International sourcing, business functions and global value chains

Statistics Explained

Data extracted on 22 September 2022
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EXPERIMENTAL

Highlights

" EU enterprises most commonly source within the European Union, underlining the importance of the European Single Market. "

To stay competitive, enterprises increasingly organise their production globally in global value chains (GVC) by breaking up their value chains into smaller parts supplied by a growing number of providers located worldwide. These GVC comprise the full range of activities required to bring a product or service from conception through the different phases of production, delivery to final consumers and disposal after use. GVC statistics can help measure organisational and spatial patterns in domestic, regional and global value chains, and monitor their effect on employment, wages, value-addition, innovation, skills, firm survival and turnover. The GVC data are in high demand from statisticians, researchers and policymakers. From an EU policy perspective, such analysis provides crucial data on the movement of EU jobs to extra-EU countries, dependency on foreign parts of the chain, and the EU's integration in global value chains. Moreover, in the post-COVID-19 world, there are reports of a shortening of GVCs and a de-globalisation trend resulting from the COVID-19 pandemic. Therefore, statistics on GVC are necessary to support policies on trade, job sustainability and economic development. One of the first efforts to measure the GVC phenomenon in Europe came with the international sourcing (IS) survey in 2007. Since 2007, Eurostat has supported and actively contributed to developing and establishing the IS and GVC surveys which were carried out in 2012, 2018 and the latest one in 2021. This article presents the results of the 2021 survey for 16 participating countries. These efforts culminated with the international sourcing survey (now renamed GVC survey) being included as official statistics in Regulation (EU) 2019/2152 on European Business Statistics ('the EBS Regulation'). Under the EBS Regulation and as described in the Regulation (EU) 2022/918 (GVC Implementing act) that was adopted on 13 June 2022, the survey's scope has increased to encompass the GVC arrangements and impact on the EU Member States. The survey will take place every three years; targeted topics may change between consecutive surveys to better capture globalisation trends and policy requirements. The first reference period will be 2021-2023. To find out more about the GVC arrangements, international sourcing and business functions of the European enterprises, the 2021 GVC survey was carried out in 17 European countries, covering the period 2018-2020. This article presents the results for 16 out of these 17 countries[1]. The currently published results cover 160 532 enterprises in 16 European countries, each with 50 or more persons employed. The section on "Data sources" presents more details about the survey.

General overview

The results show that for the period 2018-2020:

- Most international sourcing takes place from one EU Member State to another, underlining the importance of the European single market .

[1] The results for the remaining country will be published by the end of 2022

- The highest share of international sourcing is found in small, open economies with high labour costs.
- International sourcing is still mainly driven by manufacturing enterprises. However, the share of these enterprises is reducing. Generally, enterprises with business services activities now engage in international sourcing more than industrial and construction enterprises.
- The current and previous surveys show that there has been a shift from sourcing ICT services to sourcing management and administrative functions abroad.
- Cultural and geographical proximity is still an important factor in international sourcing.
- Cost-cutting is still the primary motivation for international sourcing. However, enterprises increasingly source abroad as they want to focus on their core business or because it has been a strategic decision of the group head. The leading international sourcing barriers are legal and administrative obstacles.
- Direct employment consequences of international sourcing are limited, but their cumulative and indirect effects should not be underestimated.
- Considering GVC arrangements, enterprises purchase more high-value goods and services[2]than they supply.
- The net trade balance of high-value services is positive only for engineering and related technical services and other business functions.
- The COVID-19 pandemic had significant effects on enterprises' turnover and international sourcing plans and activities and has led to many trade difficulties.

International sourcing and destinations of sourcing

International sourcing prominent in small, open, high labour cost economies

The highest share of sourcing internationally is found in small, open economies with high labour costs (see Figure 1). For the reference period 2018-2020, enterprises source abroad the most in Denmark (8.63 %), Ireland (7.49 %) and Finland (7.12 %). On the other hand, enterprises in Poland (0.80 %), Bulgaria (1.02 %) and Lithuania (1.52 %) engage in international sourcing the least, most likely because enterprises in these countries are probably sourcing providers as opposed to sourcing users. The total share of sourcing enterprises in the period 2018-2020 was 2.69 %, which is a small decrease from the 3.21 % recorded in the period 2014-2017. This result should be viewed with some caution, as the countries participating in 2014-2017 are not exactly the same as in 2018-2020. Namely, the 2014-2017 results also include Romania and Slovakia which are not present in the 2018-2020 results. While the survey for the reference period 2018-2020 includes Malta and Ireland which were not part of the previous survey.

[2]High-value goods and services are types of goods and services traded in the amount of more than € 100 000 in one year.

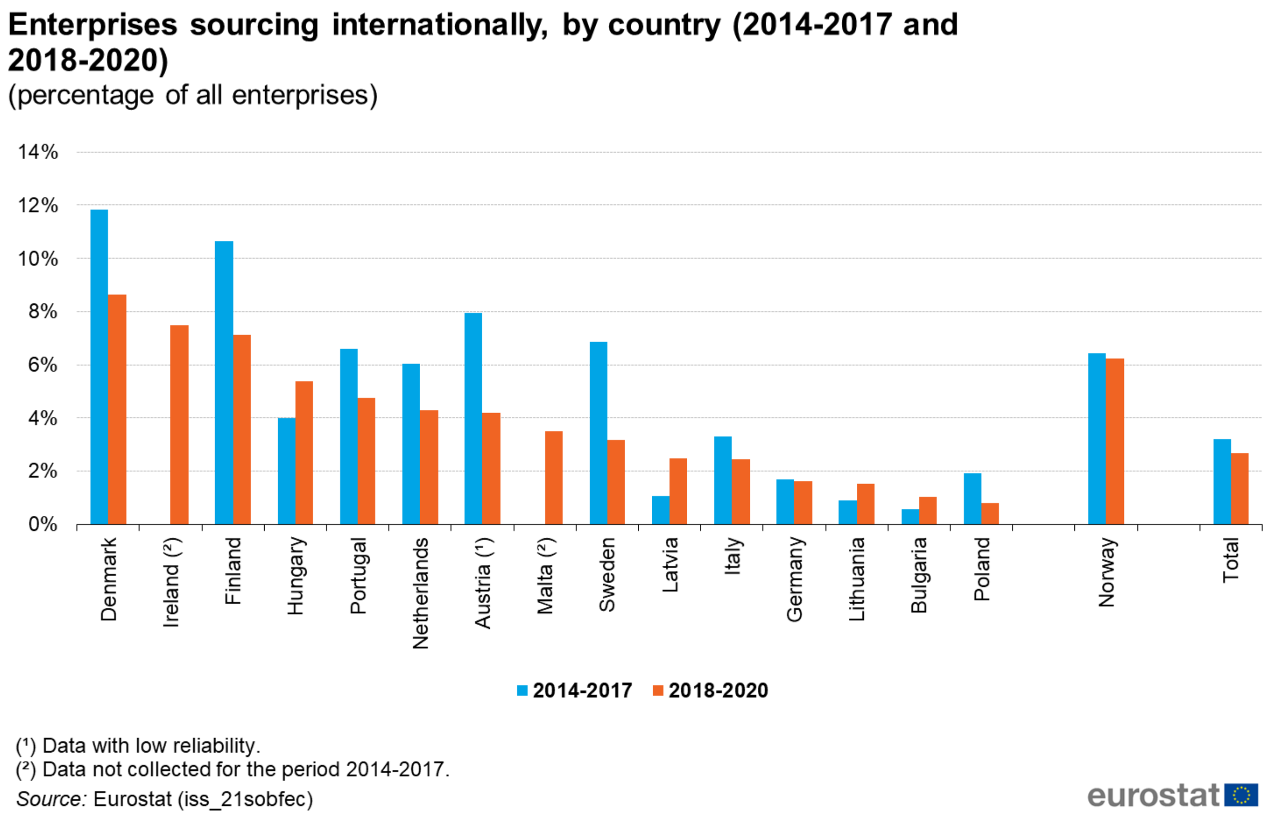

Figure 1: Enterprises sourcing internationally, by country (2014-2017 and 2018-2020) (percentage of all enterprises) Source: Eurostat (iss_21sobfec)

Enterprises sourcing abroad within their enterprise groups are predominant

Multinational enterprises are the drivers of globalisation, this is also the case with international sourcing. The survey distinguishes between international sourcing to a foreign affiliate or daughter company within the same multinational enterprise group — so-called insourcing — and sourcing to external providers called outsourcing.

Evidence for the vital role of multinationals in EU Member States' international sourcing activities is supported by the fact that, of the enterprises that carry out sourcing abroad, 80 % of enterprises carry out insourcing. In comparison, only 31 % outsource their business functions abroad (see Figure 2). The highest shares of insourcing are found in Sweden, the Netherlands and Bulgaria, while the lowest are found in Malta and Ireland. The highest shares of outsourcing are found in Portugal and Malta, while the lowest shares are found in Sweden and Netherlands.

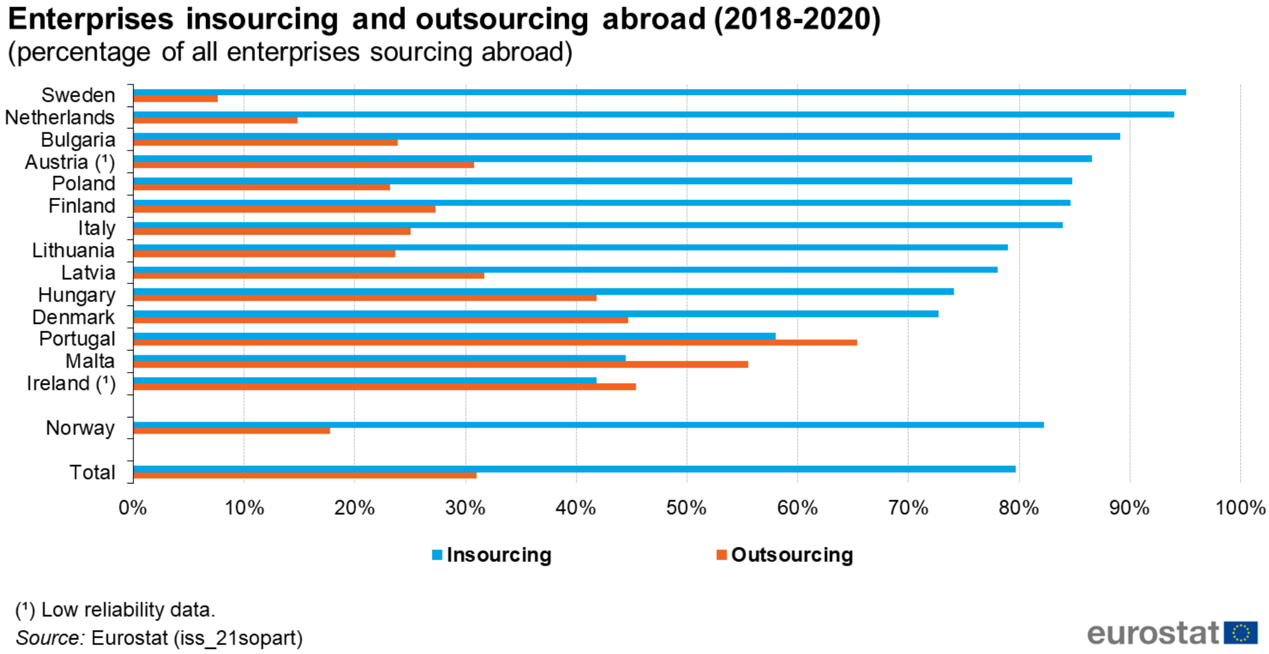

Figure 2: Enterprises insourcing and outsourcing abroad (2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sopart)

Manufacturing still leads international sourcing

Manufacturing still drives international sourcing, but its share has decreased from 49 % in 2014-2017 to 45 % in 2018-2020. Looking at enterprises that source abroad, only in four countries did half or more enterprises operate in the manufacturing sector. Germany has an exceptionally high level of manufacturing enterprises sourcing internationally (60 %), with Italy (56 %) and Portugal (53 %) following (Figure 3).

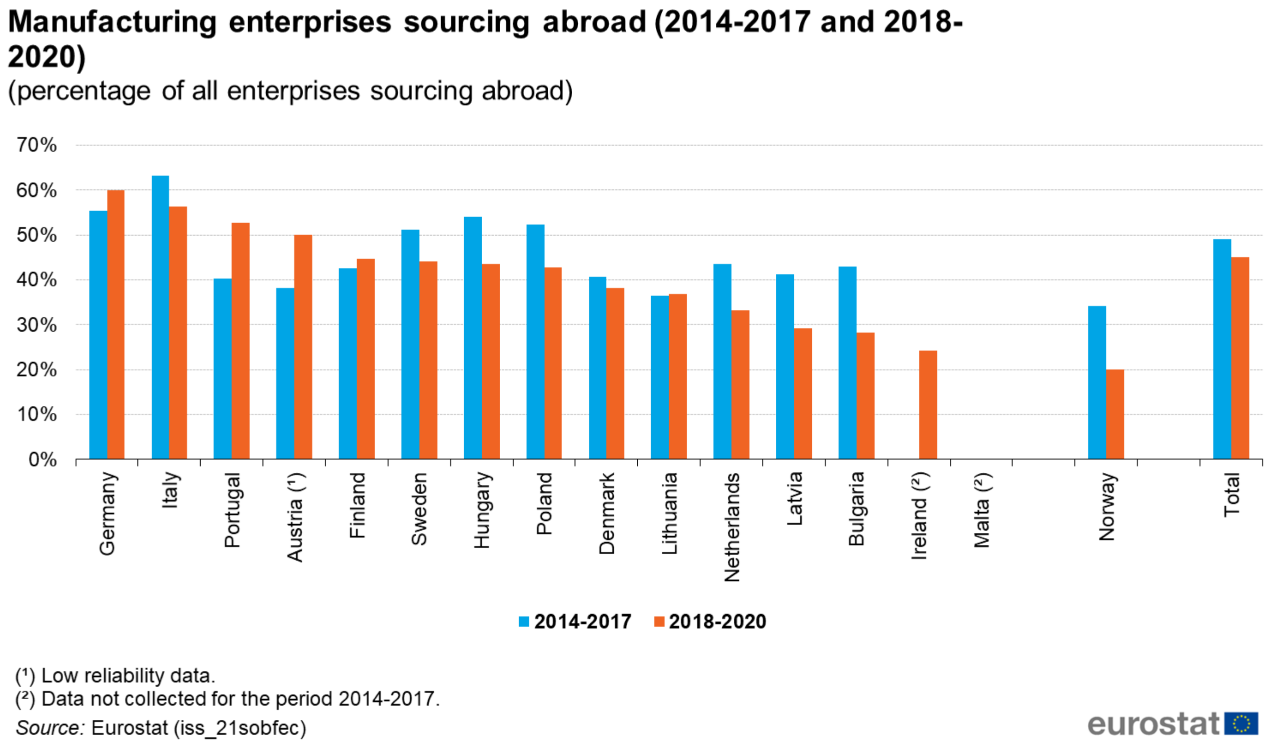

Figure 3: Manufacturing enterprises sourcing abroad (2014-2017 and 2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sobfec)

Looking at broader categories, when comparing industry and construction (NACE B-F) with business services (NACE G-N), the pattern is very similar since manufacturing takes up such a large proportion of international sourcing. Enterprises sourcing internationally in industry and construction and in business services are distributed almost evenly (44.5 % vs 55.5 %) (Figure 4). One other thing can be noted: in 11 out of the 15 countries, the majority of enterprises sourcing abroad operate in the business services sector. However, Italy is amongst the largest economies in the sample and has most of the enterprises sourcing internationally in the industry and construction sectors.

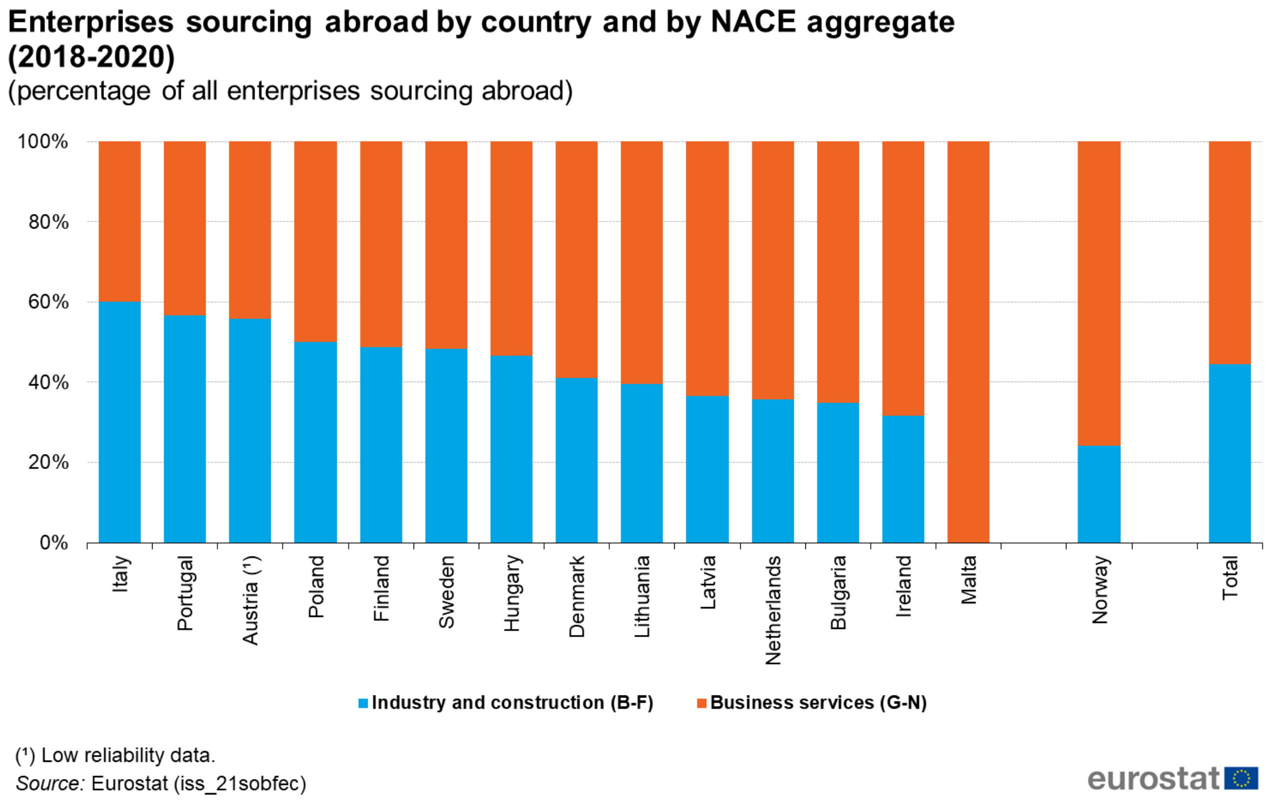

Figure 4: Enterprises sourcing abroad by country and by NACE aggregate (2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sobfec)

Enterprises that engage in international sourcing most commonly operate in the manufacturing sector (45 %), wholesale and retail trade; repair of motor vehicles and motorcycles (19 %) and professional, scientific and technical activities (10 %). Less than 1 % of enterprises operating in the accommodation and food service activities (0.82 %), real estate activities (0.82 %), mining and quarrying sector (0.59 %), electricity, gas, steam and air conditioning supply (0.56 %), and water supply; sewerage; waste management and remediation activities (0.21 %) engage in international sourcing (Figure 5). Compared with the previous collection round, sourcing enterprises are similarly distributed amongst different sectors of activities.

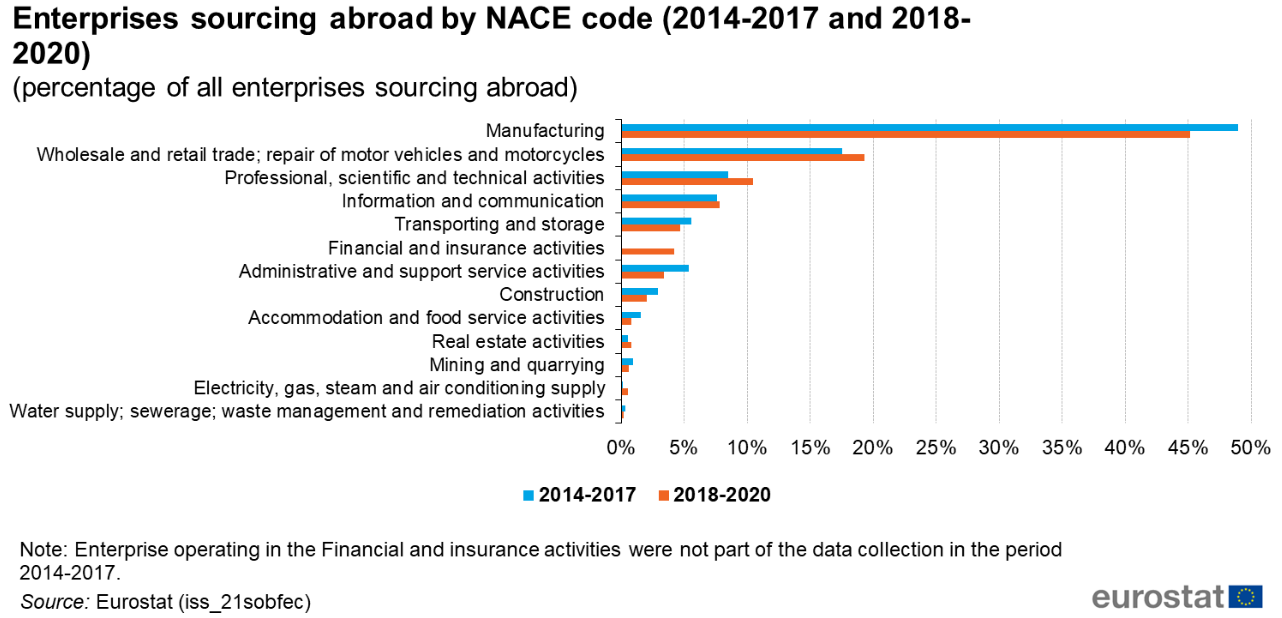

Figure 5: Enterprises sourcing abroad by NACE code (2014-2017 and 2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sobfec)

Moving business functions abroad

Majority of employment is within the core function

Business functions offer statisticians and survey respondents a limited yet relatively comprehensive set of generic, easy-to-understand categories that describe the various functions carried out by enterprises, including and in addition to their main economic activity. Business function statistics are needed because enterprises, in addition to producing the goods or services from which they earn their turnover, typically require a set of functions to support their core revenue producing function. From a conceptual point of view, a business function is defined as **a grouping of common tasks that enterprises must carry out regularly, either internally or externally, to bring goods or services to the market, such as administration and management R&D and marketing and sales .** Business functions used in international sourcing surveys can help indicate the pervasion of jobs sourced to the domestic country as well as changes in the intensity of international sourcing patterns[3].

Core business function:

Activities of an enterprise yielding income: the production of final goods or services intended for the market or for third parties. Usually the core business functions make up the primary activity of the enterprise, but they may also include other (secondary) activities if the enterprise considers these as part of its core functions.

Support business function:

Ancillary (supporting) activities carried out by the enterprise in order to permit or to facilitate the core business functions, its production activity. The outputs (results) of support business functions are not themselves intended directly for the market or for third parties.

[3]The section on the definition of business functions is taken from the Classification of Business functions Manual

Enterprises have 66 % of persons employed in the core function, with the highest percentages of persons employed in the core function in Hungary (92 %) and Sweden (81 %). Germany (56 %), Denmark (62 %) and Finland (66 %) have the fewest people employed in the core function compared with those employed in support functions (Figure 6).

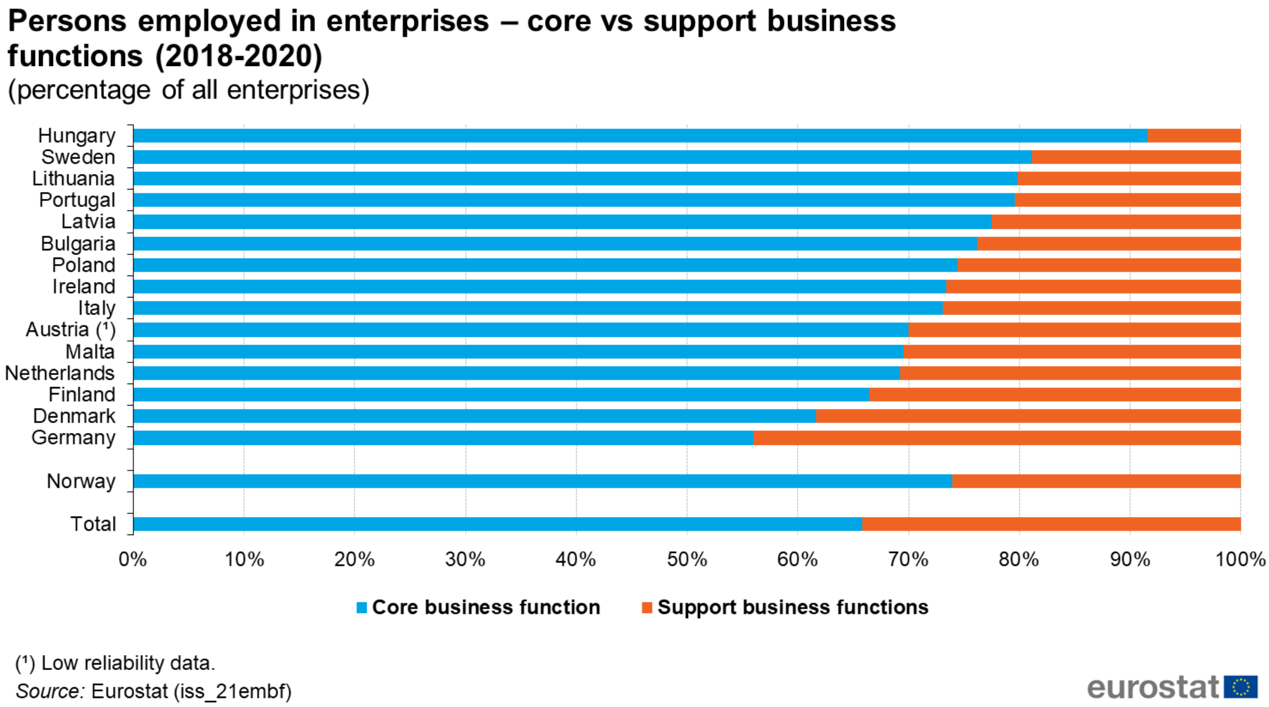

Figure 6: Persons employed in enterprises – core vs support business functions (2018-2020) (percentage of all enterprises) Source: Eurostat (iss_21embf)

Support business functions frequently moved abroad

International sourcing was originally a model used by manufacturing enterprises to move their production abroad, but with the growth of digitalisation and codification of services, the sourcing model has expanded to include service functions and services enterprises. In relative terms, Portugal has the highest proportion of enterprises sourcing their core business function abroad (76 %), with Malta (67 %) following. Sourcing core business functions — often in manufacturing — was also relatively high in Germany, Netherlands and Sweden (see Figure 7).

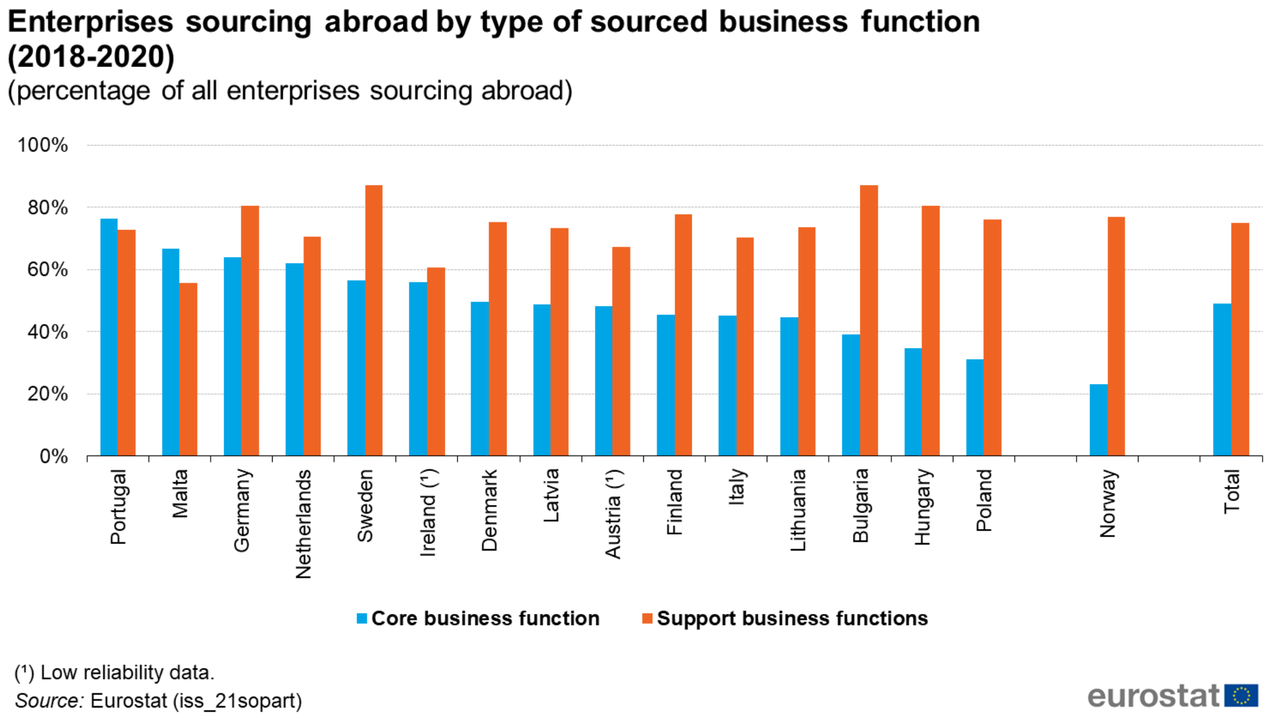

Figure 7: Enterprises sourcing abroad by type of sourced business function (2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sodest)

In general, businesses more frequently source support functions than core functions. About 75 % of enterprises reported they had sourced support functions, compared to 49 % that sourced core functions. Only in Portugal and Malta were core functions sourced more frequently than support functions. Thus, the importance of sourcing support functions is noteworthy, also taking into account that most sourcing enterprises are in manufacturing.

Management and administration business functions the most frequently sourced abroad

The most commonly sourced business functions abroad are management and administration (39 %), production of goods and materials (32 %) and information technology (24 %), while the least sourced business functions are those of research and development (10 %) and engineering and related technical services (15 %) (Figure 8).

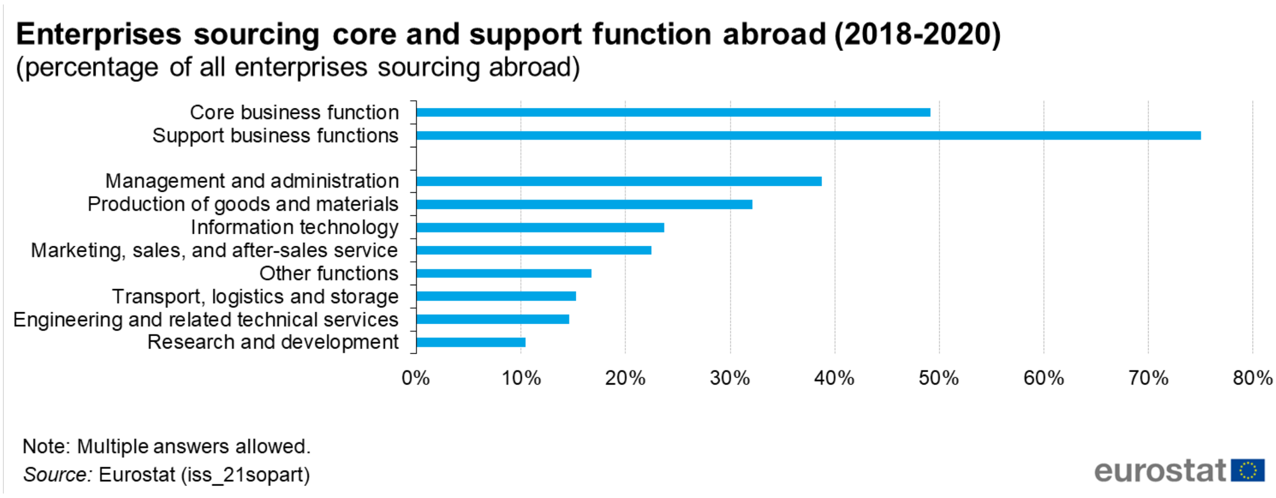

Figure 8: Enterprises sourcing core and support function abroad (2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sodest)

Business functions mainly sourced within the EU

For most countries, EU Member States are the primary destination for international sourcing of business functions. When investigating international sourcing of business functions, the most common sourcing destinations are other EU Member States (77 %), followed by other non-EU European countries[4] (17 %), India (17 %) and the United Kingdom (14 %). This indicates that proximity is still an essential factor when sourcing internationally (see Figure 9), with the largest emerging economies playing an important role.

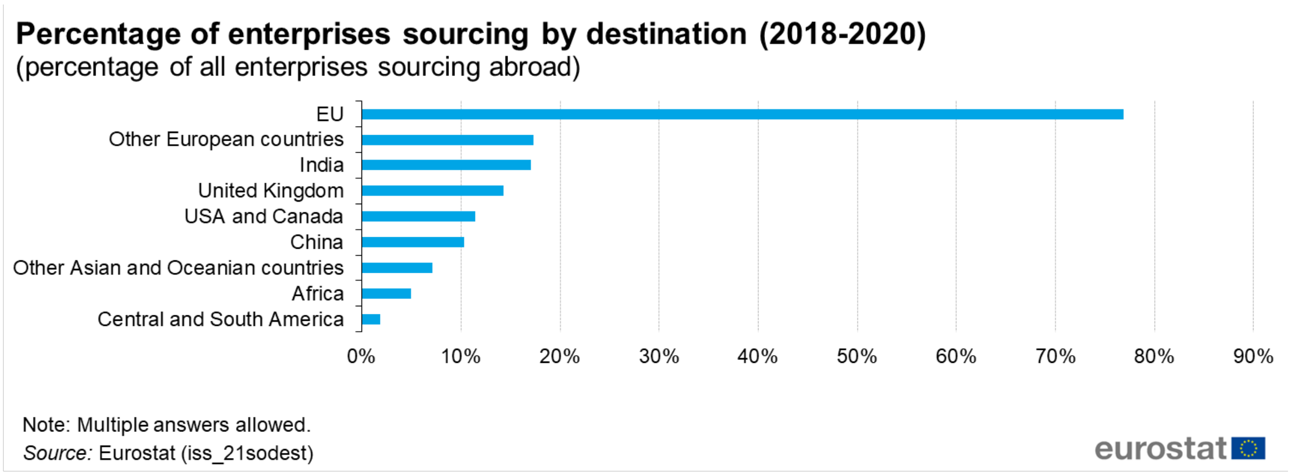

Figure 9: Percentage of enterprises sourcing by destination (2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sodest)

Motivations and barriers for international sourcing

Cost-cutting drives international sourcing

As in the previous surveys, in most countries, the main reason businesses moved functions abroad between 2018 and 2020 was to cut labour (66 %) and other costs (54 %) and because of the strategic decision taken by the group head (60 %) (see Figure 10). On
the other hand, COVID-19-related effects were not reported as an important motivator of international sourcing (9 %).

[4] Other European countries include all European countries except for the EU Member States and the United Kingdom

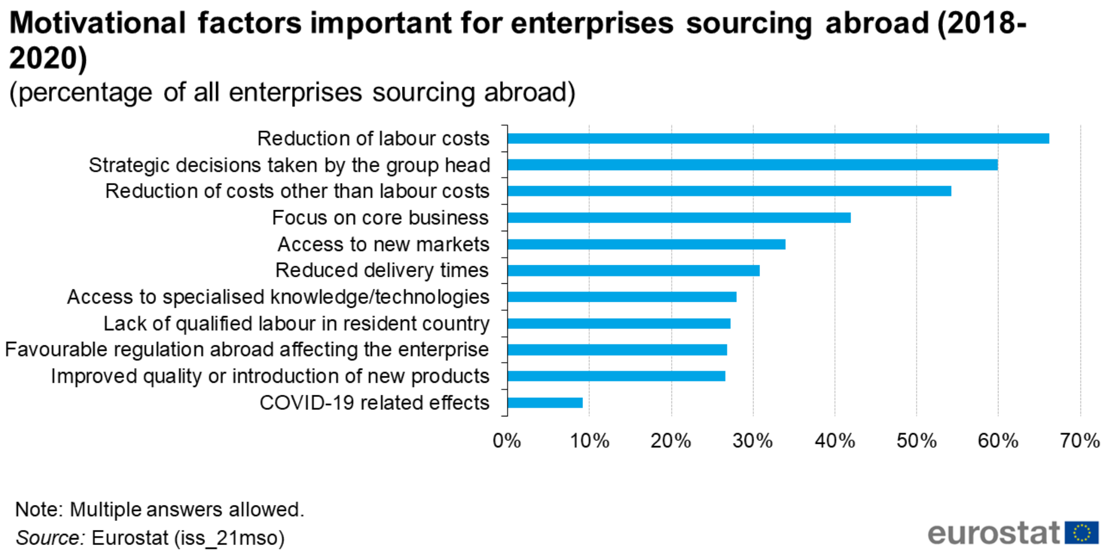

Figure 10: Motivational factors important for enterprises sourcing abroad (2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21mso)

When looking at reasons that are stopping enterprises from engaging in international sourcing, sourcing barriers most often considered as important are legal or administrative (56 %), tax barriers (42 %) and concerns that the sourcing operation might exceed expected benefits (41 %) (Figure 11). Surprisingly, COVID-19 related concerns and issues have low importance (19 %), together with access to finance or other financial barriers (22 %). The reason for the low relative importance of COVID-19 related barriers could be found in the fact that the reference period covers only one year of pandemic effect (the year 2020), which might mean that it is still too early to evaluate the real effects. It may be that in the following surveys the importance of the COVID-19 related barriers would be higher.

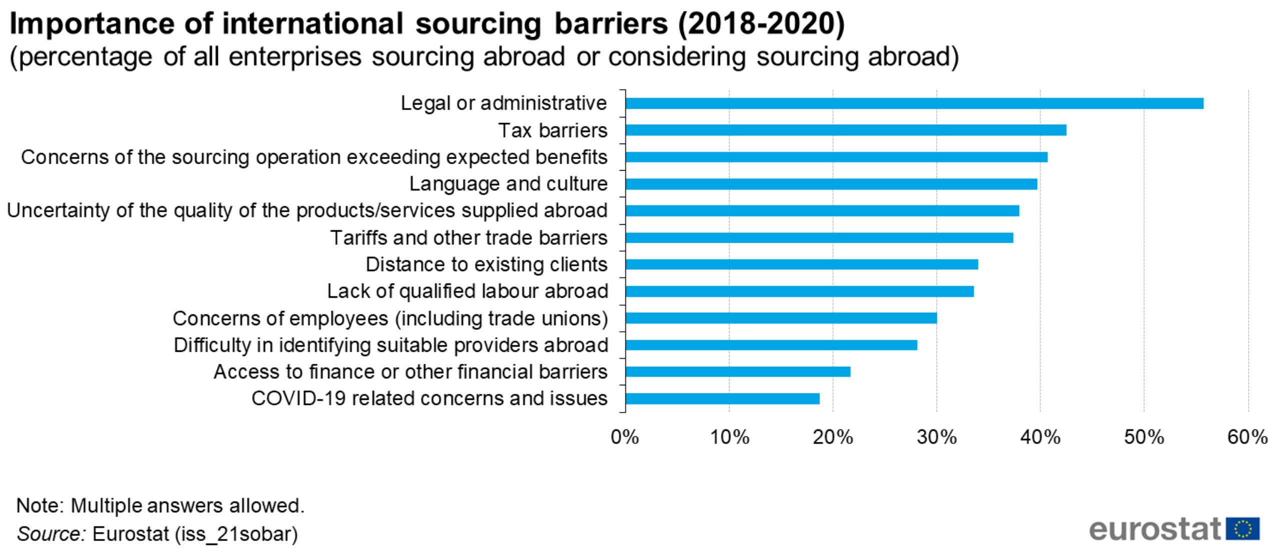

Figure 11: Importance of international sourcing barriers (2018-2020) (percentage of all enterprises sourcing abroad) Source: Eurostat (iss_21sobar)

International sourcing and employment development

International sourcing activities resulted in net job losses

By definition, international sourcing implies that jobs are moving out of the domestic economy, which can cause concerns for policymakers. This survey measures job losses in isolated terms, meaning it does not directly capture the overall effects of job losses (e.g. when sourcing enables an enterprise to survive). The survey tries to produce statistical evidence regarding the impact of international sourcing on employment.

The survey provided information on the number of jobs lost from 2018 to 2020 due to relocating business functions abroad. The countries reported job losses and job creation due to international sourcing per business function and NACE aggregate. Figure 12 shows job losses as a proportion of total employment reported in the survey by business functions. A couple of outliers can be noticed, such as 40 973 jobs lost in the business function of production of goods and materials (0.37 % of total jobs in the business function) and 10 710 jobs lost in the business function of management and administration (0.22 % of total jobs in the business function), as well as low job creation in the transport, logistics and storage business function via only 401 new jobs created as a result of international sourcing activities (0.01 % of total jobs in the business function). Looking at the total jobs lost or created as a share of total employment of all enterprises, 0.23 % of jobs were lost and 0.04 % of jobs created due to international sourcing activities. Translated to absolute terms, this means that 17 481 jobs were created and 92 027 jobs were lost due to international sourcing activities in the period 2018 – 2020 in 15 EU Member States and Norway.

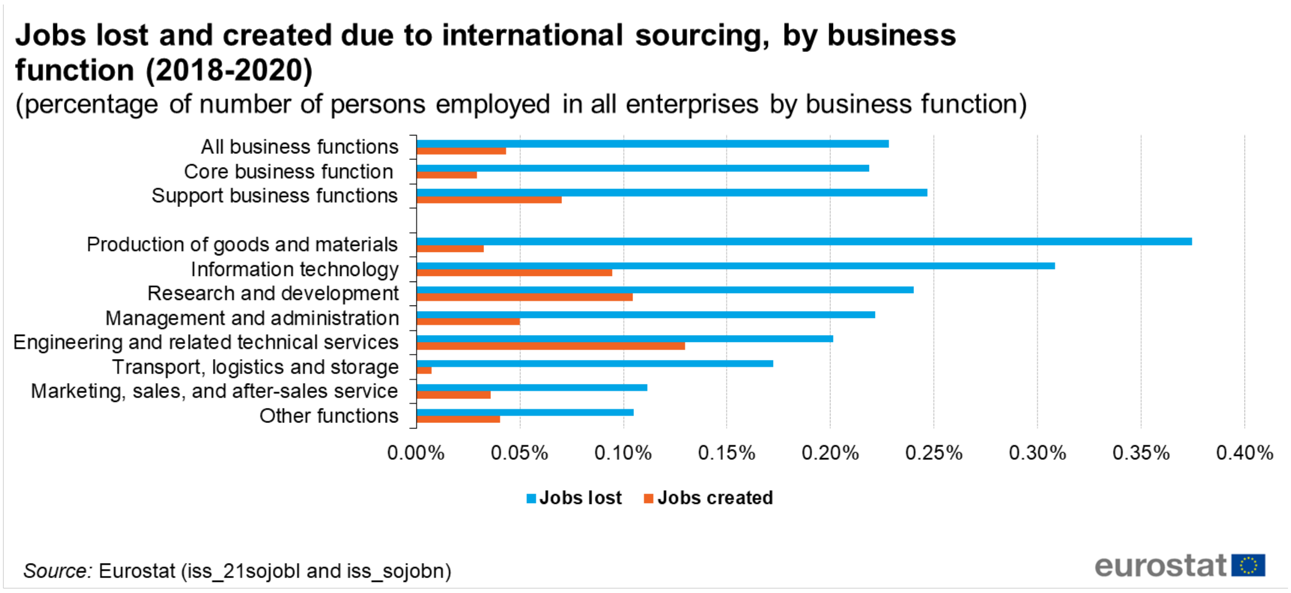

Figure 12: Jobs lost and created due to international sourcing, by business function (2018-2020) (percentage of number of persons employed in all enterprises by business function) Source: Eurostat (iss_21sojobl) and (iss_21sojobn)

In order to see the complete picture of job changes as a result of international sourcing activities, jobs created need to be deducted from jobs lost. Figure 13 shows precisely this, and it can be concluded that for all business functions, more jobs were lost than jobs created due to international sourcing activities for both low-skilled jobs (0.14 % or 54 859 jobs) and high-skilled jobs (0.05 % or 19 689 jobs). The most net jobs lost occurred for low-skilled jobs in the business functions production of goods and materials (0.32 % or 34 749 jobs), while the least net jobs lost occurred for high-skilled jobs in the business function transport, logistics and storage (0.01 % or 814 jobs).

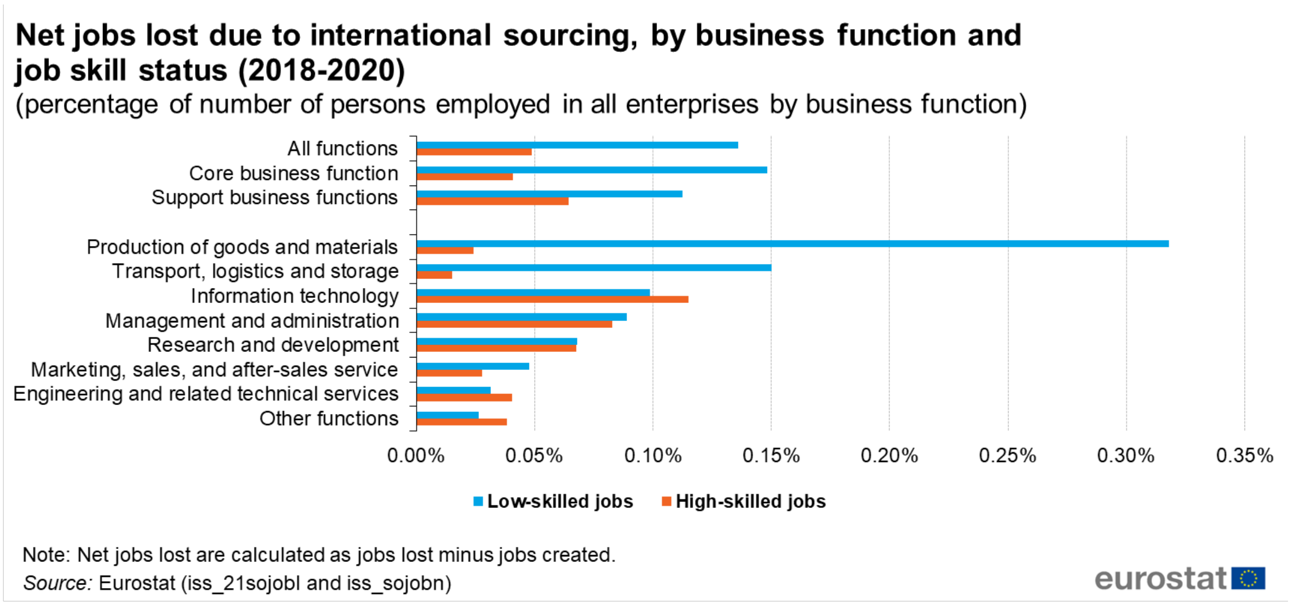

Figure 13: Net jobs lost due to international sourcing, by business function and job skill status (2018-2020) (percentage of number of persons employed in all enterprises by business function) Source: Eurostat (iss_21sojobl) and (iss_21sojobn)

It should be noted that the flow of jobs abroad is continuous, and the cumulative and indirect effects of this should not be underestimated (reported by previous surveys).

Global value chains arrangements

European enterprises purchase more high-value goods and services than they supply

Global value chains (GVC) comprise the full range of cross-border activities required to bring a product or service from conception through the different phases of production and delivery to final consumers. GVC trade refers to an international trade that takes place in a GVC. Most commonly, this includes trade in intermediate goods and services. When considering trade in goods, European enterprises have reported that they purchase more goods from the EU than they supply to the EU for all types of goods except for the category of other goods (Figure 14).

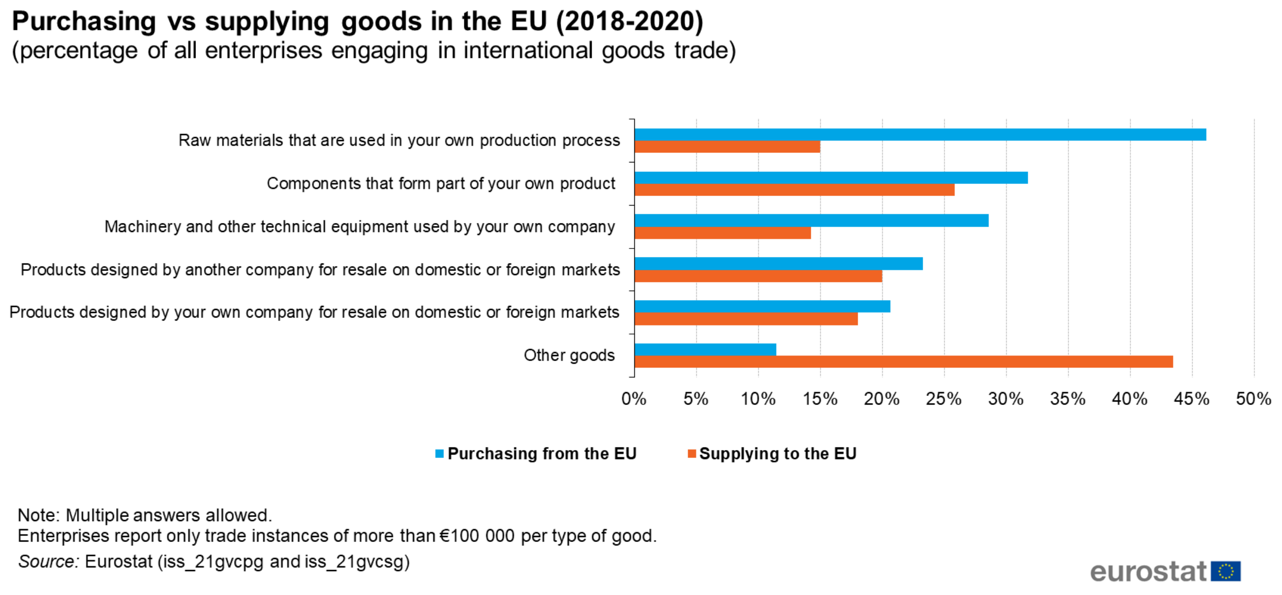

Figure 14: Purchasing vs supplying goods in the EU (2018-2020) (percentage of all enterprises engaging in international goods trade) Source: Eurostat (iss_21gvcpg) and (iss_21gvcsg)

On the other hand, when considering international trade in services viewed through the classification of services by business functions, enterprises purchase more services from the EU than they supply to the EU, except for services belonging to other business functions, engineering and related technical services and research and development (Figure 15).

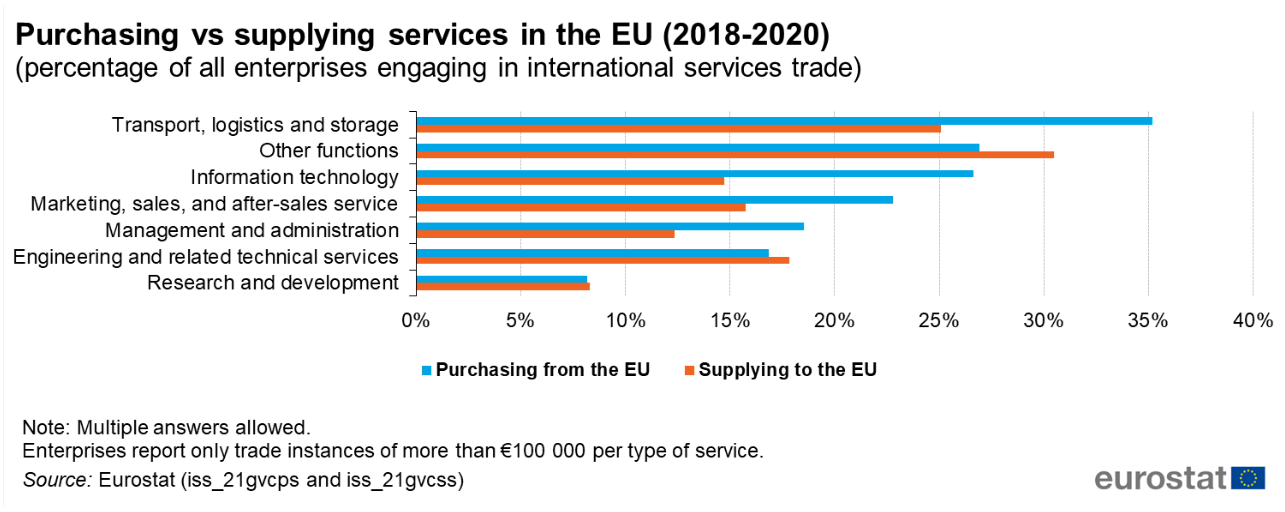

Figure 15: Purchasing vs supplying services in the EU (2018-2020) (percentage of all enterprises engaging in international services trade) Source: Eurostat (iss_21gvcps) and (iss_21gvcss)

When considering the trade balance as a difference between services supplied and services purchased (Figure 16), enterprises have reported a positive trade balance when trading outside of the EU for engineering and related technical services (+0.10 %) and other func-
tions (+0.07 %). The lowest negative trade balance is reported for trade in information technology services (-4.13 %).

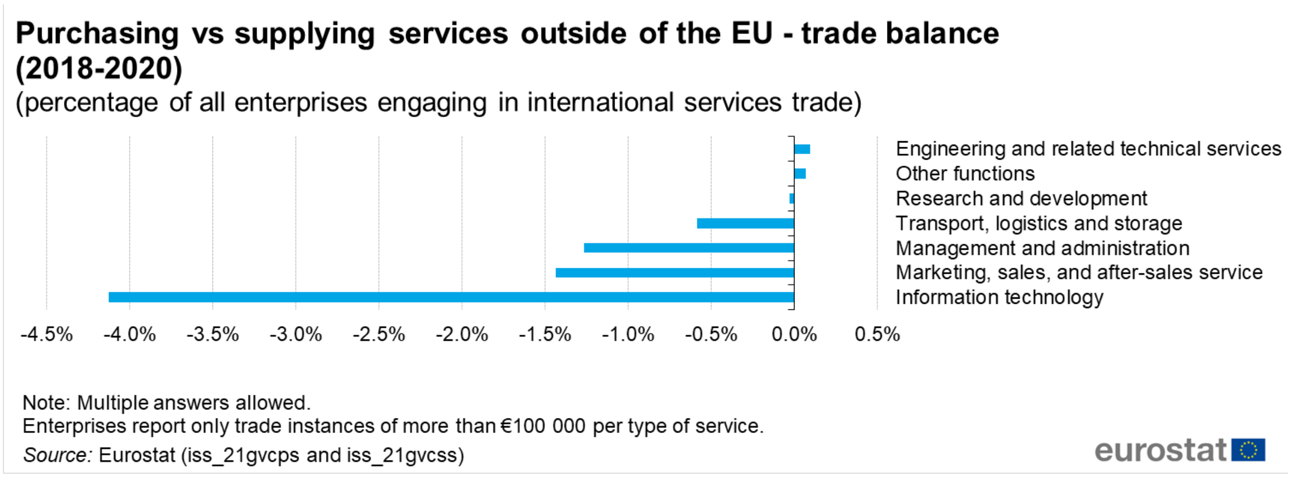

Figure 16: Purchasing vs supplying services outside of the EU - trade balance (2018-2020) (percentage of all enterprises engaging in international services trade) Source: Eurostat (iss_21gvcps) and (iss_21gvcss)

Impact of COVID-19 pandemic on international sourcing, turnover and trade

COVID-19 pandemic significantly affected international sourcing, turnover and trade of European businesses

Due to the Covid-19 pandemic that started at the beginning of 2020, many health and sanitary barriers and measures were introduced, which have hugely impacted international trade markets. These measures included full or partial closure of borders and increased border controls, drastic cuts in travel and tourism activities, reduction of personal contact, and in some cases enterprises needed to stop personal presence in the offices and shut down some of their activities due to government lockdowns. The 2021 GVC survey aimed to capture part of the effects of these COVID-19 related barriers on enterprises' international sourcing activities, turnover and trade.

As a result of the new trade barriers imposed during the COVID-19 pandemic, enterprises have experienced a disruption of international sourcing plans (10.7 %) or decided to move or planned to move business functions that were previously sourced back from abroad (5.1 %). However, some enterprises have also decided to engage or plan to engage in international sourcing (4.7 %) as a direct effect of the COVID-19related events and barriers (Figure 17).

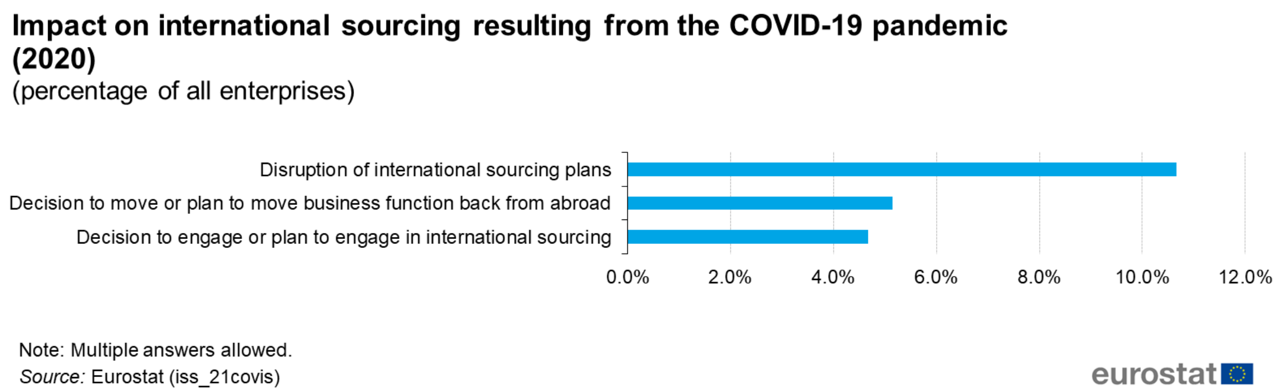

Figure 17: Impact on international sourcing resulting from the COVID-19 pandemic (2020) (percentage of all enterprises) Source: Eurostat (iss_21covis)

Moreover, when considering the impact of the COVID-19 pandemic on enterprises' turnover (Figure 18), as expected, most enterprises have experienced a decrease in turnover (49.9 %). However, one-fifth of enterprises have also experienced an increase in turnover (20.4 %).

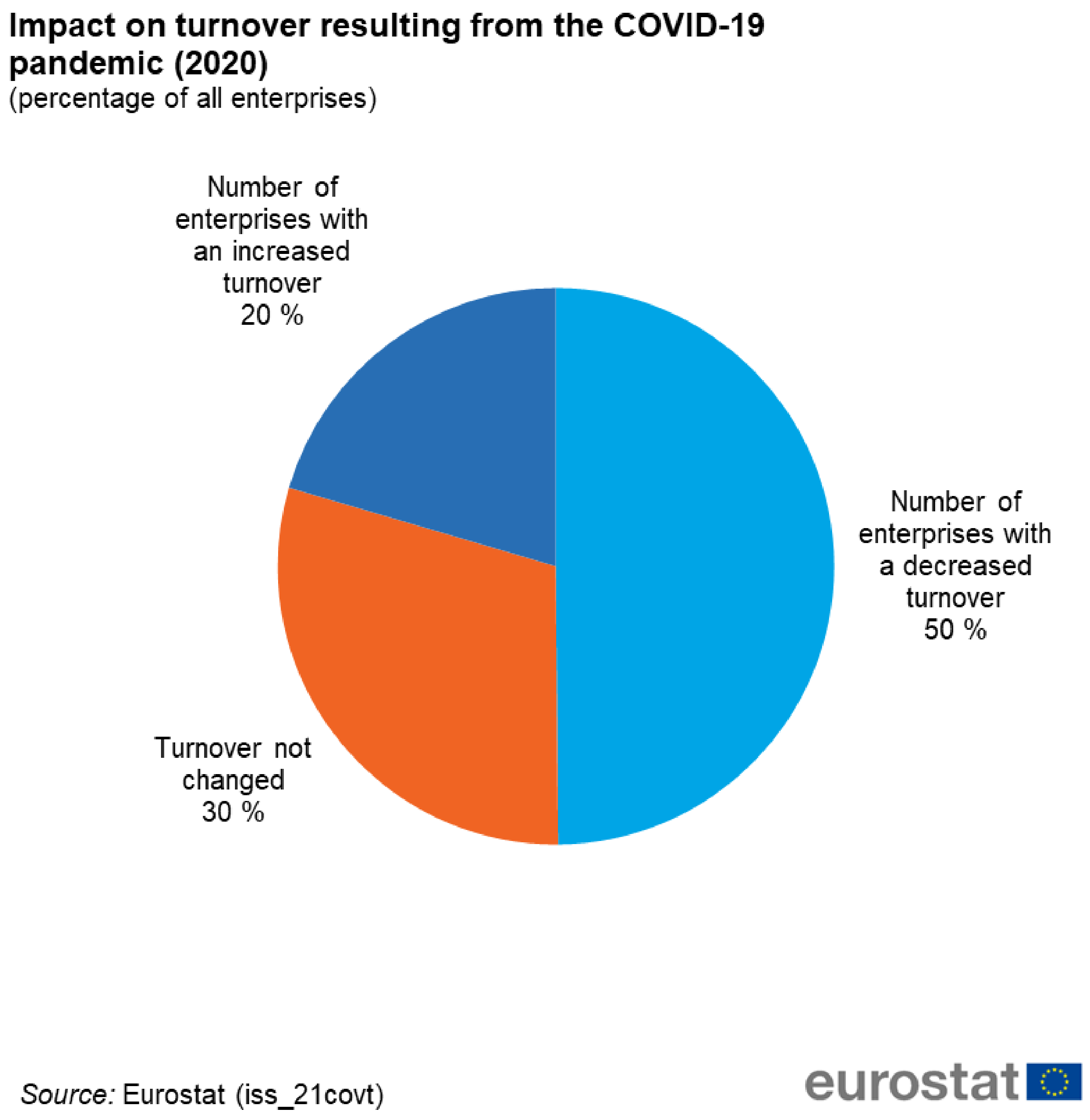

Figure 18: Impact on turnover resulting from the COVID-19 pandemic (2020) (percentage of all enterprises)
Source: Eurostat (iss_21covt)

Looking at the trade difficulties resulting from the COVID-19 pandemic (Figure 19), enterprises have reported many instances of the impact of the pandemic on the cancellation or decline in incoming orders from domestic customers (59.3 %), difficulty accessing services from suppliers domestically (54.4 %) and difficulty acquiring raw materials/intermediate products from suppliers domestically (51.6 %). As seen from the three most common impacts of the COVID-19 pandemic, enterprises have experienced more trade difficulties in the domestic market than in the foreign markets.

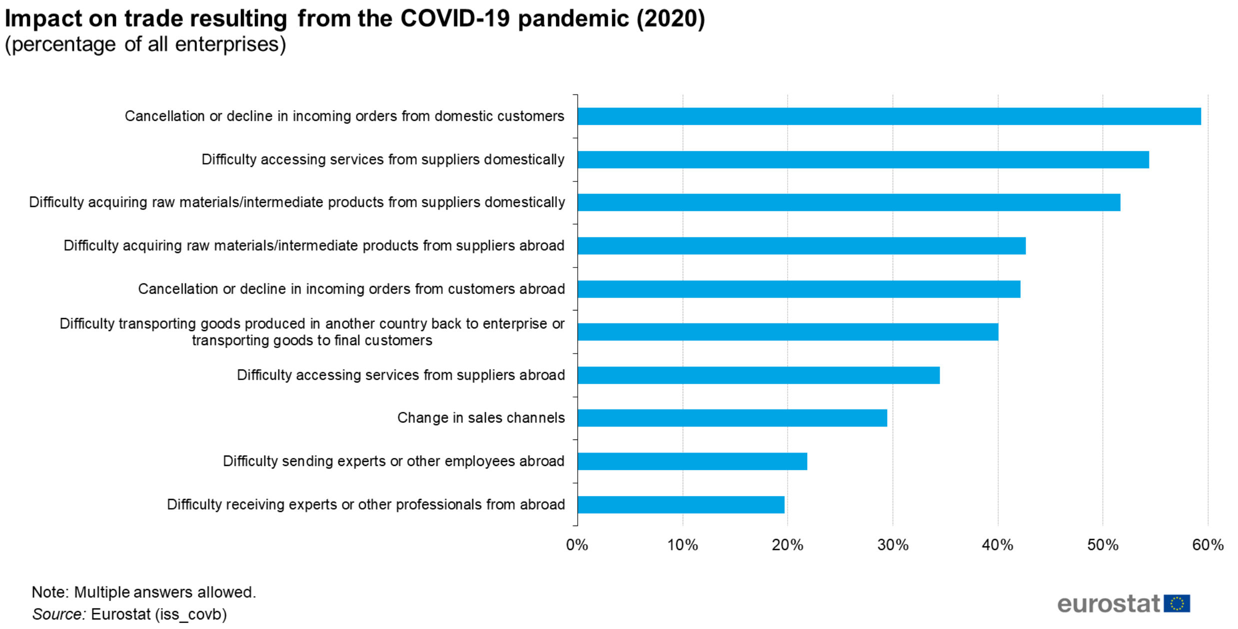

Figure 19: Impact on trade resulting from the COVID-19 pandemic (2020) (percentage of all enterprises) Source: Eurostat (iss_21covb)

The way forward

The survey shows interesting results and changes in modern Europe regarding globalisation, and the main takeaway is that most sourcing still stays within Europe. In general, the sourcing direction shows that enterprises in countries with smaller, open economies with high labour costs source the most from enterprises in other countries. There are indications that the sourcing wave of ICT services from the beginning of the 2000s is declining, with management and administrative services surpassing them in total sourcing in Europe. Sourcing patterns are interesting for policymakers in Europe, and there are often debates about sourcing as an agent of globalisation and its positive or negative effects on an economy. Keeping in mind the scarcity of statistical data on sourcing, this survey should provide new insight into the effects and motivations of sourcing.

The survey, for the first time, captures some elements of the GVC arrangements of European enterprises. These results show that enterprises purchasing high-value goods and services from abroad are more numerous than those supplying high-value goods and services. Additionally, the survey aimed to capture the effects of the COVID-19 pandemic on enterprises sourcing or engaging in international trade. The first results show that European enterprises were highly affected by the COVID-19 pandemic, and the following survey will still keep assessing the COVID-19 effect on enterprises.

The following survey should capture the changes that have happened as well as provide information on new, emerging concepts. It might offer a more detailed and accurate view of the type of jobs lost and facilitate breaking down almost any enterprise characteristic or strategy, such as employment and wages, technology adoption, training and skill requirements and others. The next survey will be part of regular data collection governed by the statistical regulation on European Business Statistics (EBS), Regulation (EU) 2019/2152 , with the first regular data collection taking place in 2024 for the reference period 2021-2023. The specific set of questions may differ between data collection rounds; this will allow incorporating questions on new trends and factors affecting GVC. The GVC survey sheds some new light on the complex issue of GVC, which also includes international sourcing and strives to pave a way forward for new statistical developments.

Feedback

To help Eurostat improve these experimental statistics, users and researchers are kindly invited to give us their feedback by email

Source data for tables and graphs

- International sourcing, business functions and GVCs: figures and tables

Data sources

The data presented in this article refers to a sample covering 59 % of the population of enterprises with 50 or more persons employed in the period 2018-2020 in the reporting countries. The sample covers 15 EU Member States (Austria, Bulgaria, Denmark, Finland, Germany, Hungary, Italy, Ireland, Latvia, Lithuania, Malta, the Netherlands, Poland, Portugal and Sweden) and Norway.

The GVC statistics cover NACE Rev.2 (Statistical classification of economic activities in the European Community) sections B to N, which, broadly speaking, covers the business economy. The data refer to enterprises with 50 or more persons employed.

Definitions

Global Value Chains (GVC): GVC comprise the full range of cross-border activities required to bring a product or service from conception through the different production and delivery phases to final consumers.

GVC trade: Refers to an international trade that takes place in a GVC. Most commonly, this includes trade in intermediate goods and services.

Covid-19 events: These events resulted directly from the Covid-19 outbreak, hampering or enabling an enterprise’s business activity. Examples are government lockdowns, shutting down sales points, and positive events such as increased sales of protection masks.

Sourcing activities

Sourcing: The total or partial movement of business functions (core or support business functions) currently performed in-house of a resident enterprise to either non-affiliated (external suppliers) or affiliated enterprises located either domestically or abroad.

International sourcing: The total or partial movement of business functions (core or support business functions) currently performed in-house or domestically sourced by the resident enterprise to either non-affiliated (external suppliers) or affiliated enterprises located abroad.

Sourcing does not include: Expansion domestically or abroad; for example, a set-up of a new production line domestically or abroad without a movement of business functions domestically or abroad (core or support business functions) nor reduction of activity and jobs in the concerned enterprise.

Insourcing and outsourcing: The survey distinguishes between international sourcing to a foreign affiliate or daughter company within the same multinational enterprise group — so-called insourcing — and sourcing to external providers, called outsourcing.

Business functions

Core business function: Production of final goods or services intended for the market or third parties carried out by the enterprise and yielding income. Core business function equals, in most cases, the primary activity of the enterprise. It may also include other (secondary) activities if the enterprise considers them part of its core functions.

Support business function: Support business functions (ancillary activities) are carried out to permit or facilitate the production of goods or services intended for the market/for third parties by the enterprise. The support business functions' outputs are not intended directly for the market/for third parties.

The business functions are divided into:
1. Production of goods and materials for the market (Manufacturing, processing, assembly, refining, printing and binding, casting of metals, building of ships, mining, extraction of gas and oil, stone quarrying, power generation (except trade of electricity), development of building projects, civil engineering, specialised construction tasks, including demolition.
2. Transport, logistics and storage

- Transportation and logistics (road, water, rail and air transport activities, passenger and cargo transport, postal services)
- Warehousing and storage (warehousing, storage, packaging)

3. Marketing, sales, and after-sales service

- Marketing and after-sales services (advertising and media representation, market research and public opinion polling, call centers)
- Sales (retail and wholesale, trade of gas and electricity, sales agents and real-estate trading)

4. Information and communication technology services

- Information and communication technology services (software publishing and computer consultancy activities, programming and broadcasting tasks, telecommunications tasks, data processing and hosting, web portals and related information service tasks, installation of mainframe computers, maintenance and repair of computers and communications systems)
- Software programming (computer programming, consultancy and related tasks)

5. Management and administration

- Management (financial services e.g. banking, insurance, financial leasing, fund management; activities of head offices, HRM activities)
- Administration (financial markets administration, legal tasks, bookkeeping, accounting and auditing, office administration and business support services, public administration services)

6. Engineering and related technical services (e.g.: support tasks for raw material extraction, sound recording and video production, architectural and engineering tasks and technical analysis)
7. Research and development (e.g.: research and experimental development in the area of natural sciences and engineering, social sciences and humanities)
8. Other business functions

- Facility management (accommodation e.g. hotels and camps, food and beverage services e.g. cafes and restaurants, landscape services, libraries, museums, sports centres)
- Maintenance and repair services (maintenance and repair of non-ICT electronic equipment, transportation vehicles, personal and household goods)
- Other services (water, waste collection and sewerage, remediation services, professional services e.g. photography and translation, travel agency activities, rental and operational leasing activities, security, education, human health activities and residential care, social services, creative and arts activities, gambling and betting, sports activities excluding facility management)

Enterprise: The statistical unit of this survey is the enterprise. The enterprise is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit but can also be part of an enterprise group. The head of an enterprise group can either be located in the same country as the enterprises or in another country.

Jobs lost: The enterprises are asked to estimate the total number (gross) of domestic jobs lost in the responding enterprises as a result of international sourcing. Domestic job losses in the responding enterprises that have taken place due to reasons other than international sourcing (e.g. domestic lay-offs, poor business cycle, etc.) are not included here. Even if jobs (business functions) have been moved abroad, the persons previously performing these functions may still be employed in the company carrying out other tasks (may also be new tasks related to jobs created because of international sourcing). In these cases, the jobs should still be counted as jobs lost. Therefore, generally speaking, the "jobs lost" concept has nothing to do with the observed change in the number of employees and self-employed persons of the enterprise. An enterprise may, e.g. record "jobs lost" due to international sourcing and still record an increase in its "number of employees and self-employed persons".

Jobs created: The enterprises are asked to estimate the total number (gross) of domestic jobs created in the responding enterprises as a result of international sourcing. Domestic jobs created in the responding enterprises due to reasons other than international sourcing (e.g. expansion abroad) are not included here. A common reason for job creation is the increased availability of funds due to international sourcing. These funds, in turn, can lead to job creation in another business function (e.g. outsourcing some IT personnel led to some cost savings, which enabled the enterprise to hire more sales staff). The respondents estimate this variable in a direct link with international sourcing, as job creation is difficult to back up with hard data.

Notes

Explore further

Other articles

- Microdata_linking_-_international_sourcing
- Foreign_affiliates_statistics_-_employment_by_business_function
- ICT_specialists_-_statistics_on_hard-to-fill_vacancies_in_enterprises
- Archive:Global value chains

Database

- Global value chains and international sourcing statistics - experimental statistics (iss)

Thematic section

- Economic globalisation: globalisation in business statistics

Publications

- Globalisation patterns in EU trade and investment - 2017 edition
- Features of International Sourcing in Europe in 2001-2006 - Statistics in focus 73/2009
- International Sourcing in Europe - Statistics in focus 4/2009
- Plans for International Sourcing in Europe in 2007-2009 Statistics in focus 74/2009

Methodology

- International sourcing statistics - all activities (ESMS metadata file — iss_esms)

External links

- Global Value Chains and Economic Globalization - Towards a New Measurement Framework - Dr. Timothy J. Sturgeon, Industrial Performance Center, MIT
- Youtube video of Eurostat Seminar on the measurement of Global Value Chains and Economic Globalisation
- Multinational enterprises in domestic value chains - Cadestin, C., et al. (2019), OECD Science, Technology and Industry Policy Papers, No. 63, OECD Publishing, Paris
- Global Value Chains (OECD)]

Global Value Chains (UNSD) Classification of Business Functions (draft)