

Measuring International Organisation of Enterprises and Sourcing of Business Functions

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Globalisation is of profound and increasing significance to the economic and societal development as goods, services, labour and capital are increasingly less bound by the spatial containers of national states. Consequently, the demands of policy makers for evidence-based information about the impacts of globalisation have been increasing. Traditionally, official statistics have focussed on measuring domestic activities; therefore globalisation poses a huge challenge for the statistical offices in terms of refocusing business statistics to measure cross-border activities and transactions. The paper focuses on an initiative within the business statistics domain taken by the European Statistical System to measure the global organisation of the production processes and the potential delocalisation of jobs. Multinational enterprises and the increased global organisation and fragmentation of their value chains are seen as key factors in these processes. The paper describes the methodology developed and used for the European survey on International organisation and sourcing of business functions and presents the results from the survey carried out by 14 European countries in 2012. The remarkable development, especially within information and communication technologies, in the last decades has led to an increased fragmentation of the value chains. This relates both to the production process and the location for carrying out the tasks involved. In order to understand the development it has been necessary to identify and conceptualise a unit of analysis at a more detailed level than the enterprise, the business function. The continuous integration of manufacturing and services functions within the same enterprise causes the need for an analytical tool which can unbundle this integration and open the black box of the enterprise and its production chain. Business functions are an aggregation of tasks/products (services and goods) carried out by the enterprise on the one hand; on the other hand also a decomposition of the activity of the enterprise. This detailed level of information is crucial for understanding the nature and consequences of sourcing, e.g. the loss of jobs in a manufacturing company can be types of job very different from blue-collar production jobs if the R&D function is sourced as well. The paper describes the experiences gained from the existing surveys and presents a proposal for an international classification of business functions to be used in future business surveys.

Key Words: Globalisation, Global Value Chains, International Sourcing, Business Functions