Advertising services and labour recruitment in Europe

Statistics in focus

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Contents

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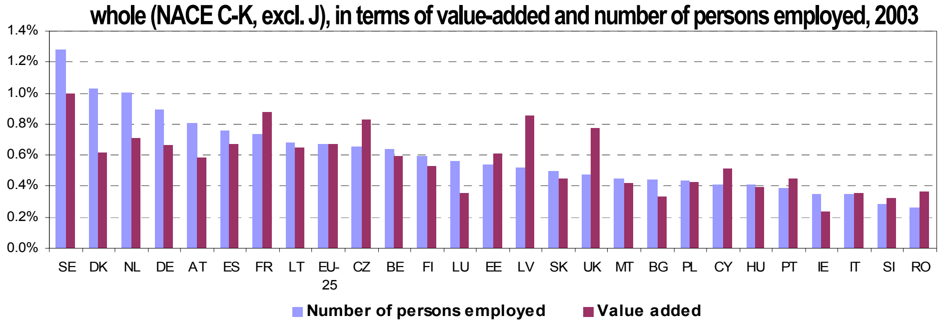
Most specialised Member States in employment terms: Sweden in advertising, and Luxembourg in labour recruitment

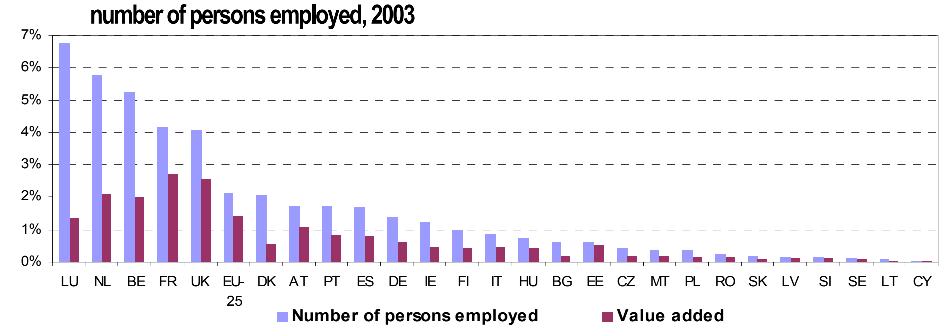
In 2003, advertising services (NACE 74.4) in the EU-25 generated EUR 32 billion in value added and employed 782 600 persons, both representing approximately 0.7 % in the non-financial business economy as a whole. Constituting the main activity of 167 481 enterprises in 2001, the sector generated in 2003 a turnover of EUR 121 billion (see Table 1, page 2). In terms of the sector's weight in the total non-financial business economy, Sweden was the most specialised Member State, based on number of persons employed and value added (Graph 1).

Graph 1: Importance of 'advertising services' (NACE 74.4) in the non-financial business economy as a whole (NACE C-K, excl. J), in terms of value-added and number of persons employed, 2003



Note: IE, LV, LU, MT, PL, SI, FI, SE: 2002 – BE: 2001– EL not available
Source: Eurostat (SBS)

Graph 2: Importance of 'labour recruitment and provision of personnel' (NACE 74.5) in the non-financial business economy as a whole (NACE C-K, excl. J), in terms of value-added and number of persons employed, 2003



Note: IE, LV, LU, MT, PL, SI, FI, SE: 2002 – BE: 2001– EL not available
Source: Eurostat (SBS)

In 2003, labour recruitment and provision of personnel (NACE 74.5) in the EU-25 generated EUR 67.6 billion in value added and employed 2.5 million persons, making up for approximately 1.4 % and 2.1 % respectively in the non-financial business economy (Graph 2). Enterprises with labour recruitment as their main activity – 47 894 in 2001 – generated a turnover of EUR 90 billion in 2003. Based on the number of persons employed, Luxembourg was the most specialised Member State in this activity (Graph 2). In most Member States, the importance of the sector was much higher in terms of employment than value added.

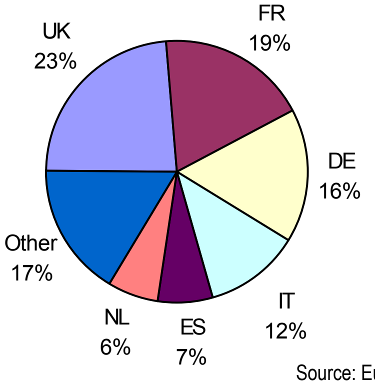
Forming an integral part of 'Business services' (NACE 72 and 74):

'Advertising' (NACE Group 74.4) includes the creation and placing of outdoor advertising, the sale of advertisement time and space and the distribution or delivery of advertising material, as well as direct marketing, sponsorship and sales promotion services.

'Labour recruitment and provision of personnel' (NACE Group 74.5), hereafter referred to as 'labour recruitment' covers personnel search, selection referral, headhunting and job placement services, be they supplied to an individual looking for work or an enterprise trying to hire.

UK main contributor to turnover and value added in both advertising and labour recruitment

Graph 3: Turnover in *advertising* (NACE 74.4) in the EU-25: share by Member State, 2003



Source: Eurostat (SBS)

Note: IE, LV, LU, MT, PL, SI, FI, SE: 2002 – BE: 2001– EL not available

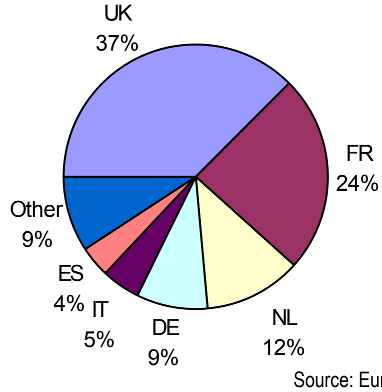
Advertising

The UK's advertising sector was the largest contributor to EU-25 turnover (Graph 3) and value added (Table 1), with shares of respectively 23 % and 22 % of the totals. France followed for turnover (19 %) and Germany did so for value added (21 %).

However, in terms of number of persons employed, Germany's advertising sector accounted for the highest share (23 %), ahead of that in France (13 %). In terms of number of enterprises, Germany's share was also highest at 14.8 %, fractionally more than that in France (14.1 %).

In the EU-25, apparent labour productivity averaged EUR 41 000 in 2003, about 5 % more than the business services average, while average personnel costs amounted to EUR 33 000 per employee, some 15 % less than this sectoral average. Combining these indicators to compile the wage-adjusted labour productivity ratio, value added per person employed was 124 % of average personnel costs, 24 percentage points more than the business services average.

Graph 4: Turnover in *labour recruitment* (NACE 74.5) in the EU-25: share by Member State, 2003



Source: Eurostat (SBS)

Note: IE, LV, LU, MT, PL, SI, FI, SE: 2002 – BE: 2001– EL not available

Labour recruitment

With regard to labour recruitment and the provision of personnel, the UK was the largest contributor to EU-25 turnover (Graph 4) and value added, accounting for respectively 37 % and 35 %, followed by that in France (24 % and 28 %).

This country ranking was repeated for the number of persons employed, with respectively 29 % and 23 %. However, when it came to the share in the number of enterprises, it was Poland (38 %) that was second to the UK (53 %).

Apparent labour productivity averaged EUR 27 000 in the EU-25 in 2003, 31 % less than the business services average, while average personnel costs amounted to EUR 33 500 per employee, 14 % less than the level in business services. This therefore meant a wage-adjusted labour productivity ratio, at which value added per person employed was only 80 % of average personnel costs, about 20 percentage points less than the business services average.

Table 1: Main indicators of advertising (NACE 74.4) and labour recruitment (NACE 74.5), 2003

Advertising (74.4)	EU-25	BE*	CZ	DK	DE	EE	ES	FR	IE**	IT	CY	LV**	LT	LU**
Value-added at factor cost - in million EUR	32 049	744	401	593	6 719	27	2 637	6 030	162	1 926	27	40	38	37
Persons employed	782 600	15 767	23 640	16 828	181 445	2 003	92 230	103 677	3 247	50 155	751	2 909	5 288	1 026
Number of enterprises	167 481*	5 922	11 766	2 315	24 766	488	18 390	23 557	344	18 315	153	591	883	319
Turnover - in million EUR	121 261	4 537	1 869	2 141	15 545	124	13 828	20 929	826	12 355	101	149	181	181
Average personnel costs - in thousand EUR	33,0	39,2	11,6	28,1	20,0	8,1	23,6	45,0	43,7	35,5	19,7	4,4	3,4	35,8
Apparent labour productivity (value-added per person employed) - in thousand EUR	41,0	47,2	17,0	35,2	37,0	13,3	28,6	58,2	49,8	38,4	35,3	13,8	7,2	35,7
Wage adjusted labour productivity - in %	124,2	120,4	145,8	125,3	185,4	164,0	121,1	129,2	114,0	108,1	179,2	311,3	211,7	99,6

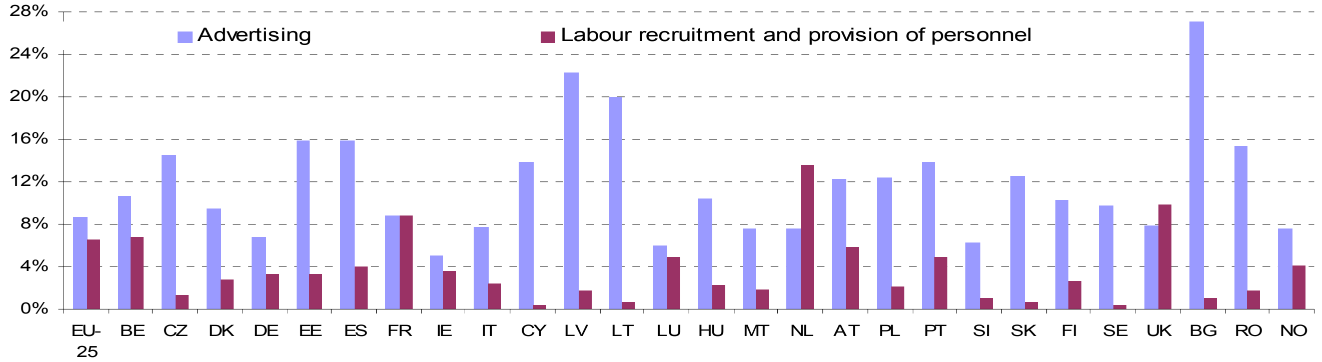
Labour recruitment (74.5)	EU-25	BE*	CZ	DK	DE	EE	ES	FR	IE**	IT	CY	LV**	LT	LU**
Value-added at factor cost - in million EUR	67 640	2 562	99	512	6 418	22	3 091	18 702	314	2 499	2	6	3	136
Persons employed	2 507 400	129 884	15 428	33 801	278 658	2 327	207 143	584 900	11 336	127 428	85	832	484	12 284
Number of enterprises	47 894*	429	410	629	3 710	56	2 454	3 055	478	1 446	36	90	106	92
Turnover - in million EUR	90 341	2 897	180	628	7 500	26	3 469	20 921	591	3 959	3	12	7	149
Average personnel costs - in thousand EUR	33,5	19,2	7,4	14,3	20,1	9,2	14,3	30,9	19,4	18,5	19,1	5,2	4,4	22,7
Apparent labour productivity (value-added per person employed) - in thousand EUR	27,0	19,7	6,4	15,2	23,0	9,3	14,9	32,0	27,7	19,6	27,5	7,3	5,6	11,1
Wage adjusted labour productivity - in %	80,5	102,7	86,8	106,2	114,5	100,6	104,7	103,4	142,9	106,2	144,0	141,3	129,3	48,9

* 2001 data – ** 2002 data – EL not available

Source: Eurostat (SBS)

Advertising and labour recruitment account for 15 % of business services turnover

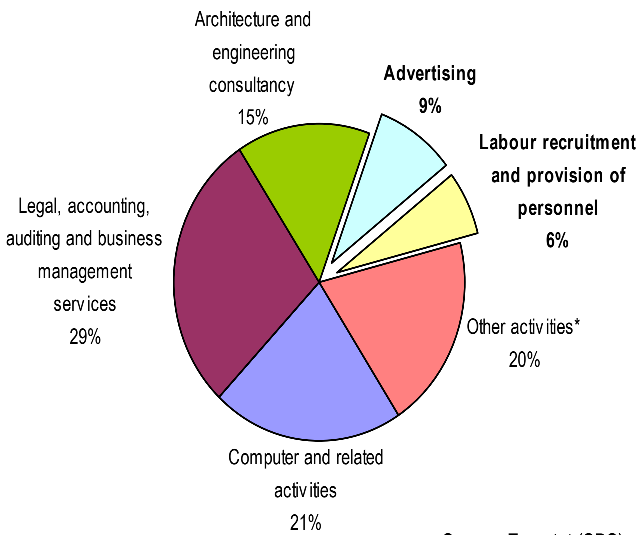
Graph 5: Share of advertising (NACE 74.4) and labour recruitment (NACE 74.5) in total business services (NACE 72 and 74) turnover, 2003 – in %



Note: IE, LV, LU, MT, PL, SI, FI, SE, NO: 2002 – BE: 2001– EL not available

Source: Eurostat (SBS)

Graph 6: Importance of advertising and labour recruitment in business services turnover (NACE 72 and 74), 2003 – in %



Source: Eurostat (SBS)

*'Other activities' include investigation and security activities; industrial cleaning; miscellaneous business activities n.e.c.

Advertising and labour recruitment make up significant shares of business services – which encompass technical, professional and operational services generally supplied to firms or administrations. In 2003, advertising and labour recruitment accounted for 9 % and 6 % respectively of total business services (NACE 72 and 74) turnover in the EU-25 (Graph 6).

These rates varied significantly across Europe, with particularly high shares in many of the 10 new Member States and the two candidate countries in advertising, as can be seen in Graph 5. One should bear in mind, however, that in these countries business services represent generally only very small shares in the non-financial business economy (see Graphs 1 and 2).

The considerable political interest in business services, often seen as a driver of the knowledge-based economy, has been triggered by the sector's high growth rates and its complex relationship with clients elsewhere in the economy, in connection with issues such as outsourcing, innovation and productivity. Moreover, its labour-intensive nature has also attracted interest as a potential provider of new jobs in the future.

Table 1: Main indicators of advertising (NACE 74.4) and labour recruitment (NACE 74.5), 2003 (cont'd)

Advertising (74.4)	HU	MT**	NL	AT	PL**	PT	SI**	SK	FI**	SE**	UK	BG	RO	NO
Value-added at factor cost - in million EUR	136.5	12	1 640	695	413	271	33	50	364	1 309	7 073	22	63	373
Persons employed	10 017	547	45 087	18 793	32 663	11 165	1 707	4 475	7 240	33 445	85 704	7 608	10 177	8 455
Number of enterprises	4 774	227	12 060	6 886	13 180	2 868	797	1 026	2 750	12 506	12 216	2 445	2 853	2 627
Turnover - in million EUR	1 131	26	5 894	3 211	2 162	1 698	219	236	1 394	4 380	26 061	310	471	1 663
Average personnel costs - in thousand EUR	8.8	9.4	33.3	37.8	19.3	18.3	17.0	6.0	38.4	38.7	47.9	1.9	2.7	40.8
Apparent labour productivity (value-added per person employed) - in thousand EUR	13.6	22.5	36.4	37.0	12.7	24.3	19.3	11.1	50.3	39.1	82.5	2.9	6.2	44.1
Wage adjusted labour productivity - in %	155.2	237.8	109.2	97.8	65.7	132.8	113.2	185.8	131.1	101.2	172.4	154.9	227.5	108.1

Labour recruitment (74.5)	HU	MT**	NL	AT	PL**	PT	SI**	SK	FI**	SE**	UK	BG	RO	NO
Value-added at factor cost - in million EUR	139	6	4 878	1 292	157	512	12	10	305	108	23 401	12	30	745
Persons employed	19 655	434	260 934	40 040	25 104	49 396	867	1 930	12 176	3 004	734 406	10 918	9 900	23 091
Number of enterprises	766	26	6 305	737	18 089	371	52	57	517	550	25 539	248	794	556
Turnover - in million EUR	249	7	10 478	1 541	380	610	38	13	371	179	32 377	12	53	921
Average personnel costs - in thousand EUR	7.0	14.1	14.9	30.1	10.7	10.2	11.5	3.4	23.2	37.6	22.4	1.1	2.5	31.6
Apparent labour productivity (value-added per person employed) - in thousand EUR	7.1	14.4	18.7	32.3	6.2	10.4	13.3	5.1	25.0	36.0	31.9	1.1	3.0	32.3
Wage adjusted labour productivity - in %	100.3	101.7	125.7	107.2	58.5	101.4	115.7	151.2	107.8	95.6	142.0	99.3	118.9	102.1

** 2002 data

Source: Eurostat (SBS)

Turnover growth in labour recruitment three times higher than in manufacturing

Graph 7: Evolution of turnover in advertising (74.4) and labour recruitment (74.5), 1998-2004

Source: Eurostat (STS)

According to Eurostat's short-term statistics (STS), turnover in labour recruitment increased by 60 % between 1998 and 2004, which is, for example, three times higher than the 19% growth in the traditional manufacturing industry over the same period (data not shown here). The two largest service providers, the United Kingdom and France, experienced growths of respectively 65 % and 40 %.

The high growth rates of this sector are at least partly attributable to the trend in outsourcing support services and the increased value of flexible staffing arrangements. The latter implies that part of the sector is probably very sensitive to changes in the business climate.

The bulk of the 1998-2004 growth (48 %) in labour recruitment took place up to 2001, before the global economic slowdown. Against the backdrop of an unfavourable business climate, the sector contracted by -5 % between 2001 and 2002. It then rebounded by 2003, increasing over the 2002-2004 period by close to +14 %.

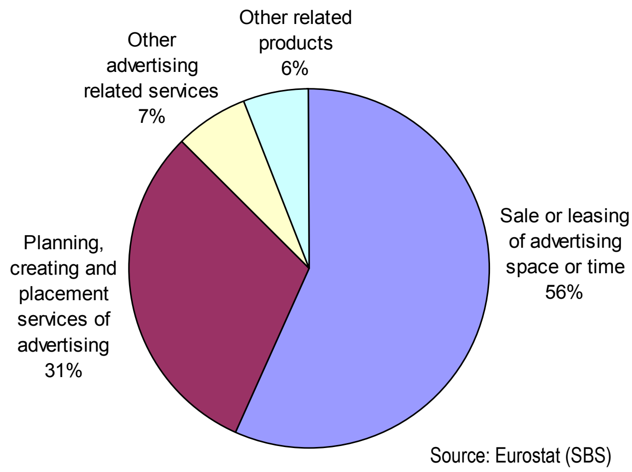
In advertising, data for the 1998-2004 period are only available for two of the largest service providers, the UK and France, in which the sector grew by respectively 19 % and 15 %, far below the growth experienced in labour recruitment. This different situation is confirmed by the steady but moderate growth in EU-25 turnover between 2002 and 2004 of 5 %.

Advertising: Substantial part of turnover from exports

Given the flexibility and dynamics of the business services sector, a good understanding of market forces requires a detailed knowledge both of products and clients of services. The remainder of this publication will present the latest results from a development project, the objective of which is to improve the statistical coverage of the business services sector. One of the objectives of this work was to gather more detailed information on the type of products and services produced, which are becoming increasingly non-standard and customised according to clients' needs.

The latest available data show that, among the service types, 'sale or leasing of advertising space or time' generated the largest turnover in five of the 11 countries with data available (Table 2), and accounted for 56 % of the aggregate turnover of these 11 countries (Graph 8). However, it should be noted that this aggregate is largely dependent on the situation in the largest producers, the UK and Spain. Readers should note that this turnover also includes the reselling of advertising space or time purchased and not only the provision of a service produced by the advertising enterprise itself.

Graph 8: Turnover in advertising: share by type of service, average of available countries*, 2003 – in %



Source: Eurostat (SBS)

* DK, EE, EL, ES, LV, LU, PL, SI, SE, UK, RO.

Table 2: Turnover in advertising (NACE 74.4): share by type of service, available countries, 2003 – in %

	DK	EE	EL	ES	LV	LU	PL	SI	SE	UK	RO
Sale or leasing of advertising space or time	**40.2**	**39.3**	**48.4**	**57.4**	**27.5**	**23.8**	**25.1**	**34.8**	**50.6**	**64.3**	**66.2**
Planning, creating and placement services of advertising	**44.7**	**39.7**	**35.1**	**39.1**	**50.0**	**47.2**	**50.3**	**38.8**	**26.4**	**22.9**	**14.4**
of which: full service advertising	*20.9*	:	*17.3*	*27.8*	*27.3*	:	*11.3*	*19.6*	*14.8*	*13.1*	:
direct marketing	*7.4*	:	*8.4*	*6.1*	*3.3*	:	*6.1*	*5.5*	*5.2*	*3.4*	:
advertising design	*16.4*	:	*9.4*	*5.2*	*19.5*	:	*32.9*	*13.7*	*6.5*	*6.3*	:
Other advertising related services	**7.1**	**6.9**	**11.1**	**2.8**	**12.6**	**12.7**	**16.5**	**9.6**	**14.5**	**5.4**	**19.3**
Other related products	**8.0**	**14.1**	**5.4**	**0.7**	**9.9**	**16.2**	**8.2**	**16.7**	**8.5**	**7.4**	**0.0**

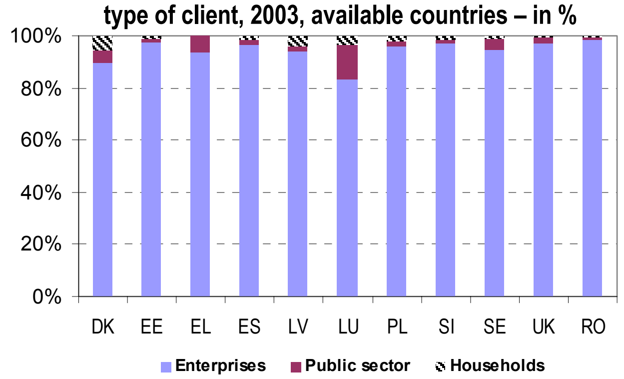
Source: Eurostat (SBS)

'Planning, creating and placement services of advertising' generated most turnover in the other six countries, although it only represented 31 % of the aggregate total. In most countries, the majority of this turnover came from the selling of 'full service advertising', i.e. the whole advertising campaign from planning and creation to placement of the advertisement in the media.

Small and medium sized enterprises (SMEs) with between 1 and 249 persons employed generated the overwhelming majority of the turnover in nine of the 11 countries for which data were available, with shares ranging between 94 % and 100 % of the sector's turnover. In the UK and Spain, however, the SME shares accounted for respectively 10 % and 27 % (data not shown).

The importance of business services is clearly not just derived from the wealth that they generate and the employment they provide, but also from the facilitating role that they provide to other sectors. The dynamic relation between business services and their clients in other sectors of the economy results not only from their provision of non-industrial services, but also from a growing involvement in the production process itself. Data regarding the type of client, in addition to information on products, are also useful when assessing the extent and the effect of outsourcing or networking in an economy.

Graph 9: Turnover of SMEs in advertising (NACE 74.4) by type of client, 2003, available countries – in %



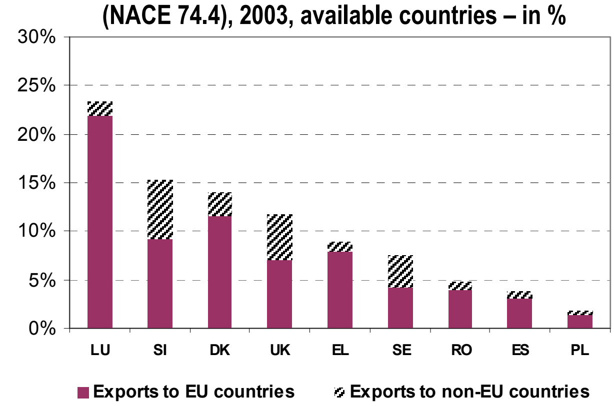
Source: Eurostat (SBS)

As one could expect, enterprises are the most important group of clientele for business services, while the public sector and households generally account for minor shares. Based on data available for 11 European countries, in 2003, between 83 % and 98 % of the turnover generated by SMEs in advertising originated from services sold to enterprises (Graph 9).

The public sector was generally the second largest client base, with shares ranging from 1 % to 6 %, except in Luxembourg where it was responsible for as much as 13 % of the advertising sector's turnover. Household clients, meanwhile, generated shares of between 0.4 % and 2 % in eight countries, and between 3 % and 6 % in only three others.

The location of clients – 'residence' – gives information on the share of exported business services. Exporting has traditionally been less important for services than, for example, manufacturing goods, because most services need to be located close to their target markets and clientele. With the development of information technology, however, this is changing, as enterprises are increasingly able to codify and transfer information and knowledge globally. Another significant facilitator is the increased globalisation of services markets resulting from market deregulation and trade liberalisation, including the recent measures in the enlarged EU.

Graph 10: Exports as a share of turnover in advertising (NACE 74.4), 2003, available countries – in %



Source: Eurostat (SBS)

Among the nine European countries with data available, exports of advertising services generated between over 23 % of advertising turnover in Luxembourg to a little over just 2 % in Poland (Graph 10). Most turnover was generated by exports to other EU countries, ranging from an exceptional 22 % in Luxembourg – which is perhaps not that surprising given this country's geographic location and economic position – to 1.4 % in Poland, with five countries displaying shares of 7 % or above. Meanwhile, the share of turnover from services exported to non-EU clients went from 6 % in Slovenia to 0.5 % in Poland, one of five countries displaying shares of 1.5 % and below.

Labour recruitment: Up to 30 % of turnover from public sector clients

As was shown in Graph 7, labour recruitment and supply services have grown tremendously as a result of the outsourcing trend, allowing their clients to concentrate on their core tasks and affording greater flexibility. This trend started among enterprises but has partly been taken up by public sector bodies too.

Based on available data for 10 European countries, 'supply services of personnel' was the labour recruitment service that generated most turnover in six countries, reaching about 85 % and above in five of them, including the available main contributors to EU-25 labour recruitment turnover, the UK and Spain (Table 3).

Within supply services of personnel, 'supply of industrial/manufacturing personnel' generated most turnover in three of the seven countries with data available, reaching over a third of total turnover in the UK and Spain. This turnover represents costs for the purchase of a service for the clients, and a comparison of these payments with total personnel costs suggests the extent of outsourcing. In the UK, for example, the payments for industrial personnel in 2003 equalled around 10 % of total personnel costs in the manufacturing industry, while in Spain this same share was around 2 %.

Supply of 'office support personnel' generated most turnover in Sweden and was the second or third largest supply service category in all other countries, except Romania. This category includes all office support personnel regardless of which sector these are working in, which means that some could be working in for example the manufacturing industry.

By contrast, 'placement services of personnel' represented shares of 12 % and below in six countries, including the available main contributors to EU-25 turnover, the UK and Spain. The four other countries recorded shares of between 47 % and 59 %. In Luxembourg, which was the most specialised Member State in this activity in 2003 (see Graph 2), the share was 51%.

Table 3: Turnover in labour recruitment (NACE 74.5) by type of service, available countries, 2003 – in %

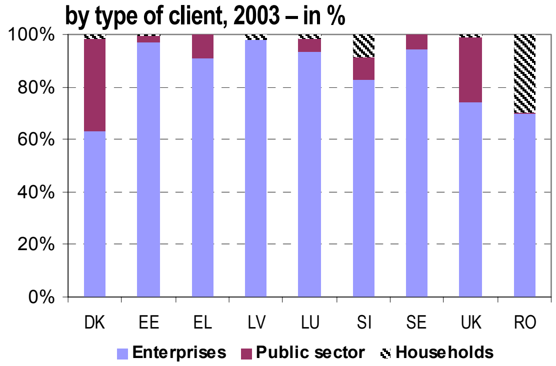
	DK	EE	EL	ES	LV	LU	SI	SE	UK	RO
Placement services of personnel	**12.0**	**9.1**	**59.1**	**10.1**	**56.9**	**51.2**	**3.8**	**4.8**	**8.9**	**46.5**
of which: executive search services	*7.8*	*3.8*	:	*7.2*	*22.4*	:	*0.4*	*2.8*	*1.0*	*7.6*
placement services of office support personnel and other workers	*4.1*	*5.3*	:	*2.8*	*34.5*	:	*3.4*	*2.0*	*7.9*	*38.8*
Supply services of personnel	**84.8**	**85.0**	**19.3**	**89.1**	**13.4**	**39.6**	**71.6**	**91.5**	**84.6**	**39.7**
of which: office support personnel	*17.7*	:	:	*18.8*	*1.0*	:	*8.6*	*34.2*	*14.3*	*6.0*
commercial/trade	*1.6*	:	:	*8.6*	*4.3*	:	*6.5*	*0.5*	*11.6*	*2.3*
industrial/manufacturing	*21.5*	:	:	*35.7*	*0.7*	:	*32.4*	*19.6*	*36.3*	*9.4*
HORECA	*2.6*	:	:	*7.0*	*0.0*	:	*11.0*	*0.0*	*0.6*	*0.0*
medical	*33.1*	:	:	*0.6*	*0.0*	:	*0.4*	*12.1*	*9.9*	*0.1*
education		:	:	*0.3*	*0.0*	:	*0.5*	*3.1*	*2.6*	*0.0*
transport/warehousing/logistics	*4.7*	:	:	*6.9*	*7.4*	:	*6.4*	*5.0*	*5.5*	*6.2*
others	*3.5*	:	:	*11.2*	*0.0*	:	*5.7*	*17.0*	*3.8*	*15.7*
Other related products	**3.2**	**5.9**	**21.6**	**0.9**	**29.8**	**9.2**	**24.5**	**3.7**	**6.5**	**13.8**

Source: Eurostat (SBS)

Small and medium sized enterprises (SMEs) with between 1 and 249 persons employed were not as dominant as in advertising (data not shown), but nevertheless accounted for above 56 % of the sector's turnover in five of the nine countries, four of which had shares ranging between 78 % and 95 %. Among the countries with data available, the share in the UK was exceptionally low, at 2 %.

Enterprises were also the most important client group in labour recruitment (Graph 11). Revenue from services provided to enterprises accounted for the majority of the turnover generated by SMEs in all nine countries with data available, and in six of the countries, the share was well above 80 %.

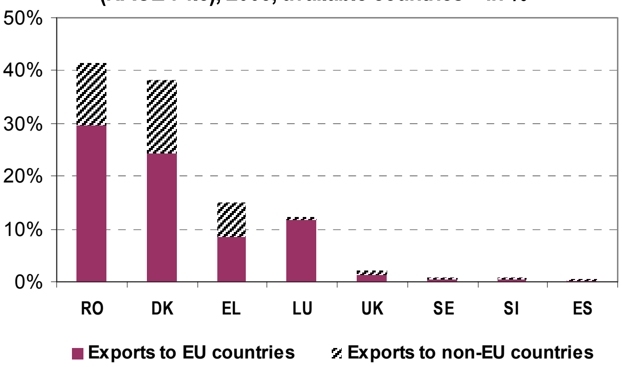
Graph 11: Turnover of SMEs in labour recruitment (NACE 74.5), by type of client, 2003 – in %



Source: Eurostat (SBS)

Based on these same data, and as one might expect, labour recruitment seems to be a more important service for public sector clients than advertising services. The public sector was generally more important for SMEs providing labour recruitment services than for those offering advertising services, accounting for as much as 35 % of the turnover generated in Denmark and 25 % in the United Kingdom.

Graph 12: Exports as a share of turnover in labour recruitment (NACE 74.5), 2003, available countries – in %



Source: Eurostat (SBS)

Moreover, exports were important for labour recruitment, especially in Denmark and Romania accounting for around 40 % of turnover generated in the sector (Graph 12).

➢ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

DATA SOURCES

The source of all figures presented is Eurostat (unless specifically stated otherwise). Most data sources are continually updated and revised where necessary. This publication reflects the state of data availability in Eurostat's reference database as of December 2005.

Structural Business Statistics (SBS) is the main data source for this publication. Two main SBS data sets have been used: annual enterprise statistics on services and Business Services statistics. These and other SBS data sets are available under theme 'Industry, trade and services' on the Eurostat website http://europa.eu.int/comm/eurostat/ (select 'Data' / 'Industry, trade and services' / 'Horizontal view' / 'Structural Business Statistics').

Selected publications and data are available in the section dedicated to European Business, located directly under the theme 'Industry, trade and services' on the Eurostat website. Further methodological information is available on 'Methods and explanatory texts: Business Methods' under the methodological area of the Eurostat website.

Short-Term Statistics (STS) have been used to complement SBS data with information on time series development, based on the index of gross turnover.

COUNTRIES

This publication covers the European Union, including the 25 Member States (EU-25): Belgium (BE), the Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Greece (EL), Spain (ES), France (FR), Ireland (IE), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), the Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE) and the United Kingdom (UK). Also included are the Candidate Countries, EFTA and EEA countries with data available: Bulgaria (BG), Romania (RO) and Norway (NO).

EU-25

EU-25 aggregates include estimates for missing components where necessary. In the absence of EU-25 aggregates, averages of available countries are presented where appropriate.

EXCHANGE RATES

All data are presented in ECU/EUR terms, with national currencies converted using average exchange rates prevailing for the year in question.

SYMBOLS

":" not available or confidential.

SECTORS

Statistics are presented by sectors of activity according to the NACE Rev. 1.1 system of classification. The main focus of this Sif is NACE 74.4 (Advertising) and 74.5 (Labour recruitment and provision of personnel) under NACE 74 ('Other business activities').

Comparisons are made with the whole non-financial business economy and/or 'business services' which is an aggregate of NACE Section K, Divisions 72 ('Computer and related activities') and 74.

Non-financial business economy includes the Sections C (Mining and quarrying), D (Manufacturing), E (Electricity, gas and water supply), F (Construction), G (Wholesale and retail trade), H (Hotels and restaurants), I (Transport, storage and communication) and K (Real estate, renting and business activities). Please note that for such comparisons in this publication: IE excludes Section E; CY excludes Section K.

OBSERVATION UNIT

The observation unit is the enterprise. An enterprise carries out one or more activities at one or more locations. Enterprises are classified into sectors (by NACE) according to their main activity. The enterprise should not be confused with the local unit, which is an enterprise or part thereof situated in one geographically identified place.

STRUCTURAL BUSINESS STATISTICS VARIABLES

Variables are defined according to Commission Regulation No 2700/98 and include:

Number of enterprises

The number of enterprises active during at least part of the reference period.

Number of persons employed

The total number of persons who work in the observation unit, as well as persons who work outside the unit who belong to it and are paid by it. It includes working proprietors, unpaid family workers, part-time workers, seasonal workers etc.

Value added at factor cost

The gross income from operating activities after adjusting for operating subsidies and indirect taxes (including value added tax).

Turnover

The totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties.

Apparent labour productivity

This is a simple indicator of productivity calculated as value added divided by persons employed.

Average personnel costs

Personnel costs are the total remuneration, in cash or in kind, payable by an employer to an employee for work carried out. This is divided by the number of employees (paid workers), which includes part-time workers, seasonal workers etc, but excludes persons on long-term leave.

Wage adjusted labour productivity (in %)

Value added divided by personnel costs, after the latter has been divided by the share of employees (paid workers) in the number of total persons employed. It can also be calculated by dividing apparent labour productivity by average personnel costs.

Degree of specialisation

Specialisation is here defined based on the share of the value added or employment accounted for by an activity (NACE) in relation to the total non-financial business economy (NACE Sections C-K excl. J) of a country.

Further information:

Data: EUROSTAT Website/Home page/Industry, trade and services/Data

Industry, trade and services

- **Industry, trade and services - horizontal view**
  - Structural Business Statistics (Industry, Construction, Trade and Services)
    - Annual enterprise statistics
      - **Annual detailed enterprise statistics on services (Annex 1)**
- **Services**
  - **Business services**

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European Statistical Data Support:

Eurostat set up with the members of the 'European statistical system' a network of support centres, which will exist in nearly all Member States as well as in some EFTA countries.

Their mission is to provide help and guidance to Internet users of European statistical data.

The complete details concerning this support network can be found on our Internet site:
www.europa.eu.int/comm/eurostat/

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