



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

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New York, 18-20 May 2011**

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International Classification of Business Functions

UNSD



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TRADE STATISTICS BRANCH

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International Classification of Business Functions

Proposal by UNSD

1. In a 2008 publication called “International Sourcing, moving Business Functions abroad” Statistics Denmark reported on a study it undertook together with the statistical offices of Finland, Netherlands, Norway and Sweden in which it was attempted to measure the phenomenon of international sourcing, that is companies moving some of their business functions abroad in search of lower costs, other efficiency gains or access to skilled labor and new market opportunities. Such information is greatly needed by policymakers, researchers and other data users.
2. For this study an ad-hoc survey on international sourcing was conducted with the objective to establish statistical evidence about the level, patterns and possible impacts of international sourcing for the European economies. The study further analyzed differences across the countries to the extent business functions of the enterprises move abroad totally or in parts.
3. The main conclusions of the study were (i) that the level of international sourcing is relatively similar across the five countries (about 15 percent of all enterprises) and (ii) that it was mainly the core function of the enterprises, which was sourced abroad. This was the case especially for manufacturing enterprises where about 70 per cent of the enterprises, which source internationally, sourced their core functions abroad.
4. Further research in this area is planned with a larger scale study (involving 12 EU countries) to be executed in 2012 using a similar survey.

Classification of Business Functions

5. An important feature of the survey is to classify the activities carried out by the enterprises into a number of business functions. First of all, business functions are divided into the core business functions of the enterprise and into support business functions. The core business function equals in most cases the primary activity of the

enterprise. It may also include other (secondary) activities if the enterprise considers these to comprise part of their core functions

6. The support business functions (ancillary activities) are carried out in order to permit or facilitate production of goods or services, but are not themselves intended directly for the market or third parties. The support business functions were classified into six categories, namely
 - a. Distribution and logistics
 - b. Marketing, sales and after sales services including help desks and call centers
 - c. ICT services
 - d. Administrative and management functions
 - e. Engineering and related technical services
 - f. Research and Development
7. The classification of the business functions and their proposed correspondence to the CPC service categories are given in Annex 1.

Request to the Expert Group on International Classifications

8. **The Expert Group is invited to comment on the following points in relation to the proposed classification of business functions as shown in Annex 1:**
 - a. **Is it useful to have a standard international classification of business functions?**
 - b. **Is the proposed set of business functions logically structured and comprehensive?**
 - c. **Is this classification of business functions a specific subset of CPC classes and can it therefore be fully expressed in terms of CPC service codes?**

Annex 1

Classification of Business Functions and its CPC correspondence

1. Core business function

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

- 88 Manufacturing services on physical inputs owned by others**
- 854 Packaging services**
- 87 Maintenance, repair and installation (except construction) services**
- 89 Other manufacturing services; publishing, printing and reproduction services; materials recovery services**

2. Support business functions

Support business functions (ancillary activities) are carried out in order to permit or facilitate production of goods or services intended for the market or third parties by the enterprise. The outputs of the support business functions are not themselves intended directly for the market or third parties. The support business functions are in the survey divided into:

a. Distribution and logistics

This support function consists of transportation activities, warehousing and order processing functions.

- 61 Wholesale trade services**
- 62 Retail trade services**
- 65 Freight transport services**
- 671 Cargo handling services**
- 672 Storage and warehousing services**
- 6791 Freight transport agency services and other freight transport services**
- 68 Postal and courier services**

b. Marketing, sales and after sales services including help desks and call centers

This support function consists of market research, advertising, direct marketing services (telemarketing), exhibitions, fairs and other marketing or sales services. Also including call-centre services and after sales services such as help-desks and other customer supports services.

- 83114 Marketing management consulting services**
- 836 Advertising services and provision of advertising space or time**
- 837 Market research and public opinion polling services**
- 83812 Advertising and related photography services**
- 85931 Telephone call centre services**
- 85962 Trade show assistance and organization services**

c. ICT services

This support function includes IT-services and telecommunication. IT services consist of hardware and software consultancy, customized software data processing and database services, maintenance and repair, web-hosting, other computer related and information services. Packaged software and hardware are excluded.

- 8313 Information technology (IT) consulting and support services**
- 8314 Information technology (IT) design and development services**
- 8315 Hosting and information technology (IT) infrastructure provisioning services**
- 8316 IT infrastructure and network management services**
- 841 Telephony and other telecommunications services**
- 842 Internet telecommunications services**

d. Administrative and management functions

This support function includes legal services, accounting, book-keeping and auditing, business management and consultancy, HR management (e.g. training and education, staff recruitment, provision of temporary personnel, payroll management, health and medical services), corporate financial and insurance services. Procurement functions are included as well.

- 82 Legal and accounting services**
- 8311 Management consulting and management services (excl 83114)**
- 8312 Business consulting services**
- 8319 Other management services, except construction project management services**
- 8592 Collection agency services**
- 8594 Combined office administrative services**
- 8595 Specialized office support services**

e. Engineering and related technical services

This support function includes engineering and related technical consultancy, technical testing, analysis and certification. Design services are included as well.

- 833 Engineering services**
- 8391 Specialty design services**

f. Research & Development

This support function includes intramural research and experimental development.

- 81 Research and development services**