorded for recruitment and provision of personnel (2.7%). This was mainly due to the small enterprises, where the EC exports stood at 4.2% of the turnover in this size-class.

[2] For 3.4.4 and 3.4.5 the employment size classes of medium and large enterprises are unified and the data of the subsector of recruitment and provision of personnel are added to class other business services.

Figure 3.8

EC and extra EC demand for business services, %-share of turnover 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

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3.4.5 Turnover broken down by type of client[3]

The study of the business services enterprises by client type in Spain is based on a subsample of 700 enterprises covering only four of the eight subsectors. Furthermore, in the subsample, the technical services are represented with almost 500 enterprises (70% of the total subsample) , which suggests that the results should be interpreted with extreme caution.

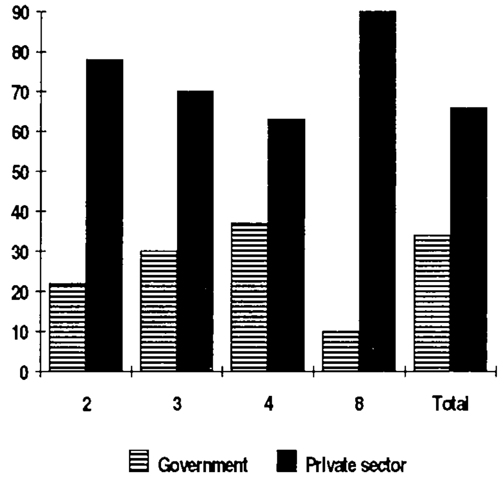
Contrary to the other countries, the Spanish survey included a breakdown of turnover by two types of clients only, government and the private sector which include private enterprises and households.

The four subsectors concerned are professional, marketing, technical and other business services, cf. figure 3.9. At a total level, the private sector absorbed about two thirds of the turnover of these services enterprises. Government as clients accounted for the remaining third of demand for business services. The relatively low share of the private sector as clients compared to other countries is a consequence of the heavy weight of technical services which are more dependent on public sector demand. On the contrary, almost 90% of the demand for other business services and almost 80% of the demand for professional services came from the private sector.

3 This information is based on a subsample of respondent enterprises.

Figure 3.9

Government and private sector demand for business services, %-share of turnover, 1990.



2. Professional services
3. Marketing services
4. Technical services
8. Other business services

Source: INE. Pilot Survey Data 1990.

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If turnover is broken down by employment size-classes, the importance of the private sector seemed to increase with the size-class of the enterprise. The private sector bought only 54% of the turnover of the micro enterprises, but 72% of the medium-sized and large enterprises' turnover. On the other hand the opposite trend can be observed in the governments' purchases of services by employment size-classes.

3.5 Accounts data

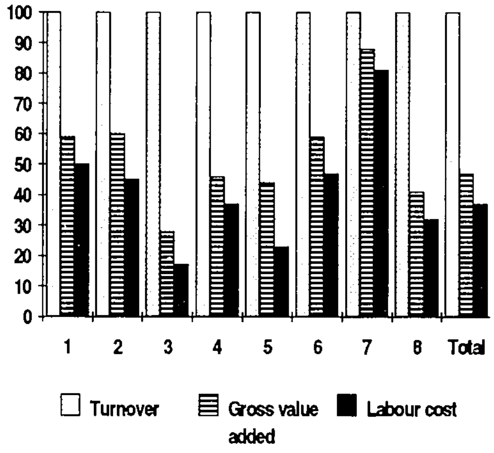
3.5.1 Gross value added

3.5.1.1 Gross value added by employment size-class

The gross value added of the surveyed enterprises amounted to ECU 1.9 billion equalling 47% of the turnover. About a third of the gross value added was generated in small enterprises. The large enterprises accounted for 29% and medium-sized for 25% of the total gross value added in the business services enterprises. Especially within operational and computer services the large and medium-sized enterprises accounted for relatively large shares.

Figure 3.10

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: INE. Pilot Survey Data 1990.

3.5.1.2 Gross value added by subsector

In absolute terms, the greatest gross value added of ECU 790 million was generated by technical services. This corresponded to 41% of the total gross value added in the business services sector in Spain. The other three important subsectors were professional, marketing and computer services.

3.5.1.3 Gross value added per employee

The average gross value added per employee of the surveyed enterprises in Spain was ECU 25 900. This value seems to be higher for micro and small firms compared to medium-sized and large ones.

The highest value added per employee, ECU 42 500, was recorded for marketing services. This was followed by renting and leasing services (ECU 32 800), computer (ECU 31 400) and technical services (ECU 31 200).

3.5.1.4 Gross value added related to turnover

On average the gross value added as percentage share of turnover amounted to 47%, but ranged from 88% in operational services to only 28% in marketing services, cf. figure 3.10.

Across size-classes the gross value added share of turnover was relatively stable ranging from 40% for enterprises with 10-99 employees to 56% for enterprises with 100-499 employees, cf. figure 3.11.

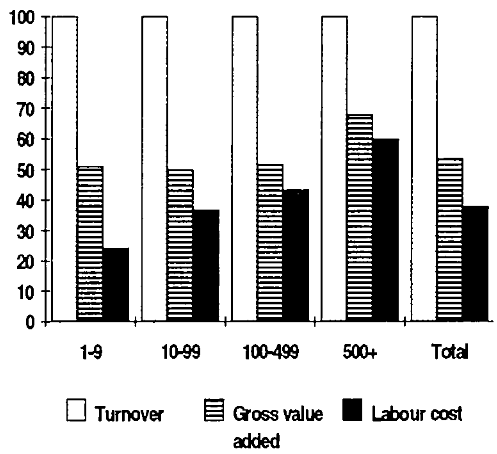
3.5.2 Labour costs

The total labour costs of the surveyed enterprises were ECU 1.5 billion of which technical services enterprises accounted for more than 43% of the labour costs. The total labour cost represented almost 37% of the total turnover. The subsector with the highest average share of labour cost in respect of turnover was operational services with a percentage share of 81%. Marketing services showed the lowest share (17%), cf. figure 3.10.

Small, medium-sized and large enterprises each accounted for around 30% of the labour costs. Labour costs as percentage share of turnover rose with the size of the enterprises, cf. figure 3.11.

Figure 3.11

Turnover, gross value added and labour costs, by employment size-class, %-share of turnover, 1990.



Source: INE. Pilot Survey Data 1990.

3.5.2.1 Labour costs per employee

The highest labour costs per employee were recorded in marketing (ECU 26 700), computer (ECU 26 500) and technical services (ECU 25 300). All these subsectors clearly exceeded the average of

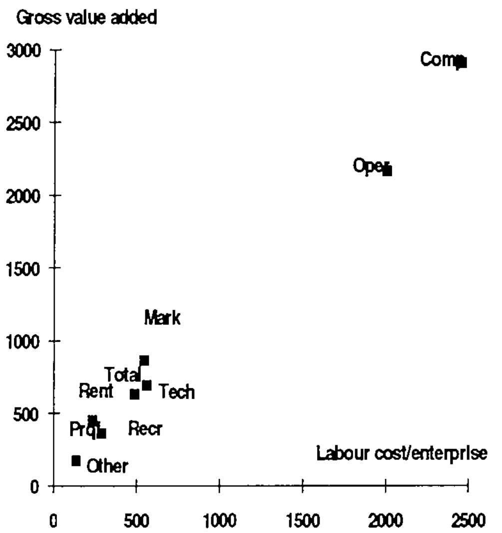
ECU 20 100 per employee. At the other end of the range, operational services enterprises accounted for average labour costs of ECU 8 200 per employee. This low average was naturally influenced by the relatively high number of part-time employees in operational services.

3.5.2.2 Labour costs and gross value added per enterprise

Labour costs and gross value added per enterprise are presented in figure 3.12. For the Spanish business services sector a high correlation between gross value added and labour costs per enterprise for all subsectors is observed, which is not the case for all member states, e.g. France.

Figure 3.12

Gross value added and labour costs per enterprise by subsector (1.000 ECU), 1990.



Computer and related services
Professional services
Marketing services
Technical services
Renting and leasing services
Recr. and prov. of personnel
Operational services
Other business services

Source: INE. Pilot Survey Data 1990.

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3.5.3 Investments

The highest investment rate was also in Spain recorded in the renting and leasing enterprises. These enterprises invested 24% of the total turnover of the subsector. The overall average of the investments of business services enterprises was 5% of the total turnover.

The surveyed enterprises invested on average ECU 71 600 per enterprise in 1990. However, there were two subsectors with very high investments, namely renting and leasing services (ECU 244 100) and computer services (ECU 243 100).

On the other hand, the lowest investments were recorded for other business services (ECU 24 500) and professional services (ECU 41 100).

3.6 Summary and conclusion

The number of Spanish business services enterprises (NACE 83/84) in 1990 was around 285 000. These enterprises had close to 719 000 persons employed, or 8% of the total number of persons employed in Spanish enterprises (NACE 1-8).
In addition, the Spanish business structure is characterized by a relatively high number of small enterprises compared to the EUR(12) level.

The importance of the business services sector (NACE 83/84) in Spain is less than on the EUR(12) average, as the business services sector constituted 13.4% of the total number of enterprises in Spain compared to the business services' share of 14.8% of the total universe of enterprises at EUR(12) level.

The pilot survey data included 3 037 respondent enterprises. Of the responses, 39% represented professional services and 38% technical services suggesting a rather modest representativity for some of the remaining subsectors.

The total turnover of the surveyed enterprises amounted to ECU 4.1 billion and the number of employees was 74 000 persons. The part-time employees represented a relatively low share of the total number of employees, namely 13%.

The majority of the surveyed enterprises were companies. Companies also dominated employment (86%), turnover (89%) and gross value added (86%) of the enterprises in the survey.

Almost four of ten surveyed enterprises were at least ten years old. This age-class, however, had more than half of the employees and generated 57% of turnover and 58% of gross value added. Also turnover and gross value added per employee appeared to be highest in the oldest age size-class.

According to the pilot survey, the Spanish business services enterprises relied almost completely on domestic markets. As a consequence, a total of 97.9% of the turnover was received from national markets.

Technical services showed the highest export share exporting 3% of the turnover, but less than half of the exports was destinated to EC countries. Recruitment and provision of personnel showed the highest EC exports share (2.7%) of the total turnover in this subsector.

The gross value added of the enterprises in the pilot survey amounted to ECU 1.9 billion or 47% of the turnover.

The average gross value added per employee was ECU 25 900 and labour costs ECU 20 100. The highest gross value added and labour costs per employee was recorded for marketing services.

The investments as share of the turnover appeared to be rather modest among the surveyed enterprises. The enterprises invested an average of 5.3% of the total turnover, which was about one third of the ratio of e.g. Portuguese data.

Renting and leasing services invested about a quarter of their turnover. Average investments per enterprise in Spain amounted to ECU 71 600.

France

1. General business structure in France

In 1970, the share of services in the GDP in France already exceeded 50 per cent, which was the EC average in 1980. Two decades later, this share has increased to nearly two thirds of GDP (market services represent half of GDP). During this period, the share of manufacturing industry (including energy, water, and mining) decreased from nearly one third of GDP to one quarter. Agriculture and construction have also undergone a considerable decrease of their respective shares in the GDP.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	39.7	43.2	46.1	50.0
of which distributive trade	13.1	12.5	12.7	12.9
of which hotels and restaurants, transport and communication	7.8	8.3	8.9	9.0
of which banking and insurance	3.8	4.6	5.0	4.6
of which other market services	15.0	17.8	19.5	23.6
Non -market services	13.2	16.8	17.8	16.2
All sectors	100.0	100.0	100.0	100.0

Source: INSEE. National Account Statistics, 1993.

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The expansion of services from 1970 to 1990 is due, in a large part, to the sector other market services, especially business services. The shares of the other market services industries have only slowly increased, except for trade, which remained quite stable during these 20 years. At the end of the 1980's the sector other market services was the sole industriy with an increasing share of GDP. The other sectors of services industries remained stable, or declined like non-market services and banking-insurance.

The employment shows a development similar to that of gross value added (cf table 1.2). In 1970, the employment in manufacturing industry (including energy, water and mining) was nearly equal to the employment in market services. Twenty years later, it was only half of the employment in market services. The expansion of services was especially rapid for the sector other market services, whose share of total employment in 1990 was twice its share in 1970.

In real terms, employment in the sector "other market services" more than doubled in the period 1970-90, and accounted for 3.3 millions persons in 1990 (36% of market services). The increase of employment in this sector was nearly 1.75 million persons, more than the losses of employment in manufacturing industry and construction together. During the late 1980s, the sector other market services also underwent a rapid expansion, with 34% increase from 1985 to 1990. On the other hand, the growth of the other services industries during the same period was only about 6%, so that the overall share of the services in the total employment remained stable.

Table 1.2

Breakdown of employment by sector in per cent of total economy 1970-1990.

	1970	1980	1985	1990
Market services	30.2	35.2	37.2	40.5
of which distributive trade	13.3	14.0	14.1	14.1
of which hotels and restaurants, transport and communication	7.7	8.1	8.8	9.1
of which banking and insurance	1.8	2.6	2.8	2.8
of which other market services	7.3	10.5	11.4	14.6
Non-market services	18.6	21.9	24.9	25.0
All sectors	100.0	100.0	100.0	100.0

Source: INSEE. National Account Statistics, 1993.

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2. Structure of business services in France

This section describes the structure of the French business services sector compared to the EUR(12) level. The business services sector is defined as NACE 70 classes 83 and 84[1], as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes. The data refer to the year 1990.

2.1 Number of enterprises

In 1990 the total number of enterprises in France was 1 976 000 and about 1 619 000 enterprises were classified in the NACE classes 1-8. The enterprises in NACE 1-8 represented approximately 13% of the EUR(12) total. The 236 100 enterprises in the business services sector represented 12% of the total number of business services enterprises at the EUR(12) level, cf. table 2.1. In 1990 14.6% of the enterprises in France were engaged in the business services sector, which was about the same as the corresponding figure at the EUR(12) level, i.e. 15%, cf. figure 2.1.

The distribution of business services enterprises by size-classes did not vary significantly from the distribution of the EUR(12) total although France had a smaller proportion of micro enterprises (91.5%) and a greater proportion of small enterprises (7.9%). The corresponding figures for the EUR(12) level were 95.2% and 4.6% for the micro- and small enterprises respectively.

2.2 Employment

In 1990 the enterprises in NACE classes 1-8 in France employed about 13 246 000 persons. The number of persons employed in the business services sector accounted for 12.2%, i.e. around 1 621 000 persons. Compared to the EUR(12) level (9.8%) the number of persons employed in the business services sector was of greater importance in France than for the EUR(12), cf. figure 2.1. This is further emphasized by the number of persons employed per enterprise which was 6.9 persons in the French business services sector compared to the EUR(12) average of 4.4 persons per enterprise.

While the number of enterprises in the business services sector in France represented 12% of the total number of enterprises in this sector at the EUR(12) level, the number of persons employed in the French business services enterprises accounted for 19% of the EUR(12) level. The corresponding figures for the total industry were 13% for the number of enterprises and 15% for the number of persons employed, cf. table 2.1. This emphasizes further the relatively high share of persons employed in the French business services sector.

[1] NACE classes 83/84 are used as a rough indicator of the business services sector, although they, on the one hand, include activities auxiliary to banking, finance and insurance and dealers in real estate and house and state agents. On the other hand, class 923 cleaning services, (operational services in the pilot survey) is not included in the used definition of business services.

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in France, 1990.

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services (NACE 83,84)	236146	1621055	144306.8
The total industry (NACE 1-8)	1619009	13245962	1720532.0
Business services as %-share of the total industry	14.6	12.2	8.4
Business services in France as %-share of business services in EUR(12)	12.5	19.3	18.3
The total industry in France as %-share of the total industry in the EUR(12)	12.8	15.5	16.7

Source: Eurostat. Enterprises in Europe (1994).

The business services sector in France is characterised by a relatively small proportion of persons employed in the micro enterprises, namely about 32%, compared to the EUR(12) level (44%).

2.3 Turnover

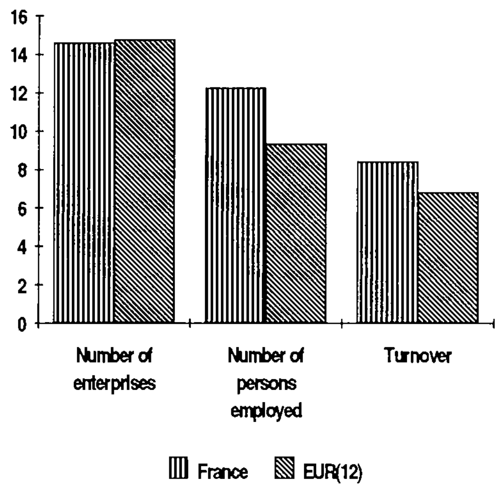
In 1990 the total turnover of enterprises in NACE 1-8 in France amounted to ECU 1 720.5 billion equalling 16.7% of the EUR(12). With a total turnover of ECU 144.3 billion the business services sector in France constituted a relatively larger share (18.3%) of the business services sector in EUR(12).

The overall turnover of the business services in France constituted a little more than 8% of the turnover of total industry (NACE classes 1-8), cf. table 2.1. At the EUR(12) level the business services sectors share of the total industry in terms of turnover was almost similar, i.e. 7.7%, cf. figure 2.1.

As the micro enterprises had a minor share of the French business services sector than of the EUR(12) level and employed a relatively smaller part of the persons employed, the micro enterprises generated only 37.4% of the turnover in the business services sector in France compared to 46% at the EUR(12) level. On the other hand the small enterprises in the sector contributed considerably more to the total turnover with 34.7%. At the EUR(12) level the small enterprises generated 27.6% of the total turnover in the business services sector.

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Eurostat. Enterprises in Europe (1994).

2.4 Breakdown of business services

In this section the business services sector in France is broken down into 3-digit NACE 70 classes.

As in the other EC member states the class of market research, computer services and business services n.e.c. (NACE 839) is the dominating class with a little more than one third of all enterprises and nearly half of the persons employed of the business services sector in France, cf.table 2.2.

Technical services (NACE 837) represent a constant share of about 15% of the total employment, turnover and value added of the business services sector in France. Not surprisingly, the class of cleaning services (NACE 923) is represented with a high share (11%) of the total employment, but only with a minor share (3%) of the total turnover in the business services sector.

As in the other Member States, the advertising class (NACE 838) shows a relatively high share of turnover (14%) and only a minor share (5%) of total employment. The class of renting, leasing and hiring of other movables (NACE 847) generates about 7% of the total value added, whereas the number of persons employed constitutes less than 1% of the total employment in the sector.

Table 2.2

Number of enterprises, number of persons employed, turnover and gross value added by NACE class, 1990.

Nace 70	Number of enterprises	Number of persons employed	Turnover million ECU	Gross value added million ECU
835 Legal services	25241	149670	7688.0	5795.1
836 Accountants, tax experts, auditors	13226	117185	5643.6	4126.9
837 Technical services	48511	226601	17479.6	8390.2
838 Advertising	9625	83323	15869.9	3494.4
839 Market research, computer services and business services n.e.s.	65767	771009	48879.1	25376.3
842 Renting, leasing and hiring of construction machinery etc.	1543	12575	1473.3	650.9
843 Renting, leasing and hiring of bookkeeping and office mashines etc.	170	2600	1863.9	1321.2
844 Car renting without driver	4391	32330	4217.4	2426.6
845 Renting, leasing and hiring of other means of transport without driver	3473	6499	284.8	90.9
847 Renting, leasing and hiring of other movables without permanent staff	3287	13037	5082.7	4229.6
923 Cleaning services	7515	180846	3418.8	2586.2
Total	182749	1595675	111901.1	53272.3

Source: Eurostat. Enterprises in Europe (1994).

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3. Pilot survey: Business services by subsector in France

3.1 The pilot survey, brief description

The French pilot survey consisted of 38 600 enterprises, of which almost 28 000 gave an acceptable response. The data was aggregated and thereafter estimated for the total universe of 197 688 enterprises. Table 3.1 below presents the breakdown of enterprises, employees and turnover by subsectors.

3.1.1 Number of enterprises

The breakdown by subsectors shows that both professional services and other business services accounted for about a quarter of the enterprises. In addition, technical services constituted about one fifth of the enterprises, while the shares of the other subsectors remained below 10% of the total population, cf. table 3.1.

Table 3.1

Number of enterprises, employees and turnover in the pilot survey, 1990.

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	18148	9	167938	10	13458.7	14
Professional services	47884	24	295584	17	17850.3	18
Marketing services	18340	9	154227	9	18456.0	19
Technical services	41034	21	212118	12	15746.2	16
Renting and leasing services	9540	4	35990	2	7076.4	7
Recruitment and provision of personnel	2470	1	306508	18	8107.0	8
Operational services	10239	5	291600	17	4958.8	5
Other business services	51033	26	248584	15	14081.2	14
All subsectors	197688	100	1712549	100	99734.5	100

Source: INSEE. Pilot Survey Data 1990.

Almost 88% of the enterprises belonged to the employment size-class 0-9 employees, followed by 11% for the class 10-99 employees. The enterprises with more than one hundred employees together accounted for only 0.8% of the total number of enterprises.

Micro-firms (1-9 employees) and self-employed recorded the highest share in other business services (93%), renting and leasing services (92%), and technical services (91.5%). The share of micro enterprises was lowest in recruitment and provision of personnel (55%) which, on the other hand, is characterized by many large enterprises.

3.2 Demographic data

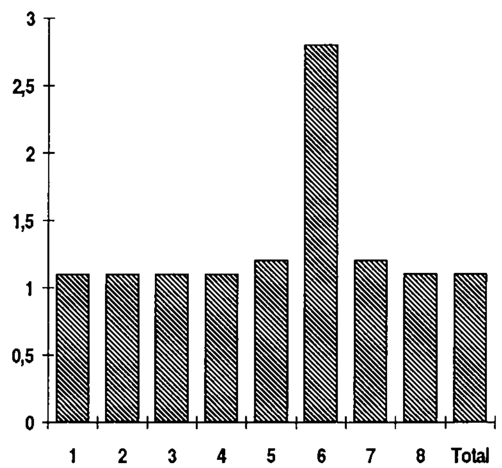
3.2.1 Local units

The business services enterprises consisted of 223 557 local units in France. This is almost 26 000 more than the number of enterprises. On average there were 1.1 local units per enterprise. For the large enterprises the average was 25.3 local units.

94% of the firms had only one local unit. All the subsectors were quite close to this average, except recruitment and provision of personnel, where only three quarters were enterprises with one local unit, cf. figure 3.1. As a whole, this subsector averaged 2.8 local units per enterprise, while the corresponding figure for renting and leasing and operational services was 1.2.

Figure 3.1

Number of local units per enterprise by subsector, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INSEE. Pilot Survey Data 1990.

4.7 per cent of the enterprises had two local units and less than 2 800 or 1.5% of the enterprises had three or more local units. Of these, only 16 enterprises recorded more than 100 local units. However, the number of local units of these enterprises was remarkable, a total of 3 368 or 210 local units on average, of which more than half were engaged in recruitment and provision of personnel.

3.2.1.1 Employment distribution

The enterprises with only one legal unit accounting for 94% of the number of enterprises, employed only 55% of the personnel in the business services. Enterprises with three or more local units covered together some 35% of the employment in the business services sector, but only 1.5% of the enterprises. The large number of employees, often part-time, in large recruitment and provision of personnel enterprises raises the employment figures of the enterprises with several local units considerably.

77% of the personnel in other business services and 76% in professional services work in enterprises with one local unit. In renting and leasing and operational services the majority of the workforce was concentrated in enterprises with more than one local unit. This may also imply a wide regional spread in the production of these services.

3.2.2 Legal status

3.2.2.1 Number of enterprises

The total number of business services enterprises in France was almost 200 000 in 1990. More than half of the enterprises (52%) were sole proprietorships and more than one third companies (34%), followed by 11% of partnerships, cf. figure 3.2. The non-profit organizations and 'other' legal forms covered 5 200 enterprises.

The distribution of legal status, however, depends heavily on the subsector concerned, cf. table 3.2. Sole proprietorships were most common in technical services (65%), operational services (65%) and professional services (63%). Renting and leasing services (14%), recruitment and provision of personnel (19%), and computer services (33%) showed the smallest proportion of sole proprietorships. On the other hand, the last two subsectors scored the highest shares of companies (76 per cent and 64 per cent respectively) while up to 46 per cent of renting and leasing service enterprises were non-profit organizations. They accounted for about four fifths of the total number of non-profit organizations.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	64	89	3	8	33	2	1	1	100	100
Professional services	26	50	10	21	63	25	1	3	100	100
Marketing services	57	96	1	0	42	3	0	0	100	100
Technical services	31	77	3	4	65	17	1	3	100	100
Renting and leasing services	37	88	2	9	14	2	46	1	100	100
Recruitment/provision of personnel	76	98	4	1	19	1	1	0	100	100
Operational services	34	90	0	0	65	9	0	1	100	100
Other business services	24	55	31	32	44	10	1	3	100	100
All subsectors	35	77	11	11	52	10	3	2	100	100

Source: INSEE. Pilot Survey Data 1990.

The breakdown by subsectors indicates that the number of sole proprietorships and partnerships was rather unevenly distributed. Three subsectors, professional services, technical and other business services accounted for almost 80% of all sole proprietorships. Of the partnerships, the subsector other business services accounted for 70% and professional services about one fifth.

The number of companies did not vary significantly across the subsectors. However, three subsectors with a low number of companies, i.e. renting and leasing, recruitment and provision of personnel and operational services can be distinguished.

3.2.2.2 Number of employees

Total, the business services enterprises had about 1.7 million employees, of whom three quarters (1 270 000 persons) were employed by companies, cf. figure 3.2. Sole proprietorships employed almost 230 000 persons or 13% of all employees. In addition, more than 180 000 were employed by partnerships, while the importance of the remaining two legal status categories of non-profit organization and 'other' legal status appeared to be insignificant.

In terms of employees, two types of subsectors can be distinguished: firstly, one type with a very high concentration of companies (around 90% or more) and secondly, another type dominated by sole proprietorships and partnerships. The latter comprises mainly professional, technical and other business services while in the rest of the subsectors the companies employed the highest population of employees.

Despite the fact that recruitment and provision of personnel as well as operational services recorded a low number of companies, these subsectors actually represent the highest number of employees within the legal class of company. This is partly due to the structure of these services subsectors employing a high number of part-time employees.

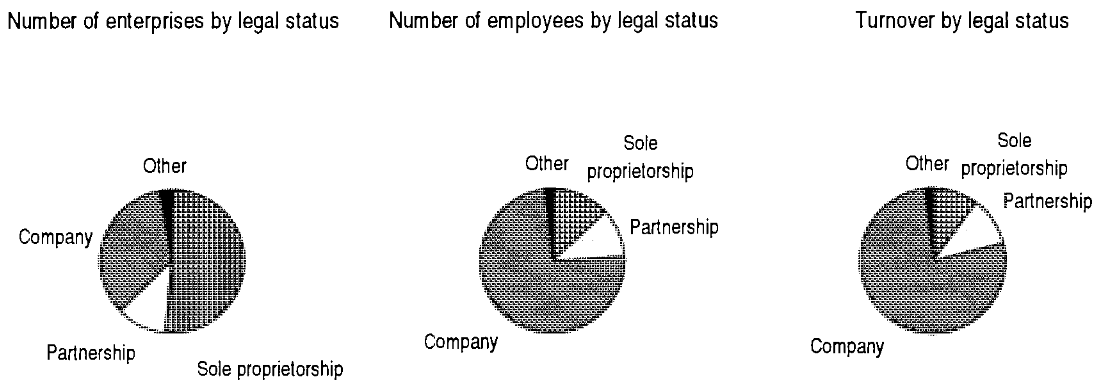
3.2.2.3 Turnover and gross value added

The total turnover of the enterprises was almost ECU 100 billion and gross value added ECU 53 billion. The companies generated 77% of the total turnover and 74% of the gross value added recorded in the business services sector in France. In general the breakdown by legal status of turnover and value added followed very closely that of employment. The turnover approach emphasizes the significance of companies at the expense of sole proprietorships and partnerships, cf. figure 3.2.

However, sole proprietorships and partnerships still have a prominent share of turnover and gross value added in professional and other business services.

Figure 3.2

Enterprises, employees and turnover by legal status, 1990.



Source: INSEE. Pilot Survey Data 1990.

The analysis by subsectors reveals the importance of companies in marketing services as regards turnover. Marketing services account for almost a quarter (23%) of the companies' total turnover. The high proportion of turnover, however, is caused by the nature of these services including a high degree of sub-contracting included in the invoiced turnover. As a consequence, the gross value added share of marketing services drops down to 11.4% of companies' total. The same pattern is not found for other legal forms.

At the total level, the gross value added shares of professional services and recruitment and provision of personnel compared to turnover seem to be considerably higher than in the other service subsectors.

3.2.2.4 Turnover and gross value added per employee

The average turnover per employee ranged from ECU 80 300 for 'other' legal status to ECU 44 100 for sole proprietorships. The average turnover per employee for companies was ECU 60 700, somewhat above the total average. At the enterprise level, renting and leasing (ECU 195 400) and marketing services (ECU 127 300) scored the highest averages per enterprise while the lowest values were recorded in operational services (ECU 16 800) and recruitment and provision of personnel (ECU 26 300).

The average value added per employee (ECU 31 100) for all legal forms equalled that of companies. The highest value added per employee was recorded for 'other' legal status (ECU 45 000) and partnerships (ECU 34 400).

3.2.3 Age of enterprise

3.2.3.1 Turnover and gross value added

About 56% of the enterprises' total turnover were generated by the ten-year or older enterprises. The same enterprises accounted for 59% of the total gross value added, cf. figure 3.3. In the other age classes turnover shares varied from 11% for 2 to 3-year-old enterprises to 3% for the enterprises which started up in 1990. The distribution of gross value added by age size class follows closely that of turnover at the total level.

By subsectors, the ten-year or older enterprises were especially important in recruitment and provision of personnel (78% of turnover), renting and leasing (64%), professional (62%) and operational services (62%). However, the smallest share was recorded for computer services (42%), which might reflect the premature stage and rapid development of this sector.

Figure 3.3

Turnover and gross value added by age of enterprise, (million ECU), 1990.

Source: INSEE. Pilot Survey Data 1990.

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3.2.3.2 Turnover and gross value added per employee

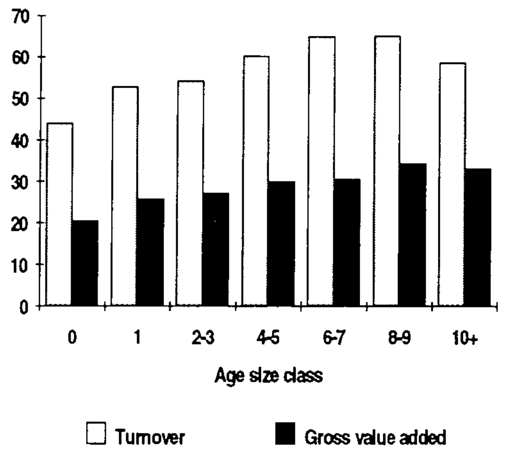
There appears to be a tendency of rising turnover and gross value added per employee in relation to age. The highest values are recorded in the age class 8 to 9-year-old enterprises, cf. figure 3.4. For the oldest age size-class the average values of turnover and value added per employee were declining, though both turnover and value added per employee still remained above average in the oldest enterprises.

There are different structural patterns across the subsectors. Despite the young character of computer services, the highest averages of turnover and gross value added per employee are those of the old enterprises in the subsector. In marketing services, the turnover per employee seems to be considerably greater in the 3 oldest size classes than in the younger enterprises. The same observation is valid also concerning gross value added per employee, but not to the same extent. This might be a consequence of the older enterprises having another turnover mix, including a higher share of selling advertising space and time to customers.

In professional services, there seems to be a clear tendency of rising turnover and gross value added per employee as the age of the enterprises grows. These services include a high share of academic and skilled personnel, where the qualifications of the personnel and the generated turnover and gross value added can be expected to be highly correlated. The gross value added figures of professional services remain constantly above the total average of the total business services sector.

Figure 3.4

Turnover and gross value added per employee by age of enterprise, (ECU 1.000), 1990.



Source: INSEE. Pilot Survey Data 1990.

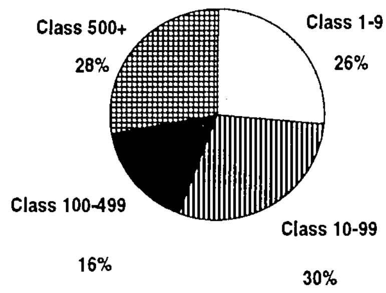
3.3 Employment

3.3.1 Employment by size-class

Business services enterprises in France employed about 1.7 million employees in 1990. The employment was relatively equally distributed according to employment size classes. The classes of '1-9', '10-99' and '500+' employees each included about half a million employees in the labour force, while the remaining size-class '100-499' was less important with 280 000 employees, cf. figure 3.5.

Figure 3.5

Breakdown of employees by employment size-class, %-share, 1990.



Source: INSEE. Pilot Survey Data 1990.

The subsectors recruitment and provision of personnel, professional and operational services were the largest in terms of employees. Each of these subsectors employed around 300 000 persons. The subsector with the least personnel was renting and leasing services with only 36 000 employees.

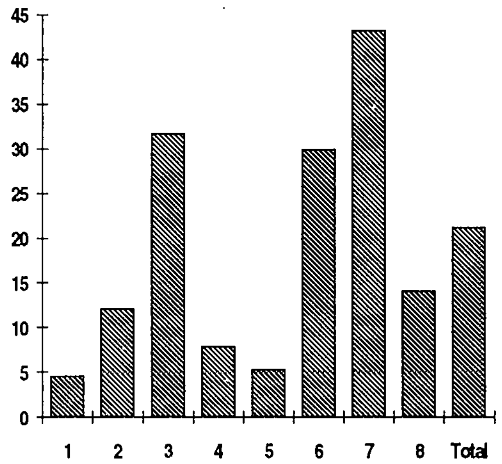
Recruitment and provision of personnel together with operational services accounted for more than 72% of the total employment of the large enterprises. This was largely due to part-time employees in these subsectors.

The number of part-time employees totalled about 360 000. Almost one third of the part-time employees were in the operational services which is a pattern also refound in most of the Member States. Also recruitment and provision of personnel had a great number of part-time employees (91 600). Part-time employees were often used also in marketing services, cf. figure 3.6.

In absolute terms renting and leasing services and computer services accounted for the smallest number of part-time employees, 0.5% and 2% of the total respectively.

Figure 3.6

Part-time employees as a share of total number of employees, %-share, 1990.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: INSEE. Pilot Survey Data 1990.

3.3.2 Employment per enterprise

The average number of employees per enterprise in France was 9 persons. However, it ranged from 4 employees of renting and leasing services to 124 of recruitment and provision of personnel. Operational services also showed a high average of 28 employees per enterprise. These high averages are influenced by the considerable number of part-time employment in both operational services and recruitment and provision of personnel.

The average employment in small enterprises was 3 employees and for large firms 1 681 employees. The averages of large enterprises in technical services (968 employees) and renting and leasing services (802 employees) remained below 1 000 employees while that of recruitment and provision of personnel clearly exceeded 3 000 employees. The variance by subsectors in the other employment size-classes was not so significant.

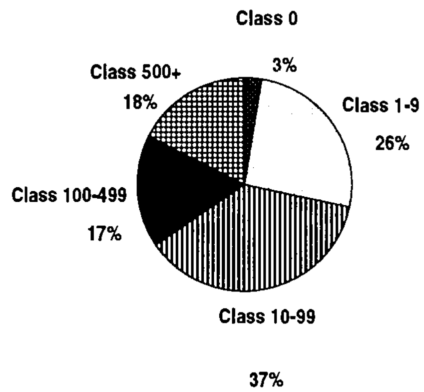
3.4 Turnover

3.4.1 Turnover by size-class

The French business services enterprises generated a turnover of about ECU 100 billion in 1990. The small enterprises (10-99 employees) accounted for 37% of the total turnover followed by the micro enterprises (1-9 employees) with 26%, cf. figure 3.7. The size-class 0 employees or the self-employed only had a proportion of 2.5% of the total turnover.

Figure 3.7

Breakdown of turnover by employment size-class, %-share, 1990.



Source: INSEE. Pilot Survey Data 1990.

The turnover generation varied remarkably by subsectors and employment size-classes. In terms of turnover, the large enterprises had the greatest importance in recruitment and provision of personnel (63%), followed by operational (41%) and computer services (20%). The small enterprises with less than 10 employees are remarkable in renting and leasing (47%), other business services (39%) and professional services (36%).

3.4.2 Turnover by subsector

Marketing services was the largest subsector in absolute terms of turnover. It accounted for 19% of the total turnover, followed by professional services (18%) and technical services (16%). The smallest subsector was operational services with a turnover share of 5%.

Of the large enterprises, the turnover share of recruitment and provision of personnel was of major importance (29%) compared to other subsectors. 16% of the turnover was generated in computer services and 13% in technical services.

3.4.3 Turnover per employee

The average turnover per employee exceeded ECU 58 200. There were, however, considerable differences across the employment size-classes and subsectors. The high number of part-time employees in large enterprises, especially in recruitment and provision of personnel partly explains the variation. For this reason the turnover per employee reached the lowest value of ECU 36 900 in the large enterprises. The size-class 10-99 employees showed the highest value of ECU 73 400.

The turnover per employee ranged from ECU 196 600 for renting and leasing services to ECU 17 000 for operational services. A high turnover per employee was also recorded for marketing (ECU 119 700) and computer services (ECU 80 100).

Concerning the large enterprises, renting and leasing services were still placed at the top with an average turnover of ECU 128 200 per employee. However, these are closely followed by professional services (ECU 111 900), where the large enterprises clearly exceeded the general level of turnover per employee of the other size-classes. This is partly due to a very low number of part-time employees in large professional services enterprises.

3.4.4 Turnover per enterprise

The average turnover of the business services enterprises was ECU 0.5 million. The lowest average (ECU 0.3 million) was recorded for other business services and the highest (ECU 3.3 million) for recruitment and provision of personnel.

The average turnover per large enterprise was ECU 62 million. Due to a great number of enterprises and low average turnover (ECU 20.8 million) in operational services, all subsectors exceeded the average turnover except operational services. The large professional services enterprises had the highest average turnover of ECU 166 million.

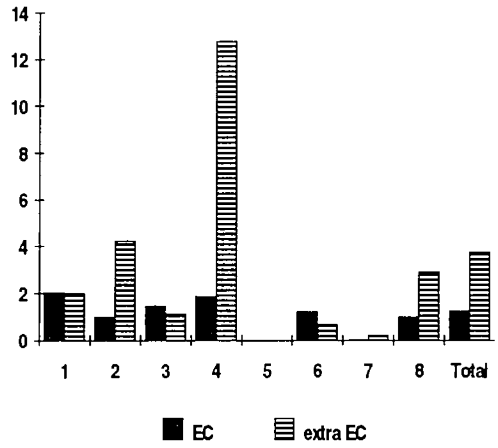
3.4.5 Turnover divided into domestic/export markets

Business services enterprises received 95% of their turnover from the national market. Exports to other EC countries covered only 1.3% of the total turnover. The residual of about 3.7% comprises exports to extra-EC countries, cf. figure 3.8.

According to the French survey, there are clear differences in export incomes according to employment size class. The relative share of exports was largest in medium-sized enterprises of 100-499 employees, where the exports exceeded 7.5% of the turnover. Two percentage points of the exports was received from other EC countries. For the large enterprises the relative importance of exports was slightly lower, i.e. 6.4%. The EC exports recorded only 1% of the turnover of the large enterprises. This implies that the large enterprises in France are more dependent on extra EC markets than EC markets for their exports.

Figure 3.8

EC and extra EC demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INSEE Pilot survey Data 1990.

The survey data reveal that exports are a remarkable source of income for technical services. The enterprises in this subsector received about 15% of their turnover from customers abroad. However, the EC countries covered only less than two percentage points of their exports. The medium-sized technical enterprises of 100-499 employees exported nearly 30% of their turnover. The exports of technical services seemed to be important in all employment size-classes excluding those of less than ten employees.

In addition, professional services with more than one hundred employees were strongly involved in exporting. The large enterprises exported almost 30%, and medium-sized enterprises (100-499 employees) exported more than 10% of their turnover. In spite of this, the export share of the whole subsector was slightly above 5%. EC markets only accounted for 1 percentage point of total exports.

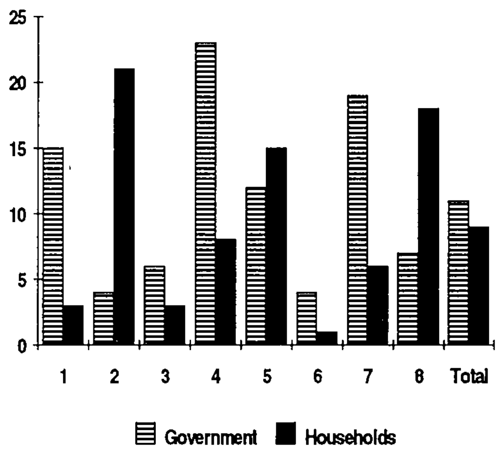
Most dependent on domestic markets were renting and leasing services (100%) and operational services (99.8%).

3.4.6 Turnover broken down by type of client

As a whole, business services enterprises received 80% of their domestic income from enterprises. The enterprises as clients were especially dominating in the medium-sized (86%) and large (85%) services enterprises.

Figure 3.9

Government and household demand for business services, %-share of turnover, 1990.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: INSEE. Pilot Survey Data 1990.

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Government as clients seems relatively evenly distributed across the different employment size classes. On average, some 11% the income of the enterprises was received from government, cf. figure 3.9. This ranged from 8% of the self-employed to 12% of the medium sized enterprises.

Two of the subsectors, namely recruitment and provision of personnel (95%) and marketing services (91%) invoiced more than 90% of their turnover from enterprises.

Government was a relatively important client for enterprises within technical (23%), operational (19%), and computer and related services (15%). In addition, the large operational services firms invoiced about one fourth and the large enterprises within technical services received 28% of their turnover from government.

The client group 'other' (including also households) accounted for 16% of the demand for business services in the employment size class 1-9. The importance of the client group decreased according to the size class. Thus, the enterprises with more than 500 employees accounted for only 4% of the total demand for business services from the client group 'other'. This client group 'other' was important for professional services (21%) renting and leasing services (15%) and other business services (18%).

3.5 Accounts data

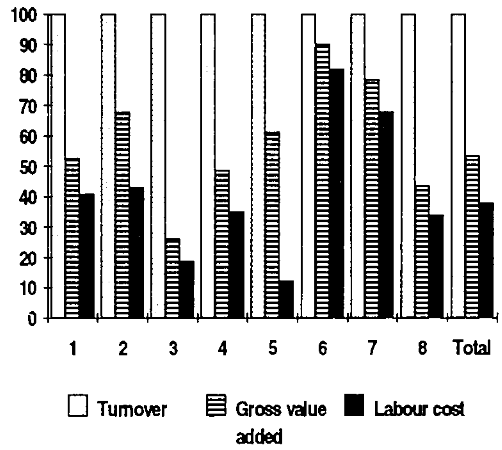
3.5.1 Gross value added

3.5.1.1 Gross value added by employment size-class

Gross value added of the business services enterprises amounted to ECU 53.3 billion covering more than 53% of the total turnover. More than one third of the gross value added was generated in the small enterprises (10-99 employees) followed by 25% in the small enterprises (1-9 employees).

Figure 3.10

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: INSEE. Pilot Survey Data 1990.

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In general, the shares of gross value added by employment size-class followed closely that of turnover, with a few exceptions: the share of gross value added was 2.5 percentage points smaller compared to turnover in size-class 10-99 employees. On the other hand, the gross value added share of large enterprises exceeded 22% and was thus 4.7 percentage points above that of turnover. The main reasons for this gap are found in the subsectors of marketing, recruitment and provision of personnel, and computer services, where the gross value added generation was high compared to the turnover shares.

3.5.1.2 Gross value added by subsector

The gross value added distribution of the French business services enterprises showed a high value share of 23% in professional services, followed by technical services (14%), recruitment and provision of personnel (14%) and computer services (13%).

Professional services are especially important in the size-classes 1-9 and 10-99 employees, where they account for more than 31% of the total gross value added. In the medium-sized and large enterprises the emphasis is more on the subsectors recruitment and provision of personnel, computer and operational services.

3.5.1.3 Gross value added per employee

The average gross value added per employee was ECU 31 100. The employment size-class 10-99 had the highest score of ECU 36 600 per employee. The difference compared to the other size-classes is significant. A more detailed study of the survey data reveals, however, that in fact there exists only one subsector which follows this general pattern, namely marketing services.

Computer, professional and technical services clearly showed a rising value added per employee according to employment size-class. The opposite tendency can be observed in operational and recruitment and provision of personnel. This can mainly be explained by the large number of part-time employees in the latter subgroups, whereas the share of part-time employees was low in computer, professional and technical services.

If the effect of part-time employees is eliminated, there seems to be a rising gross value added per employee as the enterprise size grows. This is especially true for the subsectors typically employing a highly educated labour force as professional services.

3.5.1.4 Gross value added related to turnover

The gross value added share of turnover was highest in recruitment and provision of personnel (90%), in operational services (78%) and in professional services (68%), cf. figure 3.10. At the other end of the range, marketing services showed the lowest gross value added share of 26%.

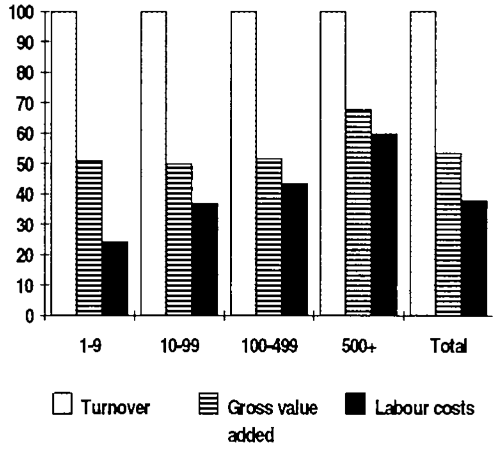
The gross value added varied very close to a level of 50% in enterprises with less than 500 employees. However, in large enterprises the variation rose up to 68%, cf. figure 3.11.

3.5.2 Labour costs

Labour costs in business services enterprises on average accounted for some ECU 38 billion or 38% of the turnover. However, the differences by employment size-classes and by subsectors appeared to be significant, cf. figure 3.11.

Figure 3.11

Turnover, gross value added and labour costs, by employment size class, %-share of turnover, 1990.



Source: INSEE. Pilot Survey Data 1990.

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The large enterprises accounted for 18% of the total turnover, but their share of labour costs was relatively higher, 28%. On the other hand, the micro-firms of 1-9 employees generated 26% of the turnover and about a quarter of the value added, but the labour costs remained only at 17% of the total. This is mainly due to the subsectors of other business services, professional and technical services, where the gross value added share clearly exceeds that of labour costs.

Labour costs were close to 60% of the turnover in the large enterprises, but less than a quarter in the small ones. Indeed, the labour costs share of turnover seems to increase as the enterprise size grows. The labour costs in respect of turnover were the highest in recruitment and provision of personnel in all the employment size-classes. On average, labour costs in this subsector represented 82% of the turnover, more than double compared to the overall average, cf. figure 3.10.

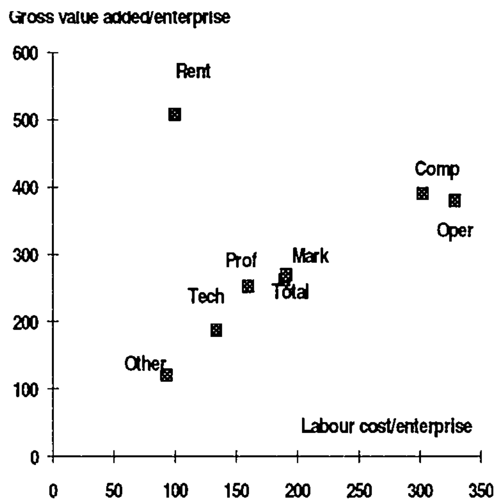
In addition, another labour intensive subsector operational services, used 68% of its turnover on labour costs, followed by professional (43%) and computer services (41%). On the other hand, in the capital intensive subsector of renting and leasing services the labour costs accounted for only 12% of the turnover.

3.5.2.1 Labour costs per employee

Labour costs per employee averaged ECU 22 000. Labour costs were highest in the computer (ECU 32 700), technical (ECU 26 000) and professional services (ECU 25 900). This pattern is also found in many other Member States, since these subsectors employ a relatively large number of highly educated personnel.

Figure 3.12

Gross value added and labour costs per enterprise by subsector (ECU 1.000), 1990.



Computer and related services
Professional services
Marketing services
Technical services
Renting and leasing services
Oper**ational services
Other business services

Source: INSEE. Pilot Survey Data 1990.

Once again, the subsectors with low labour costs per employee as operational and recruitment and provision of personnel are not fully comparable because of the great number of part-time employees.

3.5.2.2 Labour costs and gross value added per enterprise

Labour costs and gross value added per enterprise are presented in figure 3.12 above. The gross value added per enterprise of renting and leasing services is relatively high compared to labour costs per enterprise. For the rest of the subsectors a high correlation between gross value added and labour costs per enterprise is observed.

3.5.3 Investments

The investments of the French business services enterprises totalled ECU 8.2 billion in 1990. Renting and leasing services accounted for ECU 5.0 billion of the investments i.e. 62% of the total investments of the business services sector. In all the other subsectors investments showed a considerable lower level. The dominance of the subgroup of renting and leasing services regarding investments is also found in the other Member States.

The highest investment as a share of the turnover was recorded in renting and leasing services (71%) followed by other business services (6%) and computer services (5%). In the other subsectors it ranged from 1% for recruitment and provision of personnel to 3% for technical services. As a whole the tangible investments were generally of more moderate importance in the business services sector.

3.6 Summary and conclusion

In 1990 the business services enterprises in France represented 14% of the business services enterprises in the EUR(12) which equalled the total French industry's share of the EUR(12) level.

15% of the total number of enterprises (NACE 1-8) in France was engaged in the business services sector. This matches the corresponding share at EUR(12) level.

As regards number of persons employed and turnover the business services sector in France was of greater importance than at EUR(12) level.

Only 91.5% of the French business services enterprises had less than 10 employees compared to 95% at the EUR(12) level.

In 1990, there were almost 200 000 business services enterprises operating in France. Almost 88% of these enterprises employed less than ten persons.

In addition, the small enterprises accounted for 26.4% of the total number of employees and 28.5% of the total turnover.

The French data included almost 300 large enterprises with a personnel of more than 500. They constituted 28% of the employment and 18% of the total turnover in the business services sector.

In terms of employment, the largest subsector was recruitment and provision of personnel with 307 000 employees, almost one third of whom were part-time employees. According to turnover the largest subsectors were marketing (19%), professional (18%) and technical services (16%).

An average business services enterprise had 1.1 local units. The subsector of recruitment and provision of personnel appeared to be an exception having 2.8 local units per enterprise. Almost 94% of the enterprises had only one local unit. However, their contribution to employment was less than 55%.

A total of 52% of all the enterprises were sole proprietorships. They accounted for some 13% of the employees and 10% of the turnover. Slightly more than one third of the enterprises were companies covering about three quarters of the total employment, turnover and gross value added.

Ten-year-old or older enterprises accounted for 56% of the total turnover and 59% of the gross value added. The oldest age size-class was the least important for computer services reflecting the premature stage and rapid development of this subsector. At the total level a rising tendency of turnover and value added per employee up till the age of 8-9 years could be observed.

The French business services enterprises relied heavily on domestic markets; 95% of the turnover derived from domestic markets. EC markets appeared to have clearly less importance (1.3%) than extra EC markets (3.7%). Technical services appeared to be the most active subsector in exports receiving 15% of turnover from other countries.

Four fifths of domestic turnover derived from enterprises as clients. Moreover, the importance of the enterprises as clients was emphasized in the case of medium-sized (86%) and large (85%) services enterprises. Enterprises were the most important clients for recruitment and provision of personnel (95%) and marketing services (91%). Government was also an important client purchasing 11% of the total turnover. Almost a quarter of the turnover of technical services enterprises was produced for government.

The gross value added of business services enterprises totalled ECU 53.3 billion or 53% of the turnover. In addition, the enterprises recorded an average gross value added of ECU 31 100 per employee. Computer, professional and technical services showed a clearly rising gross value added per employee according to employment size-class. If the effect of part-time employees is eliminated, it seems that the gross value added per employee in some subsectors would rise as the enterprise size grows, especially in the subsectors, which need highly skilled experts and academic labour force.

Labour costs in business services enterprises accounted for a total of ECU 38 billion in labour costs and on average ECU 22 000 per employee. Labour costs were highest in computer (ECU 32 700), technical (ECU 26 000) and professional services (ECU 25 900).

Ireland

1. General business structure in Ireland

The services sector in Ireland has grown in importance as in most other European countries over recent years. Over the period 1970 to 1990, services increased their share of GDP from 48.3 to 55.3%. This growth of about 19.5% is relatively high compared with other EC countries and might be due to the relatively low share of the services sector at the beginning of the period in comparison with other EC countries. For the whole of the EC the share of market and non-market services had already reached 63.8% of the GDP in 1990.

The growth originated mainly in the market oriented part of the services sector with non-market services showing only a slight increase from 14.4% of GDP.

Within market services not all subsectors contributed to the growth to the same degree. In fact, the share of lodging and catering services declined slightly over the same period. The relative share of distributive trades within market services declined despite its growing of share in GDP for the economy as a whole.

This is explained by the large growth of other services sectors. Communication services increased its share from 1.8 to 2.5%. Still relatively small but implying a growth rate of nearly 39%. Credit and insurance services also contributed to the growing importance of services and increased its share from 4.3 to 5.5% of GDP.

However by far the most important contribution to the growth of services in the Irish economy came from the other market services including business services. This subsector increased in its relative size from 9.8 to 15% over course of 20 years effectively establishing itself as the largest single subsector of the Irish economy.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	33.9	36.0	36.4	40.5
of which distributive trades	10.8	9.8	10.4	12.4
of which hotels and restaurants, transport and communication	9.0	8.6	7.7	7.6
of which banking and insurance	4.3	5.1	5.5	5.5
of which other market services	9.8	12.5	12.7	15.0
Non- market services	14.4	17.2	16.9	14.8
All sectors	100.0	100.0	100.0	100.0

Source: Eurostat. National Accounts ESA. Detailed tables by branch 1970-1984 (1986) and 1985-1991 (1993).

What is striking with respect to employment is that while the contribution to GDP of non-market services to the economy remained stable over the period from 1970 to 1990 employment both in terms of its share in the whole of the employed population as well as its absolute size increased significantly. Employment in the non-market services sector increased from 144 000 to 275 000 over the period 1971 to 1990 reflecting an increase in its share of employment of 13.6 to 24.4%.

The employment in the market oriented services by 1990 is still larger than in the non-market services, 364 000 in 1990, but its increase both in absolute number as well as its share in total employment was not even close to that in non-market services. The share of market services increased but only from 29.9% in 1971 to 32.3% in 1990.

Table 1.2

Breakdown of persons employed by sector in per cent of total economy 1970-1990.

	1971	1985	1990
Market services	29.9	32.2	32.3
of which distributive trade	13.0	14.6	14.1
of which hotels and restaurants, transport and communication	8.9	4.6	4.4
of which banking and insurance	1.6	3.0	3.3
of which other market services	6.1	4.5	5.0
Non- market services	13.6	23.6	24.4
All sectors	100.0	100.0	100.0

Source: Eurostat. National Accounts ESA. Detailed tables by branch 1970-1984 (1986) and 1985-1991 (1993).

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2. Structure of business services in Ireland

This section is based on the Census of services conducted by the Central Statistics Office in 1988 covering all local units engaged in distribution or business services. Censuses of Distribution has earlier been conducted in Ireland but the 1988 census is the first to include the business services sector.

The surveyed units were the local units, but the information collected make it possible to aggregate data on the enterprise level.

It is not possible to make a comparison to the EUR(12) level since the Census did not use the NACE 70 classification.

2.1 Number of enterprises

The total number of enterprises in the 1988 Census was 20 247. Of these, 40%, or 8 176 enterprises, were classified as 'Real estate renting and business services'. This sector was divided into a number of classes of which 10 can be said to approximate business services as defined in the pilot surveys conducted by the member states, cf. table 2.1.

The business services sector in Ireland is dominated by the classes 'Accountants, auditors and tax consultants' and 'Legal services' (62%). Other business services is another important subsector with 17% of the enterprises within the business services sector in Ireland.

Table 2.1

Number of enterprises and local units, 1988.

	Number of enterprises	%	Number of local units	%
Advertising services	0	3	162	3
Accountants, auditors and tax consultants	1.323	29	1.491	29
Legal services	1.559	34	1.737	34
Other professional and technical services	60	1	61	1
Market research	14	0	14	0
Computer services	304	7	322	6
Office and building cleaning	171	4	184	4
Other business services	792	17	841	16
Renting and leasing of machinery	153	3	174	3
Renting and leasing of cars, trucks and other transport	87	2	130	3
Total	**4618**	**100**	**5116**	**100**
Total in per cent of real estate renting and business services	57	...	56	...
Total in per cent of all services sectors	23	...	22	...

Source: Central Statistics Office, Ireland - 1988 Census of Services. Volume 3: Enterprises results.

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The subsector with most local units per enterprise is 'Renting and leasing of cars, trucks and other transport' which had about 1.5 local unit per enterprise.

2.2 Employment

The total number of persons employed in the Irish business services sector was 41 192 and 63% of these were full-time employees and 24% had part-time employment, cf. table 2.2.. The most intensive users of part-time employment was the enterprises in the group office and building cleaning as in most of the other Member States.

Almost 47% of the persons employed is engaged in the classes 'Accountants, auditors and tax consultants' and 'Legal services'. A relatively large share, namely 22% and 27% respectively, is proprietors and family workers while the share of part-time employees are relatively low, namely 4% and 8% respectively, in the two sectors.

Table 2.2

Number of proprietors and family workers, full-time and part-time employees and number of persons employed (per cent), 1988

	Proprietors and family workers	Full-time employees	Part-time employees	Persons employed (per cent of total)
	Per cent shares of persons employed			
Advertising services	2	71	27	5
Accountants, auditors and tax consultants	22	74	4	24
Legal services	27	65	8	23
Other professional and technical services	23	68	9	0
Market research	2	56	42	1
Computer services	3	93	5	8
Office and building cleaning	2	16	82	18
Other business services	5	70	25	18
Renting and leasing of machinery	7	87	5	2
Renting and leasing of cars, trucks and other transport	3	91	6	2
Total number	5.400	25.846	9.946	41.192

Source: Central Statistics Office, Ireland - 1988 Census of Services. Volume 3: Enterprises results.

Computer services and the two renting and leasing subsectors had relatively large shares of full-time employees and small shares of both proprietors and family workers and part-time employees.

2.3 Enterprises and employment size-classes

Table 2.3 contains information about all 8 176 enterprises in the sector 'Real estate, renting and business services'.

Table 2.3

Enterprises, local units and employment by number of persons employed, per cent shares,1988

Real estate, renting and business services	Enterprises	Local units	Proprietors and family workers	Full-time employees	Part-time employees	Persons employed (per cent of total)
			Per cent of persons employed			
1 person employed	23	21	100	0	0	3
2-9 persons employed	64	62	27	63	11	36
10-19 persons employed	8	9	10	81	9	15
20-49 persons employed	3	5	5	81	14	14
50 or more persons employed	1	4	2	58	40	32
Total numbers	8.176	9.077	8.468	36.900	11.316	56.684

Source: Central Statistics Office, Ireland - 1988 Census of Services. Volume 3: Enterprises results.

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It is seen from table 2.3 that the relative number of part-time employment is rising with the number of persons engaged. The share of part-time employees in firms with 50 or more persons engaged is almost 4 times the share of part-time employees in firms with between 2 and 9 persons employed.

Totally nearly 40% of the persons employed is engaged in micro enterprises (1-9 persons) while 32% is employed in the large enterprises with 50 or more persons employed. A relatively large share of the persons in the micro-sized firms with 2-9 persons engaged are proprietors and family workers.

3. Pilot survey: Business services by subsector in Ireland

3.1 The pilot survey, brief description

The pilot survey in Ireland was carried out by a private institute, Services Industries Research Centre (SIRC) and thus the sample universe was drawn from a commercial data base. As a consequence, a match of the survey sample with the census data is not possible. In the statistical analysis of Ireland there were 426 accepted responses matching only 16% of the sample population. Keeping this small response rate in mind, the following analysis can only claim validity of the enterprises surveyed and not the business services sector in Ireland as such.

3.1.1 Number of enterprises

Professional services accounted for more than a third of the total responses, while technical services accounted for a further 25% of the responses analysed. Thus the number of valid answers from other subsectors was rather small, cf. table 3.1.

In terms of size of enterprise almost two thirds of the respondents were in the micro size class (0-9 employees). Further 31% were employed in the small size class (10-99 employees). Altogether 12 enterprises had between 100 and 499 employees while 3 enterprises were confirmed as having more than 500 employed. The 15 larger enterprises in the Irish survey were mainly within the subsectors technical and computer services.

Table 3.1

Number of enterprises, employees and turnover in the pilot survey, 1990

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover (million ECU)	Per cent share
Computer services	37	9	906	8	28.1	5
Professional services	146	34	1 111	10	45.7	8
Marketing services	20	5	426	4	42.2	8
Technical services	105	25	2 159	18	87.0	16
Renting and leasing services	11	3	109	1	11.2	2
Recruitment and provision of personnel	21	5	241	2	48.4	9
Operational services	15	4	2 568	22	53.1	10
Other business services	71	17	4 198	36	243.1	44
All subsectors	426	100.0	11 718	100.0	558.8	100.0

Source: SIRC. Pilot Survey Data, 1991.

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3.2 Demographic data

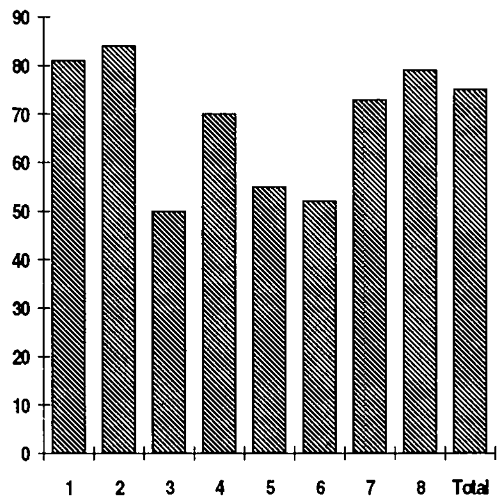
3.2.1 Local units

The number of local units of the surveyed business services enterprises in Ireland was 582. In the subsectors professional services (84% of the enterprises) and computer services (81% of the enterprises) the enterprises frequently had only one local unit. On the other hand, marketing services, recruitment and provision of personnel and renting and leasing services showed the largest number of enterprises with more than one local unit, cf. figure 3.1.

On the total level 75% of the surveyed enterprises has one local unit while 10% has 2 local units. 6% had more than 2 local units while 9% of the enterprises did not give information about their number of local units.

Figure 3.1

%-share of enterprises with one local unit in Ireland, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: SIRC. Pilot Survey Data 1991.

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3.2.2 Legal status

Half the surveyed enterprises were companies and 30% operated as sole proprietorships. A large part of sole proprietorships and partnerships is in the professional and technical sectors.

The companies accounted for 70% of the total employment of the surveyed enterprises. 31% of this employment was in operational services, which totally accounted for 22% of the total employment, mainly due to the high number of part-time employment in this sector. The second important subsector concerning employment among the companies was other business services (26%) followed by technical services (22%).

Oppositely, only about one - fourth of the employment in professional services where employed in companies, while 45% of the employees worked in partnerships.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status[1], %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	76	95	14	4	8	1	3	0	100	100
Professional services	20	41	29	41	51	19	0	0	100	100
Marketing services	85	77	0	0	5	9	10	15	100	100
Technical services	44	85	21	10	34	5	1	0	100	100
Renting and leasing services	82	100	0	0	18	0	0	0	100	100
Recruitment and provision of personnel	62	96	14	2	19	1	5	1	100	100
Operational services	87	100	7	0	0	0	7	0	100	100
Other business services	80	98	7	0	7	0	6	1	100	100
All subsectors	50	91	18	5	30	3	2	2	100	100

[1] Turnover is based on 429 enterprises while the enterprise share is based on 426 enterprises.

Source: SIRC. Pilot Survey Data, 1991.

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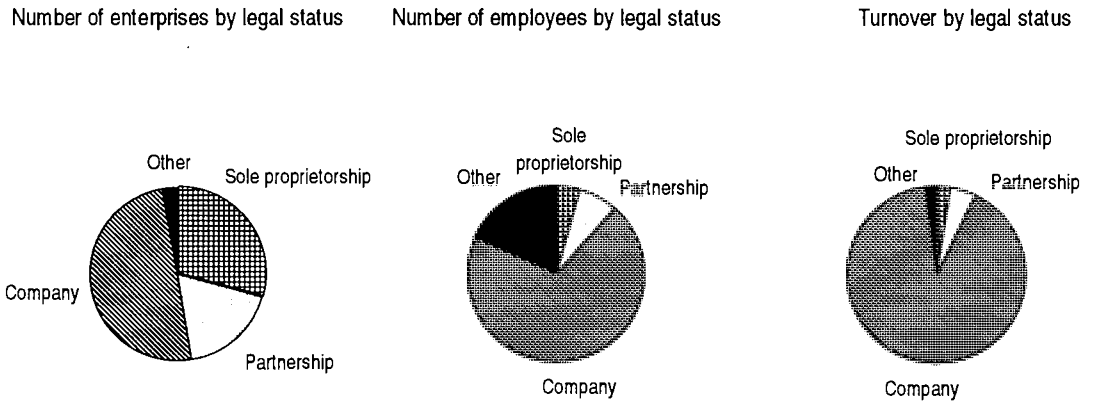
Figure 3.2

Enterprises, employees and turnover by legal status[1], 1990.



1 Turnover is based on 429 enterprises while enterprises and employment is based on 426 enterprises.

Source: SIRC. Pilot Survey Data 1991.

3.3 Employment

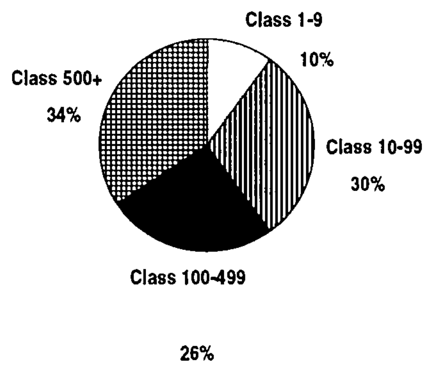
3.3.1 Employment by size-class

The enterprises in the Irish survey employed 11 718 employees. About one-third of the employees were employed in large enterprises while 10% were employed in micro enterprises. The share of employees in small and medium sized enterprises was almost equai; 30% in small enterprises and 26% in medium sized enterprises, cf. figure 3.3.

The share of the micro size class was significant in professional services matching 43% of the total employment in this size class. In computer and related services, professional services, renting and leasing services and recruitment and provision of personnel no enterprises had more than 100 employees.

Figure 3.3

Breakdown of employees by employment size-class, %-share, 1990.



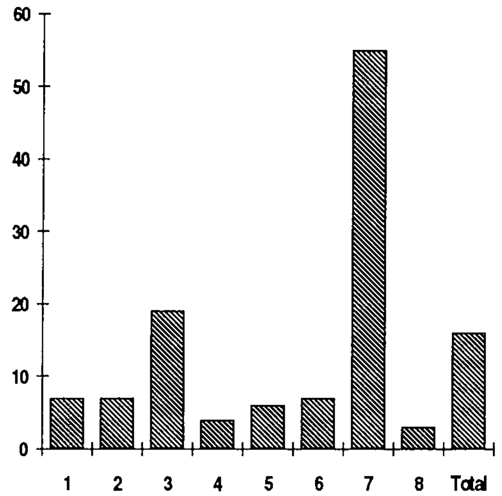
Source: SIRC. Pilot Survey Data 1991.

The Irish survey also contains data about part-time employment. The data shows that 79% of the part-time employment was in the large enterprises. As in many other of the European countries 95% of the part-time employment in the large enterprises was concentrated in the subsector operational services. The micro and small enterprises accounted for about 20% of the part-time employment with professional services and technical services as the most intensive users of part-time employment in these two size classes.

A look at part-time employment related to total employment reveals that only the subsector operational services makes intensive use of part-time employment, as 55% of the total number of employees in operational services is employed on part-time basis, cf. figure 3.4. This huge proportion of part-time employment is mainly related to the large enterprises in this subsector.

Figure 3.4

Part-time employees in per cent of total number of employees, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: SIRC. Pilot Survey Data 1991.

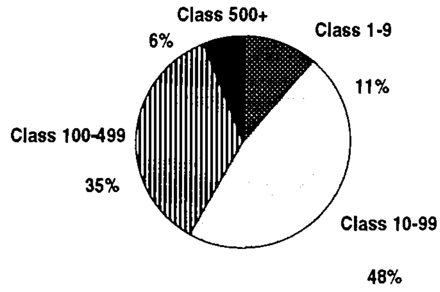
3.4 Turnover

3.4.1 Turnover per employee

The total turnover was almost 560 million ECU. 59% of this amount was generated in the micro and small enterprises and 35% in medium sized enterprises, cf. figure 3.5.

Figure 3.5

Breakdown of turnover by employment size-class, %-share, 1990.



Source: SIRC. Pilot Survey Data 1991.

The overall turnover per employee was almost ECU 48 000 but with large differences between subsectors. Employees in operational services generated less than half the average due to the large number of part-time employment in this sector while employees in recruitment and provision of personnel generated more than 4 times the average.

3.4.2 Turnover per enterprise

The average turnover per enterprise was 1.3 million ECU but with large differences between subsectors. The enterprises in the subsector professional services had a turnover averaging 313 000 ECU which were less than a quarter of the overall average due to the relative high number of micro enterprises in this subsector. Enterprises in operational services generated a turnover per enterprise that were 2.7 times higher (about 3.5 million ECU) than the overall average caused by the relatively high number of large enterprises in operational services.

3.5 Accounts data

3.5.1 Gross Value Added

The total gross value added in the Irish survey amounted to 248 million ECU. The distribution of gross value added, at the subsector level showed the following pattern; other business services generated 62% of the gross value added and technical services 16%. Marketing services generated 7% while the rest generated less than 5% each.

Measured per enterprise the gross value added amounted to 581 000 ECU on average ranging from almost 80 000 ECU in professional services to almost 2.2 million ECU in the subsector other business services.

Gross value added per employee ranges from 4 300 ECU in operational services to almost 41 000 ECU in marketing services. The average gross value added per employee amounted to almost 21 200 ECU. As with turnover there is no clear pattern when looking at size classes.

In per cent of turnover gross value added accounted for 44% and there is a tendency to a rising gross value added share of turnover with size class. The subsector other business services has a relatively high gross value added share of turnover (63%) while recruitment and provision of personnel has a remarkably low share (9%). Marketing services and technical services are closest to the average with 41% and 47% respectively.

3.5.2 Labour costs

Labour costs amounted to almost 189 million ECU which equalled 34% of the turnover.

The average labour costs per enterprise amounted to about 443 000 ECU.

The overall average per employee is about 16 100 ECU. In recruitment and provision of personnel the labour costs per employee amounted to ECU 30 000 and technical services has an average per employee at 22 500 ECU. Due to the large share of part-time employees the lowest labour cost per employee were held by employees in operational services with almost 12 100 ECU per employee.

3.5.2.1 Labour costs and gross value added per enterprise

In figure 3.6 gross value added and labour costs per enterprise are presented. The subsectors other business services and marketing services showed relatively high gross value added per enterprise compared to labour costs per enterprise whereas the oppisite is the case in operational services.

3.5.3 Investments

The total investments amounted to 27.5 million ECU. This equalled 11% of the gross value added.

The pattern from the previous economic data is repeated concerning investments, as the small and medium sized enterprises dominated with 35% and 44% respectively.

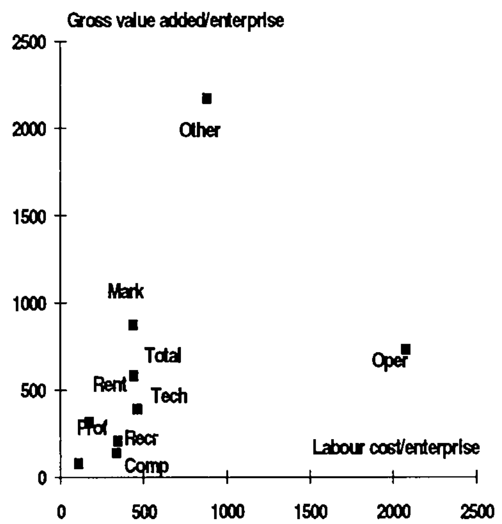
The subsector other business services is with more than 50% of the total investments the most investment-intensive subsector, while renting and leasing, which in most other European countries shows the highest share of investments, in Ireland has the lowest share with less than 2%.

On average the investments per enterprise amounted to ECU 64 500. Average investments ranged from ECU 193 800 in the subsector other business services and ECU 156 300 in marketing services to ECU 31 700 in recruitment and provision of personel and ECU 21 600 in professional services.

The highest investments per employee were found in marketing services with more than 7 300 ECU. This was about twice the amount in renting and leasing services (3 600 ECU) and in other business services (3 300 ECU) and almost 16 times the amount in operational services (460 ECU).

Figure 3.6

Gross value added and labour costs per enterprise by subsectors (1000 ECU), 1990.



Computer and related services	**Rent**ing and leasing services
Professional services	**Recr**. and prov. of personnel
Marketing services	**Oper**ational services
Technical services	**Other** business services

Source: SIRC. Pilot Survey Data 1991.

3.6 Summary and conclusion

According to the Irish 1988 Census of Services there were about 4.600 enterprises which can be classified as having business services as their main activity. This is about 23% of all enterprises in the Irish services sector.

Almost 42.000 persons was employed in business services and almost 1/4 of these were employed in the subsector 'accountants, auditors and tax consultants'.

36% of the enterprises had between 2-9 persons employed and other 32% had 50 or more persons employed.

In the Irish pilot survey, which were conducted by a private institute, professional services accounted for more than one third of the responsing enterprises and technical services accounted for about 25% of the enterprises. Almost two thirds of the enterprises were in the micro size class (0-9 employees) and further 31% can be classified as small size-class enterprises (10-99 employees). The rest of the enterprises was in the medium or large size-class.

22% of the employees were employed in operational services, but as in the other Member States this was due to a high number of part-time employees. 36% of the employees were employed in other services while 18% were employed in technical services. Although there was a large number of professional services enterprises in the survey only 10% of the employees worked in professional services enterprises. The reason for this is the high proportion of sole propirietorships and partnerships in this subsector.

In most subsectors between 70% and 80% of the enterprises coinside with the local unit. In other words; between 20% and 30% of the enterprises had more than one local unit. Only in marketing services and recruitment and provision of personnel about 50% of the enterprises consisted of more than one local unit.

Overall 50% of the enterprises are organised as companies and they generated about 91% of the turnover and accounted for about 70% of the total employment. On the other hand sole proprietorships generated 3% of the turnover with 30% of the enterprises.

The enterprises in the Irish survey employed about 11 700 employees. One third was employed in the large enterprises while 10% were employed in micro enterprises and 30% and 26% respectively, were employed in small and medium sized enterprises.

The total turnover amounted to about 560 million ECU. 59% of this amount was generated by the micro and small sized enterprises.

The average turnover per enterprise were 1.3 million ECU. In professional services the average turnover per enterprise were 313 000 ECU and in operational services it was about 3.5 million ECU.

Gross value added amounted to 248 million ECU - an average of 518 000 ECU per enterprise. The pattern from the turnover is repeated concerning gross value added.

The labour costs amounted to 189 000 ECU or about 443 000 ECU per enterprise and the investments amounted to almost 28 million ECU or 11% of the gross value added generated in the surveyed enterprises.

Italy

1. General business structure in Italy

The services sector, including market and non-market services, in Italy constituted in 1970 a relatively high share (52%) of the gross value added at factor costs generated by the whole Italian economy, cf. table 1.1.

Two decades later, the share of services has risen to more than 65% which exceeds considerably the EC average of around 50%. Especially the sector of miscellaneous services which includes business services has been growing rapidly from 7.8% of the total gross value added in 1970 to 12.2% in 1990.

Table 1.1

Gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	40.1	44.1	48.2	51.1
of which distibutive trade, hotels and catering	16.9	18.6	19.5	19.3
of which transport and communications	6.4	7.1	7.4	7.6
of which banking and insurance	3.1	4.6	4.6	4.8
of which renting of premises	5.8	5.8	6.4	7.2
of which miscellaneous services[1]	7.8	8.0	10.3	12.2
Non -market services	11.4	12.0	13.0	14.2
All sectors	100.0	100.0	100.0	100.0

[1] Including business services.

Source: ISTAT. National Economic Accounts 1993 Edition.

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The employment development in Italy shows a trend similar to that of gross value added at factor costs, cf. table 1.2.

In 1970 the share of services sector, including market and non-market services, constituted 42.9% of the total work performed in Italy. This share rose to 60.7% in 1990. Again the highest growth rate was found within the miscellaneous services sector which more than dobbled their share from 1970 (5.7%) to 1990 (13.0%).

Table 1.2

Total work units by sector in per cent of total economy 1970-1990[1].

	1970	1980	1985	1990
Market services	29.0	34.0	40.2	42.6
of which distibutive trade, hotels and catering	17.1	18.9	21.2	21.4
of which transport and communications	5.2	5.7	6.0	6.5
of which bankind and insurance	1.0	1.6	1.7	1.8
of which miscellaneous services	5.7	7.9	11.2	13.0
of which business services	..	3.3	5.5	6.7
Non-market services	13.9	16.5	17.9	18.1
All sectors	100.0	100.0	100.0	100.0
WU Totals (1.000)	19 949.4	22 062.6	22 612.7	23 367.3

1 Work units represent a measure of the volume of work performed in the production of goods and services, used to estimate Gross Domestic Product for a given reference period. They are calculated by estimating the (approximate) equivalence of labour input in the production processes of single economic units.

Source: ISTAT. National Economic Accounts 1993 Edition.
ISTAT. Employment and compensation of employees 1993 Edition.

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2. Structure of business services in Italy

In this section the structure of the Italian business services sector is described and compared to the EUR(12) level. As it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes the business services sector is defined as NACE 70 classes 83 and 84[1]. The Italian data refer to the year 1990. The data only covers enterprises with more than 9 employees.

2.1 Number of enterprises

In 1990 the number of Italian enterprises (NACE 1-8) with more than 9 employees equalled 166.700 million or 17.3% of the EUR(12) total. Italy accounted for only 11.2% of EUR(12) enterprises in business services (NACE 83 and 84), cf. table 2.1 indicating that the business services sector was of minor importance in Italy than in the average EC economy.

The number of business services enterprises amounted to 10 300 and represented only 6.2% of total industry in Italy. Compared to the EUR(12) level this proportion was relatively smaller as the business services enterprises in EUR(12) accounted for 9.5% of total industry, cf. figure 2.1.

Figure for number of enterprises by employment size-classes are not available for Italy. Consequently the comparison with the EUR(12) level is not possible.

2.2 Employment

In 1990 the Italian enterprises with more than 9 employees employed a total of 7.3 million persons of whom 5.4%, i.e. 392 200, were employed by the business services enterprises. This is somewhat lower than the share (8%) of the business services sector at the EUR(12) level, cf. figure 2.1.

1 NACE classes 83/84 are used as a rough indicator of the business services sector, although they on the one hand include activities auxiliary to banking, finance and insurance and dealers in real eatate and house and state agents. On the other hand, class 923 cleaning services (operational services in the pilot survey) is not included in the used definition of business services.

Table 2.1

Number of enterprises with more than 9 employees, number of persons employed and turnover in the business services sector and in total industry in Italy, 1990

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services	10257	392247	54026.6
Total industry (NACE 1-8)	166675	7282480	1124071.5
Business services as %-share of total industry	6.2	5.4	4.8
Business services in Italy as %-share of business services in EUR(12)	11.2	8.4	12.8
The total industry in Italy as %-share of total industry in the EUR(12)	17.3	12.3	14.3

Source: Eurostat. Enterprises in Europe (1994), ISTAT. Industry and Services Census, 1991.

The Italian business services sector was of less importance as regards employment than the total industry as the number of persons employed in the business services sector accounted for 8.4% of the EUR(12) level. The persons employed in the total industry in Italy accounted for 12.3% of the number of persons employed at the EUR(12) level.

The number of persons employed per enterprise was somewhat lower in Italy (38.2) than in the EUR(12) (51.4).

Figures for the number of persons employed by employment size-classes are not available for Italy. Consequently the comparison with the EUR(12) level is not possible.

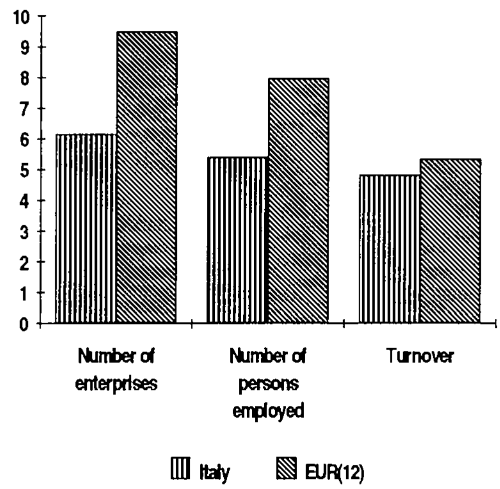
2.3 Turnover

In 1990 the turnover of Italian enterprises (NACE 1-8) with more than 9 employees, was ECU 1 100 billion. 4.8% of the total turnover of the Italian enterprises was generated in the business services (NACE 83 and 84) compared with the EUR(12) level of 5.3%. The turnover equalled 12.8% of the business services enterprises' turnover at the EUR(12) level. The Italian contribution of aggregated turnover of European enterprises in all sectors exceeded 14%, cf. tabel 2.1.

Figures for turnover by employment size-classes are not available for Italy. Consequently the comparison with the EUR(12) level is not possible.

Figure 2.1

Business services as %-share of total industry, 1990



Source: Eurostat. Enterprises in Europe (1994), ISTAT. Industry and Services Census, 1991.

2.4 Breakdown of business services

In this section the business services in Italy are broken down into 3 digit NACE 70 classes, cf. table 2.2. The data only include enterprises with more than 9 employees.

In 1990 market research, computer services and business services n.e.c. (NACE 839) accounted for 59% of the enterprises, 62% of the employment, 33%

of the turnover and 46% of gross value added in the business services sector.

The subsector technical services (NACE 837) was also of importance with 17% of the number of enterprises and the highest share of turnover, i.e. 35%. The number of persons employed (20%) and gross value added (33%) also showed high shares.

The subsector advertising (NACE 838) generated 23% of the total turnover in the business services sector but only about 7 or 8% of the other variables.

Table 2.2

Number of enterprises with more than 9 employees, number of persons employed, turnover and gross value added by NACE class, 1990.

Nace 70	Number of enterprises	Number of persons employed	Turnover million ECU	Gross value added million ECU
835 Legal services	108	1817	200	133
836 Accountants, tax experts, auditors	270	10014	765	455
837 Technical services	477	31351	7480	2844
838 Advertising	189	11348	5027	715
839 Market research, computer services and business services n.e.s.	1650	95477	7116	3964
842 Renting, leasing and hiring of construction machinery etc.	37	796	56	34
843 Renting, leasing and hiring of bookkeeping and office mashines etc.	6	1268	326	134
844 Car renting without driver	29	2076	363	241
845 Renting, leasing and hiring of other means of transport without driver	11	179	41	12
846 Renting of personnel and household goods n.e.c.	17	519	77	49
847 Renting, leasing and hiring of other movables without permanent staff	7	237	148	131
923 Cleaning services	na	na	na	na
Total	2801	155082	21598	8713

Source: ISTAT. Information Series n.11, 1994.

3. Pilot survey: Business services by subsector in Italy

3.1 The pilot survey, brief description

The national statistical office of Italy (ISTAT), used a mixed system to collect the required information. Part of the information was yielded from the annual accounting survey conducted for enterprises with more than 10 persons. The rest of the survey data, structural and demographic, was produced using an additional questionnaire.

The Italian survey data include mainly enterprises with 10 or more employees contrary to the surveyes of the other Member States which also include enterprises in the micro size-class (0-9 employees)[2]. This fact has to be taken into consideration when interpreting and comparing the data. In addition, the data are reported to be an unequal and heterogeneous representation of various Italian business services subsectors. As a consequence, the data are not representative of the Italian business services sector as such.

The Italian data only include seven subsectors. The subsector missing is recruitment and provision of personnel.

[2] The survey data include 11 enterprises that originally had more than 10 employees but when the survey was conducted they had less than 10 employees. These enterprises will be excluded from the analysis but included in the totals.

The data refer to 1990.

3.1.1 Number of enterprises

The Italian pilot survey included a total of 1 792 accepted respondent enterprises, cf. table 3.1.

30% of the enterprises participating in the survey were engaged in computer services. The second largest subsector was professional services (21%), followed by technical services (16%) and operational services (14%), cf. table 3.1.

87% of the enterprises in the Italian data were small enterprises (10-99 employees). 11% belonged to the size-class 100-499 employees and 2% were enterprises with more than 500 employees.

In the small enterprises the largest shares were recorded in renting and leasing services (93%) and professional services (93%) whereas operational services showed the lowest share of 74%. In this subsector 23% of the enterprises were, on the other hand, medium-sized enterprises, the highest share recorded in this size-class.

Table 3.1

Number of enterprises, employees and turnover in the pilot survey, 1990.

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	544	30	32772	29	3003.4	19
Professional services	384	21	15590	14	1378.8	9
Marketing services	155	9	10928	10	3995.0	26
Technical services	281	16	21269	19	4802.2	31
Renting and leasing services	60	3	3464	3	813.4	5
Operational services	249	14	24277	21	981.2	6
Other business services	119	7	6367	6	520.3	3
All subsectors	1792	100	114667	100	15494.4	100

Source: ISTAT. Pilot Survey Data 1990.

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3.2 Demographic data

3.2.1 Local units

As the Italian data only included very few micro enterprises, the number of local units per enterprise was large among the surveyed enterprises compared to the results from the other Member States. The 1 792 survey enterprises had a total of 4 049 local units in Italy, which equalled 2.3 units per enterprise. The 32 large enterprises (500+ employees) accounted for 391 local units, an average of 12.2 units per enterprise.

The average number of local units per enterprise was highest in marketing services (4.2) and renting and leasing services (3.9) and lowest in operational services (1.5) and other business services (1.8), cf. figure 3.1.

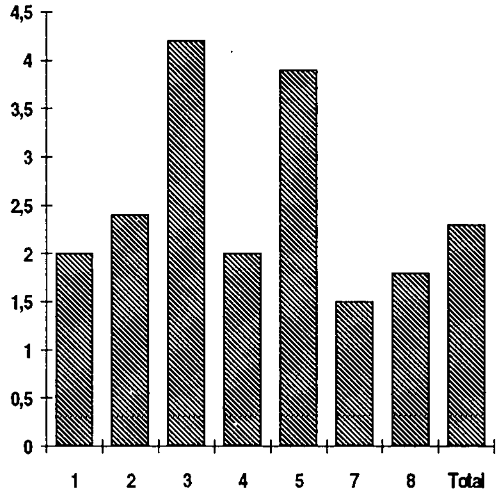
Two thirds of the enterprises were single-unit-enterprises and most of the subsectors were very close to this average. Operational services deviated the most from the average as 76% of the enterprises were single-unit-enterprises.

16% and 11% of the surveyed enterprises had two and 3-5 local units respectively, whereas the remaining 6% had 6 or more local units. The subsectors did not deviate much from the averages, though in operational services only 5.6% of the enterprises had 3-5 local units. Only renting and leasing services had enterprises with more than 100 local units.

Besides the 4 049 local units located in Italy , there were 154 extra Italian local units, which mainly produced technical services (79) and other business services (51).

Figure 3.1

Number of local units per enterprise by subsector, 1990



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: ISTAT. Pilot Survey Data 1990.

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3.2.1.1 Employment distribution

Single-unit-enterprises employed 42% of the total number of the employees that were employed by the surveyed enterprises. Enterprises with 2-5 local units accounted for about a quarter of the total employment.

The regional spread characterized by the multi-establishment enterprises with more than ten local units was especially wide in renting and leasing services, which employed 40% of the subsectors' total employment. This was followed by professional (30%) and other business services (28%). Renting and leasing services was the only subsector with more than 100 local units.

3.2.2 Legal status

3.2.2.1 Number of enterprises

A majority of the enterprises in the Italian pilot survey were companies (67%), cf. table 3.2. However, the data overestimate the share of companies in the business services sector in Italy, as the micro enterprises, which in general have a smaller share of companies than the larger ones, are virtually absent in the survey. The non-profit organizations and partnerships represented 9% and 11% of the enterprises.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	77	91	13	2	2	0	8	7	100	100
Professional services	41	56	7	20	18	4	34	20	100	100
Marketing services	79	98	8	1	5	1	8	1	100	100
Technical services	81	99	9	1	2	0	9	1	100	100
Renting and leasing services	72	90	10	8	15	2	3	0	100	100
Operational services	72	78	6	3	5	2	16	17	100	100
Other business services	43	66	32	8	18	7	8	20	100	100
All subsectors	67	90	11	3	8	1	14	6	100	100

Source: ISTAT. Pilot Survey Data 1990.

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Technical services (81%), marketing (79%) and computer services (77%) are characterized by a great number of companies. Professional services showed relatively high shares of sole proprietorships (18%), non-profit organizations (17%) and other legal status (16%). Companies (43%) were of low importance in other business services whereas partnerships represented 32% of the total number of enterprises in this subsector which was considerably above the average, cf. table 3.2.

3.2.2.2 Number of employees

The total employment of the surveyed enterprises was 115 000 employees. The breakdown of employment by legal status was, as for the number of enterprises, dominated by companies (89%), followed by non-profit organizations (8%) and partnerships (6%), cf. figure 3.2.

As for the number of enterprises, companies were important as employers in technical (95%), marketing (92%) and computer services (89%) and least significant in professional (47%) and other business services (54%).

A large share of the employees working in professional services was employed by partnerships (22%), and in other business services non-profit organizations (25%) employed a relatively large share of the total number of employees in this subsector.

An average Italian enterprise within the business service sector employed 64 persons. Compared by legal status, companies have most employees (76) and sole proprietorship the lowest number (22) per enterprise.

3.2.2.3 Turnover and gross value added

The companies dominated turnover and gross value added generation of the surveyed enterprises in Italy as in many other countries. They accounted for 90% of turnover and 85% of gross value added, cf. figure 3.2.

Companies were of greater importance as regards turnover and gross value added than regarding number of enterprises and number of employees.

More than 96% of the turnover and gross value added in technical and marketing services were generated in companies, cf. table 3.2.

In professional services partnerships (20%) accounted for a relatively large share of the turnover whereas non-profit organizations generated rather large shares of turnover in operational services (16%) and other business services (19%). The figures for gross value added showed a similiar pattern.

Turnover per enterprise was highest in companies, ECU 11.6 million. The highest turnover per company was recorded for marketing and technical services, ECU 31.7 and ECU 20.9 million respectively.

The average gross value added per enterprise was also highest in companies and stood at ECU 3.9 million. The highest average of ECU 10.1 million was shown in companies in the subsector renting and leasing services.

3.2.2.4 Turnover and gross value added per employee

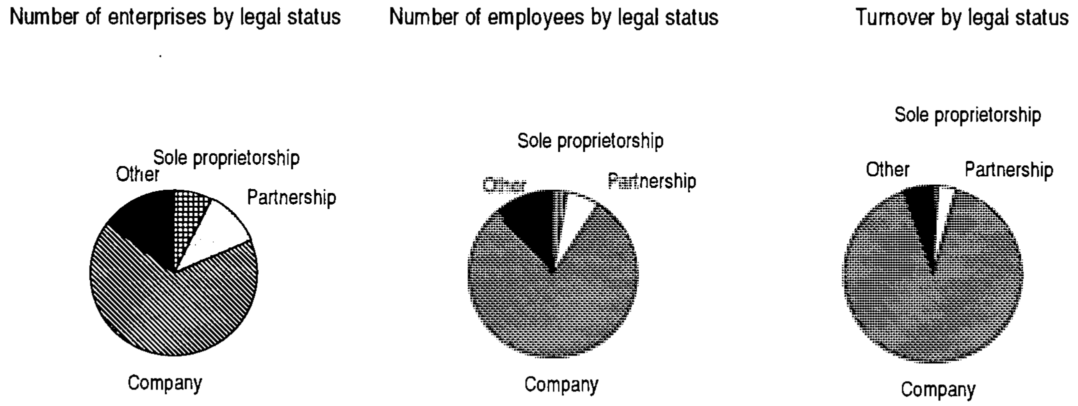
The average turnover per employee in the surveyed enterprises in Italy was about ECU 135 000. However, the average ranged from ECU 153 700 for companies to ECU 47 700 for non-profit organizations. This high value of companies was partly due to marketing services, where the average turnover per employee amounted to ECU 389 800.

The capital intensive subsectors renting and leasing services (ECU 234 800) and technical services (226 000) also recorded a turnover per employee above the average. At the other end of the scale was operational services with a turnover per employee of only ECU 40 400.

The average gross value added per employee amounted to ECU 47 500. Companies showed the highest gross value added per employee (ECU 50 900) followed by partnerships (ECU 39 600). The breakdown of gross value added per employee appears to be more evenly distributed across the subsectors than the turnover. All the subsectors' gross value added per employee varied closely around the average except for renting and leasing services that recorded a gross value added per employee of ECU 136 600.

Figure 3.2

Enterprises, employees and turnover by legal status, 1990.



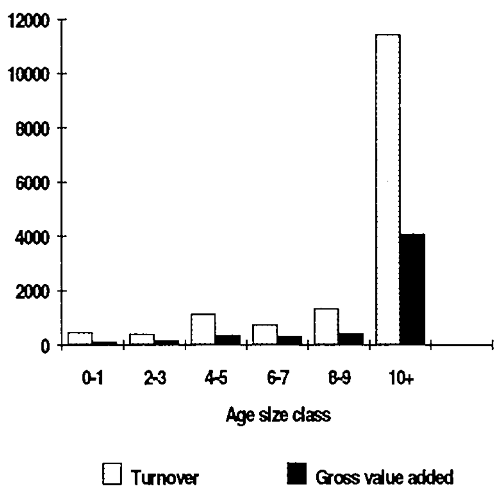
Source: ISTAT. Pilot Survey Data 1990.

3.2.3 Age of enterprise

The Italian surveyed enterprises were in general old, as 68% of the enterprises were at least 8 years old. Only about 350 enterprises were 0-5 years old. The age structure is distorted by the fact that the Italian survey included very few micro enterprises, which normally have a younger age structure than the larger enterprises.

Figure 3.3

Turnover and gross value added by age of enterprise, (million ECU), 1990.



Source: ISTAT. Pilot Survey Data 1990.

The age class of the ten-year-old or older enterprises was most significant, representing 58% of the enterprises. The age-classes 4-5, 6-7 and 8-9 accounted for 13%, 12% and 10% respectively of the total number of enterprises.

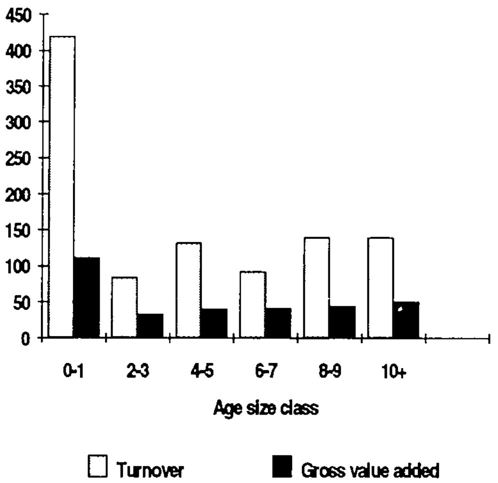
Regarding turnover and gross value added, the two oldest age classes accounted for about 82% of the total.

3.2.3.1 Turnover and gross value added per employee

The average turnover and the gross value added per employee amounted to ECU 135 400 and ECU 47 300. The turnover and gross value added per employee showed no particular pattern across the age classes. The highest turnover and gross value per employee was recorded by the one year-old enterprises, followed by the age classes 10+ and 8-9 year-old. The lowest values were recorded by the 2-3 year-old enterprises, cf. figure 3.4.

Figure 3.4

Turnover and gross value added per employee by age of enterprise, (ECU 1.000), 1990.



Source: ISTAT Pilot Survey Data 1990.

The turnover per employee ranged from ECU 365 300 for marketing services to ECU 40 700 for operational services. Renting and leasing services (ECU 234 600) and technical services (ECU 226 000) also showed values above the average. The highest gross value added per employee was recorded for renting and leasing services (ECU 136 700) whereas the other subsectors recorded a gross value added per employee between ECU 58 500 and ECU 32 900.

The turnover per employee varied significantly across the age classes in marketing, technical and renting and leasing services, the subsectors that showed the highest turnover per employee. Marketing services ranged from ECU 71 000 for the one-year-old to ECU 914 000 for the 4-5 year-old enterprises. Turnover per employee varied from ECU 84 100 (2-3 year-old) to ECU 528 300 (one-year-old) in technical services whereas renting and leasing services showed a range between ECU 63 100 and ECU 417 900 for the 2-3 year-old and 8-9 year-old enterprises respectively.

For gross value added per employee the variations across age classes were more moderate. Renting and leasing services showed the highest variation from ECU 34 800 for the 4-5 year-old to ECU 278 600 for the 8-9 year-old enterprises.

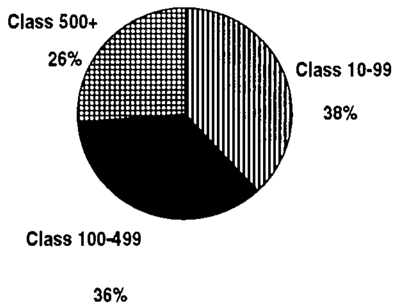
3.3 Employment

3.3.1 Employment by size-class

The total employment of the enterprises in the pilot survey amounted to nearly 114 700 employees. 38% of the employees worked in the small enterprises (10-99 employees) and about 36% in the medium-sized (100-499 employees) enterprises, cf. figure 3.5.

Figure 3.5

Breakdown of employees by employment size-class, %-share, 1990



Source: ISTAT. Pilot Survey Data 1990.

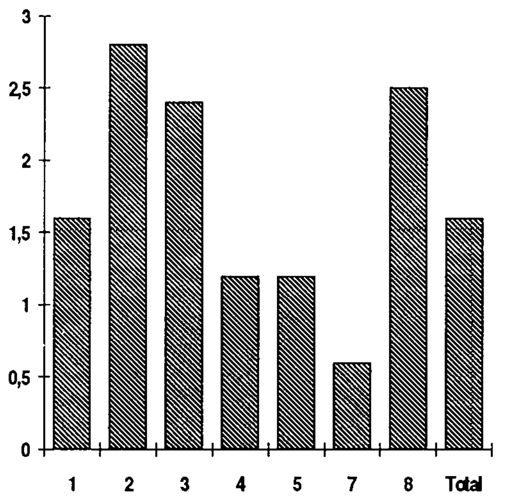
The small enterprises were especially important in professional services, where they employed more than half of the employees. The large enterprises (500+ employees) were relatively important employers in renting and leasing services (42%) and technical services (38%) whereas the medium-sized enterprises were of greatest importance in operational services (48%).

There were four subsectors which dominated the number of employees. The subsectors of computer, operational, technical and professional services had almost 94 000 employees out of the 114 700 employees.

The number of part-time employees in the surveyed enterprises was very low, less than two thousand employees or 1.6% of the total number. The general pattern of a very high number of part-time employees in operational services was not found in the Italian data. On the contrary, the share of part-time employees in operational services was the lowest, i.e. 0.6 of the total number of employees, cf. figure 3.6. It is difficult to evaluate whether this indicates a structural difference of operational services in Italy compared to the EUR(12) structure, or it is due to the sample universe.

Figure 3.6

Part-time employees as a share of total number of employees, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: ISTAT. Pilot Survey Data 1990.

3.3.2 Employment per enterprise

The average employment per enterprise was relatively high in the Italian survey data, i.e 64 employees per enterprise. It ranged from 98 employees for operational services to 41 employees for professional services. This relatively high average employment per enterprise is not surprising bearing in mind that the survey included very few enterprises with less than 10 employees.

The average employment per enterprise of the small enterprises amounted to 28 employees. For the medium-sized enterprises the figure was 209 employees and the large ones employed 934 employees per enterprise.

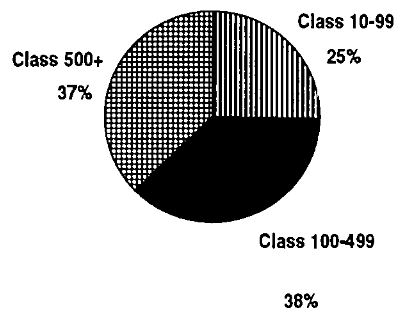
3.4 Turnover

3.4.1 Turnover by size-class

The surveyed enterprises recorded a total turnover of ECU 15.5 billion. The large enterprises with at least 500 employees and the medium-sized enterprises covered 37% and 38% of the total turnover. The remaining 25% of the turnover were generated in small enterprises, cf. figure 3.7.

Figure 3.7

Breakdown of turnover by employment size-class, %-share, 1990



Source: ISTAT. Pilot Survey Data 1990.

The distribution of the different subsectors' turnover by size-classes was, except for some deviations, close to that of employment. Technical and renting and leasing services generated a relatively high share of their turnover in the large enterprises, i.e. 49% each. Operational services' share of turnover amounted to 50% in the medium-sized enterprises whereas professional services generated 54% of their turnover in the small enterprises.

Comparing the different subsectors' percentage shares of employment and turnover across size-classes, the small enterprises in marketing services and technical services accounted for 35% and 31% of the subsectors' employment but only 18% and 15% of the turnover. On the other hand, the large enterprises accounted for 38% and 49% of the turnover in these subsectors and only 20% and 38% of the employment.

3.4.2 Turnover by subsector

Technical services was the largest subsector in terms of turnover, generating 31% of the total turnover. Marketing services accounted for the second largest share of the turnover, i.e. 26%, followed by computer services (19%). The remaining subsectors generated shares below 9%.

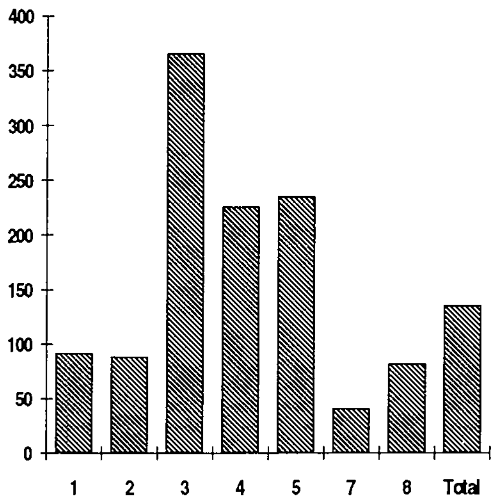
Marketing services and technical services generated relatively high shares of turnover (26% and 31%) compared to the subsectors' share of the total number of enterprises (10% and 19%) as well as to the employment (9% and 16%). This is especially the case in the large and medium-sized enterprises. Operational services was, on the other hand, of less importance in terms of turnover (6%) than in terms of number of enterprises (14%) and especially number of employees (21%).

3.4.3 Turnover per employee

The turnover per employee of the surveyed enterprises varied significantly by subsectors, cf. figure 3.8, and also by employment size-classes. The average turnover per employee was ECU 135 100, varying from ECU 40 400 for operational services to ECU 365 600 for marketing services. Technical services (ECU 225 800) and renting and leasing services (ECU 234 800) also showed a turnover per employee considerably above the average. The average turnover per employee was for the small enterprises (10-99 employees) ECU 90 100, increasing to ECU 192 700 for the large ones. This was due to an exceptionally high turnover of large marketing enterprises.

Figure 3.8

Turnover per employee by subsector (1.000 ECU), 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: ISTAT. Pilot Survey Data 1990.

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In the Italian data, the turnover and gross value added per employee figures were not strongly affected by the part-time employees, as they were only of minor importance for the surveyed enterprises.

3.4.4 Turnover per enterprise

The average turnover per surveyed enterprise was ECU 8.6 million. The gap between the average and the median turnover was great as the median was ECU 1.5 million. The highest turnover per enterprise was generated by the large enterprises (ECU 180 million), decreasing to ECU 2.5 million for the enterprises with 10-99 employees.

The highest average turnover per enterprise was recorded by marketing services (ECU 25.8 million), technical services (ECU 17.1 million) and renting and leasing services (ECU 13.6 million). There was a large gap between these and the rest of the subsectors which generated a turnover per enterprise between ECU 3.6 million and 5.5 million.

3.4.5 Turnover divided into domestic/export markets

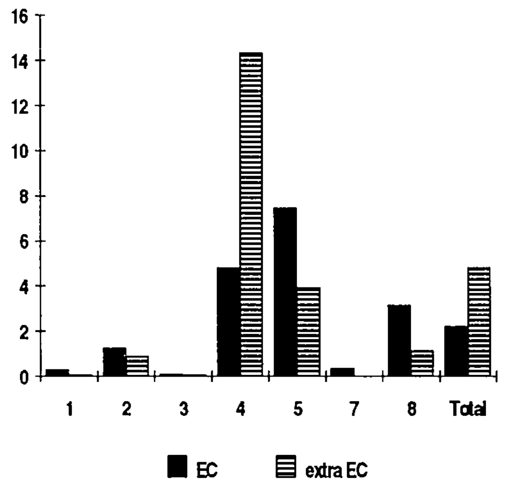
On average 93% of the turnover generated by the enterprises participating in the survey was received from the national market. The exports to countries outside the EC were larger than the exports to other EC countries as 5% of the turnover was received from extra EC countries and 2% from other EC countries, cf. figure 3.9.

The share of exports was largest in the medium-sized and large enterprises generating 9% and 7% of the turnover from export markets. The enterprises with 10-99 employees received on the other hand more than 96% of the turnover from the national market. The exports to extra EC countries were in general greater than export to other EC countries except for the large enterprises where the export to EC countries exceeded the export to extra EC countries by 0.16 percentage point.

On average the national market played an important part in all subsectors. All subsectors received more than 95% of their turnover from the national market except for technical services and renting and leasing services that generated 81% and 89% from the national market. The highest shares from the national market were received by marketing services (99.8%), computer services (99.7%) and operational services (99.7%). In some size-classes in some subsectors, enterprises were totally dependent on the national market. This is especially the case in the large enterprises where all subsectors except for technical services received 100% of their turnover from the national market.

Figure 3.9

EC and extra EC demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: ISTAT. Pilot Survey Data 1990.

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As all subsectors received a large share of their turnover from the national market, exports were on average of limited importance in the subsectors. Technical services (19%) and renting and leasing services (11%) received the largest share of their turnover from exports. For technical services extra EC export was of the greatest importance whereas renting and leasing services did most of their business with other EC countries. The largest share of export was recorded in renting and leasing services in the enterprises with 100-499 employees, i.e. 49%. Technical services also showed large shares of export in this size-class (24%) and in the enterprises with more than 500 employees (18%).

3.4.6 Turnover broken down by type of client

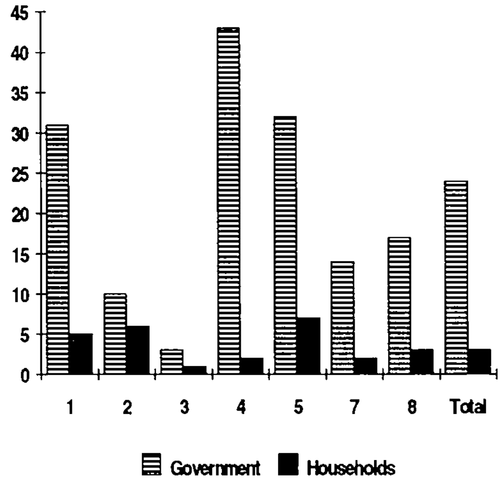
In the Italian data the total turnover is broken down by type of clients whereas for the other countries only the national turnover is broken down by type of clients. In Italy the national turnover constitutes 93% of the total turnover.

The business services enterprises participating in the Italian survey received on average 73% of their total turnover from other enterprises. Other enterprises were in first place as clients for the small enterprises (87%),this figure is decreasing the larger the enterprises, i.e 63% for enterprises with more than 500 employees.

The average share of the total turnover from government amounted to 24%, increasing from 7% for the small enterprises to 37% for the large enterprises. The remaining 3% of the total turnover was received from households. The small and medium-sized enterprises received 6% and 4% each from this type of client where as households were of no importance for the large enterprises.

Figure 3.10

Government and household demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: ISTAT. Pilot Survey Data 1990.

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The importance of the different types of clients differed substantially across subsectors, cf. figure 3.10.

Marketing services was the subsector that received the largest share of its turnover from enterprises, i.e. 96%, and in the large enterprises the share was even 100%. Professional services (84%) and operational services (84%) were also relatively dependent on enterprises as clients. Other business services received 80% of their turnover from enterprises and in the large enterprises the percentage share was 100%.

Technical services (43%), renting and leasing services (32%) and computer services (31%) were the three subsectors that were most dependent on government as clients. In the large enterprises government was an important client in all subsectors except for marketing services and other business services. The rest of the subsectors received from 28% to 70% of their turnover from this type of client in this size-class. In technical services (53%) and other business services (31%) government was also an important client in the medium-sized enterprises.

On average the business services enterprises received less than 6% of their turnover from households. Across size-classes the situation was not very different except for the medium-sized enterprises where renting and leasing services received 49% of its turnover from households caused by the presence of a number of enterprises within renting of automobiles. The share of turnover of the small enterprises engaged in professional services amounted furthermore to 11%.

3.5 Accounts data

3.5.1 Gross value added

3.5.1.1 Gross value added by employment size-class

The gross value added of the surveyed enterprises represented ECU 5.4 billion or 35% of the total turnover, cf. figure 3.11. Each of the three largest employment size-classes represented roughly one third of the total gross value added.

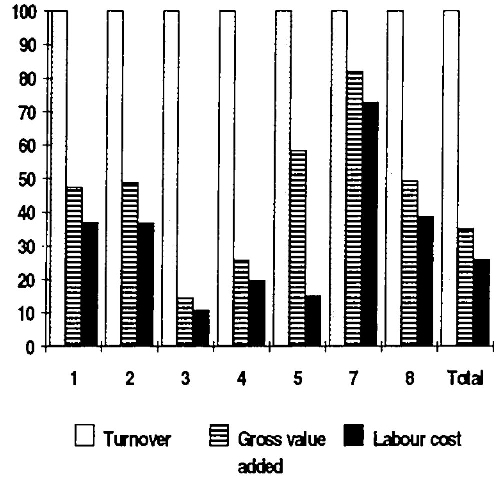
Compared to the turnover a larger share of the gross value added was recorded in the small enterprises, where the generation of gross value added was 6 percentage points above that of turnover. The large enterprises accounted, on the other hand, for a gross value added share that was 6 percentage points below the share of turnover. These differences were caused by marketing services, technical services and renting and leasing services which generated relatively high shares of gross value added in the small enterprises and relatively low shares in the large.

3.5.1.2 Gross value added by subsector

The greatest amount of gross value added was generated in computer services (ECU 1.4 billion) and technical services (ECU 1.2 billion).

Figure 3.11

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: ISTAT. Pilot Survey Data 1990.

The different subsectors' share of the gross value added recorded in the size-classes varied relatively closely around the averages of the subsectors leaving the micro enterprises out of account. Technical services were of relatively high importance in the large enterprises, however, as the subsector generated 32% of the gross value added in this size-class compared to the average of 23%.

3.5.1.3 Gross value added per employee

Compared with the turnover, the breakdown of gross value added per employee showed quite even values across the subsectors and size-classes.

The gross value added per employee averaged ECU 47 500 and increased with the size of the enterprise. The gross value added ranged from ECU 39 100 for the small enterprises to ECU 57 100 for the large enterprises.

The subsector recording the highest gross value added per employee was renting and leasing services with an average gross value added per employee of ECU 136 600, considerably above the rest of the subsectors. The other subsectors ranged from ECU 58 200 for technical services to ECU 33 100 for operational services.

3.5.1.4 Gross value added related to turnover

The gross value added as percentage share of turnover was highest in operational services, i.e. 82%. The second highest share of 58% was recorded by renting and leasing services whereas marketing services was at the bottom end with a percentage share of only 14%, cf. figure 3.11.

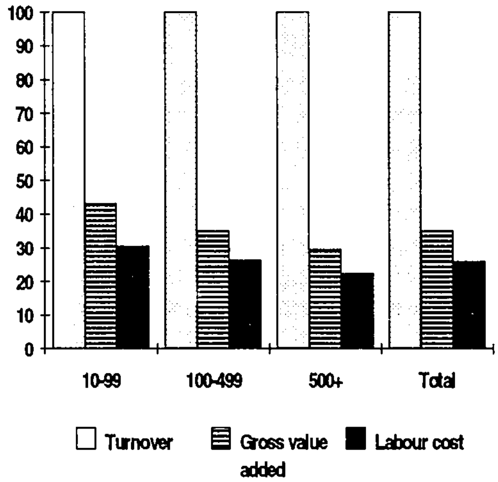
The gross value added as percentage share of turnover was larger the smaller the enterprise. The small enterprises showed a percentage share of 43%, decreasing to 30% for the large enterprises, cf. figure 3.12.

3.5.2 Labour costs

Labour costs of the surveyed enterprises amounted to ECU 4.0 billion and equalled 26% of the total turnover.

Figure 3.12

Turnover, gross value added and labour costs, by employment size class, %-share of turnover, 1990.



Source: ISTAT. Pilot Survey Data 1990.

The large enterprises share of the total labour costs (32%) was a little lower than the size class' share of the total turnover (37%). On the other hand, the picture was the reverse for the small enterprises where the share of the labour costs (30%) was five percentage points higher than the share of turnover.

The labour costs as percentage share of the turnover was, contrary to the other countries, highest for the small enterprises (31%) and decreased to 22% for the large ones, cf. figure 3.12. The highest share of labour costs in terms of turnover was recorded by operational services (72%). Other business services (39%), computer (37%) and professional services (37%) also showed shares above the average, cf. figure 3.11.

3.5.2.1 Labour costs per employee

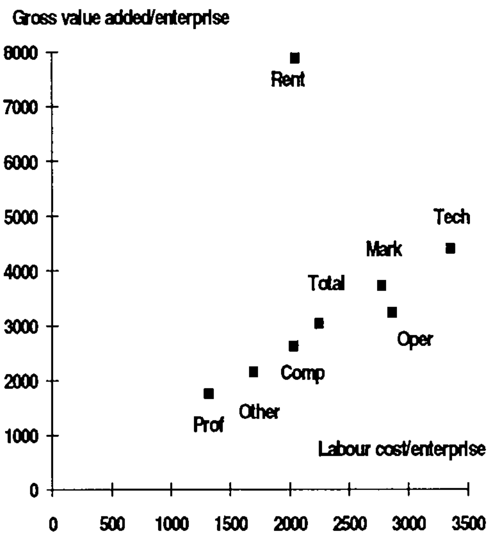
Labour costs per employee amounted to ECU 35 100 and showed a relatively even breakdown by subsectors. Technical services recorded the highest labour costs of ECU 44 300 per employee, followed by marketing services (ECU 39 300). At the other end of the scale, operational services enterprises spent an average of ECU 29 400 per employee.

3.5.2.2 Labour costs and gross value added per enterprise

Labour costs and gross value added per enterprise are presented in figure 3.13 below. As for many other countries, the survey showed a high correlation between gross value added and labour costs per enterprise for all subsectors. As in France, especially renting and leasing services generated a relatively high gross value added compared to the labour costs per enterprise, cf. figure 3.13.

Figure 3.13

Gross value added and labour costs per enterprise by subsector (ECU 1.000), 1990.



Computer and related services
Professional services
Marketing services
Technical services
Renting and leasing services
Operational services
Other business services

Source: ISTAT. Pilot Survey Data 1990.

3.5.3 Investments

The Italian business services enterprises invested ECU 805.5 million or 5% of their turnover. As in most of the other countries the capital intensive renting and leasing services accounted for the biggest share of the total investments, i.e. one third.

This subsector was the only one to invest a remarkable share of its turnover, more than 30%. In absolute terms, the investments in this subsector equalled ECU 272 million. Professional services invested 12% of their turnover whereas the share of the other subsectors ranged from 7% for other business services to 2% for technical services.

Investments per surveyed enterprise were ECU 449 500 in 1990. The smallest investments per enterprise was made by operational (ECU 117 200) and computer services (ECU 252 600), while the corresponding average for renting and leasing enterprises was ECU 4.5 million.

3.6 Summary and conclusion

The number of Italian business services enterprises with more than 10 employees (NACE 83/84) was 10 300 in 1990. These enterprises employed 392 200 persons and generated a turnover of ECU 54 billion.

The business services in Italy as percentage share of business services in the EUR(12) was lower than the total industry in Italy as percentage share of the total industry in the EUR(12) as regard both number of enterprises, persons employed and turnover.

The Italian pilot survey included 1 792 enterprises. The enterprises in professional, computer, operational and technical services covered more than 81% of the responses.

The number of local units per enterprise was as high as 2.3 units. Still, two thirds of the enterprises were single-enterprises.

The surveyed enterprises were mainly companies (67%) covering 89% of the employment, 90% of the turnover and 85% of the gross value added.

68% of the surveyed enterprises was 8 years old or older and these enterprises accounted for 82% of the total turnover and gross value added. The age structure of the sample enterprises was influenced by the small number of micro enterprises in the pilot data, as the micro enterprises in general have a younger structure than the large ones.

Labour costs of the surveyed enterprises amounted to ECU 4.0 billion equalling 26% of the total turnover. Labour costs per employee amounted to ECU 35 100.

The enterprises in the pilot survey created a turnover of ECU 15.5 billion, 37% of which was covered by large enterprises (500+ employees). Technical services accounted for about one third of the turnover. The average turnover per employee was 135 100.

Gross value added equalled ECU 5.4 billion or 35% of the total turnover of the enterprises in the pilot survey. Gross value added per employee averaged ECU 47 500 and by subsectors it was relatively evenly distributed.

The largest part of the turnover generated by the survey enterprises was received from the national market, i.e. 93%. Exports to extra EC countries were in general of greater importance than exports to other EC countries.

Other enterprises were the most important type of client for the enterprises participating in the survey, accounting for 73% of the turnover. 24% of the total turnover was received from government and only 3% from households.

Labour costs of the surveyed enterprises amounted to ECU 4.0 billion equalling 26% of the total turnover. Labour costs per employee amounted to ECU 35 100.

Investments in the accounting year 1990 amounted to ECU 805.5 million or 5% of the surveyed enterprises' turnover. Average investments per enterprise in the Italian survey data were ECU 449 500.

Luxembourg

1. General business structure in Luxembourg

Since the early 1970s, Luxembourg has undergone a period of rapid change from a highly industrialized economy to an economy predominated by the services sector. The share of industry (including energy, water and mining) in the GDP was around 40%, and that of services (market and non-market) only slightly over 45%. Two decades later, the share of services has risen to nearly 65%, which exceeds considerably the EC average of around 50%. In the same period the share of industry fell to 25% of the GDP.

In market services the gross value added at factor cost represented more than half of the total value added created in Luxembourg in 1990, cf. table 1.1. The market services' share of gross value added has somewhat declined since 1985 reflecting the decline in gross value added of banking and insurance. Gross value added of other business services has remained fairly stable in the period 1985-1990.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	34.9	52.2	68.7	56.5
of which distributive trade	11.3	15.6	15.8	15.9
of which hotels and restaurants, transport and communication	8.3	11.3	11.6	13.2
of which banking and insurance	4.5	9.7	25.7	13.8
of which other market services[1]	10.9	15.6	15.6	13.7
Non -market services	9.3	15.2	15.1	16.3
All sectors	100.0	100.0	100.0	100.0

[1] Including business services.

Source: STATEC bulletin 8/1992

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The structure of employment shows a pattern of development similar to that of gross value added, cf. table 1.2. In 1970 the industry and market services accounted for the same share of total employment, 35% each. By 1990 the share of services had increased to over 50%, while the industry had decreased to 20%. However, the banking and insurance sector absorbed only about one third of the total increase in market services employment in the period 1970-1990.

The emergence of Luxembourg as a major international financial centre in the late 1970s and early 1980s reflected primarily comparative advantages from tax and regulatory standpoints. The new period of rapid expansion in the late 1980s has been essentially linked to other factors, such as quality and diversification of services offered. About half of the growth in market services employment was due to the expansion in banking and insurance from 1985 to 1990.

In spite of the relative importance of the banking and insurance sector, the other market services sector still employed almost twice as many in 1990, i.e. nearly 30 000 persons.

Table 1.2

Breakdown of persons employed by sector in per cent of total economy 1970-1990.

	1970	1980	1985	1990
Market services	35.0	43.4	47.6	52.5
of which distributive trade	..	16.4	16.6	16.1
of which hotels and restaurants, transport and communication	..	11.7	12.0	12.0
of which banking and insurance	3.1	5.1	6.8	9.0
of which other market services [1]	..	10.2	12.4	15.4
Non-market services	11.2	13.2	14.3	13.8
All sectorsl	100.0	100.0	100.0	100.0
Number of employees (1.000)	140.2	158.2	160.9	189.1

1 Including business services.

Source: STATEC bulletin 8/1992

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2. Structure of business services in Luxembourg

This section describes the importance of the business services sector in Luxembourg compared to the EUR(12) level. The Luxembourg figures relate to 1990. In the following, the business services sector refer to NACE 70 classes 83 and 84[1], as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes.

2.1 Number of enterprises

In 1990 the total number of enterprises in Luxembourg was 15 200. The 13 300 enterprises in the NACE classes 1-8 represented about 0.1% of the EUR(12) total, and of the 13 300 enterprises about 18% were engaged in the business services sector, i.e. 2 350 enterprises. Thus the share of the business services in Luxembourg considerably exceeds the share of business services at the EUR(12) level (15%), cf. figure 2.1. The business services enterprises in Luxembourg represented about 0.1% of the business services enterprises in the EUR(12).

The micro enterprises were at 92.5% of the total number of business services enterprises, of less importance in Luxembourg than the average EUR(12) (95.2%) level, while the small and medium sized enterprises were of greater importance.

2.2 Employment

In 1990 the enterpries in NACE classes 1-8 in Luxembourg employed nearly 130 000 employees.

The 9 300 employees in the business services sector accounted for 7.1% of the total number of employees in the NACE classes 1-8 which is considerably less than the corresponding share at the EUR(12) level (9.8%). On average the business services enterprises employed 4.0 employees per enterprise which is less than the EUR(12) average of 4.4 persons per enterprise.

For reasons of confidentiality figures for number of persons employed by employment size-class are not available for all size-classes; the comparison with the EUR(12) level is consequently not possible.

Table 2.1

Number of enterprises, number of persons employed[1] and turnover in the business services sector and in total industry in Luxembourg, 1990.

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services (NACE 83,84)	2350	9276	1278
Total industry (NACE 1-8)	13300	129861	16854
Business services as %-share of total industry	17.7	7.1	7.6
Business services in Luxembourg as %-share of business services in EUR(12)	0.1	0.1	0.2
The total industry in Luxembourg as %-share of total industry in the EUR(12)	0.1	0.2	0.2

[1] The figures for Luxembourg are number of employees

Source: Eurostat Enterprises in Europe (1994), Annuaire Statistique 1992.

eurostat

[1] NACE classes 83 and 84 are used as a rough indicator of business services, although they on the one hand include activities auxiliary to banking, finance and insurance and dealers in real estate and house and estate agents. On the other hand class 923 cleaning services (operational services in the pilot survey) is not included in the used definition of business services.

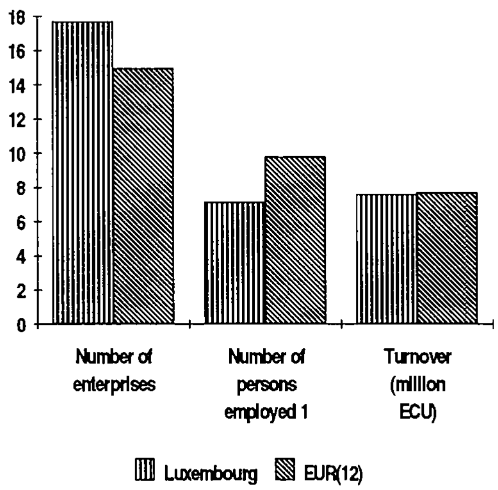
2.3 Turnover

In 1990 the total turnover of the enterprises in NACE classes 1-8 amounted to ECU 16.9 billion equalling 0.2% of the total turnover of the EUR(12). The business services enterprises in Luxembourg had a total turnover of ECU 1 278 million which also represented 0.2% of the turnover generated by the enterprises in the business service sector in EUR(12), cf. table 2.1.

For reasons of confidentiality figures for turnover by employment size-class are not available for all size-classes; consequently, comparison with EUR(12) level is not possible.

Figure 2.1

Business services as %-share of total industry, 1990.



1 The figures for Luxembourg are number of employees

Source: Annuaire Statistique 1992.

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In Luxembourg the turnover of the business services enterprises accounted for 7.6% of the total turnover generated by the enterprises in the NACE classes 1-8 whereas the percentage share at the EUR(12) level was 7.7%.

2.4 Breakdown of business services

In this section the business services in Luxembourg is broken down into 3 digit NACE 70 classes. The class of market research, computer and other business services (NACE 839) constitutes nearly 30% of all enterprises in the sector and 32% of the employment in the sector.

Other important classes are accountants (NACE 836) and technical services (NACE 837) which represent 18% and 13% respectively of the total employment in the sector.

The distribution of gross value added per employee is rather even between the NACE classes. The highest gross value added per employee (ECU 0.3 mio) is achieved in renting, leasing and hiring of bookkeeping and office machines etc. (NACE 843).

Table 2.2

Number of enterprises, number of employees, turnover and gross value added by NACE class, 1990.

Nace 70	Number of enterprises	Number of employees	Turnover million ECU	Gross value added million ECU
835 Legal services	207	530	67.9	44.3
836 Accountants, tax experts, auditors	301	1599	100.3	74.4
837 Technical services	379	1144	86.1	57.8
838 Advertising	114	366	50.6	12.0
839 Market research, computer services and business services u.e.s.	470	2830	237.6	93.8
842 Renting, leasing and hiring of construction machinery etc.	16	46	7.6	2.4
843 Renting, leasing and hiring of bookkeeping and office machines etc.	18	125	101.2	40.2
844 Car renting without driver	14	112	30.9	11.4
845 Renting, leasing and hiring of other means of transport without driver	7	3	2.5	0.5
847 Renting, leasing and hiring of other movables without permanent staff	12	17	2.5	1.2
923 Cleaning services	57	2033	na	na
Total	1595	8805	na	na

Source: Annuaire Statistique 1992.

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3. Pilot survey: Business services by subsector in Luxembourg.

3.1 The pilot survey, brief description

The pilot survey was carried out in 1991 by the National Statistical Institute STATEC and covered the year 1990. The pilot survey questionnaire was sent to 1 097 enterprises of which 470 acceptable responses were received giving the response rate of 43%. Three quarters of the responding enterprises had less than 10 employees. One third of the respondent enterprises produced professional services and almost a quarter technical services, cf.table 3.1. The best response rates were recorded for the following NACE 70 classes:

- 836: Accountants, tax experts, auditors (63.0%)
- 921: Refuse disposal, fumigation, sanitation and similar services (62.5%)
- 923: Cleaning services (57.5%)

This section is solely based on the pilot survey data, although this is not mentioned every time. Due to the size of the responding population of enterprises the results of the survey cannot be interpreted as representative for the total universe level of business services in Luxembourg.

Table 3.1

Number of enterprises, persons employed and turnover in the pilot survey 1990.

	Number of enterprises	Per cent share	Number of persons employed	Per cent share	Turnover million ECUs	Per cent share
Computer and related services	66	14	1094	17	150.6	37
Professional services	159	34	1198	19	74.8	18
Marketing services	43	9	271	4	30.8	8
Technical services	111	24	990	15	67.7	17
Renting and leasing services	22	5	106	2	19.2	5
Recruitment and provision of personnel	5	1	211	3	3.3	1
Operational services	34	7	2310	36	41.4	10
Other business services	30	6	248	4	18.4	5
All subsectors	470	100	6428	100	406.1	100

Source: STATEC. Pilot Survey Data 1991.

3.2 Demographic data

3.2.1 Legal status

Company as a legal form dominates the enterprise population of the pilot survey. A third of the enterprises were sole proprietorships and almost two thirds were companies. Only in technical services were there more sole proprietorships than companies, cf. table 3.2.

Companies employed 84% of the labour force and produced more than 88% of the turnover. Gross value added of the companies represented 85% of the total in business services. The other legal form with some coverage according to the main variables were sole proprietorships, while the remaining two classes of legal status (i.e. partnerships and other legal status) appeared to be of minor importance.

Companies accounted for all or nearly all of the employment and turnover in recruitment and provision of personnel, computer services and other business services.

Turnover and gross value added per person employed for the companies and sole proprietorships were almost equal. Partnerships showed on average the lowest values of turnover and gross value added per person employed.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	91	99	0	na	9	na	0	na	100	na
Professional services	58	77	2	na	39	na	1	na	100	na
Marketing services	65	84	5	na	30	na	0	na	100	na
Technical services	40	75	9	na	50	19	1	na	100	na
Renting and leasing services	82	89	9	na	9	na	0	na	100	na
Recruitment and provison of personnel	100	100	0	na	0	na	0	na	100	na
Operational services	59	89	3	na	35	na	3	na	100	na
Other business services	77	92	3	na	17	na	3	na	100	na
All subsectors	62	88	4	3	33	8	1	1	100	100

Source: STATEC. Pilot Survey Data 1991.

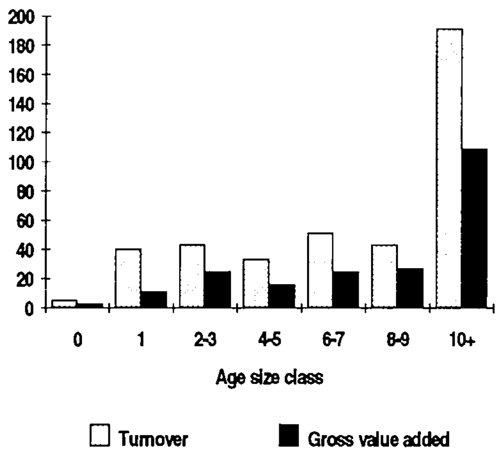
3.2.2 Age of enterprise

3.2.2.1 Turnover and gross value added

The importance of the ten-year-old or older companies was great among the respondents, since they represented about half of the turnover and gross value added, cf. figure 3.1. The other age size-classes were quite evenly distributed (excluding the enterprises started in 1990), each matching roughly one tenth of the turnover.

Figure 3.1

Turnover and gross value added by age of enterprise, (million ECU) 1990.

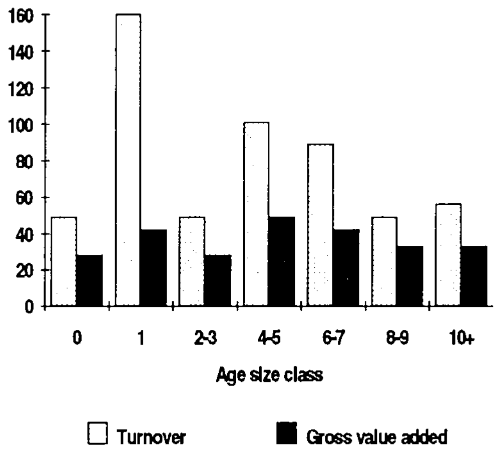


Source: STATEC. Pilot Survey Data 1991.

The relative turnover share of old enterprises was highest in professional and technical services. On the contrary, the rapidly developing subsector of computer and related services recorded the lowest share of old enterprises (i.e. 10 years or more). The enterprises of 4-5 years appeared to have the highest gross value added (ECU 49 500) per person employed, cf. figure 3.2. The average gross value added decreased to ECU 33 000 for enterprises more than seven-years old.

Figure 3.2

Turnover and gross value added per person employed by age of enterprise, (1.000 ECU), 1990.



Source: STATEC. Pilot Survey Data 1991.

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3.3 Employment

3.3.1 Employment by size-class

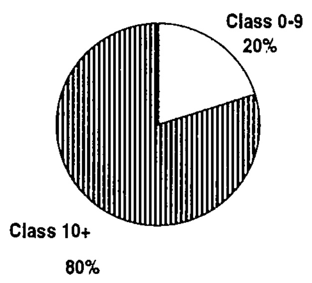
The total employment of the business services sector in Luxembourg (NACE 83 and 84) was 9 300 in 1990. The pilot survey responses covered more than 6 400 persons employed. The number of persons working part-time amounted to nearly 30% of the labour force. This was mainly due to a very large share (60% or 1 400 persons) of persons working part-time in operational services i.e. building cleaning and security services, cf. figure 3.4.

Among the respondents the employment class '0' (self-employed) is of minor importance for the survey. The enterprises in size-class '1-9' represented about 20% of the employment, while the enterprises with more than ten employees accounted for the remaining 80%, cf. figure 3.3. Due to the small number of enterprises, the pilot survey can only be divided into these two major size classes: 0-9 and 10+ employees.

The enterprises in professional, marketing, technical and other business services were on average small: about 80% of the enterprises employed less than 10 persons. This emphasizes the relative importance of small services enterprises in respect of employment in these subsectors.

Figure 3.3

Breakdown of persons employed by employment size-class, %-share, 1990.



Source: STATEC Pilot Survey Data 1991.

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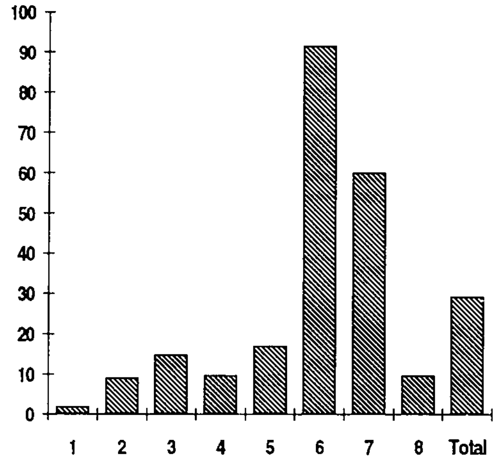
Business services enterprises employed on average 14 persons. Three quarters or 353 businesses employed less than the average personnel. The median recorded was as low as 4 persons employed. In fact, all the services subsectors excluding operational services had almost equal median employment fluctuating between 3-5 persons.

The part-time employees constituted about 30%, i.e. nearly 1 900 persons, of the total employment in the surveyed enterprises. Nearly 75% of all part-time employees were employed in operational services. On the other hand part-time employees were of no importance in computer services where they constituted only 2% of the employment in this subsector.

Figure 3.4

Persons working part-time as a share of total number of persons employed, %-share, 1990.



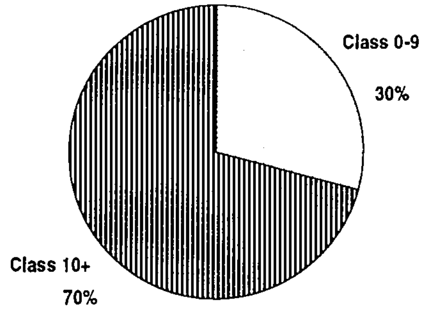
1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Rec. and prov. of personnel
7. Operational services
8. Other business services

Source: STATEC. Pilot Survey Data 1991.

eurostat

Figure 3.5

Breakdown of turnover by employment size-class, %-share, 1990.



Source: STATEC. Pilot Survey Data 1991.

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3.4 Turnover

3.4.1 Turnover by size-class

The total turnover of the responding enterprises exceeded ECU 400 million. More than two thirds of the turnover was generated by enterprises with ten or more employees, cf. figure 3.5. In marketing, professional and technical services the small enterprises accounted for about half of the total turnover.

In terms of turnover, the three largest subsectors are computer services, professional services and technical services. Together these branches covered more than 70% of the total turnover. The strikingly high turnover for computer services can be partly explained by the fact that these enterprises often sell both computer hardware and software, which considerably increases their turnover. In addition, the universe of computer services enterprises for sampling in Luxembourg was created from two NACE classes: computer and related services (8392) and wholesale dealing in office Machinery and equipment (6144). Enterprises from the latter class receiving more than 10% of their sales from services were included. These two classes were considered to be closely connected as many enterprises are engaged in both service and sales activities.

The turnover of an average enterprise was ECU 864 000 and the median about a quarter, ECU 225 000. The employment pattern is very similar. Computer services enterprises exceeded the average turnover almost three times. Also operational services scored clearly a higher average as well as median values for turnover.

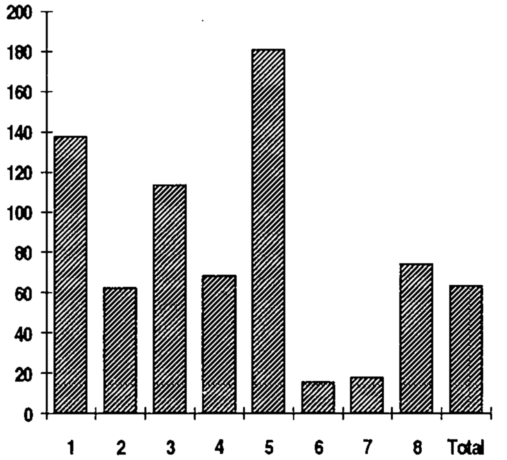
3.4.2 Turnover per person employed

On average, business service enterprises' turnover per person employed exceeded ECU 63 000 in 1990. However, the values by employment size-classes varied from ECU 55 000 for the large enterprises (ten or more employees) to ECU 93 000 for the smaller companies ('1-9' employees). This is mainly due to the high number of persons working part-time in the large enterprises.

Turnover per persons employed ranged widely also by subsectors: from ECU 16 000 for recruitment and provision of personnel and ECU 18 000 for operational services up to ECU 180 000 for renting and leasing services.

Figure 3.6

Turnover per person employed by subsector. (ECU 1.000), 1990.

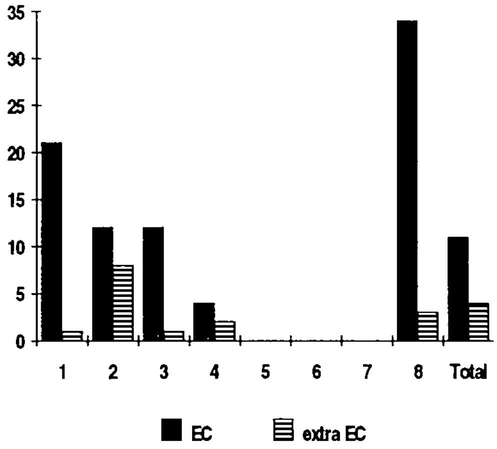


1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: STATEC. Pilot Survey Data 1991.

Figure 3.7

EC and extra EC demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: STATEC. Pilot Survey Data 1991.

When analysing the subsectors by employment size-classes it should be stressed that they are not strictly comparable, since the proportion of part-time workers is far from constant between the branches. Taking into account the part-time workers, the figures in certain subsectors and size-classes would change considerably, especially for the operational services.

3.4.3 Turnover divided into domestic/export markets

Renting and leasing, operational services and recruitment and provision of personnel were solely produced for domestic markets in Luxembourg, cf. figure 3.7. The most international subsectors were other business services followed by computer services and professional services. The last two subsectors exported about one fifth of their turnover, while in other business services 37% of the turnover was exported. Professional services showed the highest extra EC export share of 8% of the turnover. This probably reflects the central location of Luxembourg with its many financial and international institutions.

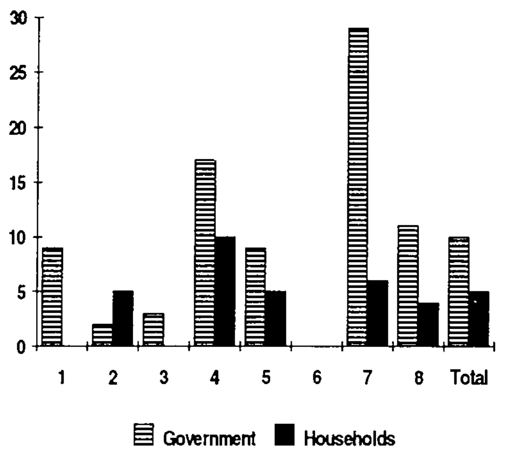
Computer and professional services are the only subsectors where enterprises with '1-9' employees had a clearly higher proportion of exports compared to the large ones.

3.4.4 Turnover broken down by type of client

The clients of the surveyed enterprises are broken down into three different groups: enterprises, households and government. The most 'business-orientated' subsectors are recruitment and provision of personnel, marketing, professional and computer services. Governmental institutes were a remarkable consumer of operational services (29%) and technical services (17%), cf. figure 3.8. As a whole, the households were of only minor importance as clients. However, 10% of the technical services were sold to households.

Figure 3.8

Government and household demand for business services, %-share of turnover, 1990.

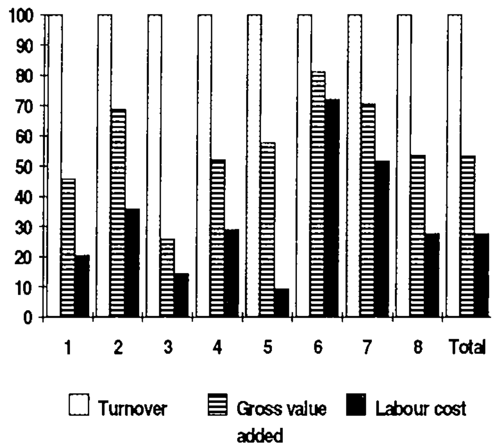


1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: STATEC. Pilot Survey Data 1991.

Figure 3.9

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: STATEC. Pilot Survey Data 1991.

3.5 Accounts data

3.5.1 Gross value added

Gross value added at market prices exceeded ECU 216 million for the respondent enterprises. This equals about one fifth of the total in the STATEC class 'other market services'. Gross value added constitutes on average slightly more than half of the turnover in business services, cf. figure 3.9. However, there are considerable differences between activities. The range is from 81% for recruitment and provision of personnel to 26% for marketing services. The low gross value added share of marketing services reflects the nature of this branch i.e. a large share of purchases for resale going through the marketing enterprises' accounts.

3.5.2 Labour costs

The labour costs were high in recruitment and provision of personnel as well as in operational services compared to gross value added. In general, the labour costs fluctuated around 50% of gross value added. The lowest value (16%) was recorded for renting and leasing services, which is evidently due to extraordinary high capital intensiveness compared with the other subsectors.

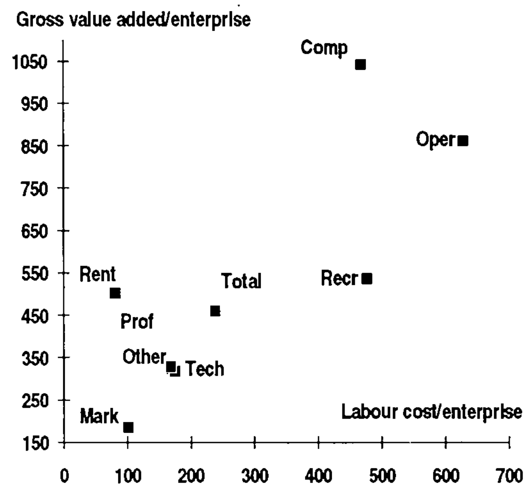
On average, the computer services had the highest gross value added per enterprise, although the number of persons employed remained far behind compared to operational or recruitment and provision of personnel.

3.5.2.1 Labour costs and gross value added per enterprise

Figure 3.10 shows the average labour costs and average gross value added per enterprise by subsectors. Labour costs and gross value added per *enterprise* was used instead of *employees* in order to eliminate the biais caused by the great number of part time-employees in certain subsectors.

Figure 3.10

Gross value added and labour costs per enterprise by subsector (ECU 1.000), 1990.



Computer and related services	**Rent**ing and leasing services
Professional services	**Recr**. and prov. of personnel
Marketing services	**Oper**ational services
Technical services	**Other** business services

Source: STATEC. Pilot Survey Data 1991.

The enterprises in professional services, technical services and other business services were strikingly similar in their average gross value added and labour costs values. These subsectors together with marketing enterprises scored the lowest gross value added and labour costs per enterprise. Labour intensive operational services and recruitment and provision of personnel services recorded the highest labour costs per enterprise.

3.5.3 Investments

Business services enterprises invested in 1990 less than 7% of their turnover. Two thirds of the investments were made by enterprises with at least 10 employees.

In absolute terms, computer service enterprises were the most active subsector in investments, absorbing one third of the total, followed by renting and leasing services and professional services.

Investments as a share of turnover ranged from 30% for capital intensive renting and leasing services to 2% for marketing services.

3.6 Summary and conclusion

The business services enterprises in Luxembourg amounted to almost 2 350 enterprises in 1990 employing a little less than 9 300 persons and generating a total turnover of ECU 1 278 million. Compared to the rest of the EC the business services sector in Luxembourg represented about 0.1% of the total number of enterprises within the sector at EUR(12) level.

The overall business structure of Luxembourg was similiar to that at the EUR(12) level although the micro- and large enterprises were of less significance in the business services enterprises in Luxembourg than the EC average.

The pilot survey data included 470 enterprises. The largest subsectors in terms of enterprises were professional services enterprises which covered a third of all enterprises. Almost a quarter of the respondent enterprises were in technical services.

The surveyed enterprises had a total employment of 6 400 persons employed, of which 2 300 persons were employed in operational services. Total turnover for the surveyed enterprises exceeded ECU 400 million.

A third of the enterprises were sole proprietorships and almost two thirds companies. However, companies employed more than 83% of the persons employed and generated 88% of turnover.

Concerning the age of the enterprises, the turnover share of old enterprises was greatest in professional and technical services. On the other hand, the rapidly developing subsector of computer and related services recorded the lowest share of old enterprises.

Average turnover per person employed in the surveyed enterprises exceeded ECU 63 000 in 1990. Lowest values of ECU 16 000 were recorded for recruitment and provision of personnel and highest ECU 180 000 for renting and leasing services.

The most international subsectors were other business services followed by computer and professional services, where the exports amounted to one fifth of the total turnover.

Gross value added at market prices exceeded ECU 216 million. The share of gross value added of turnover ranged from 81% for recruitment and provision of personnel to 26% for marketing services. The investments of the surveyed enterprises equalled less than 7% of the total turnover.

The Netherlands

1. General business structure in the Netherlands

Like many other Western European countries, the Netherlands have undergone in the period 1970-1990 a change from an industrialized economy to a more service sector dominated economy. The share of industry decreased to 31% of the GDP in 1990 from around 40% in 1970. On the other hand the share of market and non-market services rose to more than 59% of GDP in 1990 from 50% in 1970. This considerable growth is mainly caused by the growth of the sector other market services which includes business services, cf. table 1.1.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	36.5	42.6	42.6	47.6
of which distributive trade	13.7	12.3	11.7	13.1
of which hotels and restaurants, transport and communication	11.0	10.6	10.2	10.8
of which banking and insurance	3.2	5.0	5.2	4.9
of which other market services	8.6	14.7	15.5	18.8
Non- market services	13.1	15.3	13.1	11.6
All sectors	100.0	100.0	100.0	100.0

Source: CBS. National Accounts Statistics.

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The employment structure in table 1.2 shows a similar pattern of development to that of the gross value added figures. Again the growing share of the market services of the total employment is mainly caused by the growing importance of the other market services.

Table 1.2

Breakdown of persons employed by sector in per cent of total economy 1970-1990.

	1970	1980	1985	1990
Market services	34.9	36.7	39.4	42.2
of which distibutive trade	16.0	16.0	15.0	15.9
of which hotels and restaurants, transport and communication	10.1	10.2	10.6	10.7
of which banking and insurance	2.8	3.6	3.6	3.5
of which other market services	6.0	6.9	10.2	12.1
Non- market services	12.1	14.9	15.8	14.3
All sectors	100.0	100.0	100.0	100.0

Source: CBS. National Accounts Statistics.

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2. Structure of business services in the Netherlands

In this section the business services sector in the Netherlands is analysed and compared to the EUR(12) level. In the following, NACE 70 classes 83 and 84[1] will be used as a rough indicator of the business services sector as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes. The data refer to the year of 1990.

2.1 Number of enterprises

In 1990 the Netherlands had 298 300 enterprises of which 270 800 were active in NACE divisions 1 to 8. The latter represented 2.1% of the EUR(12) total. The business services sector in the Netherlands (43 000 enterprises) represented nearly the same percentage share of the EUR(12) level, i.e. 2.3%, cf. table 2.1.

The business services enterprises were of almost equal importance in Dutch industry and in EUR(12) as a whole, as they accounted for 16% of the number of enterprises in total industry in the Netherlands. The business services enterprises accounted for 15% at the EUR(12) level, cf. figure 2.1.

The data for 1990 are not available for detailed employment size-classes. For 1988 the division is more detailed, though the medium-sized and large enterprises are aggregated. In 1988 the largest part, i.e. about 95% of the enterprises belonged to the micro size-class which equaled the share at the EUR(12) level. The enterprise structure of the business services sector was relatively similar to that of the EUR(12).

[1] NACE classes 83 and 84 are used as a rough indicator of business services, although they on the one hand include activities auxiliary to banking, finance and insurance and dealers in real estate and house and estate agents. On the other hand class 923 cleaning services (operational services in the pilot survey) is not included in the used definition of business services.

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in The Netherlands, 1990.

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services (NACE 83,84)	43002	218343	14214.5
Total industry (NACE 1-8)	270839	2825114	386368.2
Business services as %-share of total industry	15.9	7.7	3.7
Business services in The Netherlands as %-share of business services in EUR(12)	2.3	2.6	1.8
Total industry in The Netherlands as %-share of total industry in EUR(12)	2.1	3.3	3.8

Source: Eurostat. Enterprises in Europe (1994)

2.2 Employment

In 1990 218 300 persons were employed in the business services sector in the Netherlands. This amounted to 7.7% of the 2.8 million persons employed in total industry (NACE 1-8) which was a little lower than the corresponding share at the EUR(12) level, i.e. 9.8%, cf. figure 2.1.

The number of persons employed in the business services sector in the Netherlands represented 2.6% of the EUR(12) level. Looking at the total industry in the Netherlands as a percentage share of total industry in EUR(12) the figure was a little higher, i.e. 3.3%, cf. table 2.1.

The number of persons employed per enterprise in the business services sector was higher in the Netherlands (5.1) than at the EUR(12) level (4.4).

The Dutch distribution of the number of persons employed by employment size-classes was similiar to that of EUR(12), showing the largest share of persons employed in the micro size-class in 1988, i.e. a little more than 40%.

2.3 Turnover

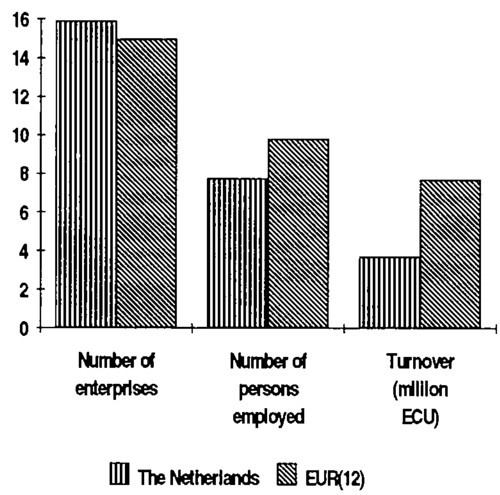
In 1990 the Dutch enterprises in the NACE divisions 1 to 8 generated a total turnover of ECU 386 billion, of which the business services sector accounted for 3.7%. At the EUR(12) level the turnover generated by the business services sector amounted to 7.7% of the total turnover, cf. figure 2.1.

1.8% of the turnover generated by the business services enterprises in EUR(12) was generated by Dutch enterprises. The Dutch business services sector seemed to be of less importance at the EUR(12) level in turnover terms than total Dutch industry as the latter generated 3.8% of the total EUR(12) turnover, cf. table 2.1.

In 1988 the distribution of turnover by size-classes in the Dutch business services sector was evenly distributed between the micro, the small and the medium and the large size-classes as they each generated around 30% of the turnover. This was in line with the distribution of turnover at the EUR(12) level.

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Eurostat. Enterprises in Europe (1994)

2.4 Breakdown of business services

In this section the business services in the Netherlands are broken down into 3 digit NACE 70 classes.

In 1990 market research, computer services and other business services (NACE 839) accounted for 42% of the enterprises, 33% of the employment, 39% of the turnover and 45% of gross value added in the business services sector.

The classes accountants, tax experts, auditors (NACE 836) and advertising (NACE 838) were also of importance as they accounted for 20% and 14% respectively of the enterprises and had relatively high shares of employment, turnover and value added as well.

Cleaning services had the highest share of employment (39%) but lower shares of the other variables.

Technical services (NACE 837) represented 10% of the enterprises but only 2% of the other variables, cf. table 2.2.

Table 2.2

Number of enterprises, number of persons employed, turnover and gross value added by NACE class, 1990.

Nace 70	Number of enterprises	Number of persons employed	Turnover million ECU	Gross value added million ECU
835 Legal services	na	na	na	na
836 Accountants, tax experts, auditors	9414	60295	2669.9	1990.0
837 Technical services	4786	7499	255.7	159.3
838 Advertising	6500	23354	3124.4	679.4
839 Market research, computer services and business services n.e.c.	20029	116516	6131.4	3389.4
842 Renting, leasing and hiring of construction machinery etc.	200	770	94.7	25.2
843 Renting, leasing and hiring of bookkeeping and office machines etc.	53	593	181.2	27.6
844 Car renting without driver	545	3442	1323.0	133.9
845 Renting, leasing and hiring of other means of transport without driver	na	na	na	na
847 Renting, leasing and hiring of other movables without permanent staff	806	4237	342.9	108.6
923 Cleaning services	4873	137632	1471.1	1081.2
Total	47206	354338	15594.3	7594.6

Source: Eurostat. Enterprises in Europe (1994)

3. Pilot survey: Business services by subsector in the Netherlands

3.1 The pilot survey, brief description

The Dutch national statistical office (CBS) publishes an annual Production Statistics which include the business services enterprises. These data cover the whole business services sector and are thus representative of the sector. However, the statistics only provide some of the data required in the pilot survey by Eurostat. Accordingly the CBS conducted a pilot survey consisting of 1 500 enterprises belonging to the business services sector.The survey provided all data required by Eurostat except for the information on age of the enterprise.

The sample of the 1 500 enterprises was selected from the population used for the annual Production Statistics. The population is taken from the general register of enterprises (ABR) and comprises all the business services subsectors defined by Eurostat.

The sample was based on the same proportions as the population of the annual Production Statistics as regards economic activity and size of enterprise. The annual Production Statistics cover all enterprises with more than 20 full-time employees. The enterprises with fewer than 20 employees are selected on a stratified sample basis. Though, the sample results can not be considered as being totaly representative of the whole business services sector.

Data on employment are supplied defining the size-classes in two different ways. One method converts the number of hours worked into the number of full-time employees. The drawback of this method is that it has a time lag of two years. The 1989 classification is based on 1987 information. The other method counts an employee fully, regardless of whether the employee works full- or part-time. This last method is used in sector three.

All data in this section relate to 1989.

3.1.1 Number of enterprises

In the pilot survey one fifth of the enterprises were engaged in professional services. Computer, technical, renting and leasing and other business services accounted for an equal share of the participating enterprises, i.e around 15%, cf. table 3.1.

Table 3.1

Number of enterprises, employees and turncver in the pilot survey, 1989.

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	205	14	4268	5	356.0	12
Professional serv ces	309	21	7911	9	388.4	13
Marketing services	86	6	1286	2	295.4	10
Technical services	253	17	12635	15	778.1	27
Renting and leasing services	213	14	887	1	204.6	7
Recruitment and provision of personnel	41	3	155	0	70.9	3
Operational services	157	11	48265	57	385.8	13
Other business services	236	16	9207	11	409.2	14
All subsectors	1500	100	84614	100	2888.5	100

Source: CBS. Pilot Survey Data 1989.

In the annual Productions Statistics professional services accounted for more than 30% of the number of enterprises while marketing, technical and other business services were represented with 13, 16 and 15% respectively.

62% of the enterprises belonged to size class 0-9 and 7% had more than 100 employees in the pilot survey. Compared to the Productions Statistics the micro enterprises were less well represented in the pilot survey as more than 90% were micro enterprises in the Productions Statistics and only 1% had more than 100 employees.

Renting and leasing services and recruitment and provision of personnel had the highest shares of micro enterprises, i.e. 90% in the pilot survey. Operational services had on the other hand the lowest share of micro enterprises (33%) but the highest share of medium and large enterprises.

3.2 Demographic data

3.2.1 Local units

The 1 500 business services enterprises participating in the survey had on average 1.5 local units per enterprise, i.e 2 268 local units. The average for the medium-sized enterprises amounted to 3.4 local units while the large enterprises on average had 11.7 local units.

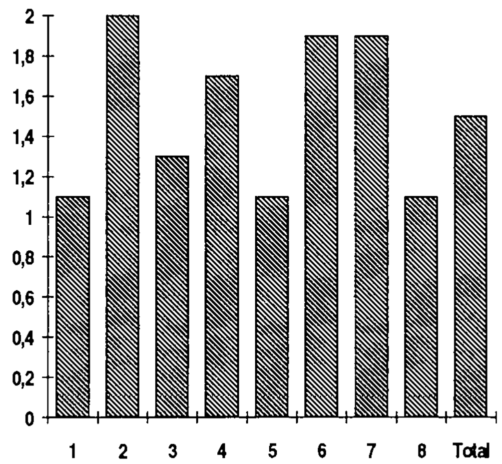
The number of local units per enterprise ranged from 1.1 for computer services, renting and leasing services and other business services to around 2 for professional services, operational services and recruitment and provision of personnel, cf. figure 3.1.

86% of the enterprises had only 1 local unit. For the subsectors the share of enterprises with one local unit only varied between 74% for technical services and 96% for other business services.

12% of the enterprises had between 2 and 5 local units and 2% had more than 6 local units. There were no enterprises with more than 100 local units. The largest share of enterprises with a high number of local units was in professional services and recruitment and provision of personnel where 6 and 7% of the enterprises had between 6 and 99 local units. Computer services enterprises on the other hand had no enterprises with more than 5 local units.

Figure 3.1

Number of local units per enterprise by subsector, 1989.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: CBS. Pilot Survey Data 1989.

3.2.1.1 Employment distribution

Whereas the share of enterprises with one local unit amounted to 86% in the pilot survey, only 29 800 employees or 35% worked in single-local-unit enterprises. The enterprises with 10-99 local units employed 36% of the employees but accounted for only 1.3% of the enterprises.

Between subsectors the figures varied significantly. In renting and leasing services (78%), marketing services (70%) and computer services (61%) the workforce was concentrated in single-local-unit enterprises. Enterprises engaged in professional services (25%), recruitment and provision of personnel (17%) and operational services (32%) on the other hand had low shares of employees in enterprises with only 1 local unit but large shares in enterprises with 10-99 local units as about 50% of the employees in these subsectors worked in multi-local-unit enterprises.

3.2.2 Legal status

3.2.2.1 Number of enterprises

690 enterprises, almost half of the enterprises (46%) in the survey, were companies followed by sole proprietorships which represented 37% of the survey population. Partnerships and non-profit organizations accounted for about 6% of the enterprises each and enterprises with other legal status for the remaining 4%, cf. figure 3.2.

The share of sole proprietorships varied between 30% and 47% for all the subsectors except for recruitment and provision of personnel where only 15% of the enterprises were sole proprietorships. This subsector, on the other hand, accounted for the highest share of companies, i.e. 71% followed by computer services (60%), technical services (59%), marketing services (55%) and operational services (51%). In the subsector other business services a relatively small share of the enterprises were companies namely 25% and a rather large share, 24%, were non-profit organizations, cf. table 3.2.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1989.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover	Enterprises	Turnover
Computer and related services	60	82	6	1	30	1	4	17	100	100
Professional services	38	47	5	1	35	3	22	49	100	100
Marketing services	55	94	7	1	37	2	1	3	100	100
Technical services	59	95	3	1	32	1	6	4	100	100
Renting and leasing services	41	92	10	4	47	3	2	0	100	100
Recruitment/provision of personnel	71	92	10	3	15	2	5	2	100	100
Operational services	51	96	8	2	41	3	0	0	100	100
Other business services	25	30	5	1	45	2	25	68	100	100
All subsectors	46	77	6	1	37	2	10	20	100	100

Source: CBS. Pilot Survey Data 1989.

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3.2.2.2 Number of employees

The business services enterprises participating in the survey employed a total of 84 600 employees of which 82% of the employees were employed by companies. 11% of the employees worked in non-profit organizations while partnerships and enterprises with other legal status employed only 1.2% and 3.6% of the total number of employees respectively. Although 37% of the enterprises were sole proprietorships these enterprises employed only 2.2% of the total number of employees cf. figure 3.2.

Companies played a dominant part as regards employment in all subsectors except for professional services and other business services where only 46% and 18% of the workforce was employed by companies. In the subsector other business services 80% of the employees, on the other hand, were working in non-profit organizations whereas 32% and 18% were employed in enterprises with other legal status and non-profit organizations respectively in the subsector professional services.

3.2.2.3 Turnover and gross value added

The enterprises participating in the survey generated a total turnover of ECU 2.9 billion and gross value added of ECU 1.7 billion. As for the employment, companies accounted for the highest share of both turnover and gross value added, i.e. 77% and 72%.

The distribution of turnover and gross value added by legal status followed that of employment closely although non-profit organizations (18%) and enterprises with other legal status (8%) generated a higher share of turnover and gross value added than of employees. Sole proprietorships and partnerships seemed to be insignificant, generating only 3% of both turnover and gross value added, cf. figure 3.2.

The breakdown of turnover and gross value added by legal status and subsectors showed a similiar pattern to that of employment. Again professional services (47%) and other business services (30%) generated low shares of turnover in companies. Other business services on the other hand accounted for 68% of the turnover in non-profit organizations while professional services had relatively high shares of turnover in enterprises with other legal status (35%) and in non-profit organizations (14%), cf. table 3.2. The figures for gross value added showed a similiar pattern.

3.2.2.4 Turnover and gross value added per employee

The average turnover per employee amounted to ECU 34 200 and varied between ECU 28 100 for sole proprietorships and ECU 54 500 for the legal form 'other'. Recruitment and provision of personnel (ECU 456 800), renting and leasing services (ECU 230 500) and marketing services (ECU 229 700) showed on average rather high turnover per employee and within most of the legal status groups. Operational services, on the other hand, had a very low average turnover per employee, i.e. ECU 7 800.

Gross value added per employee for all legal forms was ECU 20 000. The differences between subsectors are reduced considerably compared to turnover per employee as gross value added per employee in no subsector exceeded ECU 80 000.

Figure 3.2

Enterprises, employees and turnover by legal status, 1989.

Source: CBS. Pilot Survey Data 1989.

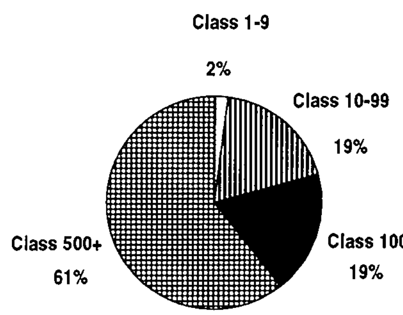
3.3 Employment

3.3.1 Employment by size-class

The surveyed enterprises had a total number of 84 600 employees of whom 61% were employed in large enterprises (500+). The small (10-99) and medium-sized (100-499) enterprises accounted for about 19% of the total number of employees each whereas the remaining size-class, the micro enterprises were insignificant with only 1 386 employees, i.e. 2%, cf. figure 3.3.

Figure 3.3

Breakdown of employees by employment size-class, %-share, 1989.



Source: CBS. Pilot Survey Data 1989.

As in most of the other countries operational services and technical services were the two most important subsectors as regards employment.

More than half of the total number of employees were employed in operational services and further more this subsector accounted for 76% of the workforce in the large enterprises. Technical services was the second most important subsector employing 15% of the employees in the survey, followed by the subsector other business services (11%) and professional services (9%). The most insignificant subsector in terms of employees was recruitment and provision of personnel with a share of only 0.2% of the total employment in the surveyed enterprises.

Significant shares of the employees were employed in medium-sized and large enterprises in operational services (94%) whereas a majority of the employees worked in micro and small enterprises in recruitment and provision of personnel (100%) (there were no enterprises with more than 100 employees in this subsector), marketing services (78%) and renting and leasing services (71%).

More than 90% of the 44 700 part-time employees were employed by enterprises engaged in operational services. This pattern with a dominant share of the part-time employment working in operational services is also found in the majority of the other Member States. Other business services recorded 2 100 part-time employees and 660 were employed in professional services. The remaining subsectors' shares of the part-time employees were below 1%.

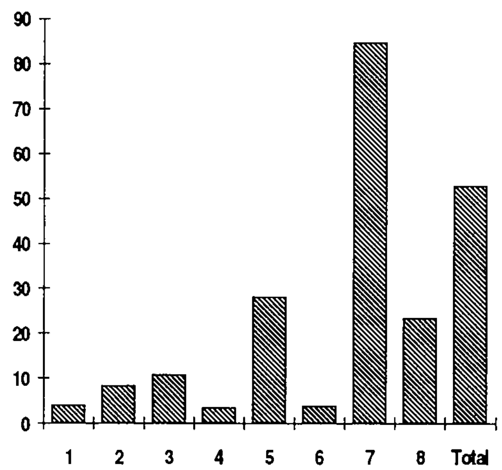
Contrary to most of the other Member States the number of part-time employees was lowest in recruitment and provision of personnel.

Part-time employees as a percentage share of the total number of employees exceeded 50% as a whole. Operational services had, not surprisingly, a very high share of part-time employees, i.e. 85%.

Renting and leasing services and other business services showed also relatively high shares of part-time employees, i.e. 28% and 23% respectively, cf. figure 3.4.

Figure 3.4

Part-time employees as a share of total number of employees, %-share, 1989.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: CBS. Pilot Survey Data 1989.

3.3.2 Employment per enterprise

According to the survey the number of employees per enterprise was on average 56 but varied between 3.8 in recruitment and provision of personnel and 307 in operational services, the latter subsector beeing characterized by a large number of part-time employees. For the rest of the subsectors the average was below 50 employees per enterprise.

The micro enterprises recorded an average of 3.6 employees per enterprise increasing to 34 for the small enterprises, 197 for the medium-sized and 2 145 for the large enterprises. Within the large enterprises technical services (814) professional services (888) and other business services (1 489) recorded employees per enterprises below the average of the size-class while operational services came close to 3 300. The remaining subsectors had no enterprises with more than 500 employees. For the other size-classes the variation between subsectors was moderate.

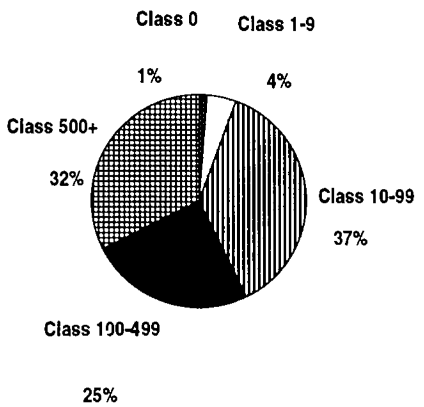
3.4 Turnover

3.4.1 Turnover by size-class

The enterprises participating in the Dutch survey generated a total turnover of ECU 2.9 billion of which the enterprises with 10-99 employees generated 37%. 32% of the total turnover was generated by the large enterprises, 25% by the medium-sized and only 5% by the enterprises with less than 10 employees,cf. figure 3.5.

Figure 3.5

Breakdown of turnover by employment size-class, %-share, 1989.



Source: CBS. Pilot Survey Data 1989.

The large enterprises also dominated the turnover generation in operational services as 77% of the subsectors turnover was generated in this size-class compared to 32% for the largest size-class as a whole. In recruitment and provision of personnel there were no enterprises with more than 100 employees. Consequently 49% of the turnover in this subsector was generated in micro enterprises followed by the subsector renting and leasing that accounted for 16% of its turnover in this size-class. The average for the micro size-class amounted to 6%.

3.4.2 Turnover by subsector

Technical services accounted for the highest share of the total turnover, i.e. 27%, followed by other business services, professional services and operational services who all generated about 14% of the total turnover. Recruitment and provision of personnel recorded the lowest share, only 3%.

Technical services (27%) and marketing services (10%) showed relatively high shares of turnover as they only generated 17% and 6% of the total number of enterprises and 15% and 2% of the number of employees. On the other hand professional services (13%) and renting and leasing services (7%) showed relatively low shares of turnover compared to the shares of the number of enterprises, 21% and 14% respectively.

3.4.3 Turnover per employee

The average turnover per employee exceeded ECU 34 000 and ranged from ECU 18 000 for the large enterprises to 90 200 for the enterprises with 1-9 employees.

Recruitment and provision of personnel showed the highest average turnover per employee, i.e. ECU 457 700 followed by marketing services and renting and leasing services with about ECU 230 000 each. Operational services generated a turnover per employee of only ECU 8 000, the lowest of all subsectors. The differences between subsectors can to a certain extent be explained by the variation in the number of part-time employees. The relatively high turnover per employee in recruitment and provision of personnel might also be explained by the fact that no enterprises in this subsector had more than 100 employees.

3.4.4 Turnover per enterprise

The average turnover per enterprise in the survey amounted to ECU 1.9 million. The large enterprises recorded the highest average (ECU 38.5 million) decreasing to ECU 69 300 for the enterprises with no employees. The turnover per enterprise ranged from ECU 960 500 in renting and leasing services to ECU 3.4 million in marketing services. Technical services (ECU 3.1 million) and operational services (ECU 2.5 million) also showed turnover per enterprise above the average for all survey enterprises.

3.4.5 Turnover divided into domestic/export markets

92% of the turnover generated by the survey enterprises was received from the national market. The business services enterprises received 8% of the turnover from exports, of which 5 per cent points was generated from other EC countries and the remaining 3 from extra-EC countries, cf. figure 3.6.

The share of exports was largest in the enterprises with more than 500 employees as the exports exceeded 10% of the total turnover. The enterprises with 10-99 employees also received a relatively large share of the turnover from exports, i.e. 9%. On the other hand, the enterprises with no employees (98%) and the medium-sized enterprises (97%) were relatively more dependent on the national market. In all size-classes other EC-countries were more important than extra-EC countries regarding exports.

Recruitment and provision of personnel (99.7%) and operational services (99.9%) were almost totally dependent on the national market. In marketing services the national market also played an important part as 98% of the turnover was generated domesticly.

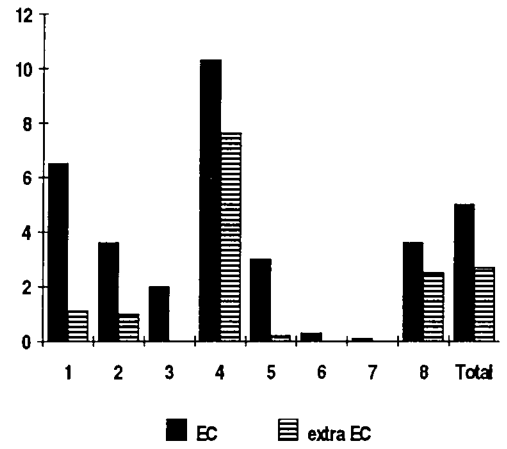
Technical services received a significant share of its turnover from export, i.e. 18%. Especially the large enterprises (26%) and the small enterprises with 10-99 enterprises (17%) were dependent on export. Furthermore this subsector distinguished itself by receiving the largest share of exports from extra-EC countries in the small (12%) and medium-sized (3%) size-classes.

Computer services were also rather dependent on exports as 8% of the turnover was generated in this way. For the enterprises with 1-9 employees (14%) and the small enterprises (11%) in particular, exports were of great importance.

In professional services 15% of the turnover was attained through exports in the enterprises with 1-9 employees although the average for the whole subsector was only 5%. On the other hand the large enterprises in this subsector were totally dependent on the national market.

Figure 3.6

EC and extra EC demand for business services, %-share of turnover, 1989.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: CBS. Pilot Survey Data 1989.

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3.4.6 Turnover broken down by type of client

The business services enterprises participating in the survey received 76% of their domestic turnover from other enterprises. Especially the enterprises with no employees (89%) and enterprises with 1-9 employees (85%) have other enterprises as clients.

The domestic share of turnover coming from government amounted on average to 19% but ranged from 3% for the self-employed to 27% for the large enterprises.

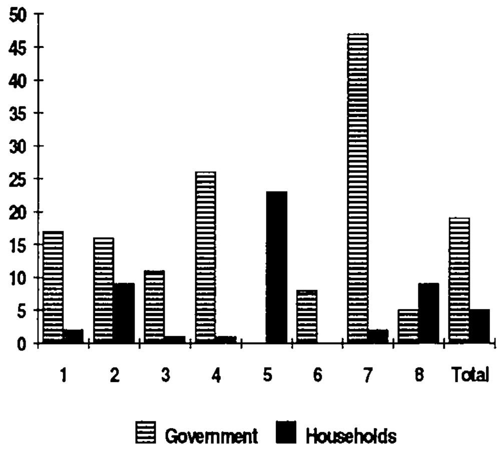
The subsectors recruitment and provision of personnel (92%), marketing services (88%) and other business services (87%) were most dependent on enterprises as clients. Operational services (47%) and technical services (26%), on the other hand, received a large part of their domestic turnover from government, cf. figure 3.7.

Households as clients equalled on average 5% of the enterprises' domestic turnover. This client group was of great importance for the subsector renting and leasing services as 23% of the domestic turnover was received from households. Especially the small enterprises (10-99 employees) in this subsector were dependent on households as clients, generating 42%

of the domestic turnover. Also in the self-employed enterprises in the subsector operational services, households were of great importance as more than half of the domestic turnover was received from these clients although the average share in the subsector was only 2%.

Figure 3.7

Government and household demand for business services, %-share of turnover, 1989.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: CBS. Pilot Survey Data 1989.

3.5 Accounts data

3.5.1 Gross value added

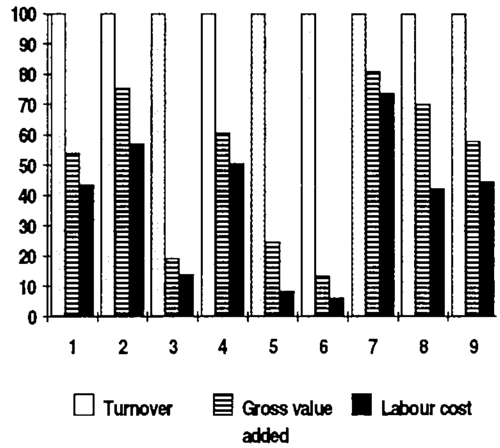
3.5.1.1 Gross value added by employment size-class

The gross value added of the surveyed enterprises equalled ECU 1 671 million or 58% of the total turnover. 40% of the gross value added was generated by the large enterprises followed by 31% by 10-99 employees and 25% by enterprises with 100-499 employees.

Compared to the share of turnover by employment size-class the gross value added generation was 8 percentage point larger in enterprises with more than 500 employees. On the other hand the employment size-class 10-99 accounted for 37% of the total turnover compared to a share of 31% for gross value added.

Figure 3.8

Gross value added and labour costs, %-share of turnover, 1989.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: CBS. Pilot Survey Data 1989.

3.5.1.2 Gross value added by subsector

28% of the total gross value added was recorded in technical services followed by operational services (19%), professional services (18%) and other business services (17%).

Operational services were of great importance in the large enterprises where 36% of the gross value added was generated in that subsector. Renting and leasing services had relatively high shares of gross value added in the self-employed enterprises (24%) and enterprises with 1-9 employees (14%) as the subsector only generated 3% of the total gross value added. Computer services were of relatively high importance in the medium-sized enterprises (21%) compared to the subsectors' share of the total gross value added (12%).

3.5.1.3 Gross value added per employee

The average gross value added per employee was ECU 19 800. The highest value was recorded in the size-class 1-9 employees (ECU 39 000), going down

to ECU 13 000 in the large enterprises. This tendency was not common within the different subsectors, however.
Operational services showed significantly low gross value added per employee, namely ECU 6 500, but this subsector was also characterized by a very large number of part-time employees. At the other end of the scale were recruitment and provision of personnel (ECU 61 400) and renting and leasing services (ECU 57 100). These subsectors had no enterprises in the larger size-classes where gross value added per employee in general is low.

3.5.1.4 Gross value added related to turnover

The highest gross value added as percentage share of turnover was recorded in operational services (81%) followed by professional services and other business services with 75% and 70% value added share of the total turnover. Recruitment and provision of personnel (13%) and marketing services (19%) showed shares below 20%, cf. figure 3.8.

The gross value added share of turnover rose from 29% for the self-employed enterprises to 72% for the large enterprises.

3.5.2 Labour costs

The labour cost of the surveyed enterprises amounted to ECU 1.3 billion which was 45% of the total turnover.

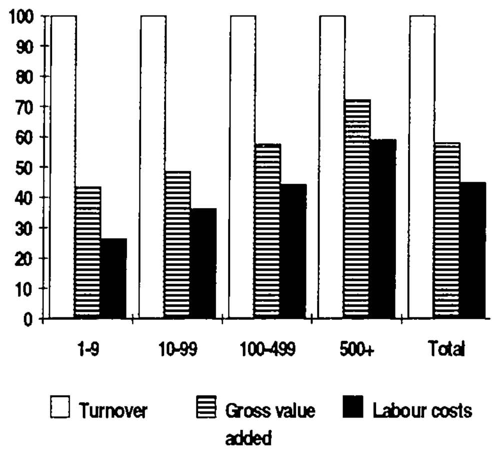
The different size-classes' share of labour cost was very close to that of gross value added. The large enterprises accounted for 42% of the total labour cost. The medium-sized enterprises generated 25% and the small ones (10-99 employees) 30% of the total amount of business labour costs. The subsectors share of labour costs in the different size-classes followed generally the same pattern as the subsectors' proportions of gross value added.

The labour costs' share of turnover increased from 26% in the micro enterprises of 1-9 employees to almost 60% in the large enterprises, cf. figure 3.9.

Operational services had the highest average share of labour costs in respect of turnover, i.e. 74%. Professional services (57%) and technical services (51%) were also above the average of all enterprises. In recruitment and provision of personnel (6%), renting and leasing services (8%) and marketing services (14%) labour costs accounted for very low shares of turnover, cf. figure 3.8. These subsectors' proportions were furthermore below the average in all size-classes which was the case for none of the other subsectors.

Figure 3.9

Turnover, gross value added and labour costs, by employment size-class, %-share of turnover, 1989.



Source: CBS. Pilot Survey Data 1989.

3.5.2.1 Labour costs per employee

Labour costs per employee amounted to ECU 15 300. The highest labour costs per employee were recorded in computer services (ECU 36 300), marketing services (ECU 32 000) and technical services (ECU 31 200) which are all characterized by a large share of highly educated personnel.

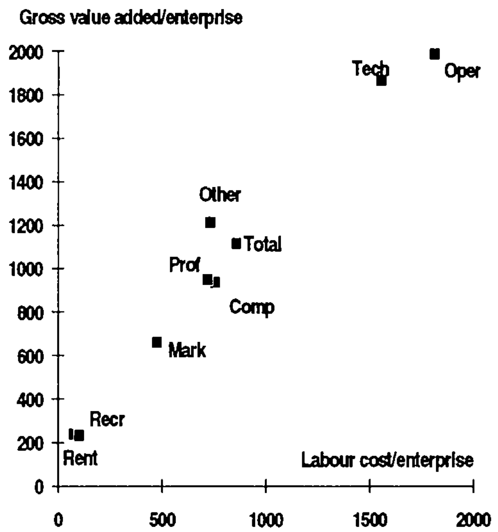
The very low average labour costs per employee in operational services is due to a great number of part-time employees.

3.5.2.2 Labour costs and gross value added per enterprise

Labour costs and gross value added per enterprise are represented in figure 3.10 below. The gross value added and labour costs are highly correlated in the Dutch business services sector which is not the case for all countries.

Figure 3.10

Gross value added and labour cost per enterprise by subsector (ECU 1.000), 1989.



Computer and related services	**Rent**ing and leasing services
Professional services	**Recr**. and prov. of personnel
Marketing services	**Oper**ational services
Technical services	**Other** business services

Source: CBS. Pilot survey Data 1989.

3.5.3 Investments

The investments of the surveyed enterprises totalled ECU 323.5 million which equalled 11% of the total turnover. The largest proportions of the total investments were recorded in the small and medium-sized enterprises which generated 35% of the investments each. The subsector with the largest share of investments was the capital intensive subsector renting and leasing services (43%).

Investments as a percentage share of turnover was highest in the micro enterprises, i.e. 20% in the enterprises of the self-employed and 17% in enterprises with 1-9 employees but the medium-sized enterprises (16%) showed nearly just as high values.

The investment share of turnover was highest in the capital intensive subsector renting and leasing services where 68% of the turnover was invested. In the subsector other business services 20% of the turnover was invested whereas the investment shares in the other subsectors ranged from 2% to 7%.

On average the enterprises invested ECU 215 700 per enterprise but again renting and leasing services had the highest score of ECU 651 900 invested per enterprise. Also the subsector other business services invested above the average, i.e. ECU 350 000 per enterprise.

3.6 Summary and conclusion

In 1990 the business services sector in the Netherlands consisted of 43 000 enterprises which employed 218 300 persons and generated a total turnover of ECU 14.2 billion. The Dutch business services enterprises represented 3% of the business services enterprises at the EUR(12) level.

The distribution of number of enterprises, employment and turnover by size-classes was very similiar to that of the EUR(12).

1 500 enterprises participated in the Dutch pilot survey. 20% of these enterprises were engaged in professional services which was the largest subsector in terms of number of enterprises.

The surveyed enterprises employed 84 600 persons of whom more than half of the persons employed worked in operational services. The enterprises generated a total turnover of ECU 2.9 billion.

On average the enterprises had 1.5 local unit per enterprise. 86% of the enterprises had only one local unit and these enterprises accounted for 35% of the total number of employees in the surveyed enterprises.

46% of the enterprises were companies and 37% sole proprietorships, though, in terms of number of persons employed and turnover the companies accounted for 82% and 77% respectively.

92% of the turnover was received from the national markets. The large enterprises with more than 500 employees (89%) and the small with 10 to 99 employees (92%) seem to be the enterprises that were least dependent on the domestic markets.

76% of the surveyed enterprises' domestic turnover was received from other enterprises. Another 19 % was received from government. Especially for operational services was government of importance as a little less than 50% was received from this client group. Households were of relatively high importance (23%) for the subsector renting and leasing services in terms of domestic turnover.

Gross value added of the surveyed enterprises was ECU 1 671 million and amounted to 58% of the total turnover. The share of turnover ranged from 13% in recruitment and provision of personnel to 81% in operational services.

Labour cost and investments totalled ECU 1.3 billion and 323.5 million and equalled 45% and 11% of the total turnover respectively.

Portugal

1. General business structure in Portugal

Analysis of gross value added at factor cost (GVAfc) for the period from 1985 to 1990 reveals that the services sector made the greatest single contribution to the economy as a whole

The services sector accounted for more than 50% of total GVAfc, while industry contributed around 36%.

Within the services sector, other services were the activity which contributed most to GVAfc during the period under investigation (with values in excess of 20%), cf. table 1.1.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1985-1990.

	1985	1990[1]
Market services	56.2	59.7
of which distributive trade	15.6	15.2
of which hotels and restaurants, transport and communication	12.3	11.0
of which banking and insurance	5.5	7.8
of which other market services[2]	22.8	25.7
All sectors	100.0	100.0

1 Provisional data.
2 Includes services provided to businesses.

Source: INE. National Accounts

Analysis of the structure of employment shows that the services sector contributed most to the economy as a whole (around 47% in 1990), while industry contributed 26.5%.

Within the services sector, other services made the greatest contribution to total employment (over 50%) between 1985 and 1990.

While banking and insurance recorded the greatest growth, this activity accounted for only a maximum 9% of total employment in the services sector.

Table 1.2

Breakdown of employment by sector in per cent of total economy, 1985-1990.

	1985	1990
Market services	41.8	47.3
of which distributive trade	10.8	11.5
of which hotels and restaurants, transport and communication	6.9	8.2
of which banking and insurance	2.9	4.4
of which other market services[1]	21.2	23.2
All sectors	100.0	100.0

1 Includes services provided to businesses.

Source: INE. Employment Survey

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2. Structure of business services in Portugal

This section describes the structure of business services in Portugal compared to the EUR(12) level. In the following the business services sector is defined as NACE 70 classes 83 and 84[1] as it is not possible to construct an EUR(12) level based on 3 digit NACE 70 classes. The data refer to the year of 1990.

2.1 Number of enterprises

The total number of Portuguese enterprises in 1990 in NACE classes 1-9 was 603 300. The 571 300 enterprises in NACE classes 1-8 represented nearly 5% of the EUR(12) level, cf. table 2.1.

In business services (NACE 83,84), Portugal had a total of some 46 000 enterprises. They represented only a little more than 2% of the EUR(12) total of the business services enterprises. The business services enterprises in Portugal represented 8% of the total number of enterprises in Portugal (NACE 1-8). The corresponding figure for the EUR(12) level was 15%, indicating that the business services sector in Portugal is of minor importance compared to the average EUR(12) level, cf. figure 2.1.

1 NACE classes 83 and 84 are used as a rough indicator of business services, although they on the one hand include activities auxiliary to banking, finance and insurance and dealers in real estate and house and estate agents. On the other hand class 923 cleaning services (operational services in the pilot survey) is not included in the used definition of business services.

Table 2.1

Number of enterprises, number of employees and turnover in the business services sector and in total industry in Portugal, 1990.

	Number of enterprises	Number of employees[1]	Turnover (million ECU)
Business services (NACE 83,84)	45950	90414	4225.9
The total industry (NACE 1-8)	571307	2346743	131882.0
Business services as %-share of total industry	8.0	3.9	3.2
Business services in Portugal as %-share of business services in EUR(12)	2.4	1.1	0.5
Total industry in Portugal as %-share of total industry in the EUR(12)	4.5	2.7	1.3

[1] The employment figures for EUR(12) is based on number of persons employed.

Source: Eurostat. Enterprises in Europe (1994)

The enterprises within the business services sector were on average small in Portugal. Micro enterprises (0-9 employees) represented 97% of the total number of enterprises in the business services sector. The proportion of micro-firms appeared to be higher than the average EUR(12) share (95.2%).

2.2 Employment

In 1990, the number of employees of all enterprises (NACE 1-8) exceeded 2.3 million, cf. table 2.1. However, only 90 400 of these were employed by enterprises in the business services sector corresponding to 4% of the total number of employees. At the EUR(12) level the number of persons employed in the business services sector represented 10% of total industry, cf. figure 2.1.

The Portuguese share of the total number of employees of EUR(12) enterprises was 3%. However, the performance of the business services enterprises was lower in terms of employment, as they only represented 1% of the EUR(12) level, cf. table 2.1.

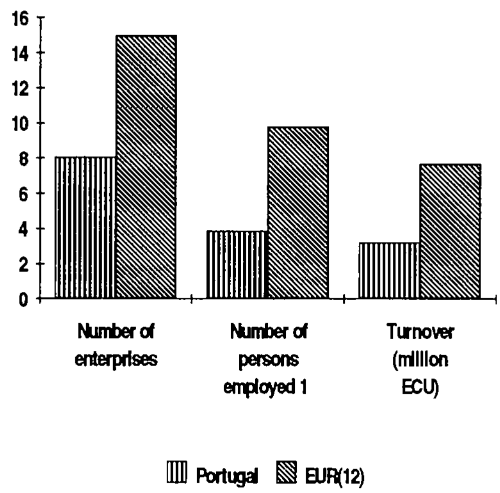
In spite of the high number of micro-firms in Portugal, the employment shares recorded for Portuguese micro-firms (32%) remained less than the EUR(12) level (44%). The employment size-class 10-99 employees represented also about 32% of the total number of employees in the Portuguese data and 24% for EUR(12).

2.3 Turnover

The turnover of all enterprises (NACE 1-8) in Portugal totalled ECU 131.9 billion in 1990 covering 1% of the total turnover of EUR(12) enterprises. The enterprises within the business services sector in Portugal represented only 0.5% of the total turnover of the business services sector in EUR(12), cf. table 2.1.

Figure 2.1

Business services as %-share of total industry, 1990.



[1] For Portugal number of employees

Source: Eurostat. Enterprises in Europe (1994)

In Portugal the turnover of the business services enterprises accounted for 3% of the turnover generated by enterprises in the NACE 1-8 classes, whereas the turnover of enterprises within the business services sector at EUR(12) level was 8%, cf. figure 2.1.

Nearly four fifths of the turnover of the enterprises within the business services sector in Portugal was generated in micro or small firms, while the corresponding EUR(12) average was around 74%.

2.4 Breakdown of business services

In this section the business service sector in Portugal is broken down into 3-digit NACE 70 classes.

The data available for Portugal on 3-digit level are very limited, cf. table 2.2, as only data for 4 NACE classes can be presented. In line with what can be observed in countries with full NACE coverage, the class of market research, computer services and business services n.e.c. is the dominating class with 70% of the employment and nearly 80% of the total number of enterprises.

The relatively high turnover share (28%) of the advertising class is an observation found in most other Member States as well. More surprising is the high share (17%) of the total employment of the class accountants, tax experts, auditors compared to the turnover share (9%).

Table 2.2

Number of enterprises, number of employees, turnover and gross value added by NACE class, 1990.

Nace 70	Number of enterprises	Number of employees	Turnover million ECU	Gross value added million ECU
835 Legal services	-	-	-	-
836 Accountants, tax experts, auditors	2881	11320	207.2	-
837 Technical services	568	2227	130.6	-
838 Advertising	2063	5878	679.8	-
839 Market research, computer services and business services n.e.s..	22021	46835	1398.9	-
842 Renting, leasing and hiring of construction machinery etc.	-	-	-	-
843 Renting, leasing and hiring of bookkeeping and office mashines etc.	-	-	-	-
844 Car renting without driver	-	-	-	-
845 Renting, leasing and hiring of other means of transport without driver	-	-	-	-
847 Renting, leasing and hiring of other movables without permanent staff	-	-	-	-
923 Cleaning services	-	-	-	-

Source: Eurostat. Enterprises in Europe (1994)

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3. Pilot survey: Business services by subsector in Portugal

3.1 The pilot survey, brief description

The pilot survey was carried out in Portugal together with an annual enterprise survey. The specific issues of the pilot survey were added to the annual survey which provided the economic data.

A preliminary survey was made in order to select the final sample taking into account the updating and activity classification problems. In the preliminary survey almost 24 000 enterprises were contacted. The sample population consisted of 3 037 enterprises engaged in business services.

3.1.1 Number of enterprises

The Portuguese data are based on 1 500 accepted responses. The breakdown of enterprises by subsectors was uneven, since professional services covered some 43% of the total number of enterprises. On the other hand, the subsectors of computer services, renting and leasing services, recruitment and provision of personnel, and operational services were represented in the survey with less than 100 enterprises, cf. table 3.1.

In addition, the medium-sized and large enterprises made up a total of 40 enterprises. Furthermore, the employment size-class '0', self employed, is missing from the Portuguese data. As a conclusion, the interpretation of the survey results has to be made with strong reservations, since the data describe only the population of surveyed enterprises and thus are not representative for the business services sector in Portugal.

Table 3.1

Number of enterprises, employees and turnover in the pilot survey, 1990.

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	88	6	807	3	32.5	5
Professional services	649	43	4675	17	89.3	13
Marketing services	138	9	1921	7	253.2	37
Technical services	260	17	4562	17	127.9	18
Renting and leasing services	98	7	1585	6	94.8	14
Recruitment and provision of personnel	18	1	1382	5	15.5	2
Operational services	53	4	10931	40	45.7	7
Other business services	196	13	1677	6	34.7	5
All subsectors	1500	100	27540	100	693.6	100

Source: INE. Pilot Survey Data 1990.

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3.2 Demographic data

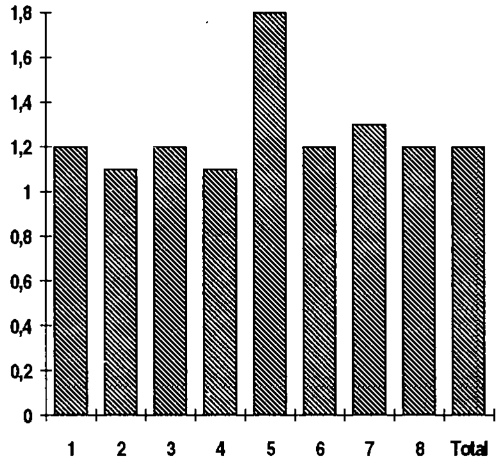
3.2.1 Local units

The 1 500 business services enterprises of Portugal had almost 1 800 local units. However, 1 316 enterprises (88%) had only one local unit. On average there existed 1.2 local units per enterprise. The average for medium-sized enterprises (100-499 employees) was 2.5 local enterprises units, while the few large enterprises recorded an average less than two local units per enterprise.

The average number of local units by subsectors varied from 1.1 to 1.3 local units excluding the renting and leasing services, where the average was higher, 1.8 local units per enterprise. Like in many of the other Member States the renting and leasing services in Portugal seem to have the widest regional spread in terms of local units of all subsectors, cf. figure 3.1.

Figure 3.1

Number of local units per enterprise by subsector, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

3.2.1.1 Employment distribution

The total number of employees of the surveyed enterprises was 27 540, of whom almost 20 000 (71%) were employed in enterprises with one local unit. The multi-establishment enterprises with more than five local units were insignificant in terms of employment, since they employed less than 2 % of the total number of employees. In addition, enterprises with more than five local units were found only in renting and leasing and other business services

The employment in technical services (95%), marketing services (79%) and professional services (76%) was concentrated on enterprises with one local unit.

3.2.2 Legal status

3.2.2.1 Number of enterprises

The legal structure of the enterprises in the Portuguese survey differed substantially from the general EC pattern. In fact, only 6% of the survey enterprises were companies and the share of partnerships was as high as 81%. Sole proprietorships represented 12% of the survey population, cf. figure 3.2. The large number of partnerships reflects the great number of enterprises within professional services in the Portuguese survey, but probably also the national differences in enterprise and taxation legislation.

The subsectors of technical (89%) and professional (88%) services accounted for the highest shares of partnerships, while the lowest shares were in the subsector other business services (57%) and renting and leasing services (62%), cf. table 3.2. In all the subsectors, less than 10% of the enterprises were companies excluding the small subsector of recruitment and provision of personnel. None of the 53 enterprises in operational services were companies. Sole proprietorships were most common in the subsector other business services (41%) and renting and leasing services (30%).

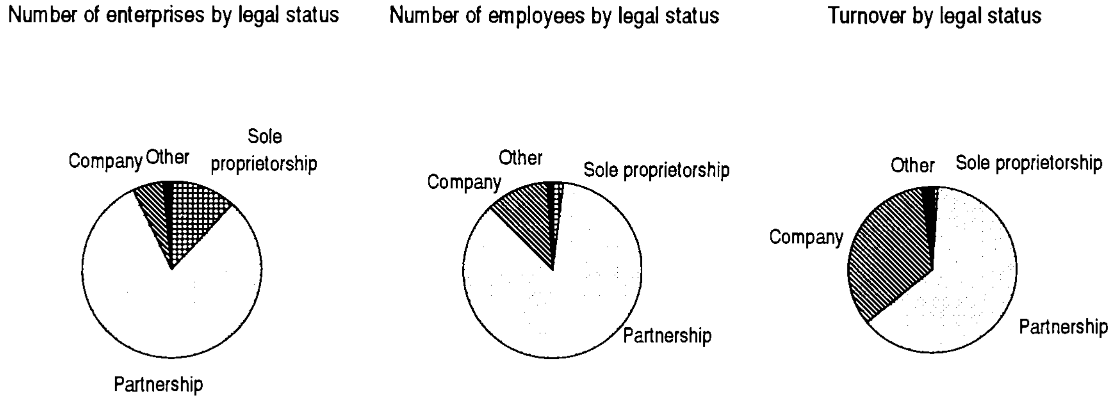
3.2.2.2 Number of employees

The partnerships employed more than 23 600 employees equalling 86% of the total number of employees, cf. figure 3.2. This was largely due to the almost 11 000 employees in the enterprises in operational services which mainly were partnerships. However, the partnerships still employed more than 70% of the employees in all the subsectors.

Companies employed almost 3 200 employees, while the remaining legal forms accounted for only about 750 employees. In relative terms, the companies were important employers in computer (27%), technical (27%) and marketing services (26%).

Figure 3.2

Enterprises, employees and turnover by legal status, 1990.



Source: INE. Pilot Survey Data 1990.

3.2.2.3 Turnover and gross value added

In terms of turnover and gross value added generation, the companies seem to be more significant than in terms of employment or number of enterprises. The companies accounted for 187 million ECU (27%) of the total turnover of ECU 694 million of the surveyed enterprises, cf. figure 3.2. The partnerships represented ECU 485 million (70%) of the total turnover. The remaining legal forms appeared to be rather insignificant generating only some 3% of the turnover.

The companies generated the highest share of turnover in technical (45%), computer (39%) and marketing services (30%), cf. table 3.2. On the contrary, almost all of the turnover was generated in partnerships in operational (100%) and other business services (90%).

The breakdown of gross value added according to legal status showed almost equal shares compared to turnover.

3.2.2.4 Turnover and gross value added per employee

Turnover and gross value added per employee seem to be clearly dominated by partnerships of operational services. In general the turnover and gross value added per employee in companies are significantly higher compared to partnerships. The difference can be observed especially in the subsector of computer, professional, marketing and technical services.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	8	39	81	59	10	0	1	1	100	100
Professional services	4	24	88	64	5	1	3	11	100	100
Marketing services	9	30	81	68	7	1	2	1	100	100
Technical services	9	45	89	54	1	0	1	1	100	100
Renting and leasing services	8	15	62	84	30	2	0	0	100	100
Recruitment and provision of personnel	11	22	72	72	17	6	0	0	100	100
Operational services	0	0	85	100	15	0	0	0	100	100
Other business services	2	4	57	90	41	7	0	0	100	100
All subsectors	6	27	81	70	12	1	2	2	100	100

Source: INE. Pilot Survey Data 1990.

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3.2.3 Age of enterprise

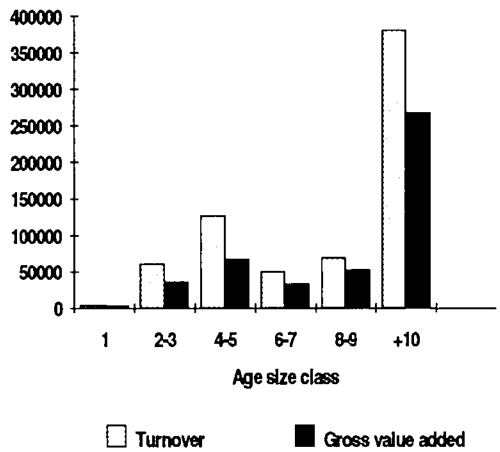
3.2.3.1 Turnover and gross value added

The ten-year-old or older enterprises accounted for almost 55% of the total turnover of respondent enterprises, cf. figure 3.3. This was followed by 18% share of 4 to 5-year-old enterprises. The four-year-old or older enterprises covered more than 90% of the total turnover.

The survey data showed clear differences by subsectors. The ten-year-old or older enterprises generated the relatively biggest share of turnover in renting and leasing services (85%), while the oldest enterprises in recruitment and provision of personnel (34%), professional (35%) and computer services (43%) accounted for the lowest shares. However, there was no clear pattern to be found among the 1 500 respondent enterprises, partly because the number of respondent enterprises was low in many subsectors when broken down by age size-classes.

Figure 3.3

Turnover and gross value added by age of enterprise, (million ECU), 1990.



Source: INE. Pilot Survey Data 1990.

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In marketing services, the enterprises in the oldest age class represent 56% of the total turnover in this subsector, but up to 65% of the gross value added. This may imply differences in character and activities of old and new enterprises. This conclusion is also supported by the turnover and gross value added per employee, since these values seem to vary remarkably between age classes, especially concerning the turnover.

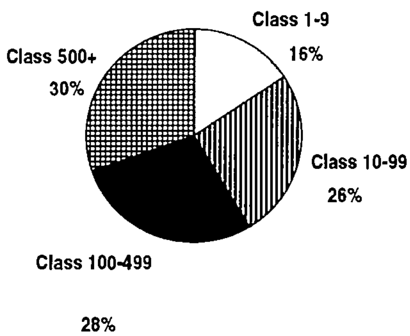
3.3 Employment

3.3.1 Employment by size-class

The surveyed enterprises employed a total of 27 500 employees, 8 300 of whom were employed in large enterprises (500 or more employees), mainly in operational services. The medium-sized enterprises (100-499 employees) employed 7 800 employees, followed by 7 100 employees in small enterprises (10-99 employees) and 4 300 in micro firms (1-9 employees), cf. figure 3.4.

Figure 3.4

Breakdown of employees by employment size-class, %-share, 1990.



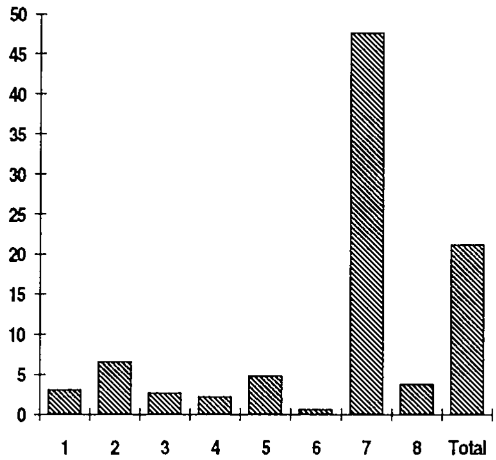
Source: INE. Pilot Survey Data 1990.

The breakdown of employment by subsectors seems to be relatively uneven, since operational services cover almost 40% of the total number of employees. In addition, professional and technical services each account for around 17% of the total number of employees. The employment in computer services only accounts for 800 employees.

According to the survey, a clear majority of personnel were employed by small or micro firms in computer, professional and marketing services. On the contrary, medium-sized and large enterprises are important in operational and technical services.

Figure 3.5

Part-time employees as a share of total number of employees, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

A great majority of the 5 800 part-time employees were employed by operational services enterprises (5 200 employees), especially by the medium-sized and large ones. Another 300 were employed by professional services. In all the other subsectors the number of part-time employees was rather small, cf. figure 3.5. The distribution with the largest number of part-time employees found in operational services is similar to the distribution of part-time employment in other Member States.

3.3.2 Employment per enterprise

On average the surveyed enterprises employed 18.4 employees per enterprise. However this was strongly affected by the high average of 206 employees in operational services, influenced by the large number of part-time employees in this subsector. As a consequence, the median value for the total employment was as low as 4 employees. Values clearly above this median were recorded for operational services (33), recruitment and provision of personnel (29) and marketing services (8).

The lowest averages were recorded for professional (7 employees), other business services (9 employees) and computer services (9 employees). The lowest median shown was in other business services (3 employees) and 4 persons in computer, professional, technical and renting and leasing services.

The average in micro-firms was 3.8 employees and 23.4 in the small and 236.6 in the medium-sized enterprises.

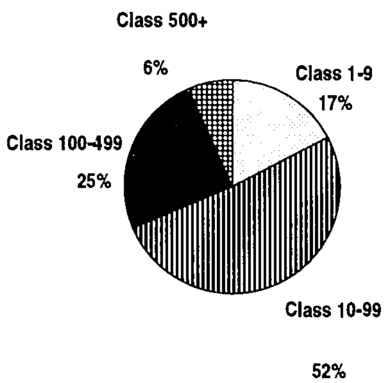
3.4 Turnover

3.4.1 Turnover by size-class

The surveyed enterprises in Portugal showed a total turnover of ECU 693 million, of which the majority, ECU 359 million, were generated in small enterprises, cf. figure 3.6. Medium-sized enterprises accounted for about a quarter of the turnover (ECU 170 million) followed by micro-firms with a total turnover of ECU 120 million.

Figure 3.6

Breakdown of turnover by employment size-class, %-share, 1990.



Source: INE. Pilot Survey Data 1990.

In relative terms, the micro enterprises were the most important size class in computer services (41% of the turnover) and professional services (38% of the turnover). The small enterprises dominated the generation of turnover in marketing services (79%), recruitment and provision of personnel (66%) and computer services (50%). The medium-sized and large enterprises were important in operational, renting and leasing and technical services.

3.4.2 Turnover per employee

The turnover per employee ranged from ECU 131 800 for marketing to only ECU 4 200 for operational services. As stated earlier, the large number of part-time employees in operational services distort the values considerably. Also renting and leasing services (ECU 59 800) and computer services (ECU 40 300) recorded high averages of turnover per employee.

3.4.3 Turnover per enterprise

Marketing enterprises recorded an average turnover of ECU 1.8 million, which was almost double that of the second highest subsector, i.e. renting and leasing services. Median turnover for marketing services was, however, considerably lower, ECU 400 000, which suggests that the total turnover value of the subsector is strongly influenced by the large marketing enterprises.

In the survey population the difference was prominent, since the average turnover per employee equalled ECU 460 000, but the median only ECU 64 000. The lowest median turnover was recorded for other business services (ECU 33 000) and professional services (ECU 50 000), which are subsectors characterized by micro-firms and modest turnover compared to the other subsectors.

3.4.4 Turnover divided into domestic / export markets

The business services enterprises in Portugal received 89% of the total turnover from domestic markets. The survey showed a clear tendency towards extra domestic markets as the employment size grew, since 99% of the turnover of the micro enterprises' turnover was generated in domestic markets compared with 81% of the turnover in the medium-sized enterprises.

Operational services relied completely on domestic markets. Recruitment and provision of personnel (98%), marketing services (98%) and computer services (94%) were also heavily dependent on national demand. The most export orientated subsectors were renting and leasing services (29% of total turnover from export markets) and technical services (21%), both of which received a great majority of export incomes from EC countries (27% and 16% of the total turnover respectively), cf. figure 3.7.

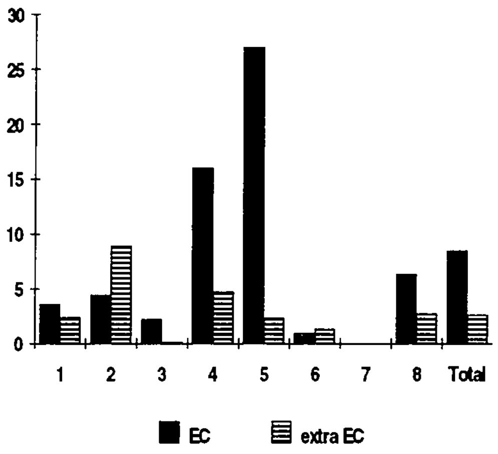
The total exports equalled 11% of the turnover, 8% being exported to EC countries. The residual 3% of the turnover was exported to extra EC countries. The extra EC markets seem to have been most important for professional services enterprises, which exported

13% of the total turnover, but only a third of this export went to EC countries.

services (14%) and other business services (31%) households were important customers.

Figure 3.7

EC and extra EC demand for business services, %-share of turnover, 1990.

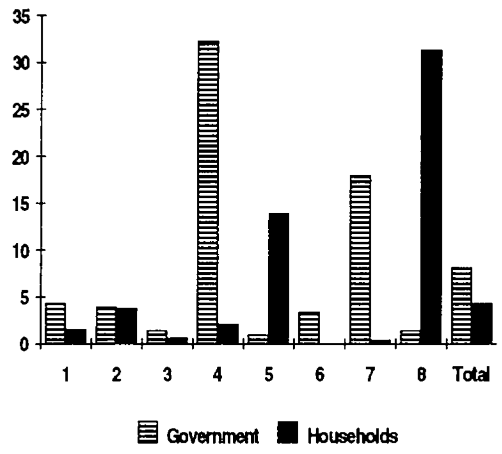


1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

Figure 3.8

Government and household demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

3.4.5 Turnover broken down by type of client

A proportion of 88% of the business services enterprises' domestic turnover was received from other private enterprises. Micro enterprises received slightly less than the average from private enterprises (86%), but small firms received more than 91% of their turnover from the private sector.

The most dependent subsector on private enterprises were marketing services (98%), recruitment and provision of personnel (97%) and computer services (94%).

On the other hand, technical services had the highest share of government clients, 32% of the turnover. In addition, also for operational services government was an important client, cf. figure 3.8.

Government (8%) as a whole was a more important client to business services enterprises than households (4%). Micro-firms received clearly more of their turnover (9%) from the households than other enterprises. Especially for renting and leasing

3.5 Accounts data

3.5.1 Gross value added

3.5.1.1 Gross value added by employment size-class

The gross value added of the surveyed enterprises was ECU 461 million equalling 66% of the total turnover, cf. figure 3.9. 41% of gross value added was generated in small and 31% in medium-sized enterprises. In addition, the micro enterprises accounted for almost a fifth of the total gross value added.

The breakdown of gross value added showed some differences compared to that of turnover. In the small enterprises the gross value added share was ten percentage points lower compared to the small enterprises' share of the total turnover.

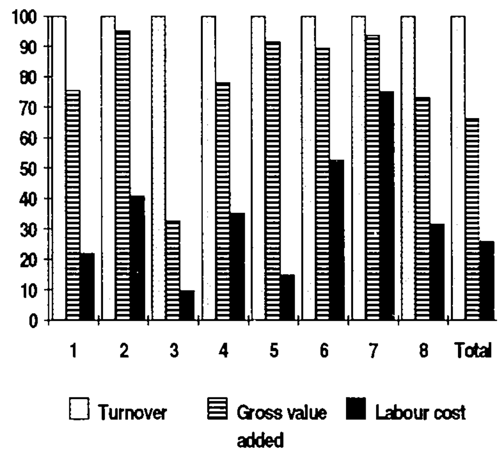
The technical service enterprises generated a gross value added of ECU 100 million, followed by renting and leasing services (ECU 86.7 million), professional services (ECU 85.0 million) and marketing services (ECU 82.5 million). In spite of the large number of employees in operational services, the gross value added only amounted to ECU 42.9 million in this subsector.

3.5.1.2 Gross value added per employee

The average gross value added per employee was ECU 16 700, again strongly affected by the very low average of operational services (ECU 3 900). The gross value added per employee was more than three times the average in renting and leasing services (ECU 54 700), followed by ECU 42 900 for marketing services and ECU 30 500 for computer services. In professional and technical services the gross value added was low, namely ECU 18 200 and 21 900.

Figure 3.9

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: INE. Pilot Survey Data 1990.

3.5.1.3 Gross value added related to turnover

The gross value added as percentages share of turnover amounted to 66% on average. The percentages share varied between 95% for professional services to 73% for other business services.Only marketing services showed a value considerably below the average as gross value added represented only 33% of turnover, cf. figure 3.9.

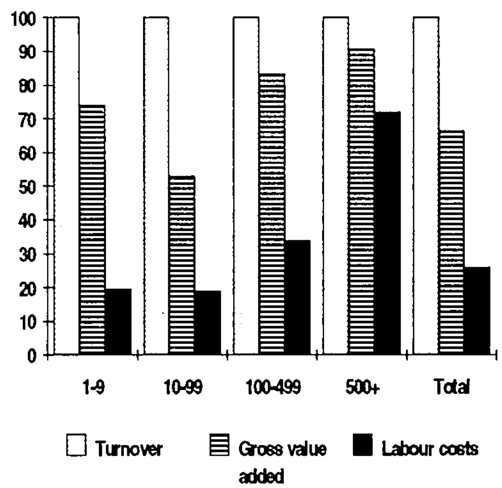
The gross value added share was highest in the large enterprises (91%) whereas the small enterprises showed the lowest share of 53%, cf. figure 3.10.

3.5.2 Labour costs

The labour costs of the surveyed enterprises totalled ECU 181 million equalling 26% of the turnover and 39% of the gross value added, cf. figure 3.9. The technical (ECU 44.0 million) and professional (ECU 36.6 million) services accounted for the largest labour costs, but the largest share compared to turnover was found in operational services (75%) followed by the subsector of recruitment and provision of personnel (53%).

Figure 3.10

Turnover, gross value added and labour costs, by employment size-class, %-share of turnover, 1990.



Source: INE. Pilot Survey Data 1990.

The labour costs share of turnover increased from about 19% in the micro and small enterprises to 72% in the large enterprises, cf. figure 3.10.

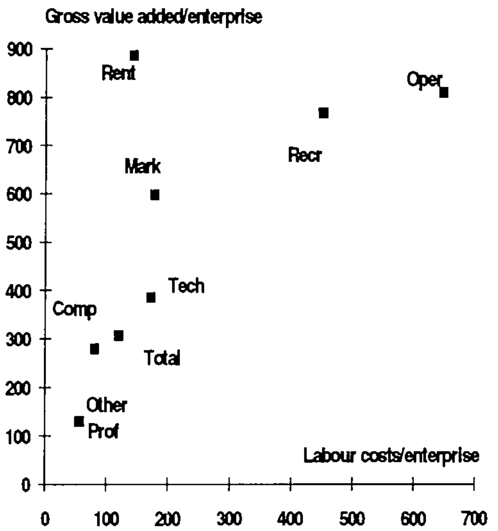
In comparison to other EC countries the labour costs seem to have been rather low. The average labour costs per employee were ECU 6 600. The highest values were recorded in marketing services (ECU 12 800), technical services (ECU 9 800), computer and renting and leasing services (ECU 8 900).

3.5.2.1 Labour costs and gross value added per enterprise

Labour costs and gross value added per enterprise are represented in figure 3.11 below. Renting and leasing services and marketing services showed relatively high values of gross value added per enterprise compared to labour costs per enterprise. For the rest of the subsectors labour costs and gross value added per enterprise were correlated.

Figure 3.11

Gross value added and labour costs per enterprise by subsector (ECU 1.000), 1990.



Computer and related services | **Rent**ing and leasing services
Professional services | **Recr**. and prov. of personnel
Marketing services | **Oper**ational services
Technical services | **Other** business services

Source: INE. Pilot Survey Data 1990.

3.5.3 Investments

The surveyed enterprises invested in the accounting period 1990 a total of ECU 110 million corresponding to 16% of the turnover. The investment in percentage share of turnover was highest in medium-sized enterprises, in which especially renting and leasing (66% of turnover), professional services (45%) and computer service enterprises (18%) invested considerably.

The capital intensive subsector of renting and leasing services invested an average of 62% of the turnover. Also professional services enterprises invested considerably, 22% of the turnover. Not surprisingly the smallest investments appeared in recruitment and provision of personnel (2%) and operational services (3%).

The average surveyed enterprise invested ECU 73 700 in 1990. Only two subsectors exceeded the average, namely renting and leasing (ECU 600 000) and marketing services (ECU 83 700).

3.6 Summary and conclusion

The NACE classses 83 and 84 in Portugal included some 46 000 enterprises in 1990, which had 90 400 employees. The share of Portuguese business services enterprises of EUR(12) level was modest: 2.8% of the number of enterprises and 1.3% of the number of employees within the business services sector (NACE 83, 84).

When comparing the performance of all the Portuguese enterprises (NACE 1-8) to business services enterprises (NACE 83, 84), it can be concluded that the overall shares of Portuguese enterprises at EUR(12) level are higher than the share of the business services enterprises.

The Portuguese pilot survey data for 1990 included 1 500 enterprises, which were relatively unevenly distributed across subsectors, as professional services accounted for more than 40% of the surveyed enterprises. The surveyed enterprises employed 27.500 employees and had a turnover of ECU 694 million.

The Portuguese pilot survey was characterized by an exceptionally high number of partnerships among the respondent enterprises compared to the other Member States. In addition, the companies' representation was modest, 6% of the total number of enterprises.

In respect of turnover and gross value added generation by age of enterprise, the Portuguese enterprises followed closely the general pattern observed in many of the Member States. Almost 55% of turnover and 58% of gross value added were generated by the enterprises in the oldest age group.

According to the pilot survey, the Portuguese enterprises received 89% of their turnover from domestic markets. Export shares tended to rise as the employment size grew. 8% of the total turnover went to the other EC countries.

Almost 88% of the domestic turnover was received from private enterprises. Government as a client accounted for another 8% of the business services enterprises' domestic turnover. Governmental clients were especially important for enterprises within technical services (32% of the turnover). The remaining 4% was received from households, which appeared to have some importance for micro-firms (9% of the total turnover in this size class).

Investments of the surveyed enterprises totalled ECU 110 million equalling 16% of turnover. Like other EC countries, the share of investments in total turnover was highest in the capital intensive subsector of renting and leasing services, i.e. 62% of turnover.

The United Kingdom

1. General business structure in the United Kingdom

The services sector in the United Kingdom has grown in importance as in most other European countries over recent years. Over the period 1970 to 1990 the services sector, including market and non-market services, increased their share of GDP from 55 to 65.1%, although this growth is relatively lower than in most of the other Member States, cf. table 1.1. The reason for this development is to be found in the relatively high share of the services sector in the United Kingdom in 1970 (55%) compared to the EUR(12) average (50%). Even if the relative growth has been lower in the United Kingdom, the services sector's contribution to GDP still exceeds the EUR(12) average in 1990 (63,8%).

As seen in most other Member States the major contributor to the overall growth in the market services sector is the subsector other market services, including business services, showing an increase in its share of GDP of 5 percentage points from 17.3% in 1980 to 22.3% in 1990. Thus the other market services constituted the largest market services subsector in the period 1980 to 1990.

The information concerning the employment distribution of the total economy is not available at a detailed level in the period 1970 to 1990, cf. table 1.2. The market services sector is estimated to constitute 36.8% of the total occupied population in the United Kingdom in 1970 indicating that the market services sector in the United Kingdom in respect of employment share exceeds the market services sector in most other Member States in 1970. With a share of 47.8% of the total employment in 1990 the market services sector in the United Kingdom still exceeds the market services sector in most other European countries. The subsector other market services, including business services, with an estimated share of 16.4% of the total employment constituted the most important subsector within market services in 1990.

Table 1.1

Breakdown of gross value added at factor cost, by sector in per cent of total economy, 1970-1990.

	1970	1980	1985	1990
Market services	40.8	41.2	43.4	49.5
of which distributive trades	11.7	11.8	11.8	11.6
of which hotels and restaurants, transport and communication	na	9.0	9.1	10.8
of which banking and insurance	na	3.2	4.1	4.7
of which other market services	na	17.3	18.3	22.3
Non- market services	14.2	16.4	15.9	15.6
All sectors	100.0	100.0	100.0	100.0

Source: Eurostat. National Accounts (ESA).

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Table 1.2

Breakdown of persons employed by sector in per cent of total economy 1970-1990[1].

	1970	1980	1986	1990
Market services	36.8	40.6	47.0	47.8
of which distibutive trade	na	na	na	16.0
of which hotels and restaurants, transport and communication	na	na	na	11.4
of which banking and insurance	na	na	na	4.0
of which other market services	na	na	na	16.4
Non- market services	na	na	20.2	20.1
All sectors	100.0	100.0	100.0	100.0

[1] All figures estimated by Eurostat.

Source: Eurostat. National Accounts (ESA).

eurostat

2. Structure of business services in the United Kingdom

In this chapter the business services sector in the United Kingdom is described and compared with the sector at the EUR(12) level. The business services sector in the United Kingdom is in the following defined by NACE 70 class 83[1].

2.1 Number of enterprises

In 1990 the 370 000 business services enterprises in the United Kingdom accounted for about 17% of the total number of enterprises in the country. This ratio is a little higher than at the EUR(12) level where the business services enterprises amounted to about 14% of the total number of enterprises, cf. figure 2.1.

The United Kingdom had in 1990 2 660 000 enterprises of which 2 126 000 were included in NACE 1-8. The latter represented nearly 17% of the EUR(12) total. The business services sector as share of the business services sector in EUR(12) was relatively higher, i.e. 21%, cf. table 2.1.

[1] The business services sector at the EUR(12) level includes NACE 83, 84.

The business structure of the United Kingdom did not differ significantly from that of the EUR(12) level, though the United Kingdom had a smaller proportion of micro enterprises (94.3%) in the business service sector and a higher proportion of small enterprises (5.3%) than the EUR(12) total, i.e. 95.4% and 4.3% respectively.

2.2 Employment

The number of persons employed in the business services sector in the United Kingdom amounted to nearly 2.5 million persons and accounted for approximately 14% of the persons employed in the total industry (NACE 1-8) in the United Kingdom. At the EUR(12) level the corresponding ratio was considerably lower, i.e. 9%, cf. figure 2.1. This indicates that the business services enterprises in the United Kingdom had a relatively high proportion of persons employed compared to the EUR(12) level.

Looking at the number of persons employed in the business services sector in the United Kingdom as a percentage share of the EUR(12) level, this finding is further reinforced as almost 31% of all the persons employed in this sector in the EUR(12) were employed in the United Kingdom. By comparison the number of enterprises in the business services sector in the United Kingdom accounted for only 21% of the EUR(12) total.

Table 2.1

Number of enterprises and number of persons employed in the business services sector and in total industry in the United Kingdom, 1990

	Number of enterprises	Number of persons employed
Business services (NACE 83)	370023	2452113
Total industry (NACE 1-8)	2126592	17699260
Business services as %-share of total industry	17.4	13.9
Business services in the United Kingdom as %-share of business services in EUR(12)	20.6	30.5
The total industry in the United Kingdom as %-share of total industry in EUR(12)	16.8	20.7

Source: Eurostat. Enterprises in Europe (1994)

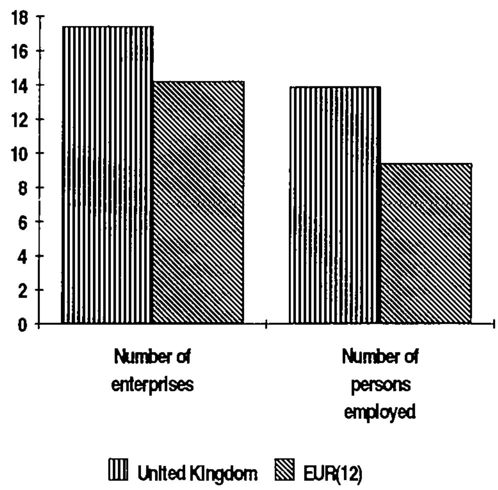
Furthermore the number of persons employed per enterprise in the business services sector in the United Kingdom was 6.6 compared to only 4.5 in the same sector in EUR(12).

The number of persons employed in the total industry in the United Kingdom amounted to only 21% of the total number of persons employed in the EUR(12), cf. table 2.1.

The large enterprises in the business services enterprises in the United Kingdom employed a significantly large share of persons (37%) compared to the EUR(12) level (20%). On the other hand the micro enterprises employed 31% of the persons employed in the business services in the United Kingdom whereas the corresponding figures at the EUR(12) level amounted to 44%.

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Eurostat. Enterprises in Europe (1994)

3. Pilot survey: Business services by subsector in the United Kingdom

3.1 The pilot survey, brief description

The pilot survey of the United Kingdom was carried out by a private institute (SIRC)[2] The sample was mainly based on a private database together with professional associations' records. The sample constituted of 10 189 enterprises. Due to the low response rate the final analysis includes some 1303 enterprises; however, many of the tables are based on a smaller number of enterprises.

3.1.1 Number of enterprises

The highest number of responses were recorded for the subsector other business services (304) followed by computer services (240). In the other subsectors, the range of responses varied from 179 for technical services to 78 for recruitment and provision of personnel, cf. table 3.1

By employment size-classes the highest number of responses (45% of total) were recorded for enterprises within employment size-class '10-99' employees. However, the large enterprises (500+) had the best response rate of 34%. The data include 56 large enterprises, 20% of which were computer services enterprises.

Consequently, the following presentation of the pilot survey results of the UK precludes any kind of comparability of the aggregate level of the business services sector in the United Kingdom.

Table 3.1

Number of enterprises, employees and turnover in the pilot survey, 1990.

	Number of Enterprises	Per cent share	Number of Employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	240	18	27688	22	2000.3	19
Professional services	163	13	13226	11	892.2	9
Marketing services	122	9	7843	6	469.6	5
Technical services	179	14	15300	12	645.5	6
Renting and leasing services	101	8	9030	7	2765.4	27
Recruitment and provision of personnel	78	6	8531	7	400.5	4
Operational services	114	9	12726	10	586.5	6
Other business services	304	23	29091	24	2601.4	25
All subsectors	1301	100	123435	100	10361.4	100

Source: SIRC. Pilot Survey Data 1990.

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[2] The survey was conducted by Service Industries Research Centre (SIRC), University of Portsmouth.

3.2 Demographic data

3.2.1 Local units

The 1 300 enterprises in the pilot survey reported a total of 3.000 local units[3]. The large enterprises (500+ employment) had a total of 1 113 local units.

The frequency of enterprises with only one local unit was highest in the subsectors recruitment and provision of personnel and in computer services (60% and 55% respectively). On the other hand, the production of renting and leasing and professional services had the widest regional spread inside the UK in terms of number of local units.

3.2.2 Legal status

More than 83% of the enterprises were companies followed by 11% of partnerships, cf. figure 3.1. In addition, the data included 55 sole proprietorships

corresponding to 4% of the population; however, their share of employment and turnover was marginal, only 0.2% for each.

Companies also dominated employment (86%) and turnover (92%). In fact, the 53 largest respondent companies accounted for more than half of the total employment of the respondent enterprises.

The computer services subsector had the highest representation of companies (91% of the total number of enterprises), cf. table 3.2. The lowest share of companies was found in technical and professional services (73% and 74% respectively). In these subsectors, the partnerships represented about one fifth of the enterprises.

The employment share for companies was very high in several business services subsectors, e.g. 99% for recruitment and provision of personnel, 96% for operational services and for computer services. However, only two thirds of the personnel of technical services worked in companies. In technical services the employment rate of partnerships was considerable and differed from the general employment pattern.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1990.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	91	97	6	2	2	0	2	1	100	100
Professional services	74	85	20	15	3	0	2	1	100	100
Marketing services	84	98	6	1	10	1	0	0	100	100
Technical services	73	83	21	17	5	0	1	0	100	100
Renting and leasing services	89	99	6	0	4	0	1	1	100	100
Recruitment/provision of personnel	86	99	10	1	4	0	0	0	100	100
Operational services	88	94	8	5	3	0	2	1	100	100
Other business services	84	83	9	5	5	0	3	12	100	100
All subsectors	83	92	11	4	4	0	2	4	100	100

Source: SIRC. Pilot Survey Data 1990.

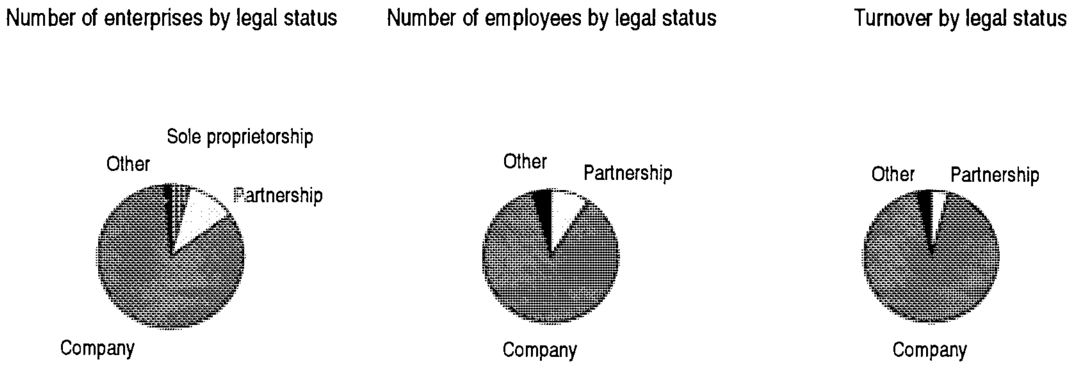
eurostat

[3] SIRC reported that they were not able to divide the domestic and extra UK units from each other.

The generation of turnover was even more clearly concentrated on companies. As a result, there was a total of four subsectors, where more than 97% of the turnover was generated in companies. In technical and professional services the partnerships appeared to have a contribution of around 15% of the total turnover of these subsectors.

Figure 3.1

Enterprises, employees and turnover by legal status, 1990.



Source: SIRC. Pilot Survey Data 1990.

3.2.3 Age of enterprise

3.2.3.1 Turnover and gross value added

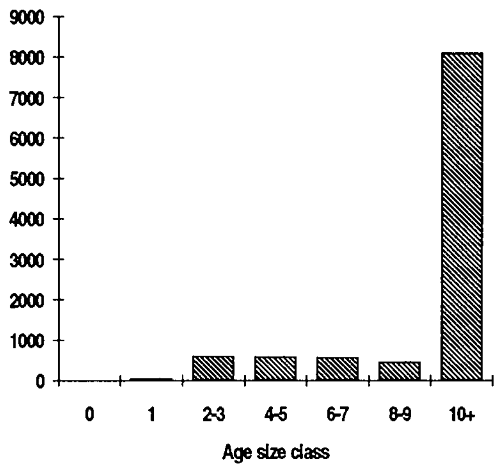
1 192 enterprises reported turnover figures and 611 enterprises gross value added figures by age size-classes which means that the values of turnover and gross value added are not comparable.

The age structure of the business services in terms of turnover was strongly concentrated on the ten-year-old or older enterprises. This can obviously be explained by the fact that there were several large enterprises among the UK respondents and it can be assumed that there exists a positive correlation between the size and age of an enterprise.

Thus a total of 78% of the turnover was accrued in ten-year-old or older enterprises, cf. figure 3.2. Of all subsectors, professional and technical services had the highest turnover shares for old enterprises (86%). The pattern of operational services differed substantially from the general pattern. Largest share of the turnover in this subsector was in fact generated by 2 to 3-year-old enterprises (44%).

Figure 3.2

Turnover by age of enterprise, (million ECU) 1990.

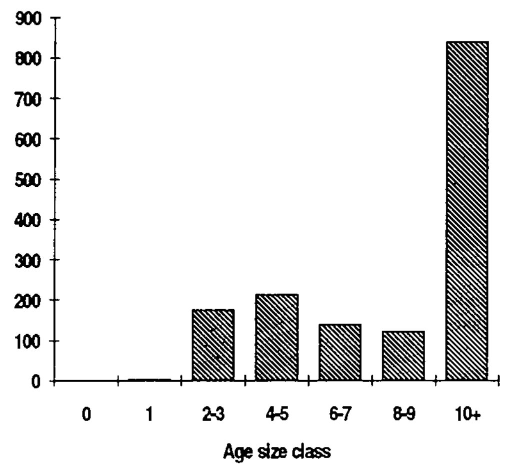


Source: SIRC. Pilot Survey Data 1990.

56% of the gross value added was generated in ten-year-old or older enterprises, cf. figure 3.3. Technical services had the highest share of gross value added in the old enterprises (92%) followed by computer services (84%) and professional services (83%). As for turnover, gross value added of operational services showed a different pattern with 56% of the gross value added generated by 2 to 3-year-old enterprises. Renting and leasing services and recruitment and provision of personnel also differed from the general pattern, i.e only 36% and 16% of gross value added were generated in the old enterprises.

Figure 3.3

Gross value added by age of enterprise, (million ECU) 1990.



Source: SIRC. Pilot Survey Data 1990.

3.2.3.2 Turnover and gross value added per employee[4]

The data on turnover and gross value added per employee cover 1 192 and 611 enterprises respectively. Therefore the data are not comparable.

There seems to be no particular pattern for either turnover or gross value added per employee, cf. figure 3.4. The highest turnover per employee was recorded by the new enterprises followed by the 2 to 3-year-old and 6 to 7-year-old enterprises. 8 to 9-year-old enterprises recorded lowest turnover per employee.

[4] The data on turnover and gross value added per employee cover 1 192 and 611 enterprises respectively and are not comparable.

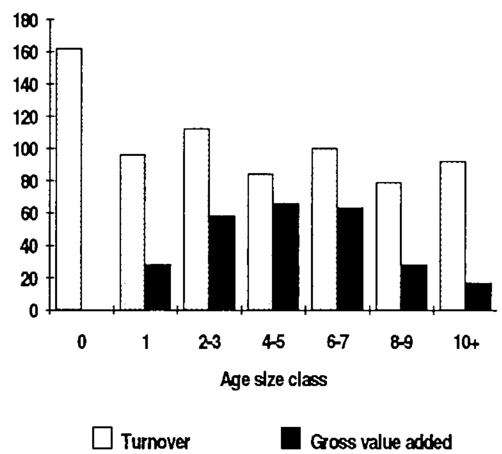
Concerning gross value added per employee the 4 to 5-year-old and the 6 to 7-year-old enterprises showed the highest values whereas the 10-year-old or older enterprises recorded a gross value added per employee four times as low.

Renting and leasing services showed a turnover per employee that was nearly four times as high as the average and significantly higher than for the rest of the subsectors. The lowest turnover per employee was recorded by the subsectors operational services and recruitment and provision of personnel, amounting to half of the average.

As for turnover per employee the subsector renting and leasing services recorded the highest gross value added per employee but not significantly higher than for the other subsectors. Marketing services recorded the lowest gross value added per employee, i.e. half of the average and more than six times as low as for renting and leasing services.

Figure 3.4

Turnover and gross value added per employee by age of enterprise, (ECU 1.000)[4], 1990.



Source: SIRC. Pilot Survey Data 1990.

3.3 Employment

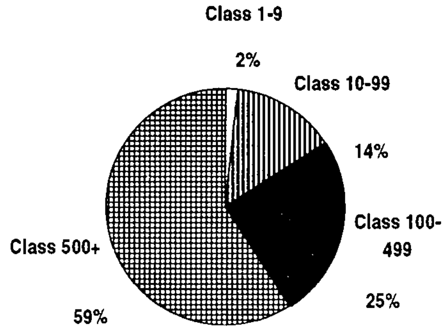
3.3.1 Employment by size-class

The respondent enterprises of the pilot survey in the United Kingdom had a total of 123 435 employees. A quarter of the employees were working in medium-sized enterprises (100-499 employees), while the great majority of 73 000 were employed by the large enterprises, cf. figure 3.5. Small enterprises accounted for less than 2% of the total employment of the surveyed enterprises.

In absolute terms, the subsectors with the highest employment figures were other business services (29 091 employees) and computer services (27 688 employees). Marketing services had the lowest number of employees at 7 843 or 6.4% of the total.

Figure 3.5

Breakdown of employees by employment size-class, %-share, 1990.



Source: SIRC. Pilot Survey Data 1990.

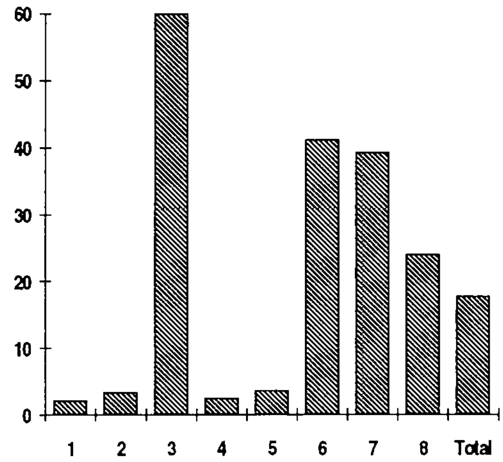
The proportion of employment in large enterprises was most significant in renting and leasing services (73%) and computer services (71%). All the subsectors recorded more than half of the total employment in large enterprises, with the exception of operational services.

Of all the subsectors the marketing services seemed to have the greatest importance in small enterprises with less than 100 employees. This observation is emphasized if one takes the part-time employees into account, because marketing services had actually the highest proportion of part-time employees in enterprises with more than one hundred employees.

The number of part-time employees was almost 22.000, covering 18% of the total employment of the respondent enterprises. Contrary to most of the other Member States the proportion of part-time employees was clearly the largest in marketing services (60% of employees) followed by recruitment and provision of personnel (41%) and operational services (39%), cf. figure 3.6. In the subsectors of computer services (2%), technical services (2.5%), professional (3.3%) and renting and leasing services (3.6%) the part-time employees seemed to be of only marginal importance.

Figure 3.6

Part-time employees as a share of total number of employees, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: SIRC. Pilot Survey Data 1990.

3.3.2 Employment per enterprise

The average employment per respondent enterprise was 95 employees. The range varied from 64 employees for marketing services to 115 for computer services. In addition, the subsectors of operational services (112 employees) and recruitment and provision of personnel (109 employees) had on average more than 100 employees.

The median value of employment per enterprise for the UK data showed a great difference compared to that of the average. The median of all enterprises was 14 employees. The lowest value of ten employees was that of computer services, meaning that the data of computer services included several small enterprises although their contribution to e.g. turnover is insignificant compared with that of a few very large enterprises in this subsector.

At the total level, the average employment per micro enterprise (1-9 employees) was five employees and 30 employees in the small enterprises (10-99 employees). For the large enterprises the average personnel rose to 1299. Between subsectors the average employment seemed to vary only slightly in all employment size-classes, with the exception of large enterprises.

The highest average employment (almost 1 800 employees) among the large enterprises was recorded for computer services, followed by marketing services, recruitment and provision of personnel and renting and leasing services. On the other hand, the only subsectors with average employment of less than 1.000 in the large enterprises were operational services (916 employees) and technical services (919 employees).

3.4 Turnover

The turnover of the respondent enterprises slightly exceeded ECU ten billion. More than a quarter of the total turnover was generated in renting and leasing services and about a quarter in the subsector other business services. In addition, computer services acounted for one fifth, while the rest of the subsectors were of less importance in terms of turnover.

3.4.1 Turnover by size-class

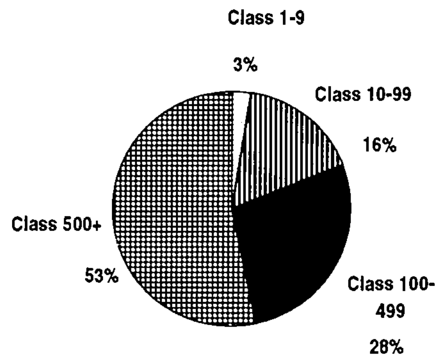
The breakdown of turnover into employment size-cathegories clearly shows the dominance of the large enterprises, even though it is less evident than in terms of employment, cf. figure 3.7. The reason for this is partly the great number of part-time employees in the large enterprises.

Large enterprises acounted for more than 53% of the turnover, followed by medium-sized enterprises (100-499 employees) (28%) and small enterprises (10-99 employees) (16%). As a consequence, the micro enterprises' significance concerning turnover was marginal in this survey

The contribution of large enterprises in terms of turnover was unevenly distributed compared to that of employment. The turnover shares for marketing services (1%) recruitment and provision of personnel (24%), and technical services (30%) was clearly below those for employment. Accordingly, these subsectors seemed to have the greatest importance in the size-classes of less than 100 employees.

Figure 3.7

Breakdown of turnover by employment size-class, %-share, 1990.



Source: SIRC. Pilot Survey Data 1990.

On the other hand, the generation of turnover of computer services (70%) and renting and leasing services (65%) seemed to have been strongly concentrated in large enterprises.

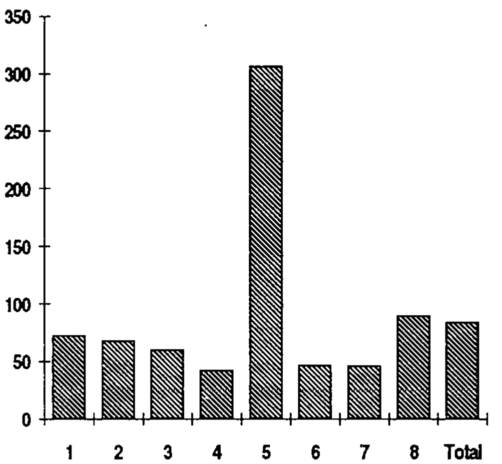
3.4.2 Turnover per employee

Business service enterprises' average turnover per employee was almost ECU 84.000. The general pattern appeared to be decreasing turnover per employee as the enterprises' size class grew. The range varied from ECU 115.000 for small enterprises to ECU 76.000 for the large enterprises. Again the great number of part-time employees in large enterprises partly explains the difference.

The study of turnover per employee by subsectors indicated that there were only two subsectors i.e. renting and leasing services (ECU 306.000) and other business services (ECU 89.000) which exceeded the average turnover per employee, cf. figure 3.8. This is due to the renting and leasing services raising the average turnover per employee considerably.

Figure 3.8

Turnover per employee by subsector. (ECU 1.000), 1990.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: SIRC. Pilot Survey Data 1990.

The lowest average was shown in technical services (ECU 42.000) followed by operational services (ECU 46.000) and recruitment and provision of personnel (ECU 47.000).

In the subsector recruitment and provision of personnel the average turnover per employee decreased steadily from ECU 172.000 for small enterprises to ECU 22.000 for the large ones.

The reasons for this large decline are probably twofold. Firstly, more than 70% of the employees in large enterprises were part-time employees, and the pattern was the opposite in the other size-classes. Secondly, as a consequence of the former, the large enterprises are most probably concentrated on labour provision while the smaller enterprises are probably more often engaged in recruitment and 'headhunting' activities where the turnover per employee can be assumed to be higher.

3.4.3 Turnover per enterprise

The average turnover per enterprise in the UK data was close to ECU 8 million. However, the difference between the subsectors was again large varying from about ECU 3.6 million for technical services to ECU 27.4 millions for renting and leasing services. Together with renting and leasing services only computer and other business services exceeded the average turnover. This was caused by the high turnover of the large enterprises, where the above mentioned subsectors also showed the greatest averages.

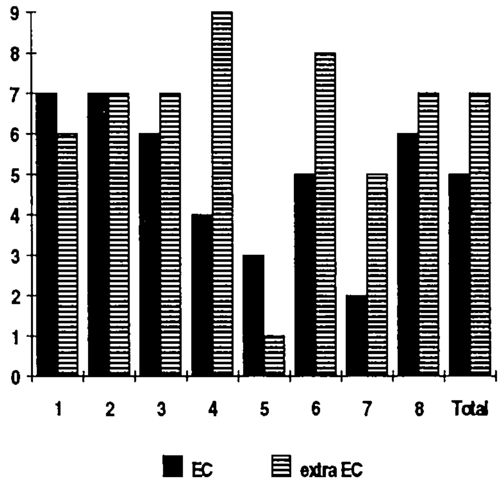
3.4.4 Turnover divided into domestic / export markets

88% of the demand for business services was domestic in terms of turnover. In general, the share of services sold within the UK were relatively even among the business services subsectors, cf. figure 3.9.

The most international subsector seemed to be professional services receiving 14% of the turnover from export markets. However, there was only a marginal gap of one percentage point to the next five subsectors. Renting and leasing services (96%) and operational services (93%) relied mostly on the domestic markets.

Figure 3.9

EC and extra EC demand for business services, %-share of turnover, 1990.



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: SIRC. Pilot Survey Data 1990.

The large enterprises were the most export-oriented receiving on average 15% of their income from other countries. Especially in the subsectors of professional services (36%) and technical services (24%) the large enterprises had a high exports share. 19% of the export of the large enterprises engaged in professional services was bought by EC markets while the corresponding figure for technical services was only 3%.

On the other hand, all the services produced by large operational and marketing service enterprises were all bought by domestic customers.

Surprisingly, the extra EC markets seem to have been more important for business services exports than the EC market. The total of 12% of the turnover was exported but only 5 percentage points to EC countries. In relative terms, the top two exporting subsectors to EC countries were professional services together with computer services (7% of turnover). The contribution of EC clients to turnover in different subsectors by employment size-class shows no consistent pattern.

3.4.5 Turnover broken down by type of client[5]

Business services enterprises received on average[6] 78% of their turnover from private enterprises, cf. figure 3.10. The study by employment size-classes showed, surprisingly, that according to the pilot survey a reverse correlation existed between employment size-class and the share of turnover received from private enterprises. In the micro enterprises four fifths of the turnover was received from private enterprises, while the corresponding value for the large enterprises was only 68%.

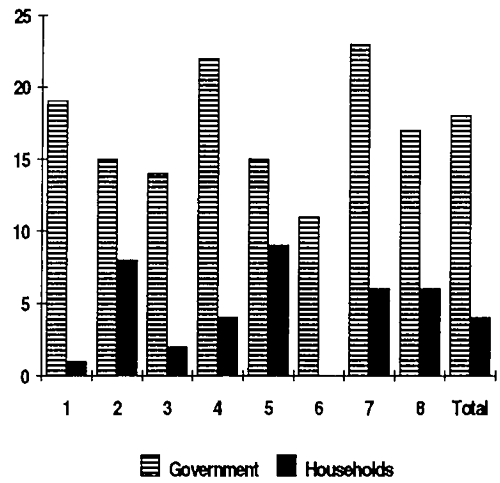
The main reason for this is assumed to be in the subsector of renting and leasing services, where only 50% of the large enterprises' production was sold to private enterprises. In addition, only 4% of these enterprises' turnover came from governmental purchases. As a result, especially the households seemed to have been an important client group for the large renting and leasing enterprises.

As a whole, government absorbed some 18% of the total demand for business services, cf. figure 3.10.

Government was an important client for operational services (23%), technical services (22%) and computer services (19%). Large enterprises in technical and computer services also received a very high proportion of turnover from government, 34% and 29% respectively.

Figure 3.10

Government and household demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: SIRC. Pilot Survey Data 1990.

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3.5 Accounts data

3.5.1 Gross value added

The gross value added figures covered only 613 of the enterprises participating in the survey and are thus not comparable with the other variables described.

3.5.1.1 Gross value added by employment size-class

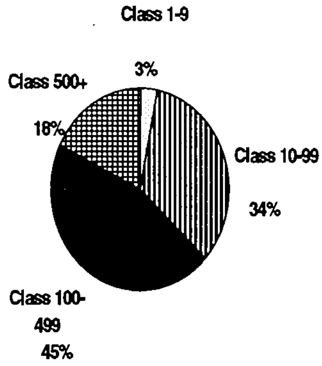
45% of the total gross value added was generated in the medium-sezed enterprises, cf. figure 3.11. The small enterprises had the second largest share of gross value added, i.e. 34% whereas the micro enterprises accounted for only a little more than 3% of the total gross value added.

[5] The data refer to the overall turnover, not just the UK markets.

[6] Data showing the demand by client type based on the responses of 1.267 enterprises

Figure 3.11

Breakdown of gross value added by employment size-class, %-share, 1990.



Source: SIRC. Pilot Survey Data 1990.

The distribution of gross value added by size classes differed in some subsectors significantly from the average. In technical services 77% of the gross value added was generated in the large enterprises compared to the average of only 18%. Also the subsectors renting and leasing services (60%) and operational services (66%) showed the largest shares of gross value added in the large enterprises.

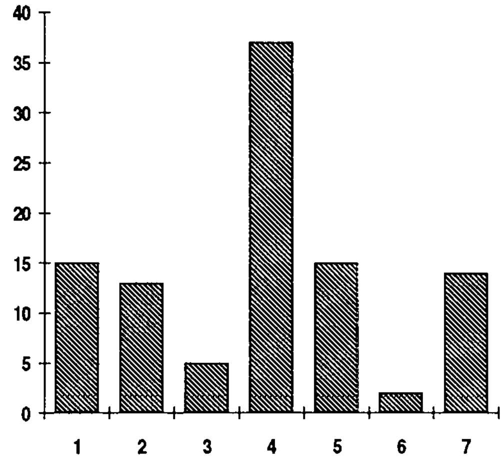
3.5.1.2 Gross value added by subsector

The subsector technical services accounted for 37% of the total gross value added followed by renting and leasing, computer and operational services which all generated about 15% of the total gross value added, cf. figure 3.12.

In the large enterprises technical services were of great importance as the subsector accounted for more than 50% of the gross value added in that employment size class. Technical services had also the highest share of gross value added (26%) in the micro enterprises. Computer services accounted for the highest share (28%) of gross value added in the medium-sized enterprises which was also relatively high compared to the average of all size-classes in computer services (15%).

Figure 3.12

Gross value added by subsector, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services

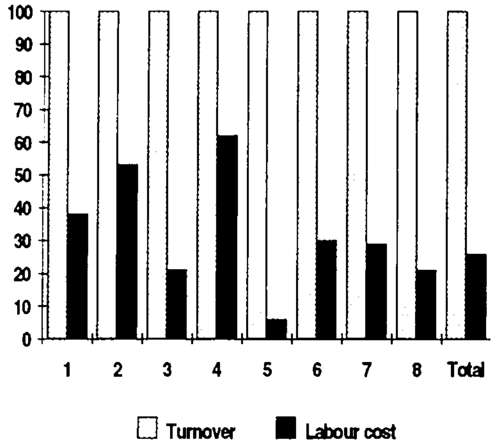
Source: SIRC. Pilot Survey Data 1990.

3.5.2 Labour costs

The labour costs of the UK respondent enterprises totalled ECU 2.7 billion or 26% of the total turnover, cf. figure 3.13. The range of labour costs in respect of turnover was wide across the subsectors: the ratio was clearly highest for technical services (62%) and lowest for renting and leasing services (6%). The ratio appeared to be strikingly low for labour intensive subsectors such as operational services (29%) and recruitment and provision of personnel (30%) compared to the results for the other countries.

Figure 3.13

Labour costs, %-share of turnover, 1990.

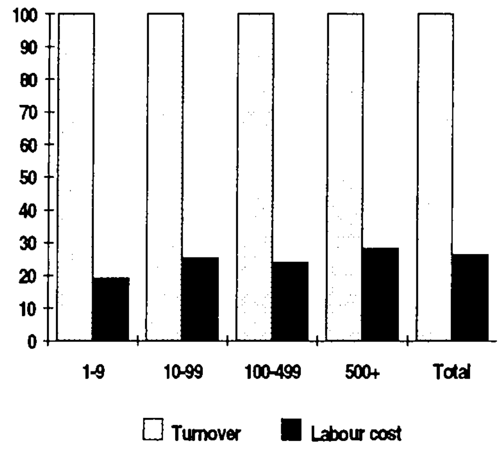


1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: SIRC. Pilot Survey Data 1990.

Figure 3.14

Turnover and labour costs, by employment size-classes, %-share of turnover, 1990.



Source: SIRC. Pilot Survey Data 1990.

The large enterprises had the highest share of the total labour costs of 57% compared to their 53% turnover share. Labour costs as a proportion of the total turnover for large enterprises amounted to 28% compared to 19% for small enterprises (1-9 employees) and 25% for enterprises employing 10-99 persons, cf. figure 3.14.

The highest labour costs per employee were recorded in professional services (ECU 36.000) followed by computer services (ECU 28.000) and technical services (ECU 26 000). The lowest labour costs per employee were recorded in marketing services (ECU 12.000), operational services (ECU 13.000) and recruitment and provision of personnel (ECU 14.000).

The study of turnover and labour costs per employee is evidently distorted due to the differences in the number of part-time employees across the subsectors.

At a total level, labour costs were evenly distributed by employment size-classes. The average labour costs per employee for all subsectors were ECU 22.100 and varied from ECU 24.400 for small enterprises to 21 500 for large enterprises. Among the large enterprises, however, there where strikingly low values for recruitment and provision of personnel and marketing services

The average labour costs per enterprise for all the subsectors were almost ECU 2.1 million. The two highest averages concerning labour costs per enterprise were recorded for computer services (ECU 3.2 million) and professional services (ECU 2.9 million). Although the renting and leasing services were superior in turnover value, they scored below average values in terms of labour costs.

3.5.3 Investments

Investments of respondent business services enterprises totalled ECU 1.1 billion in 1990 equalling 11% of the total turnover. The investment data are very divergent across the subsectors. The reason may be found in low data quality in the pilot survey carried out in the United Kingdom.

The highest investment rate in respect of turnover was found, surprisingly, in operational services, i.e. 30% of the turnover. This was due to a strikingly high investment rate in large enterprises. Renting and leasing services' investments were also remarkable with 16% of the turnover. Recruitment and provision of personnel and marketing services had the lowest values of 3%.

The smaller enterprises appeared to have the highest average investment rate; 17% of the turnover for small enterprises and 14% for micro enterprises compared to 6% for medium-sized enterprises and 11% for large enterprises.

3.6 Summary and conclusion

In 1990 there existed about 370 000 business services enterprises (NACE 83) in the United Kingdom which employed nearly 2.5 million persons. The business services enterprises in the United Kingdom represented about 21% of the business services sector at the EUR(12) level. The employment in the business services sector in the United Kingdom was of great significance as 31% of all the persons employed in this sector in the EUR(12) were employed in the United Kingdom.

The distribution of number of enterprises by size-classes did not differ significantly from that of the EUR(12) whereas the large enterprises were of much greater importance and the micro enterprises of less importance in terms of employment than at the EUR(12) level.

Of the 1303 enterprises covered by the pilot survey the largest share (45%) belonged to the size-class of small enterprises. This size-class only generated 14% of the employment and 16% of the turnover. The large enterprises with more than 500 employees generated the highest shares of both employment (59%) and turnover (53%) where as only 4% of the number of enterprises belonged to this size-class.

The greatest number of enterprises were recorded for the subsector other business services (23%) followed by computer services (18%). These two subsectors also had the highest shares of employment (24% and 22%) and high shares of turnover (25% and 19%). Though, renting and leasing services generated the greatest share of turnover (27%).

83% of the enterprises were companies where as 11% were partnerships. In terms of both employment and turnover companies also accounted for the greatest shares, i.e. 86% and 92% respectively. Companies' share of all three variables were significant within all subsectors.

The ten-year-old or older enterprises generated 78% of the total turnover. Operational services differed from the general pattern by generating the largest share of turnover in the 2 to 3-year-old enterprises. 56% of the gross value added was generated by the ten-year-old or older enterprises. Again operational services deviated from the general patern with 56% of the gross value added generated by the 2 to 3-year-old enterprises. There were no general pattern concerning turnover and gross value added per employee. The 2 to 3-year-old enterprises showed the greatest turnover per employee where as the greatest gross value added per employee was recorded by the 4 to 5-year-old enterprises. Figures for turnover and gross value added are not comparable as they are based on a different number of enterprises.

The business services enterprises in the pilot survey received 88% of their turnover from domestic markets. Of the 12% of the turnover that was exported only 5 percentage points went to other EC countries. Professional services was most dependent on international markets receiving 14% of its turnover from countries outside the United Kingdom.

Private enterprises were the most important customer as 78% of the turnover was received from this client group. Government accounted for 18% and households for the remaining 4%. The share of turnover received from private enterprises decreased with the size of the enterprise.

The medium sized enterprises generated the largest share of gross value added, i.e 45% followed by the small enterprises which accounted for 34% of the total gross value added. The largest share of gross value added was generated by the subsector technical services which accounted for 37% of the total gross value added.

The labour costs of the business services enterprises participating in the survey amounted to ECU 2.7 billion and represented 26% of the total turnover. Technical services recorded the greatest share of labour costs in respect of turnover (62%). The labour intensive subsectors operational services (29%) and recruitment and provision of personnel (30%) showed low ratios compared to other countries. The highest labour costs per employee were recorded in professional services (ECU 36 000) where as the highest labour costs per enterprise were recorded in computer services and amounted to ECU 3.2 million.

The total investments in the surveyed enterprises amounted to ECU 1.1 billion and represented 11% of the total turnover. Surprisingly operational services showed the highest investment rate in terms of turnover, i.e. 30% followed by renting and leasing services (16%). The small enterprises showed the highest average investment rate of 17%.

Finland

1. General business structure in Finland

In the period 1975-1990 the proportion of market and non-market services in total GDP increased significantly. In 1975 the share of services in total GDP was just under 49%; by 1990 it had increased to 59.5% of GDP.

In 1975 the market services sector accounted for 34.9% of GDP. In 1990 the corresponding figure was 41.2%. A period of very rapid growth occurred from 1985 to 1990, when the share of market services increased by about 3% points of GDP.

Table 1.1

Breakdown of value added in basic values by subsector and in per cent of total economy, 1975-1990, current prices.

	1975	1980	1985	1990
Market services	34.9	36.5	38.3	41.2
of which banking and insurance	2.7	3.4	3.4	4.5
of which other market services	12.2	12.2	13.6	15.7
of which distributive trades	11.3	11.2	11.4	10.9
of which hotels and restaurants, transport and communication	8.8	9.7	9.9	10.2
Non- market services	13.9	14.8	17.2	18.3
All sectors	100.0	100.0	100.0	100.0

Source: Statistics Finland, National Accounts 1975-1992.

The other market services sectors in particular, including business services (3.5%), banking and insurance (1.8%) and hotels and restaurants, transport, storage and communication (1.4%) increased their importance during the period 1975-1990. However, the share of distibutive trade in GDP decreased slightly in the late 1980s. The non-market services sector contributed about 14% of GDP in 1975 but by 1990 its share had increased to 18.3% of GDP.

A similar pattern of development also took place concerning employment. However, in general the contribution of services to total employment has remained slightly behind the value added it has generated. In 1975 services accounted for about 46.7% of total persons employed. By 1990 the share of persons employed had increased to 58.0%.

The expansion of services sector employment has largely been due to the growth in the non-market services sector. In 1975 the non-market services sector accounted for 14.7% of persons employed, and the market services 32.0%. By 1990 the employment share of non-market services had risen to 21.9% and that of market services to 36.1%.

Table 1.2

Breakdown of persons employed by subsector and in per cent of total economy 1975-1990.

	1975	1980	1985	1990
Market services	32.0	32.1	33.4	36.1
of which banking and insurance	2.2	2.4	2.7	2.8
of which other market services	6.4	6.8	7.7	9.1
of which distributive trades	13.9	13.1	13.4	13.8
of which hotels and restaurants, transport and communication	9.4	9.7	9.8	10.4
Non- market services	14.7	17.8	20.1	21.9
All sectors	100.0	100.0	100.0	100.0

Source: Statistics Finland, National Accounts 1975-1992.

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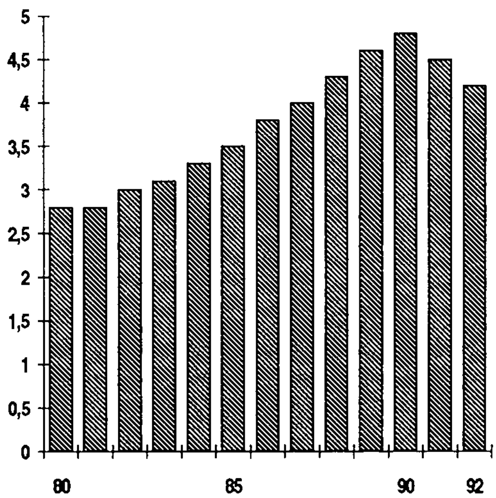
In 1990 the other market services employed about 214 000 persons, 70 000 more than in 1975. This sector increased its share of employment from 6.4% in 1975 to 9.1% in 1990. The growth of employment in 'other market services' was thus notably faster than in other sectors of market services such as hotels, transport and communication.

The economic importance of business services has grown substantially over the last few decades. The relative contribution of business services to gross domestic product (GDP) in terms of producer prices more than doubled between 1975 and 1990, reaching 4.8% in 1990.

The increase in the relative contribution of business services to GDP is explained by the faster growth of prices and volumes in business services than in the other sectors of the economy on average. The annual growth rate of the volume of business services steadily exceeded that of GDP during the 1980s, but in 1990 the situation was reversed, with the downturn in the Finnish economy pushing the growth rate of the volume of business services below the national average. The volume of business services shrank by almost 15% from 1990 to 1991, while the corresponding decline in GDP was 7%.

Figure 1.1

Proportion of business services in GDP, 1980-1992, percent



Source: Statistics Finland, National Accounts 1980-1992.

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In the late 1980s the demand for business services was strongly stimulated by the exceptionally high growth rates across the whole economy. The first signs of recession appeared in 1990[1], and in 1991 and 1992 the Finnish economy was in deep recession with falling GDP figures. As a consequence, the demand for business services diminished by more than the average.

[1] In some industries already in 1989.

The reasons for the slackening demand for business services in the early 1990s were obvious: demand from domestic markets, on which business services were heavily dependent, was shrinking and investment activity in the economy was modest. The only business services sector with continued considerable exports was technical services. However, the volume of exports of technical services was not large enough to absorb the slump in domestic demand.

2 Structure of business services in Finland

In this section the structure of the business services sector in Finland is described and compared with the EUR(12) level. In the following NACE 70 classes 83 (excluding 831) and 84[2] will be used as a rough indicator of the business services sector as it is not possible to construct a EUR(12) level based on three-digit NACE 70 classes. The data refer to 1990.

2.1 Number of enterprises

In 1990 Finland had almost 125 600[3] enterprises of which 116 200 were active in NACE 70 classes 1 to 8. The business services sector was of less importance in Finland than at the EUR(12) level: 13% of the enterprises in Finland (NACE 1 to 8) were engaged in business services, compared to 15% at the EUR(12) level, cf. figure 2.1.

As in other European countries almost all (99%) of the business services enterprises in Finland belonged to employment size-classes 0-9 and 10-99. In Finland, however, only 89% of the enterprises were micro enterprises, compared to 95% at the EUR(12) level. This minor share of micro enterprises in Finland is probably due to the registration criteria in the business register in Finland, cf. footnote 3. 10% were small enterprises in Finland compared with less than 5% for EUR(12).

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in Finland, 1990

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services	14766	92591	8115
Total industry (NACE 1-8)	116204	1287492	178605
Business services as% share of the total industry	12.7	7.2	4.5

Source: Eurostat. Enterprises in Europe (1994).

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[2] NACE classes 83 and 84 are used as a rough indicator of business services, although they on the one hand include activities auxiliary to banking, finance and insurance and dealers in real estate and house and estate agents. On the other hand class 923 cleaning services (operational services in the pilot survey) is not included in the used definition of business services.

[3] This figure includes all enterprises in Finland in existence for at least 6 months in 1990 employing a minimum of 0.5 employee in the reference year (i.e. the full-time equivalent of half a year) or having an annual turnover exceeding ECU 8 900. Holding companies are not included in the total.

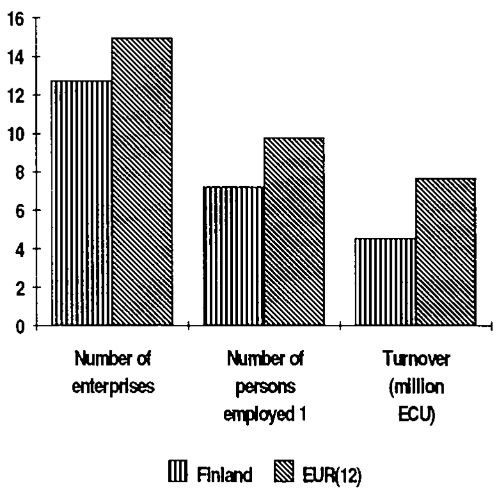
2.2 Employment

In 1990 almost 92 600 persons were employed in the Finnish business services sector. This amounted to 7% of the number of persons employed in the whole of industry in Finland (NACE 1-8), i.e. around 1 287 500 persons, cf. table 2.1. Compared to the EUR(12) level (10%) the number of persons employed in the business services sector was of less importance in Finland than for EUR(12) as a whole, cf. figure 2.1. However, the number of persons employed per enterprise in the business services sector was 6.3 in Finland and only 4.4 for EUR(12) as a whole. This is due to the relatively low number of micro enterprises in the Finnish business services sector.

For reasons of confidentiality, no data are available for detailed employment size-classes. Only 31% of the persons employed in the Finnish business services sector were employed in micro enterprises, compared to 44% at the EUR(12) level. Also, the large enterprises in Finland had a smaller share of the persons employed in the business services sector as they employed 12%; the corresponding figure for EUR(12) was 20%.

Figure 2.1

Business services as %-share of total industry



[1] The Finnish data refer to full-time equivalent man-years

Source: Eurostat. Enterprises in Europe (1994).

2.3 Turnover

In 1990 the Finnish enterprises in NACE classes 1 to 8 generated a total turnover of ECU 178 605 million of which the business services sector accounted for ECU 8115 million, i.e. 5%, cf. figure 2.1. As for number of enterprises and number of persons employed, the turnover of the business services sector in Finland was less significant than at the EUR(12) level where 8% of the total turnover of industry was generated by the business services sector, cf. figure 2.1.

Micro enterprises generated only 33% of the turnover of the business services enterprises in Finland compared to 47% at the EUR(12) level. The large enterprises with more than 500 persons employed accounted, on the other hand, for 12% of the total turnover where as the percentage share at the EUR(12) level was only 10%. Figures for the rest of the employment size-classes are not available due to confidentiallity reasons.

2.4 Breakdown of business services

In this section the business services sector in Finland for 1990 is examined briefly according to the Finnish activity classification (SIC).

Table 2.2 clearly shows the importance of technical services compared to the other sectors. Technical services accounted for more than a quarter of all enterprises and persons employed, and 30% of turnover.

Data processing services represented 11% of enterprises but their share of turnover (27%) was close to that of technical services. This is due to the fact that a large share of the turnover of data processing services enterprises consisted of computer hardware sales. The turnover generation in the other activities remained clearly smaller than that of data processing and technical services.

The labour-intensive cleaning services appeared to employ a considerable number of persons, more than 17 000, accounting for almost a fifth of the total personnel. In terms of enterprises the bookkeeping services was the second largest sector with 1500 enterprises employing, however, only about 5100 persons

Table 2.2

Number of enterprises, number of persons employed and turnover by SIC class[1], 1990.

	Number of enterprises	Number of persons employed	Turnover ECU 1000
661 Cleaning (NACE 923)	855	17143	473.1
67 Renting of machinery and equipment (NACE 84)	955	3351	394.7
71 Technical services (NACE 837)	3207	25267	1985.0
72 Data pocessing services (NACE 839)	1309	15884	1778.2
751 Management and administration services (NACE 839)	1237	3373	372.4
752 Bookkeeping services (NACE 836)	1506	5120	335.5
753 Legal services (NACE 835)	444	1472	172.6
754 Marketing services (NACE 838, 839)	1290	6342	548.1
76 Other business services (NACE 839)	1414	13843	588.5
Total	12217	91795	6648.2

[1] Approximate link between the Finnish nomenclature (SIC-88) and NACE 70 in parentheses

Source: Statistics Finland. Business Register 1990

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3. Detailed description of business services in Finland

3.1 Brief description

The Finnish data, from the reference year 1989, were compiled from the Finnish Business Register. In contrast to the EC Member States, no pilot survey was carried out on business services; thus the data now presented refer to the *total universe*, with the exception of sole proprietorships (own account workers), which the data derived from the business register do not fully cover[4].

[4] The Business Register data cover all units which are obliged to pay turnover tax or which employ paid workers. The statistical tables based on the Business Register relate to enterprises engaged in business activity which operated at least six months in 1989 and which employed a minimum labour full-time equivalent of half a person or had a turnover in excess of FIM 42 000 (about ECU 8 900). On average the Business Register covers 94 per cent of the aggregated turnover and aggregated personnel of the whole enterprise sector. Its coverage of individual enterprises is about 60 per cent. The major group not covered in its entirety is own account workers.

Some differences between the Finnish data and the pilot survey should be underlined. Firstly that the definitions of the subsectors differ somewhat from the definitions used in the pilot survey[5]. Secondly in the following paragraphs employees refer to the paid employees and the entrepreneurs which are included in the Business Register data. In addition, the data on employees refer to full-time equivalent.

Consequently, the Finnish data do not include the full set of tables and variables required by the pilot survey. In addition, data on some activity classes are derived from the Financial Statements Statistics (FSS) for 1992.

3.1.1 Number of enterprises

Technical and professional services, the largest subsectors in terms of enterprises, each accounted for about a quarter of the total of 11 600 enterprises. They were followed by the subsectors of other business services (14%), marketing services (10%) and computer services (10%). Recruitment and provision of personnel services accounted for less than 1% of the enterprises, cf. table 3.1

Because of confidentiality regulations, the Finnish data are classified into three employment size-classes: 1-9 (micro enterprises), 10-99 (small enterprises) and 100+ (large enterprises).

Table 3.1

Number of enterprises, employees, and turnover, 1989

	Number of enterprises	% share	Number of employees	% share	Turnover million ECU	% share
Computer and related services	1139	10	15028	17	1743.2	28
Professional services	2904	25	9442	11	772.2	12
Marketing services[1]	1194	10	6152	7	591.6	9
Technical services	2952	25	23373	26	1817.9	29
Renting and leasing services	873	8	2985	3	364.2	6
Recruitment and provision of personnel	104	1	3255	4	79.2	1
Operational services	876	8	20766	24	514.1	8
Other business services	1570	14	7373	8	465.2	7
All subsectors	11612	100.0	88374	100.0	6347.6	100.0

[1] Gross margin used instead of turnover for advertising agencies.

Source: Statistics Finland. Business Register 1989

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[5] The differences concern the following subsectors; professional services which in the Finnish data includes market research and public opinion polling, executive search and labour recruitment services, marketing services which includes organisation and exploitation of fairs and exhibitions, but does not include market research and public opinion polling. Recruitment and provision of personnel services which does not include executive search and labour recruitment services, and finally the subsector other business services which does not include auctions, organisation and exploitation of fairs and exhibitions, debt collecting and credit rating services

A total of 10 200 business services enterprises, or 88%, employed fewer than ten persons. Small enterprises made up 11% of the enterprises, and large ones, numbering 95, only 0.8%.

The subsectors with the highest concentrations of micro enterprises were renting and leasing services (95%), professional services (94%) and other business services (93%). The proportion of small enterprises appeared to be significant in recruitment and provision of personnel (38%), operational services (23%) and computer services (15%). Of the 95 large enterprises, 27 produced technical services, 21 computer services and 19 operational services. However, the proportion of large enterprises was highest in recruitment and provision of personnel, with five firms out of 104 belonging to this size class.

3.2 Demographic data

3.2.1 Local kind of activity units

The total number of local kind of activity units of the business services enterprises was 12 800, that is 1.1 units per enterprise[6]. Of the subsectors, renting and leasing services showed the widest regional spread, averaging 1.3 units per enterprise. In addition, both computer and operational services had more local units than the average (1.2 units per enterprise), cf. figure 3.1.

Of enterprises with ten or more local units, the highest average, 32.6 units per enterprise, was recorded for renting and leasing services, followed by operational services (24.5) and computer services (18.4), which partly explains the high average number of local units in these subsectors. However, the number of enterprises with multiple local units appeared to be rather small. Only 19 enterprises had ten or more local units and 24 had 6 to 9 units.

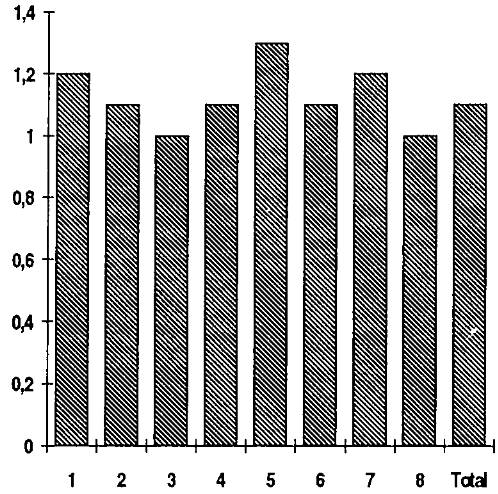
3.2.1.1 Employment distribution

Although enterprises with one local unit accounted for 96% of all enterprises, they employed only 57% of the persons employed.

As regards personnel, the importance of enterprises with one local unit was accentuated in marketing (84%), professional services (81%) and other business services (70%). The corresponding figure for operational services was less than 40%.

Figure 3.1

Number of local units per enterprise by subsector, 1989



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: Statistics Finland. Business Register 1989.

3.2.2 Legal status

3.2.2.1 Number of enterprises

In 1989, almost 59% of the Finnish business services enterprises were limited companies, 30% were partnerships and the remaining 11% were sole proprietorships. The proportion of other legal forms was insignificant, cf. table 3.2.

The universe of computer services enterprises was clearly dominated by limited companies, which made up 83% of all computer services enterprises. They were followed by marketing services (66%) and technical services (63%). The proportion of limited companies was smallest in operational services (38%) and other business services (42%).

In all other business services subsectors than computer and marketing services, the proportion of partnerships appeared uniform, around 30%. Furthermore, the data showed the importance of sole proprietorships in operational and other business services, a quarter of all enterprises being allocated to this group of legal status.

[6] Local unit in this context means local kind of activity units.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share, 1989.

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enterprises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	83	98	13	2	4	0	0	0	100	100
Professional services	59	67	34	30	6	2	1	1	100	100
Marketing services	66	85	21	9	11	2	2	4	100	100
Technical services	63	82	31	16	5	1	0	1	100	100
Renting and leasing services	51	76	33	20	16	4	0	0	100	100
Recruitment/provision of personnel	57	79	36	20	8	1	0	0	100	100
Operational services	38	83	36	13	26	5	1	0	100	100
Other business services	42	73	32	20	26	.6	0	1	100	100
All subsectors	59	84	30	14	11	2	1	1	100	100

Source: Statistics Finland. Business Register 1989.

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3.2.2.2 Number of employees

As regards number of employees, the dominance of limited companies was more striking compared to the number of enterprises. A total of 81.8% of the employees worked in limited companies, 14.7% in partnerships and only 2.6% in sole proprietorships, cf. figure 3.2.

Figure 3.2

Enterprises, employees and turnover by legal status, 1989

Source: Statistics Finland. Business Register 1989.

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However, there are notable differences between the subsectors. Firstly, limited companies accounted for almost 97% of employees in computer services, compared with just over 85% in marketing and operational services. Not surprisingly, the proportion of limited company employees was lowest in professional services (65%), where partnerships employed more than 30% of the employees. The fairly small class of sole proprietorships appeared to have some importance in other business services and renting and leasing services.

3.2.2.3 Turnover

In general, the breakdown of turnover by legal status of the enterprises further emphasises the significance of limited companies vis-à-vis other legal forms. Limited companies generated 84% of the total turnover, or ECU 5.3 billion. The breakdown of turnover by the legal status of the enterprises and by the subsector was quite similar to that of the employment, cf. table 3.2.

3.2.3 Age of enterprise

The information about the age of the enterprise is derived from the Business Register, which contains information on the year of business start-ups. However, the figures may also include cases where, for instance, changes in legal form have been recorded as business start-ups. The age classification used by Statistics Finland differs from the general classification proposed in the pilot survey in that the age categories of six years and older are aggregated.

3.2.3.1 Turnover

The greater part of the total turnover (58%) was generated by enterprises aged six years or older. The enterprises aged two to three years accounted for 14% and those aged four to five years for one fifth of the turnover, cf. figure 3.3. The pattern of turnover generation seemed to vary considerably from one subsector to another.

In computer services and recruitment and provision of personnel, the smallest contributions to turnover in relative terms came from the old enterprises which may reflect the recent rapid development in these services. In contrast, in operational services for instance, the dominance of old enterprises was obvious.

Apart from this, the data seem to suggest that in several subsectors there was a rising trend during the first few years of the life cycle of a business. In fact, in no subsector was the highest turnover per employee found in the age category of six years or older.

Figure 3.3

Turnover by age of enterprise, (million ECU), 1989

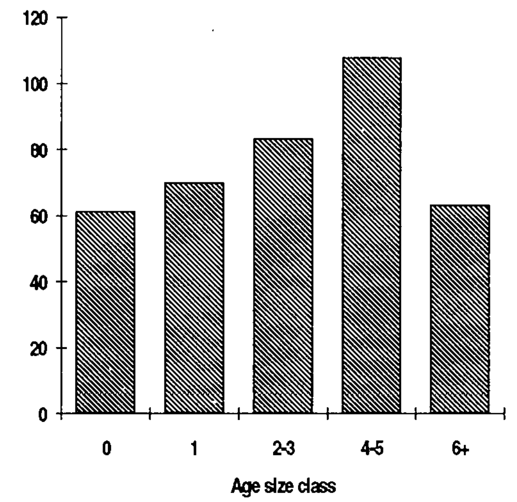
Source: Statistics Finland. Business Register 1989.

3.2.3.2 Turnover per employee

As regards turnover per employee, the data reveal great differences betwen the age classes. In enterprises four to five years old, the turnover per employee appears to be significantly higher than in the other age classes. However, this can be explained by the high concentration of computer services enterprises with a high turnover per employee in this age class.

Figure 3.4

Turnover per employee by age of enterprise, (1.000 ECU), 1989



Source: Statistics Finland. Business Register 1989.

3.3 Employment

3.3.1 Employment by the size-class

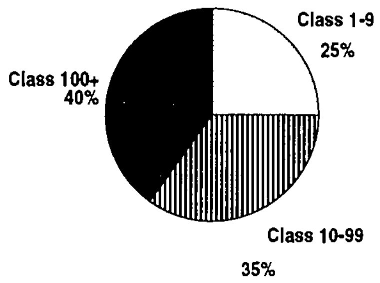
The total number of employees in business services activities was in excess of 88 000 persons in 1989. Part-time workers cannot be distinguished in the Finnish data.

In terms of number of employees, the largest subsector was technical services, employing a little more than a quarter (26%) of total personnel, followed by operational services (24%)[7] and computer services (17%). Renting and leasing services (3%) and recruitment and provision of personnel (4%) appeared to be of only modest importance.

An analysis by employment size-classes revealed that there are significant differences between subsectors. On average, micro enterprises employ a quarter of all employees cf. figure 3.5. However, micro firms were important, especially in professional services, in which almost 60% of the employees were working in the micro-firms. The proportion of micro-firm employees was also high in renting and leasing (39%), other business services (37%) and marketing services (35%). In contrast, their proportion was lowest in recruitment and provision of personnel (6%) and operational services (11%).

Figure 3.5

Breakdown of employees by employment size-class, %-share, 1989



Source: Statistics Finland. Business Register 1989.

In relative terms, the small enterprises were more evenly distributed than micro enterprises across the subsectors. The range was from 54% of the employees in marketing services to 23% in operational services. In several subsectors the proportion was close to the average of 35%.

Large enterprises accounted for about 40% of all employees in business services. In operational and computer services, employees were clearly concentrated in large enterprises. More than half the employees in computer services and two-thirds of those in operational services were employed by large enterprises. The figures for computer services, however, include one large enterprise which also produces and sells computer hardware and thus dominates the structure of this subsector. The proportion of the subsectoral personnel employed by large enterprises was smallest in professional services (7%) and marketing services (11%).

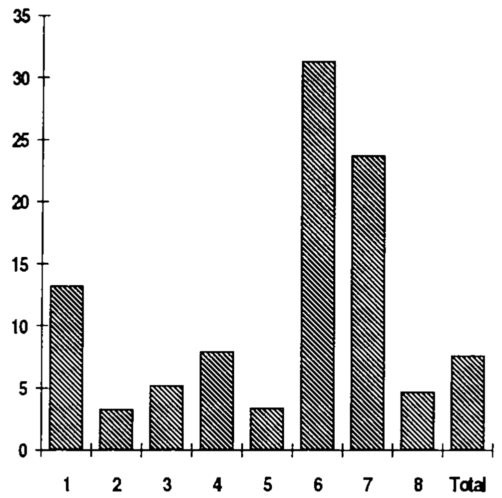
3.3.2 Employment per enterprise

Business services enterprises had 7.6 employees on average. The two subsectors of recruitment and provision of personnel (31.3 employees) and operational services (23.7 employees) had higher averages than the other sectors. Fewest employees were found in enterprises engaged in professional services (3.3 employees) and renting and leasing services (3.4 employees), cf. figure 3.6.

[7] The figure includes both full-time and part-time employees. The proportion of part-time employees is assumed to be higher in operational services than in the other subsectors.

Figure 3.6

Employees per enterprise by business services subsector, 1989

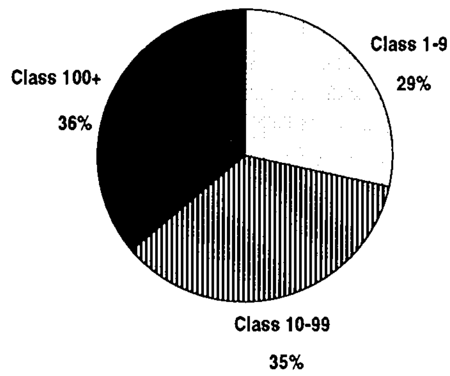


1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
6. Recr. and prov. of personnel
7. Operational services
8. Other business services

Source: Statistics Finland. Business Register 1989.

Figure 3.7

Breakdown of turnover by employment size-class, %-share, 1989



Source: Statistics Finland. Business Register 1989.

The average number of employees in micro enterprises was 2.2, ranging from 1.4 for renting and leasing to 3.4 for operational services. Small enterprises had an average personnel size of 24.1 and large ones of 368.1. There were notable differences between the large enterprises of different subsectors. Large enterprises in operational services had an average of 730.5 employees, while large enterprises in professional services had only 128.2 employees.

3.4 Turnover

3.4.1 Turnover by size-class

The total turnover of Finnish business services enterprises equalled ECU 6.3 billion in 1989. The small and large enterprises accounted for about 35% each and micro-firms 29%, cf. figure 3.7. The two subsectors with clearly the highest turnover were technical services (29%) and computer services (28%), followed by professional services (12%) and marketing services (9%). By contrast, recruitment and provision of personnel accounted for only 1% of the total turnover of business services enterprises.

3.4.2 Turnover per employee

The average turnover per employee in the business services in Finland in 1989 equalled ECU 71 800. As in many other European countries, turnover per employee was highest in renting and leasing services. In these services, turnover per employee was high in all size classes, averaging ECU 122 000. This was due to the capital intensive character of renting and leasing services.

Computer services also had a high turnover per employee, ECU 116 000. This was mainly due to the one large enterprise mentioned earlier, whose turnover also included a large volume of sales of products. In micro and small computer enterprises the average turnover per employee was around ECU 97 000.

Marketing[8] (ECU 96 200), professional (ECU 81 800) and technical (ECU 77 800) services enterprises also generated above-average turnover per employee.

The average turnover per employee equalled ECU 81 200 in micro-firms, ECU 72 300 in small enterprises and ECU 65 400 in large ones. The low average in large enterprises can be explained mainly by the very labour-intensive subsector of operational services, which in fact employed 40% of all the employees of large enterprises. More detailed study suggests that there was no clear tendency for the turnover per employee to increase or to decrease according to size class.

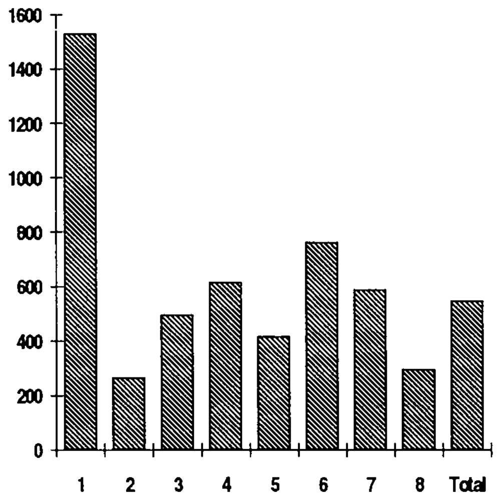
[8] For Business Register Data 1989, gross margin is used instead of turnover for advertising agencies (part of marketing services).

3.4.3 Turnover per enterprise

An average business services enterprise generated a turnover of ECU 547 000 in 1989. The average turnover per enterprise was more than ECU 1.5 million in computer services, followed by recruitment and provision of personnel (ECU 761 000), technical services (ECU 616 000) and operational services (ECU 587 000). Professional services had the lowest turnover per enterprise (ECU 266 000), reflecting the dominance of micro enterprises in this sector, cf. figure 3.8.

Figure 3.8

Average turnover per enterprise in business services, 1989, (ECU 1000)



1. Computer and related services	5. Renting and leasing services
2. Professional services	6. Recr. and prov. of personnel
3. Marketing services	7. Operational services
4. Technical services	8. Other business services

Source: Statistics. Finland. Business Register 1989.

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The average turnover of micro enterprises equalled ECU 178 000, ranging from ECU 234 000 in marketing services to ECU 108 000 in operational services. Small enterprises, those with 10 to 99 employees, had an average turnover of ECU 1.7 million. Variation in this class was large; the turnover of renting and leasing services amounted to over ECU 2.7 million, while that of operational services totalled less than ECU 625 000.

The average turnover of large computer services enterprises was higher than that of the other subsectors. Once again, the reason is the one dominating enterprise in this size class. An average large enterprise generated a turnover of ECU 24 million. Only computer services and renting and leasing services showed values higher than the average.

3.5 Accounts data

Gross value added and labour costs are examined here briefly on the basis of the Financial Statement Statistics (FSS) survey 1992. It has to be emphasised that the population of FSS is not fully comparable with that of the Business Register[9] as only the figures of a few main business services activities can be presented. The presentation *does not* follow the subsector approach of the previous chapters.

The selected business services activities presented in figures 3.9-3.11 derive from the national nomenclature SIC-88 applied in Statistics Finland, which roughly follows the NACE Rev. 1 classes given in parenthesis.

3.5.1 Value added[10] and labour costs related to turnover

The proportion of value added of turnover was high in guard and security (86%), cleaning (83%) and book-keeping services (83%). Advertising agencies generated the lowest value added, only 24% of the turnover, cf. figure 3.9.

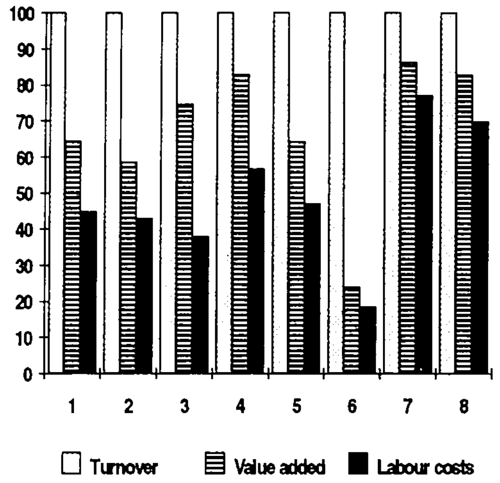
In such labour-intensive activities as guard and security and cleaning services labour costs represented 77% and 70% of turnover respectively. Labour costs relative to turnover were lowest in advertising (19%), legal (38%), technical (43%) and data processing services (45%).

[9] Particularly, in the FSS data on data processing services the two large enterprises are not included in the survey.

[10] In the Financial Statement Statistics the variable "value added" is defined as operating margin + labour costs + rents.

Figure 3.9

Value added and labour costs, %-share of turnover, 1992



1. Data processing services (NACE Rev1 72)
2. Technical services (NACE Rev1 74.2)
3. Legal services (NACE Rev1 74.11)
4. Bookkeeping services (NACE Rev1 74.12)
5. Management and administration services (NACE Rev1 74.14)
6. Advertising agencies (NACE Rev1 74.4)
7. Guard and security services (NACE Rev1 74.6)
8. Cleaning services (NACE Rev1 74.7)

Source: Statistics Finland. Financial Statement Statistics (FSS) 1992.

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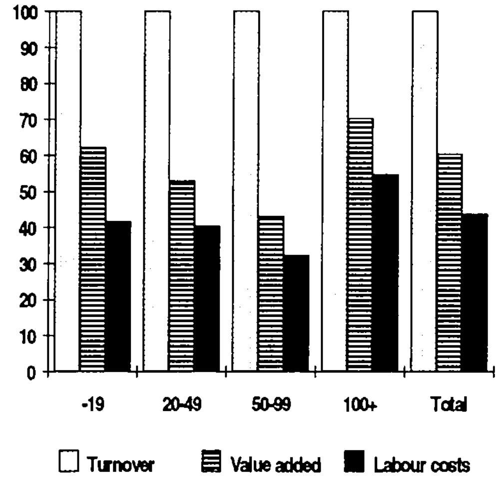
3.5.2 Value added and labour costs[11] by employment size-class

The data of the selected business services activities indicate, that 45% of the total value added and 42% of labour costs are generated by enterprises with less than 20 employees. On the other hand the large enterprises with more than 100 employees generated 31% of value added and accounted for a third of the labour costs.

Figure 3.10

Turnover, value added and labour costs by employment size-class, %-share of turnover, 1992.



Source: Statistics Finland. Financial Statement Statistics (FSS) 1992.

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Value added and labour costs related to turnover seem to have a significant variance when studied by employment size class. The employment size-classes of '20-49' and '50-99' seem to have clearly the lowest value added shares of turnover, cf. figure 3.10. The large enterprises recorded value added of 70% of turnover and the small ones 62%. The average for all activity classes studied equalled 60%.

However, the labour costs of small enterprises represented only 42% of turnover, less than the average. This is assumed to be due to the individual entrepreneurs classified in this size class. The large enterprises spent 55% of turnover on labour costs.

3.5.3 Value added and labour costs per employee[12]

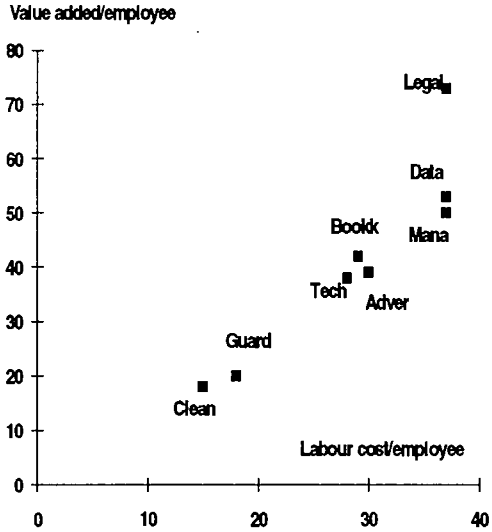
The activities with high value added per employee (full time equivalent) are clearly legal services (ECU 73 000), data processing services (ECU 53 000) and management and administration (ECU 50 400). At the other end, cleaning (ECU 17 600) and guard and security services (ECU 20 200) represent activities with low value added per employee, cf. figure 3.11.

[11] In the Financial Statements Statistics the variable "labour costs" include wages and salaries, social security contributions and other personnel costs such as training, clothing etc.

[12] Due to the devaluation of Finnish mark, the ECU valures are considerably lower in 1992 than, for instance, in 1989. For exchange rates see annex IV.

Figure 3.11

Value added and labour costs per employee by activity (1.000 ECU), 1992.



Data processing services (NACE Rev1 72)	**Mana**gement and administration services (NACE Rev1 74.14)
Technical services (NACE Rev1 74.2)	**Adver**tising agencies (NACE Rev1 74.4)
Legal services (NACE Rev1 74.11)	**Guard** and security services (NACE Rev1 74.6)
Bookkeeping services (NACE Rev1 74.12)	**Clean**ing services (NACE Rev1 74.7)

Source: Statistics Finland. Financial Statement Statistics (FSS) 1992.

The range of labour costs by activity classes appear to be more coherent. The highest labour costs per employee are recorded for the legal services (ECU 37 100) followed closely by management and administration (ECU 36 900) and data processing services (ECU 36 800). Cleaning services showed the lowest labour costs per employee (ECU 14 800).

3.5.4 Investments[13]

During the the period of deep depression in the Finnish economy the business services enterprises were not actively investing. Naturally also the need for investments varies across the different activities.

In 1992 the data processing enterprises recorded the highest total net investments, 8% of turnover. This was followed by bookkeeping (5%) and technical services (5%). In both advertising agencies and cleaning services net investment was close to nil. In fact it was negative for cleaning services enterprises, since their disposals of fixed assets exceeded additions.

3.6 Summary and conclusion

The economic importance of business services has grown substantially over the past few decades. The development peaked in the late 1980s, when the overall performance of the Finnish economy was exceptionally strong. Since 1990, however, the demand for business services has declined more sharply than the economy on average.

In 1989 a total of 11 600 business services enterprises operated in Finland. Their employment numbered nearly 90 000 and their total turnover amounted to ECU 6.3 billion.

Of the total number of enterprises, technical and professional services accounted for about a quarter each. In addition, more than one thousand enterprises operated in other business services, marketing services and computer services.

Almost 90% of business services enterprises employed fewer than ten persons. In contrast, only 95 enterprises had more than 100 employees. As regards employment, technical services appeared to be the most important subsector, employing 26% of the total employment in the business services sector. Operational services enterprises (24%) and computer services enterprises (17%) were also important employers.

Of all employees in business services, micro enterprises, i.e. employees with fewer than ten employees, accounted for a quarter, small size enterprises (10-99 employees) for about 35% and larger ones 40% of the total employment. Micro enterprises were particularly important in professional services, accounting for almost 60% of all employees in the subsector. By contrast, the large enterprises were the main employers in operational and computer services.

The aggregated turnover of ECU 6.3 billion was distributed rather unevenly among the subsectors. The two dominant subsectors in terms of turnover were technical services (29%) and computer services (28%).

Turnover per employee[14] averaged ECU 71 800 in 1989. It was highest (ECU 122 000) in renting and

[13] In the Financial Statements Statistics the variable "investments" are net investments, i.e. increases less decreases of total fixed assets.

[14] Includes both full-time and part-time employees converted to full-time equivalent man-years.

leasing services. Computer services also showed a high average, ECU 116 000, mainly caused by one large computer service enterprise.

The legal status of limited company clearly dominated the universe of business services enterprises. Almost 59% of Finnish business services enterprises were limited companies. They accounted for 82% of all personnel and 84% of the total turnover.

Partnerships made up 30% of the enterprises but accounted for only 15% of the total personnel and 14% of turnover. Sole proprietorships made up almost 11% of enterprises, but contributed little to the total employment and turnover.

Turnover by age of the enterprise seemed to vary from one subsector to another. The greater part of the total turnover (58%) was generated by enterprises six years old or more. Computer services and recruitment and provision of personnel had the lowest proportions of old enterprises, possibly because of the recent rapid development in these services.

There were also great differences in turnover per employee between the different subsectors and age classes. At the aggregate level the average turnover per employee was highest in enterprises four to five years old. Furthermore, no subsector had its highest turnover per employee in the age category of six years or more.

The accounts data for 1992, which do not follow the subsector approach, suggest that the labour intensive cleaning and guard and security enterprises paid the highest share of their turnover to labour costs. Consequently value added related to turnover was also high in these activities. In contrast, advertising enterprises recorded a value added of less than a quarter of their turnover.

Value added per employee revealed a considerable range between the activity classes studied. The highest value added per employee was recorded for legal services (ECU 73 000), followed by data processing (ECU 53 000) and management and administration (ECU 50 400). Cleaning (ECU 17 600) and guard and security (ECU 20 200) services generated the lowest value added per employee.

The distribution of labour costs per employee was clearly more coherent across the activities than that of value added. Also labour costs per employee showed the highest value in legal services enterprises (ECU 37 100).

Sweden

1. General business structure in Sweden

In Sweden the structure of the economic activities has changed widely during the 20th century as in many other countries in Europe.

The number of persons employed in agriculture and forestry has rapidly decreased since the 30s. The number of persons employed within the manufacturing industry increased steadily in the first part of the century but decreased after 1975.

The number persons employed in public services had a considerable growth after 1950 and reached a peak in 1985. The number of persons employed in trade, banking, insurance and business services has slowly increased during the whole century but more rapidly after 1980.

The increased importance of services within the market sector can be measured in gross value added figures. In 1970 the agriculture and manufacturing sector had about 45% of GDP and the service industries 38%. In 1980 each of these sectors had 38% of total economy. From 1985 to 1990 the services industries part increased from 41% to 44% cf. table 1.1.

It has to be observed that some of the growth of the services industries is due to a movement of activities such as advertisment, accounting, computer services and education from manufacturing enterprises to new enterprises within the service sector.

Table 1.1

Breakdown of gross value added in factor values by kind of economic activity in per cent of total economy 1970-1990.

	1970	1980	1985	1990
Wholesale and retail trade, Hotels and Restaurants	12.0	11.1	11.7	11.3
Tansport, storage, communication	7.1	7.3	6.8	7.4
Banking, insurance, real estate	11.6	13.1	15.1	16.1
Business services	2.4	3.1	3.7	5.1
Social and personal services	4.8	3.6	3.7	4.2
Market services	**38.0**	**38.2**	**41.0**	**44.0**
Government	17.3	24.3	22.8	23.0
Other producers		1.2	1.2	1.2
All sectors	100.0	100.0	100.0	100.0

Source: SCB. National Accounts Statistics

Table 1.2

Breakdown of persons employed by kind of economic activity in per cent of total economy 1970-1990.

	1970	1980	1985	1990
Wholesale and retail trade, Hotels and Restaurants	14.8	13.9	13.7	14.0
Transport, storage, communication	6.7	6.6	6.7	6.6
Banking, insurance, real estate	2.4	3.6	3.1	3.5
Business services	2.0	2.7	3.3	4.8
Social and personal services	8.0	5.7	5.7	5.8
Market services	**33.9**	**31.9**	**32.5**	**34.7**
Government and other producers	20.6	33.8	34.9	33.6
All sectors	100.0	100.0	100.0	100.0

Source: Statistics Sweden. Labour force statistics and National Accounts

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Also the structure of employment shows an increased importance of market services but it is not as clear as that of gross value added. In 1990 the agriculture and manufacturing industries accounted for a share of 32% of the total employment and the share of services accounted for 35%.

2. Structure of business services in Sweden

This section describes the structure of the Swedish business services sector and the result is compared to EUR(12) where it is relevant[1]. The business services sector is defined as Swedish National Activity Classification 1969, SNI 69, as SNI 832, 833 and it can not exactly be linked to NACE classes. In "renting and leasing services" automobiles and other transport means are not included. "Recruitment and provision of personnel" does not exist as a subsector. Most of this activity is performed by one public authority classified as "other public services" and in this report it is included in this subsector. Also other enterprises dealing with recruitment and provision of personnel are included in "other business services". "Building cleaning services and auctions, packagin and photographic services" are not included in Swedish business services enterprises.

The data refer to the year 1990.

2.1 Number of enterprises

In 1990 the total number of enterprises in Sweden was 568 000 and about 375 000 were classified in SNI 3-8 (comparable with Nace 1-8). In 1990 nearly 14% of these enterprises were engaged in the business services sector matching the EUR(12) level of 15%, cf. figure 2.1.

As in other European countries the business services sector is dominated by small enterprises: 60% of the enterprises belonged to the size class with no employees and 39% of the enterprises had 1-9 employees.

[1] AT the EUR(12) level NACE classes 83/84 are used as a rough indicator of the business services sector, although they, on the one hand, include activities auxiliary to banking, finance and insurance and dealers in real estate and house and state agents. On the other hand, class 923 cleaning services, (operational services in the pilot survey) is not included in the used definition of business services.

Table 2.1

Number of enterprises, number of persons employed and turnover in the business services sector and in total industry in Sweden, 1990

	Number of enterprises	Number of persons employed	Turnover (million ECU)
Business services[1]	51622	171916	18111
The total industry (SNI 3-8) [2]	375134	2255911	325789
Business services as %-share of total industry	13.8	7.6	5.6

[1] Including the classes 832 and 833 in the Swedish nomenclature of industry (SNI).
[2] Including the sector 3-8 in the Swedish nomenclature of industry (SNI). Bank and insurance, real estate and household services are excluded.

Source: Statistics Sweden: Business Register and Annual Accounting Statistics

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2.2 Employment

In 1990 the enterprises in the total industry (SNI 3-8 classes) in Sweden employed about 2 300 000 persons. The number of persons employed in the business services sector accounted for 7.6% of the total industry, i.e. around 172 000 persons. Compared to the EUR(12) level (9.8%) the number of persons employed in the business services sector was of less importance in Sweden than for the EUR(12). This is further emphasized by the number of persons employed per enterprise in the business services sector which was 3.4 persons in Sweden compared to the EUR(12) average of 4.4 persons per enterprise.

2.3 Turnover

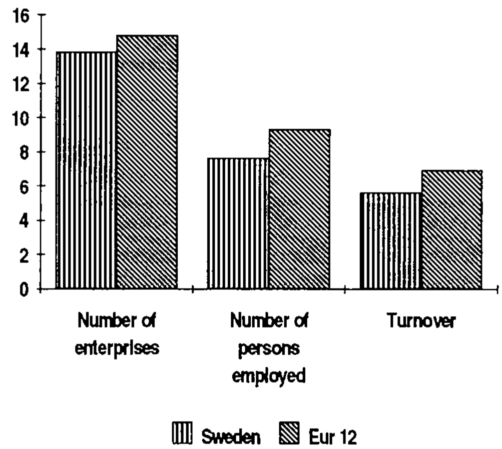
In 1990 the total turnover of enterprises in the total industry (SNI 3-8) in Sweden amounted to ECU 325 789 million. The total turnover for the business services sector was ECU 18 111 million constituting about 5.6% of the total industry turnover.

It is not possible from the Swedish Annual Accounting Statistics to split up the turnover in the same size classes as in EUR(12).

Business services enterprises with less than five employees (90% of the total) generated about 24% of the turnover. Enterprises with more than 100 employees, which amounted to 0.4% of the business services enterprises accounted for nearly 30% of the turnover.

Figure 2.1

Business services as %-share of total industry, 1990.



Source: Statistics Sweden. Business Register and Annual Accounting Statistics

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2.4 Breakdown of business services

In this section the business service sector in Sweden is broken down into four-digit SNI-classes, cf. table 2.2.

Technical services (SNI 8324) was the dominating class and represented a constant share of one-third of total employment, turnover and gross value added of the business services sector in Sweden.

The advertising services (SNI 8325) showed a relatively high share of turnover (18%) but a smaller share (9%) of total employment. Sub-contracting is probably grossing up the turnover figures of this subsector as also observed in the EC Member States.

Computer services with 13% of the enterprises generated 18% of turnover. Even if services are the main activity, considerable trade is involved in this subsector and one-third of the turnover comes from sales of hardware.

Table 2.2

Number of enterprises, number of employees, turnover and gross value added by SNI class[1], 1990.

SNI	Number of enterprises	Number of employees	Turnover million ECU	Gross value added million ECU
83210 Legal services (835)	1667	5254	514	294
83220 Accountants, tax experts, auditors (836)	7727	21350	1458	781
83230 Technical services (839)	6929	27083	3297	1368
83250 Advertising (838, 839)	8524	15394	3325	776
83241 Engineering services (837)	8384	27037	2466	1237
83249 Other technical services (837)	6051	22986	2229	932
83291 Stenographic, duplicating and mailing activities (839)	587	3321	169	83
83292 Business and management consultancy activities (839)	1150	6933	556	182
83293 Operational services (839)	182	11678	484	324
83299 Other business services (839)	5989	24889	1759	539
83300 Renting, leasing and hiring of machinery etc (842, 843)	4452	6011	1855	728
Total	51622	171922	18111	7245

[1] Link between Swedish nomenclature of industry and NACE 70 in brackets

Source: Statistics Sweden: Business Register and Annual Accounting Statistics

eurostat

3. Detailed description of business services in Sweden

3.1 Brief description

Sweden did not participate in the pilot survey but has contributed with information from other sources. The Business Register has been used as the main source. Also results from accounting statistics of companies and sole proprietorships have been important sources. Sample surveys based on mail questionnaires are multi annual conducted for the business services sector. Professional services (except legal services), marketing services, operational services and other business services were surveyed for the year 1989. Computer and related services, technical services, legal services and renting and leasing services were surveyed for the year 1990. Results from these surveys have been used as keys to subdivide results from the Business Register.

3.1.1 Number of enterprises

The breakdown by subsector shows that technical services accounted for the highest share, nearly one third of all the enterprises. Also professional services and marketing services were important subsectors when you count the number of enterprises, 18% and 17% of the total, cf. table 3.1.

Table 3.1

Number of enterprises, employees and turnover

	Number of enterprises	Per cent share	Number of employees	Per cent share	Turnover million ECU	Per cent share
Computer and related services	6923	13	27063	16	3297	18
Professional services	9389	18	26610	16	1971	11
Marketing services	8520	17	15394	9	3325	18
Technical services	14435	28	50023	29	4695	26
Renting and leasing services[1]	4452	9	6011	4	1855	10
Recruitment and provision of personnel[2]	na	na	na	na	na	na
Operational services[3]	182	0	11678	7	484	3
Other business services[4]	7723	15	35143	21	2484	14
All subsectors	51622	100	171922	100	18111	100

1 Automobiles and other transport means are not included
2 Non-existent as a subsector, the subsector is included in "other business services"
3 Building cleaning services are not included
4 Auctions, packaging and photographic services are not included

Source: Statistics Sweden. Business Register and Annual Accounting Statistics

The small enterprises are very dominant. As many as 95% of the enterprises belong to the size class 0-9 employees followed by 4.3% for the class 10-99 employees. The firms with more than 100 employees accounted for only 0.4% of the total number of enterprises.

Micro firms (1-9 employees) and selfemployed are very dominant in all subsectors. There are very few big enterprises. The subsector computer and related services had 43 enterprises with 100 employees or more constituting 0.6% of the total. Within technical services there were 58 enterprises in the same size class corresponding to 0.4% of the total.

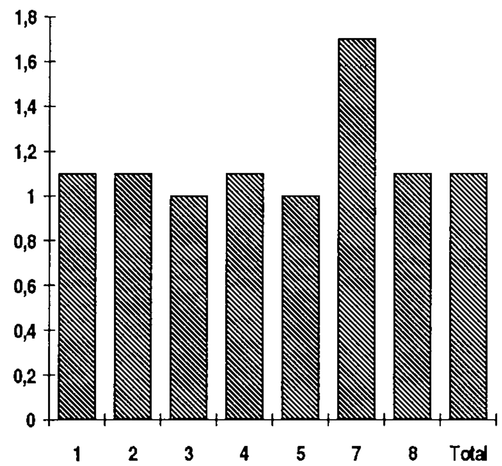
3.2 Demographic data

3.2.1 Local units

In 1990 the business services enterprises consisted of 55 288 local units in Sweden. That is almost 4 000 more than the number of enterprises. On average there were 1.1 local units per enterprise, cf. figure 3.1. For the large firms (with 100 employees or more) the average was 12.4 per enterprise. Only 3 enterprises recorded more than 100 local units.

Figure 3.1

Number of local units per enterprise by subsector, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7 Operational services
8 Other business services

Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

3.2.1.1 Employment distribution

The enterprises with only one legal unit accounted for 98% of the enterprises but employed only 51% of the personnel in the business services sector. Enterprises with three or more local units covered together 41% of the employment in the business services sector, but only 0.8% of the enterprises.

The subsectors other business services and technical services had several large enterprises with many local units and together they raised the employment figures of the enterprises with several local units considerably. On the contrary, in marketing services 84% of the personnel worked in enterprises with one local unit and only 9% in enterprises with three or more local units.

Operational services and renting and leasing services had an important part of the workforce in enterprises with more than one local unit. This may also imply a wide regional spread in the production of these services.

3.2.2 Legal status

3.2.2.1 Number of enterprises

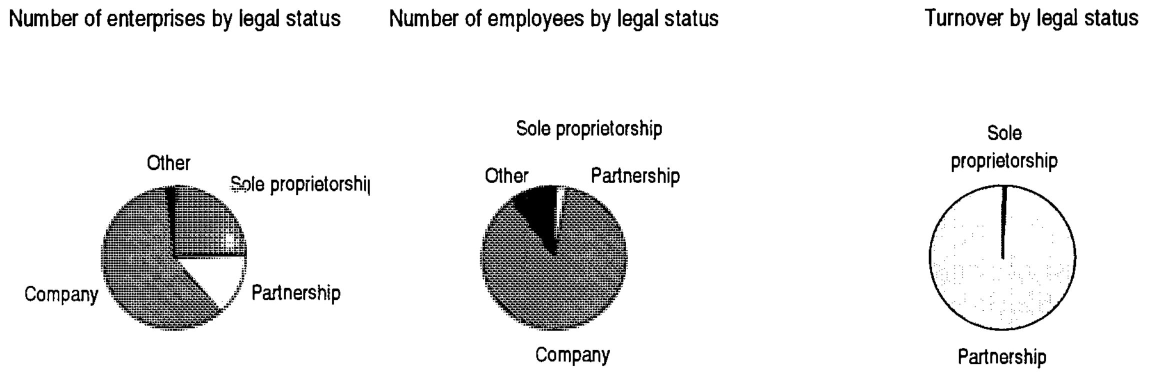
The total number of business services enterprises in Sweden was nearly 52 000 in 1990.

The majority of the enterprises (59%) was companies and a fourth part (25%) was sole proprietorship followed by 14% of partnership, cf. figure 3.2. The non-profit organizations and "other" legal forms covered 916 enterprises or about 2%.

The company as legal status dominated in all subsectors but most (71%) in operational services and least in professional services (53%) where sole proprietorships covered 29% of the enterprises, cf. table 3.2.

Figure 3.2

Enterprises, employees and turnover by legal status



Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

3.2.2.2 Number of employees

Overall, the business services enterprises had about 172 000 employees, of whom 87% (150 000 persons) were employed by companies. Non-profit organizations and "other" legal status employed nearly 10% or 13 000 employees, cf. figure 3.2. The subsector other business services raised these figures due to one public authority classified as an enterprise. This authority deals with recruitment, provision of personnel and education and training of unemployed persons.

In terms of employees, three subsectors had a very high concentration of their employees in companies, 95% or higher in computer and related services, renting and leasing services and operational services. Professional services was the subsector with the highest degree of employees in the legal status sole proprietorship and partnership, nearly 10%. Other business services was a subsector distinguished from the other subsectors with as much as 32% of the employees with the legal status public authority. The reason is the before mentioned public enterprise responsible for jobcenters and training of unemployed classified in this subsector.

Table 3.2

Breakdown of enterprises and turnover by subsector and legal status, %-share

	Company		Partnership		Sole proprietorship		Other		Total	
	Enter-prises	Turnover	Enter-prises	Turnover 5	Enter-prises	Turnover	Enter-prises	Turnover	Enter-prises	Turnover
Computer and related services	63	100	15		21	0	1	na	100	100
Professional services	53	97	16		29	3	20.	na	100	100
Marketing services	55	100	15		26	1	3	na	100	100
Technical services	62	99	12		26	2	1	na	100	100
Renting and leasing services[1]	61	100	21		16	0	2	na	100	100
Recruitment/provision of personnel[2]	na	na	na		na	na	na	na	na	na
Operational services[3]	71	100	15		9	-	5	na	100	100
Other business services[4]	64	100	10		23	100	3	na	100	100
All subsectors	60	99	14		25	1	1	na	100	100

1 Automobiles and other transport means are not included
2 Non-existent as a subsector, the subsector is included in "other business services"
3 Building cleaning services are not included
4 Auctions, packaging and photographic services are not included
5 Turnover for partnership is aggregated to company turnover

Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

3.2.2.3 Turnover and gross value added

The total turnover of the enterprises within the business services sector in Sweden was ECU 18 billion and gross value added was ECU 7 billion. It is not possible from the available data of 1990 to break down turnover and gross value added into different legal status but only to carry out a breakdown into sole proprietorship and companies including partnership.

The companies and partnerships generated 99% of both turnover and gross value added in the business services sector in Sweden in 1990, cf. figure 3.2. The pattern was the same for all subsectors. Only professional services had turnover and gross value added of some significance in the legal status sole proprietorship, about 3%, cf. table 3.2.

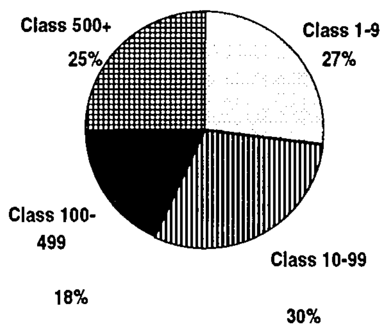
3.3 Employment

3.3.1 Employment by size-class

Business services enterprises in Sweden employed about 172 000 employees in 1990. The employment was relatively equally distributed according to employment size classes but with a dominance in the size class of 10-99 employees.

Figure 3.3

Breakdown of employees by employment size-class, %-share, 1990.



Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

eurostat

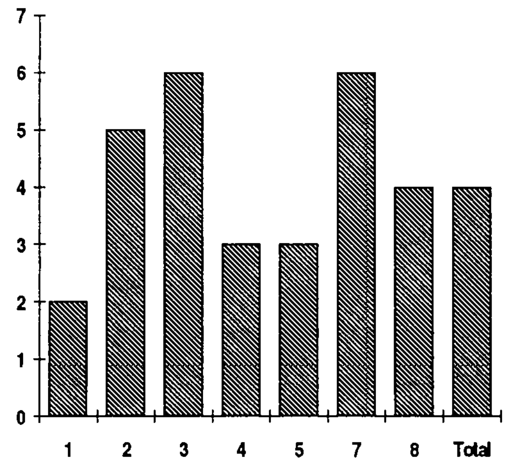
The size class 1-9 included 46 000 employees, the size class 10-99 employed 52 000 employees and the size class 500+ employed 43 000. The size class 100-499 included only 31 000 employees cf. figure 3.3.

The subsectors of technical services and other business services were the largest in terms of employees. The technical services included about 50 000 employees and other business services employed 35 000 employees.

The census 1990 is used as a source for part-time and full-time employees. Only 4% of the personnel was employed less than 20 hours a week, 12% was employed 20 - 34 hours a week and 84% was full time employed. Computer and related services and renting and leasing services accounted for the smallest share of part-time employees, 2% and 3% respectively. However, the differences between the subsectors were not of importance, cf. figure 3.4.

Figure 3.4

Part-time employees (1-19 hours a week) as a share of total number of employees, %-share, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

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3.3.2 Employment per enterprise

The average number of employees per enterprise in Sweden was 3 employees. For most of the subsectors the average ranged between 3 and 4 employees. Only operational services with 64 employees per enterprise and renting and leasing services with 1.4 differed considerably from the average.

The average employment in small enterprises (1-9 employees) was 2.5 employees and for large firms (100+ employees) 394 employees. The average of large enterprises in operational services was as high as 735 employees followed by 538 in other business services and the average of 514 employees in large enterprises in professional services. Marketing services had an average of only 170 employees per large enterprise. This low average is influenced by the fact that this subsector had no enterprise at all in the size class 500+ employees.

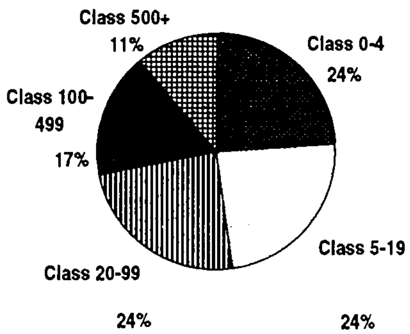
3.4 Turnover

3.4.1 Turnover by size-class

The Swedish business services enterprises generated a turnover of about ECU 18 Million in 1990. Micro firms with less than five employees generated as much as 24% of the turnover and the size class 5-19 employees also accounted for 24%. Enterprises with more than 100 employees generated 28% of the turnover, cf. figure 3.5.

Figure 3.5

Breakdown of turnover by employment size-class, %-share, 1990.



Source: Statistics Sweden. Business Register and Annual Accounting Statistics

The turnover generation varies by subsectors and employment size classes. In terms of turnover, the large enterprises with 100 employees or more, had the greatest importance in operational services, 82.5%. Also in computer and related services the large enterprises answered for a considerable part of the turnover, nearly 40%. In marketing services the large enterprises accounted for only 6% but enterprises with less than 20 employees accounted for 64%. In the subsector renting and leasing services the small enterprises were very important in terms of turnover. 70% of the turnover was generated by enterprises with less than 20 employees and the micro firms with less than 5 employees had as much as 48% of the turnover.

3.4.2 Turnover by subsector

Technical services was the largest subsector in absolute terms of turnover. It accounted for 26% of the total turnover, followed by computer and related services (19%) and marketing services (18%). The smallest subsector was operational services with only 3%.

3.4.3 Turnover per employee

The average turnover per employee was only about ECU 106 000 but there were considerable differences across the employment size classes and subsectors.

The subsector renting and leasing services had the highest average turnover per employee and this was the case in all size classes except for 20-99 employees. A high turnover per employee was recorded also for marketing services, which accounted for the highest figure in the size class 20-99 employees.

3.4.4 Turnover per enterprise

The average turnover of the business services enterprises was ECU 345 700. The lowest average (ECU 130 000) was recorded for "other business services" and the highest (ECU 478 700) for computer and related services.

The average turnover per large enterprises (500+ employees) was ECU 63.8 million. Large enterprises within technical services and operational services were very close to this average. The large computer service enterprises had the highest average turnover of ECU 150.5 million.

3.4.5 Turnover divided into domestic/export markets

Business services enterprises received 95 - 96% of their turnover from the national markets. Operational services was totally dependent on domestic market. Technical services was the only subsector with a considerable export market, 12%. All other subsectors accounted for an export share of turnover of 1-4%.

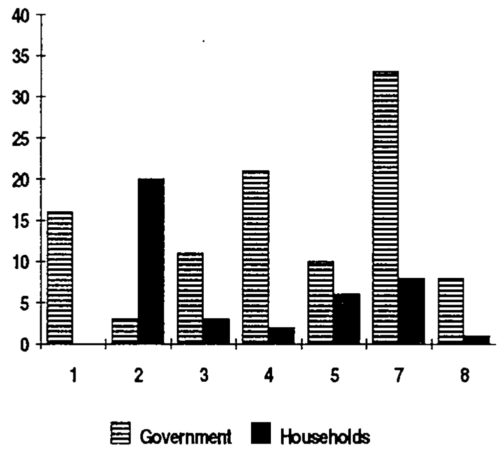
3.4.6 Turnover broken down by type of client

As a whole, business services enterprises received 87% of their domestic income from enterprises. The manufacturing sector was the most important customer and answered for 32% followed by the distributive trade sector with 27%. Bank and insurance sector recorded 6% and all other business services sectors 22%.

Government as customers answered for 11% of the business services enterprises turnover. Government was a relatively important client for enterprises with in operational (33%) and technical services (21%), cf. figure 3.6.

Figure 3.6

Government and household demand for business services, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7: Operational services
8. Other business services

Source: Statistica Sweden. Business Register and Annual Accounting Statistics

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3.5 Accounts data

3.5.1 Gross value added

3.5.1.1 Gross value added by employment size-class

Gross value added of business services enterprises accounted for ECU 7 245 million covering 40% of the total turnover. Nearly half of the gross value added (47%) was generated in enterprises with less than 20 employees.

In general, the shares of gross value added by employment size classes followed closely that of turnover, with a few differences. The generation of gross value added was 4 percentage points higher compared to turnover in size class 500 or more employees and 3 points smaller in size class 20-99 employees.

3.5.1.2 Gross value added by subsector

The gross value added distribution of the Swedish business services enterprises showed a high share (30%) in technical services. Computer and related services had a share of 19% and professional services 15%.

Computer and related services were especially important in the size classes 20-99 and 100-499 employees where they accounted for about 30% in each. Renting and leasing services were important in the size class 0-4 employees where this subgroup generated 23% of the total gross value added compared the subsector's share of only 10% of the total gross value added for all subsectors.

3.5.1.3 Gross value added per employee

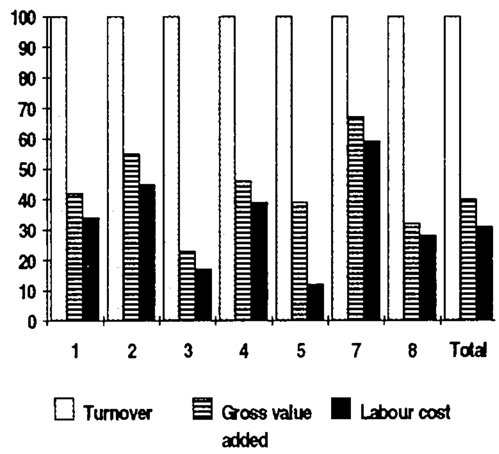
The average gross value added per employee was ECU 41 600. The employment size class 0-4 had the highest gross value added per employee, ECU 60 500. The difference from other size classes is significant but the value is strongly dependent on a very high gross value added per employee for renting and leasing services.

3.5.1.4 Gross value added related to turnover

The gross value added share of turnover was highest in operational services (67%), in professional services (55%) and technical services (46%), cf. figure 3.7. At the other end of the range, marketing services showed the lowest gross value added share of 23%.

Figure 3.7

Gross value added and labour costs, %-share of turnover, 1990.



1. Computer and related services
2. Professional services
3. Marketing services
4. Technical services
5. Renting and leasing services
7. Operational services
8. Other business services

Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

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In the different size classes the gross value added share of turnover varied between 35 and 38% in classes below 100 employees. In the size class 100-499 employees the share was 42% and only in enterprises with more than 500 employees the share rose up to 54%.

3.5.2 Labour costs

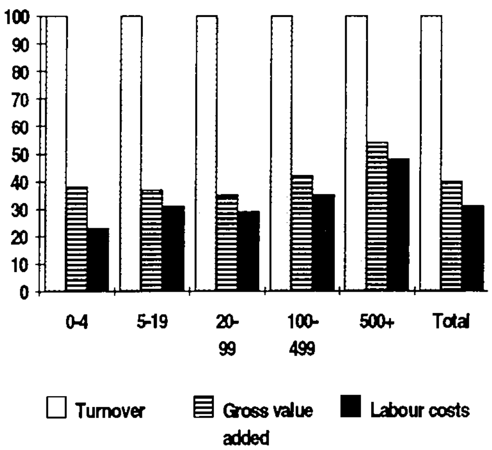
Labour costs in business services enterprises accounted on average for some ECU 5 600 million or 31% of the total turnover. The differences by employment size classes and by subsectors were significant, cf. figure 3.7 and figure 3.8.

The large enterprises (500 employees or more) accounted for 11% of total turnover but their share of labour costs was relatively higher, 17%. On the other hand the micro firms (0-4 employees) generated 24% of both turnover and gross value added but only 18% of labour costs. This is mainly due to the subsector renting and leasing services where the gross value added share clearly exceeds that of labour costs.

The labour costs were less than 50% of turnover in all size classes but less than a quarter in the small ones, cf. figure 3.8.

Figure 3.8

Gross value added and labour costs by employment size-class, %-share of turnover, 1990.



Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

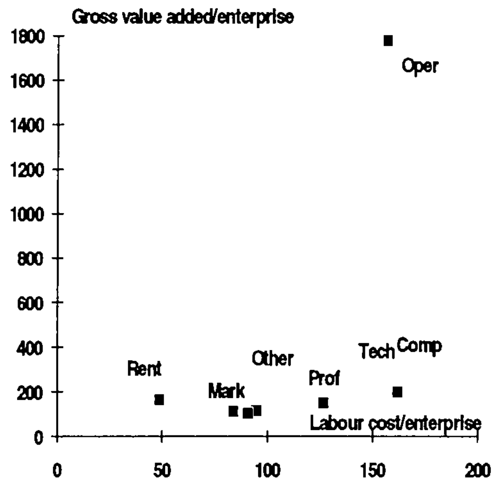
Labour costs in respect of turnover were highest in operational services, nearly 60%. Other labour intensive subsectors were professional and technical services. The least labour intensive subsector was renting and leasing services with only about 10% labour costs in respect of turnover, cf. figure 3.7.

3.5.2.1 Gross value added and labour costs per enterprise

Gross value added and labour cost per entrerprise are represented in figure 3.9. Compared to the other countries there is very little correlation between gross value added and labour costs per enterprise. All subsectors showed low gross value added per enterprise except for the subsector operational services.

Figure 3.9

Gross value added and labour costs per enterprise by subsector (ECU 1.000), 1990.



Computer and related services
Professional services
Marketing services
Technical services
Renting and leasing services
Operational services
Other business services

Source: Statistics Sweden. Business Register and Annual Accounting Statistics.

3.5.3 Investments

The total investments of Swedish business services enterprises in 1990 were ECU 1.3 billion. Renting and leasing services accounted for ECU 678 000 million or 51% of the total. Technical services accounted for 19% of the total and computer services for 12%. In all other subsectors investments showed a considerable lower level.
Compared to other subsectors, renting and leasing services accounted for very high investment as a share of turnover, 37%. The average for all business services was 8%.

3.6 Summary and conclusion

In 1990 nearly 52 000 enterprises or 14% of the total industry (SNI 3-8) in Sweden were engaged in the business services sector. This matches the corresponding share at EUR(12) level.

As in other European countries the business services sector is dominated by small enterprises; 95% of the enterprises had less than ten employees, the same as the EUR(12) level. There are only 188 enterprises with 100 employees or more which is 0.4 of the total.

Enterprises with less than 5 employees (90%) generated 24% of turnover and 188 large enterprises (100+ employees) generated nearly 30%. In the subsector operational services the large enterprises are dominating and 80% of the turnover came from 14 enterprises with 100 employees or more.

In terms of employment the business services sector in Sweden was of less importance than for EUR(12). The share of the business services sector of total industry was 7.6% compared to 9.3% at the EUR(12) level.

Technical services was the dominating subsector and represented a constant share of one-third of total turnover, gross value added and employment. Technical services was the only subsector which had an export of some importance.

An average business service enterprise in Sweden had 1.1 local units. Only three enterprises recorded more than 100 local units.

The majority of the enterprises (59%) were companies and a fourth part (25%) was sole proprietorship. Companies together with partnerships generated 99% of both turnover and gross value added.

The Swedish business services enterprises relied heavily on domestic markets; 95% of the turnover derived from domestic markets. The manufacturing sector was the most important client and answered for 32% of the market.

Government was a relatively important client for enterprises with in operational services (33%) and technical services (21%).

Gross value added of business services enterprises amounted to ECU 7 billion covering 40% of the total turnover. The average gross value added per employee was ECU 41 621. The highest gross value added per employee was in the size class 0-4 employees due to a very high gross value added per employee for renting and leasing services.

Labour costs in business services enterprises accounted for 31% of the total turnover. The differences by employment size-classes and by subsectors were significant. Labour costs in respect of turnover were highest in operational services, nearly 60%. Other labour intensive subsectors were professional and technical services. The least labour intensive subsector was renting and leasing services with only about 10% labour costs in respect of turnover.

MODEL QUESTIONNAIRE

FOR PILOT SURVEYS ON BUSINESS SERVICES

This is a model questionnaire intended to provide Member States with a prototype for designing their own questionnaire.

Note that questions are presented in two text styles, i.e. **bold** and normal:
the items in bold print are to be collected from all enterprises in the sample, whereas items in normal print may be collected from a subsample of between 5 to 10 percent of the full sample (in a second round).

Member States need not follow the format of this questionnaire if they can obtain some or all of the data items by other means (e.g. through registers or existing surveys).

Naturally, the model questionnaire will have to be adapted to the national situation. The national currency should be specified; appropriate units for reporting the national currency also; instructions for returning the completed questionnaires should be added; a covering letter with some background on the pilot survey should be considered; the questionnaire may have to be translated; an attempt should be made to enhance the appearance of the questionnaire; etc.

Note the "General Framework" and the Chapter "ICOBS" of the Methodological Manual contain definitions and examples of the variables presented in this model questionnaire.

Section I

GENERAL CHARACTERISTICS AND DEMOGRAPHY OF THE ENTERPRISE

Respondent identification code:

(coding to be carried out by the survey agency, e.g. geographical code; register identification code; etc).

____
____
____

1.1 Identification of the enterprise (for register compilation, control and maintenance).

Denomination/Corporate name.....
Address.
Telephone.
Telefax.
Telex.
Principal subsector of business services.
Number and localization of local units in the same country as the enterprise.

1.2 What is your present legal status? (please tick appropriate box).

Sole proprietorship.	☐
Partnership (Specific or Limited).	☐
Company. (Limited, Joint stock, Limited liability).	☐
Non-profit organization (Cooperative, Mutual, Association, Friendly society).	☐
Other (State company, Public establishment, Local/Regional government body).	☐

1.3 What was the year of your business start-up?

1.4 If you have changed your legal status in the last five years, <u>in which year</u> did you change it?: 19

1.5 Does your enterprise have any local units (*) in other EC countries?

1.6 Does your enterprise have any local units (*) in other extra-EC countries?

(*) The term "local units" in this context will have to be checked at a later date to ensure it is consistent with recommendations expected to be made by Eurostat with respect to statistical units.

Section II

TYPES OF SERVICES OFFERED

- Please indicate with tick(s) the type(s) of services offered by your enterprise.

2.1 Computer and related services..... [ ]

Professional computer services. [ ]

Hardware consultancy. [ ]

System software development and consultancy. [ ]

Processing services. [ ]

Data base services. [ ]

Maintenance and repair of computers. [ ]

Training in data processing. [ ]

Training in hardware and operating system handling. [ ]

Training in programming languages. [ ]

Training in the use of customized or packaged software products. [ ]

Other computer related services. [ ]

2.2 Professional services. [ ]

Legal services. [ ]

Accounting, auditing, bookkeeping. [ ]

Taxation, management consulting and related services. [ ]

2.3 Marketing services.

Advertising and direct marketing.

Market research.

Public opinion polling services.

3.4 Technical services.

Architectural services.

Engineering services.

Testing and analysing of all kinds of products and materials.

3.5 Renting and leasing services.

Automobiles and other transport means.

Other machinery and equipment.

3.6 Labour recruitment and provision of personnel services.

Recruitment services.

Personnel provision services.

3.7 Operational services.

Investigation and security services.

Building cleaning services.

3.8 Other business services.

Auctions.

Packaging.

Secretarialrial and translation.

Debt collection and credit rating.

Photographic services.

Organization and exploitation of fairs and exhibitions.

Other n.e.c. (please specify)

Section III

ECONOMIC INFORMATION

N.B. All financial data should be in thousands of national currency.

3.1 Turnover.

3.1.1 What was your gross turnover in the last financial year?

If possible, excluding VAT. ________________ **(000's)**
If not, including VAT.

3.1.2 Please give the breakdown of the turnover for the following categories of services. If this breakdown is estimated, please indicate as a percentage only. (see Section II for major components of each product)

Computer related services.
Professional services.
Marketing services.
Computer related services.
Professional services.
Marketing services.
Technical services.
Renting and leasing services.
Labour recruitment and provision of personnel services.
Operational services.
Other business services.
Other (non-business services) goods and services.
Total (should agree with the total in 3.1.1 above).

3.2 Change in stocks (N.B. whilst this item may not be relevant to all subsectors of business services, the value of stocks for work in progress may be significant for technical services, computer and related services and renting and leasing services in particular)

3.2.1 What was the value (exclusive of VAT) of the total stocks at the beginning of the financial year?
________________ **(000's)**

3.2.2 What was the value (exclusive of VAT) of the total stocks at the end of the financial year?

3.2.3 What was the value of the changes in stocks? (3.2.2 minus 3.2.1)

3.3 Fixed production.

3.3.1 What was the value of the total fixed production in the financial year? ("fixed production" means the non-sold production entered in the property account)
________________ (000's)

3.3.1.1 What was the value of the fixed production of tangible investments goods only? (conversion or construction of building and other real property, transport equipment, plants and machinery).

3.4 Purchases.

3.4.1 What was the total amount of purchases of goods and services in the financial year?

3.4.1.1 What was the amount of purchases of goods and services for resale and sub-contracting work from third parties?

3.5 Leasing.

3.5.1 What was the total amount of leasing due? (total yearly rent).

3.6 Taxes and subsidies.

3.6.1 What was the amount of duties and taxes due?

3.6.2 What was the amount of the operating subsidies due?

3.7 Labour costs.

- of which:

3.7.1 What was the amount of total labour costs for your enterprise in the last financial year?
3.7.1.1 Gross wages and salaries? ______________
3.7.1.2 Compulsory social security contributions?
3.7.1.3 Voluntary social security contributions and other labour costs?

3.8 Investments and disposals.
3.8.1 What was the value of the tangible investments (bought or produced) in the last financial year?

Section IV

DATA ON EMPLOYMENT

4.1 Number of employees at 31/12/1990.

4.1.1 How many persons were employed?
4.1.2 How many wage and salary earners were employed?
4.1.3 How many part-time persons were employed?
(part-time workers are taken to be persons whose usual hours of work are less than the weekly or monthly number of hours normally worked in the units concerned)

4.2 Number of hours worked.

4.2.1 Give the total hours that were actually worked during the financial year.
4.2.1.1 Of these, how many were salaried hours?

Section V

INFORMATION ON THE DEMAND FOR BUSINESS SERVICES

5.1 Value of goods and services provided (turnover).

5.1.1 Please, give the percentage breakdown of the turnover provided for the following categories:

Customers in this country
Customers in other EC countries
Customers in other extra-EC countries

5.1.2 Please, give the percentage distribution of domestic turnover by national client group:

Households
Government
Private enterprises

5.1.3 Please, give the percentage distribution of turnover:

Attribuitable to customers in enterprises with less than 10 employees
Attribuitable to customers in enterprises with more than 500 employees

Definition of business services by NACE.Rev.1

Subsector: Computer and related services

72.10 Hardware consultancy

This class includes:
- consultancy on type and configuration of hardware and associated software application:
. analyzing the users' needs and problems and presenting the best solution

This class excludes:
- hardware consultancy carried out by computer producing or selling units cf. 30.02, 51.64, 52.48

72.20 Software consultancy and supply

This class includes:
- analysis, design and programming of systems ready to use:
. analysis of the user's needs and problems, consultancy on the best solution
. development, production, supply and documentation of order-make software based on orders from specific users
. development, production, supply and documentation of ready-made (non-customized) software
. writing of programs following directives of the user

This class excludes:
- reproduction of non-customized software cf. 22.33
- software consultancy related to hardware consultancy cf. 72.10

72.30 Data processing

This class includes:
- processing of data employing either the customer's or a proprietary program:
. complete processing of data
. data entry services
- management and operation on a continuing basis of data processing facilities belonging to others

72.40 Data base activities

This class includes data base related activities:
- data base development: assembly of data from one or more sources
- data storage: preparation of a computer record for such information in a predetermined format
- data base availability: provision of data in a certain order or sequence, by on-line data retrieval or accessibility (computerized management) to everybody or to limited users, sorted on demand

72.50 Maintenance and repair of office, accounting and computing machinery

72.60 Other computer related activities

Subsector: Professional services

74.11 Legal activities

This class includes:
- legal representation of one party's interest against another party, whether or not before courts or other judicial bodies by, or under supervision of, persons who are members of the bar:
. advice and representation in civil cases
. advice and representation in criminal actions
- advice and representation in connection with labour disputes
- general counselling and advising, preparation of legal documents:
. articles of incorporation, partnership agreements or similar documents in connection with company formation
. patents and copyrights
. preparation of deeds, wills, trusts etc.
- activities of notary public, notaries, bailiffs, arbitrators, examiners and referees

This class excludes:
- *arbitration and conciliation between labour and management cf. 74.14*
- *law court activities cf. 75.23*

74.12 Accounting, book-keeping and auditing activities; tax consultancy

This class includes:
- recording of commercial transactions from businesses or others
- preparation of financial accounts, examination of such accounts and certification of their accuracy
- preparation of personal and business income tax returns
- advisory activities and representation (other than legal representation) on behalf of clients before tax authorities

This class excludes:
- *data processing and tabulation activities even for accounting purposes cf. 72.30*
- *management consultancy such as design of accounting systems, cost accounting programmes, budgetary control procedures cf. 74.14*
- *bill collection cf. 74.84*

Subsector: Marketing services

74.13 Market research and public opinion polling

This class includes:
- investigation into market potential, acceptance, and familiarity of products and buying habits of consumers for the purpose of sales promotion and development of new products including statistical analyses of the results
- investigation into collective opinions of the public about political, economic and social issues and statistical analysis thereof

74.40 Advertising

This class includes:
- creation and realization of advertising campaigns
- creating and placing of outdoor advertising, e.g. billboards, panels, bulletins and frames, window dressing, showroom design, car and bus carding, etc.
- media representation, i.e. sale of time and space for various media soliciting advertising
- aerial advertising
- distribution or delivery of advertising material or samples
- provision of spaces for advertising

This class excludes:
- printing of advertising material cf. 22.22
- market research cf. 74.13
- public relations activities cf. 74.14
- advertising photography cf. 74.81
- production of commercial messages for radio, television and film cf. 92

Subsector: Technical services

74.20 Architectural and engineering activities and related technical consultancy

This class includes:
- consulting architectural activities:
. building design and drafting
. supervision of construction
. town and city planning and landscape architecture
- machinery and industrial plant design
- engineering, project management and technical activities:
. projects involving civil engineering, hydraulic engineering, traffic engineering
. projects elaboration and realization relative to electrical and electronic engineering, mining engineering, chemical engineering, mechanical, industrial and systems engineering, safety engineering
- elaboration of projects using air-conditioning, refrigerating, sanitary and pollution control engineering, acoustical engineering etc.
- geological and prospecting activities:
. surface measurements and observation designed to yield information on subsurface structure and the location of petroleum, natural gas and mineral deposits and of ground water
- weather forecasting activities
- geodetic surveying activities:
. land surveying activities
. hydrographic surveying activities
. sub-surface surveying activities
. boundary surveying activities
. cartographic and spatial information activities including aerial photography thereof
. industrial and engineering surveying activities

This class excludes:
- test drilling and testhole boring cf. 45.12
- research and development activities cf. 73
- technical testing cf. 74.30
- interior decorating cf. 74.84

74.30 Technical testing and analysis

This class includes:
- measuring related to cleanness of water or air, measuring of radioactivity and the like; analysis of potential pollution such as smoke or waste water
- testing activities in the field of food hygiene
- strength and failure testing
- testing of calculations for building elements
- certification of ships, aircraft, motor vehicles, pressurized containers, nuclear plant etc.
- periodic road safety testing of motor vehicles

Subsector: Renting and leasing services

71.10 Renting of automobiles

This class includes:
- renting and operational leasing of self-drive private cars and light vans up to 3.5 tonnes

This class excludes:
- financial leasing cf. 65.21

71.21 Renting of other land transport equipment

This class includes:
- renting and operational leasing of land transport equipment without drivers except automobiles:
. railroad vehicles
. trucks, haulage tractors, trailers and semi-trailers
. motorcycles, caravans and campers etc..

This class also includes:
- renting of containers

This class excludes:
- renting or leasing of vehicles or trucks with driver cf. 60.2
- financial leasing cf. 65.21
- renting of bicycles cf. 71.40

71.22 Renting of water transport equipment

This class includes:
- renting and operational leasing of water transport equipment such as commercial boats and ships, without operator

This class excludes:
- renting of water transport equipment with operator cf. 61
- financial leasing cf. 65.21
- renting of pleasure-boats cf. 71.40

71.23 Renting of air transport equipment

This class includes:
- renting and operational leasing of air transport equipment without operator

This class excludes:
- renting of air transport equipment with operator cf. 62
- financial leasing cf. 65.21

71.31 Renting of agricultural machinery and equipment

This class includes:
- renting and operational leasing of agricultural and forestry machinery and equipment without operator:
. renting of products produced by group 29.3, such as agricultural tractors etc.

This class excludes:
- renting of this machinery or equipment with operator cf. 01.4
- financial leasing cf. 65.21

71.32 Rentint of construction and civil engineering machinery and equipment

This class includes:
- renting and operational leasing of construction and civil engineering machinery and equipment without operator
- renting of scaffolds and work platforms without erection and dismantling

This class excludes:
- renting of this machinery or equipment with operator cf. 45.50
- financial leasing cf. 65.21

71.33 Renting of office machinery and equipment including computers

This class includes:
- renting and operational leasing of office machinery and equipment including computers, without operator:
. computing machinery and equipment

Subsector: Labour recruitment and provision of personnel

74.50 Labour recruitment and provision of personnel

This class includes:
- personnel search, selection referral and placement in connection with employment supplied to the potential employer or to the prospective employee:
. formulation of job descriptions
. screening and testing of applicants
. investigation of references etc.
- executive search and placement activities (headhunters)
- labour contracting activities:
. supply to others, chiefly on a temporary basis, of personnel hired by, and whose emoluments are paid by, the agency

This class excludes:
- activities of farm labour contractors cf. 01.4
- activities of personal theatrical or artistic agents cf. 74.84
- motion picture, television and other theatrical casting activities cf. 92.72

Subsector: Operational services

74.60 Investigation and security activities

This class includes:
- investigation activities
- activities of private investigators
- surveillance, guard and other protective activities :
. transport of valuables
. bodyguard activities
. street patrol, guard and watchman activities for apartment buildings, offices, factories, construction sites, hotels, theatres, dance halls etc.
. store detective activities
. monitoring by mechanical or electrical protective devices
- consultancy in the field of industrial, household and public service security
- training of dogs for security reasons

This class excludes:
- installation of alarm systems cf. 45.31
- investigation in connection with insurance cf. 67.20

74.70 Industrial cleaning

This class includes:
- interior cleaning of buildings of all types, including offices, factories, shops, institutions and other business and professional premises and multi-unit residential buildings
- window cleaning
- chimney cleaning and cleaning of fire-places, stoves, furnaces, incinerators, boilers, ventilation ducts and exhaust units

This class also includes:
- disinfecting and exterminating activities for buildings, ships, trains etc.
- cleaning of trains, buses, planes etc.

This class excludes:
- *agricultural pest control cf. 01.41*
- *steam cleaning, sand blasting and similar activities for building exteriors cf. 45.45*
- *cleaning of new buildings after construction cf. 45.45*
- *carpet and rug shampooing, drapery and curtain cleaning cf. 93.01*
- *activities of domestics cf. 95.00*

Subsector: Other business services

74.81 Photographic activities

This class includes:
- commercial and consumer photograph production:
. portrait photography for passports, school, weddings etc.
. photography for commercials, publishers, fashion, real estate or tourism purposes
. aerial photography
- film processing:
. developing, printing and enlarging from client-taken negatives or cine films
. mounting of slides
. copying and restoring or transparency retouching in connection with photographs

This class also includes:
- operation of photo coin-operated machines

This class excludes:
- *processing motion picture film related to the motion picture and television industries cf. 92.11*

74.82 Packaging activities

This class includes:
- packaging activities, whether or not this involves an automated process:
. filling of aerosols
. bottling of liquids, including beverages and food
. packaging of solids (blister packaging, foil covered etc.)
. labelling, stamping and imprinting
. parcel packing and gift wrapping

This class excludes:
- *packing activities incidental to transport cf. 63.40*

74.83 Secretarial and translation activities

This class includes:
- stenographic and mailing activities:
. typing
. other secretarial activities such as transcribing from tapes or discs
. copying, blue printing, multigraphing and similar activities
. envelope addressing, stuffing, sealing and mailing, mailing list compilation, etc., including for advertising material
- translation and interpretation

This class also includes:
- proof-reading

This class excludes:
- *database activities cf 72.40*
- *bookkeeping activities cf. 74.12*

74.84 Other business activities n.e.c.

This class includes :
- bill collecting, credit rating in connection with an individual's or firm's credit-worthiness or business practices
- business brokerage activities, i.e. arranging for the purchase and sale of small and medium-sized businesses, including professional practices
- appraisal activities other than for real estate and insurance
- fashion design related to textiles, wearing apparel, shoes, jewellery, furniture and other interior decoration and other fashion goods as well as other personal or household goods
- trading stamp activities
- activities of interior decorators
- activities of fair, exhibition and congress organizers
- activities of stand designers

This class also includes:
- activities carried on by agents and agencies on behalf of individuals usually involving the obtaining of engagements in motion picture, theatrical production or other entertainment or sports attractions and the placement of books, plays, artworks, photographs, etc., with publishers, producers, etc

This class excludes:
- *credit card activities cf. 65*
- *machinery and industrial plant design cf. 74.20*
- *display of advertisement and other advertising design cf. 74.40*

Annex III

Definitions of variables

Introduction

In this annex the main variables to be collected in the pilot survey on business services are listed with the used definitions and code numbers in autumn 1990, cf. Eurostat. Chapter "General Framework" of the Methodological Manual. Doc. S1/90/03 -1.En.

CODE: 1

NAME: Number of enterprises

DEFINITION

The enterprise is a "legally-defined unit, which has its own balance sheet, is subject to a directing authority (which may be either a natural or a legal person) and has been formed to carry out in one or more places one or more activities for the production of goods or services". [Source: NACE/70, 28]

CODE: 2

NAME: Number of local units

DEFINITION

The local unit is a "production unit (e. g. a workshop, factory, shop, office, mine or warehouse) which is situated in a geographically separate place and in which one or more persons work for a single enterprise". [Source: NACE/70, 31]

CODE: 8

NAME: Turnover

DEFINITION

Turnover comprises the totals invoiced by the enterprise (or by the local unit) during the reference period, and this corresponds to market sales of goods or services supplied to third parties. Turnover includes all duties and taxes on the goods or services invoiced by the enterprise (or the local unit) with the exception of the VAT invoiced by the enterprise vis-à-vis its customer. It also includes all other charges (transport, packaging, etc.) imputed to the customer, even if these charges are listed separately in the invoice. Reduction in prices, rebates and discounts as well as the value of returned packing must be deducted, but not cash discounts.

Turnover does not include sales of fixed assets. Operating subsidies received from public authorities or the EEC are also excluded. [source: adapted from the Industry Handbook, VI, 18c].

CODE: 8b

NAME: Intra-/extra-EC exports (part of 8)

DEFINITION

Exports include exports of goods and services.

"Exports of goods include all goods whether sold or given away, which permanently leave the economic territory of a country for some destination in the rest of the world". [source: ESA, 356]
"Exports of services include all goods and services (transport, insurance, others) provided by resident units to non-resident units". [source: ESA, 365]

CODE: 10

NAME: Labour costs (sum of 11 and 12)

DEFINITION

"All contractual, statutory and voluntary money payments made, or benefits in kind supplied, by the enquiry unit during the reference year to all its regular and temporary employees as remuneration for work done by them, including remunerations paid to home workers noted on the payroll; it also includes the compulsory and voluntary social charges of the employer". [source: Industry Handbook, VI, 8]

CODE: 11

NAME: Gross wages and salaries (part of 10)

DEFINITION

"Gross wages and salaries include all money payments and payments in kind - before deduction of direct taxes and the employees' social security and pension fund contributions - dispersed by the unit to all persons counted on the payroll, including homeworkers, by way of remuneration for work done by them".
[source: adapted from the Industry Handbook, VI, 9]

CODE: 12a

NAME: Employers' compulsory social security contributions (part of 10)

DEFINITION

"Compulsory social costs for the employer include the employer's payments to social security schemes covering statutory, conventional or contractual contributions in respect of insurance against the risks of sickness, maternity, disablement, old age and widowhood, unemployment, industrial accidents and occupational diseases, and in respect of family allowances. The employer's contribution to employees' life insurance is also included in the total to be declared under this heading". [source: Industry Handbook, VI, 11]

CODE: 12b

NAME: Voluntary social security contributions and other labour costs (part of 10)

DEFINITION

"The value of social welfare benefits provided directly - i.e. other than from contributory schemes - by enterprises to their employees or former employees or other entitled persons, such as, for example, subsidies for social, cultural or sporting facilities, and grants to employees in the event of an accident or a family bereavement, etc". [source: Industry Handbook, VI, 12]

CODE: 13

NAME: Purchases of goods and services

DEFINITION

"The purchases of goods and services by the production units represent the value of all the goods (other than investment goods) and services purchased during the course of the reference period destined either for resale in the same condition as received or after processing and incorporation into the products for sale, or for the current operation of the enterprise. Purchases which are not consumed in the reference period are stockpiled". [source: adapted from the ESA, 320]

CODE: 16

NAME: Tangible investments

DEFINITION

"Tangible investments are taken to include expenditure on all new or used capital goods bought from other enterprises or produced for own use, having a useful life of more than one year and intended for the use of the enterprise.

Only tangible assets and property are considered (furniture, machinery and capital goods, transport equipment, construction of buildings, purchase of sites and premises,...).

On the other hand, investment in intangible assets (transactions aimed at acquiring rights over intangible property) and purchases of shares and transferable securities are excluded.

This heading also includes extensions, conversions, improvements and repairs which extend the normal useful life or increase the efficiency of existing fixed capital assets. Expenditure on running repairs and maintenance, however, is not included.

Goods acquired are valued at total cost price, i.e. price including installation costs and any fees and duties, but not including deductible VAT and financing costs.

For the purpose of estimating the costs of fixed capital assets produced for own use and of major repairs carried out, the expenditure is shown for the reference year, including expenditure for the construction of premises and for buildings under construction. This expenditure includes the cost of labour and raw materials and, if possible, the proportion of overheads relating to such works.

The fixed capital assets may be broken down under the following headings:

- *Land*
- *Existing buildings.*
- *The construction or conversion of buildings and other real property. This heading covers expenditure relating to the reference year on the construction or conversion of buildings, as well as all maintenance costs for buildings and other real property which the enterprise owns or rents, excluding running maintenance costs.*
- *Transport equipment for the transport of goods outside the enterprise (vehicle pool): this heading includes all types of vehicles and boats used for the transport of goods outside the enterprise, i.e. motor cars, commercial vehicles and lorries as well as special vehicles of all types, boats, railway wagons, etc.*
- *Plant and machinery: this heading covers machinery (office machines, etc.), special means of transport used within the enterprise, other machinery and equipment". [source: taken from the Trade Handbook, p. 105, 106]*

CODE: 20

NAME: Gross value added at market prices

DEFINITION

Gross value added at market prices:

	Turnover (Code 8)
+	*change in stocks (Code 30)*
-	*purchase of goods and services (Code 13)*
+	*fixed production (Code 15)*
=	*gross value added at market prices (Code 20)*

The value added is said to be "gross" because it includes the cost of capital usage (depreciation costs).

[source: adapted from ESA, p. 200]

CODE: 20a

NAME: Gross value added at factor cost

DEFINITION

Gross value added at factor cost:

	Gross value added at market prices (Code 20)
-	*Duties and taxes other than VAT (Code 28)*
+	*Operating subsidies (Code 29)*
=	*Gross value added at factor cost (Code 20a)*

[source: adapted from ESA, p. 200]

CODE: 22

NAME: Number of persons employed

DEFINITION

"The number of persons employed is defined as the total number of persons who work in the enquiry unit (inclusive of working proprietors, partners working regularly in the enterprise and unpaid family workers), as well as persons who work outside the unit but who belong to it and are paid by it (e.g. commercial representatives, delivery men, repair and maintenance groups). Included are persons absent for a short period (e.g. sickness absence, paid leave or special leave), and also those on strike, but not those absent for an indefinite period. Also included are part-time workers who are regarded as such under the laws of the country concerned and who are on the payroll, as well as seasonal workers and apprentices.

Excluded are home workers whether on the payroll or not, labour made available to the unit by other enterprises and charged for, persons carrying out repair and maintenance work in the enquiry unit on behalf of other enterprises, as well as those doing their compulsory military service". [source: Industry Handbook, VI. 1]

CODE: 22a

NAME: Number of wage and salary earners (part of 22)

DEFINITION

"Persons who work for an employer (corporate enterprise or sole proprietorship) and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, payments by results or payments in kind". [source: ESA, 815]

Code: 22b

Name: Number of part-time persons employed (part of 22)

DEFINITION

"Part-time workers are taken to be persons whose usual hours of work are less than the weekly or monthly number of hours normally worked in the unit concerned. This definition encompasses all forms of part-time work (half-day work, work limited to one, two or three days a week, etc.)". [source: Trade Handbook, p. 97

ECU exchange rates 1990.

Country	Exchange rate
Belgium	BRF 42.423000 /ECU
Denmark	DKR 7.856130 /ECU
Germany	DM 2.051910 /ECU
Greece	DR 201.427000 /ECU
Spain	ESE 181.107000 /ECU
France	FF 6.914060 /ECU
Ireland	IRL 0.767723 /ECU
Italy	LIT 1 521.880000 /ECU
Luxembourg	LFR 42.423000 /ECU
Netherlands	HFL 2.311920 /ECU
Portugal	PTA 129.428000 /ECU
United Kingdom	UKL 0.714097 /ECU
Sweden	SKR 7.520210 /ECU
Finland	MKF 4.723010 /ECU (1989) MKF 4.854880 /ECU (1990) MKF 5.807030 /ECU (1992)

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The publication consists of a descriptive analysis of the business services sector in 14 countries (the Member States of the European Communities in 1990 and Finland and Sweden). The main variables studied are structural and demographic variables (number of enterprises, size and age of enterprises), employment (number of employees and full/part-time employment), economic variables (turnover, gross value-added, labour costs and investments) and special indicators (turnover broken down by type of clients and by domestic/exports markets), illustrated with graphs and tables. The pilot survey covers the year 1990.

The publication, intended for decision-makers, consultants and researchers, constitutes progress in harmonizing and expanding statistics on the services sector at the European level.

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