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How can we measure demand for services by businesses?

Draft proposal for a model questionnaire

Session 5

Abstract

The paper presents a draft proposal for a model questionnaire on the demand for services by enterprises. The paper defines 8 categories of types of services based on the CPA. The questionnaire contains quantitative information about the usage of services by businesses, but the main part relates to qualitative questions on services outsourcing as types of services, motivations, consequences and barriers of outsourcing.

The views expressed in this document are those of the authors and do not engage the statistical institutes.

1. Introduction

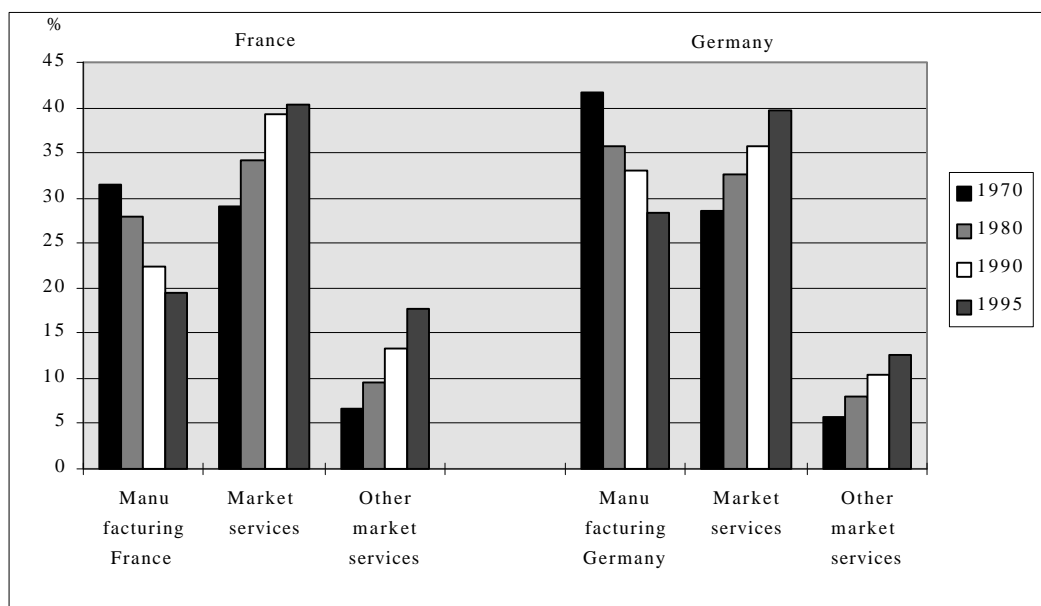
During the nineties, the businesses have increasingly been subcontracting and outsourcing the operations they used to carry out internally. Increasing complexity of intermediate and final products and the expertise needed to cope with these developments have encouraged this development. A new kind of horizontal networks have emerged in order to improve business performance.

Typically when manufacturing enterprises subcontract their production, the supplier firm also is a manufacturer. Hence the increase in subcontracting is not expected to contribute significantly to the growth of the services sector, but rather to improve the productivity within the manufacturing sector.

However, outsourcing of services operations earlier carried out by the manufacturing enterprise, shifts the demand towards specialised business services enterprises, implying a shift in employment from manufacturing to services.

The development in the period 1970-1995 in France and Germany can illustrate this trend, as the share of manufacturing of total employment has fallen with about 1/3 and the share of other market services (mainly business services) had more than doubled in the same period, in both countries, see figure 1.

Figure 1. Paid employment in France and Germany 1970-1995.



Source: Eurostat, National accounts ESA 1970-1995

A normal starting point for a statistical survey related to services to enterprises would be to design a project surveying the enterprises within the activity classified as Business Services (NACE 71 - 74), ie. measuring business services from a traditional **supply approach**.

This study has chosen an alternative approach, namely to take the starting point from the **demand side**, ie the use of services by enterprises. The reason for this approach is firstly, that the purpose of the study is to test the feasibility of identifying the services creating value added to the manufacturing production.

Secondly that by surveying the demand side we are able to detect all services of a certain kind offered to the enterprises no matter the activity class of the enterprises actually providing the services. By measuring the demand side we focus on the service offered and it is irrelevant if the service is provided as a primary (main) activity or as a secondary activity of the services provider enterprise.

If we look at the dynamic part of the services supply and demand interaction, the core of the model is outsourcing. When taking outsourcing decisions (inhouse production or purchase from third party) in the enterprise, the decisions

taken are generally strategic and long term and also of considerable value. The total purchases of services on demand side - and simultaneously total sales of services on the supply side - are thus significantly affected due to a possible outsourcing decision.

This is the background why we have wanted to focus the model questionnaire on the more dynamic field of demand for services - outsourcing.

2. Review of existing statistics and studies

Business statistics covering items as employment, turnover and different accounting variables are produced and published in all countries. This review concentrates on the data collection of services purchased by the manufacturing industries, ie from the demand side.

The conclusion is that no official statistics is produced independently with the scope of surveying the demand for services. A number of statistics covers the purchases of services as part of a general accounting statistics covering all costs of the manufacturing industries.

In order to supplement the information collected by the official statistical institutes, ad hoc surveys related to the demand for services aspects have been examined to pinpoint the definitions used for identifying services purchased by enterprises. These ad hoc surveys have been carried out by ministries or private consultancy enterprises.

2.1 Official statistics

As mentioned, no independent survey on the demand for services is carried out. The available information on purchases of services are all part of general accounting statistics. Within the *European Union*, structural business statistics harmonised by a regulation put into force beginning of 1997.¹ In this regulation the variable *13 11 0 total purchases of goods and services* is related to the topic of demand for services. But the Regulation has no requirement of a further disaggregation of this variable into a goods and services part, not to mention a further breakdown of the services into types of services.

As there is no EU regulation related to collection of statistical information on demand for services, the definitions used in the national data collections within the Member States of EU are differing from one Member State to another. In most Member States no detailed information on purchases for services are collected or the collection has only been established within the last years.

In *Sweden*, the statistical office has introduced a new survey on the consumption of purchased goods and services starting with the statistical year 1997. It is an annual survey covering manufacturing industry including about one third of all manufacturing enterprises with more than 50 employees. The questionnaire contains a breakdown of the services expenditures into the following categories;

- Repair of automobiles and vehicles
- Leasing
- Real estate maintenance and administration
- Computer services
- Tele- and datacommunication
- Postal services
- Financial related services services
- Accounting and bookkeeping and legal services
- Research and Development
- Cleaning services
- Security services

The data collection started in April 1998 and the first results are going to be published in beginning of 1999.

¹ Council Regulation No. 58/97

In *France*, the Ministry of Manufacturing Industries is carrying an Annual Business Survey on manufacturing industry. The survey covers all manufacturing enterprises with 20 employees and more. The questionnaire contains information on demand for services broken down into;

- Employment costs due to temporary workers
- software expenditures (again divided into purchased and internally developed software)
- advertising expenditures

The questionnaire also includes information regarding subcontracting, including a breakdown of subcontracting into 4 categories, of which one being purchases of studies and services. The result of the survey is going to be published this autumn by the Ministry of Manufacturing Industry.

In *Germany*, Statistisches Bundesamt carried out a pilot survey on demand for services in manufacturing industry in 1988.² The questionnaire included a very detailed breakdown of services into the following 19 categories;

- Computer services
- Research and Development
- Technical planing, consultancy and related services
- Renting and leasing
- Security services
- Documentation
- Training activities
- Training of own personal
- Design services
- Advertising
- Refuse removal
- Storage and warehouse services
- Transport
- Purchasing services
- Sales services
- Other general management
- Distribution of energy
- Other services
- Activities nec

The result of the pilot study was that it was not feasible to carry out a continous survey including these detailed questions.

In *Finland*, the statistical office is collecting annual accounting data for manufacturing industry.³ This statistics includes a breakdown of the purchases of services into the following service categories;

- Research and development costs
- Transportation and storage
- Real estate maintenance
- Post and telecommunications
- Advertising, sales and marketing
- Computer programming
- Training and education
- Patents, licenses and royalties
- Management, administration
- Hiring of personnel

In *USA*, U.S. Department of Commerce and Bureau of Census are carrying and an annual Survey of Manufacturers. This survey also includes questions related to the demand for services as the questionnaire contains information related to the costs for purchased services. The services are grouped into the following categories;

² Horst Mai, Dienstleistungen im Produzierenden Gewerbe - Testerhebung, in Wirtschaft und Statistik 2/1989

³ Statistics Finland: Annual Establishment Survey on Manufacturing Industries

- Repair of buildings and other structures
- Repair of machinery
- Communication services (telephone, data transmission, fax, telegraph, etc.)
- Legal services
- Accounting and bookkeeping
- Advertising
- Software and other data processing services
- Refuse removal

2.2 Ad hoc surveys

Two studies related to the purchases of services by enterprises have been analysed. Both studies have elaborated detailed categories of services which can be seen as supplementary tools for developing a feasible disaggregation of the services offered to enterprises.

In *Denmark*, PA Consulting group has in 1997 carried out a survey on outsourcing.⁴ The questionnaire used includes the following categories;

- Catering, cleaning etc.
- Legal services
- Distribution / transport
- Real estate maintenance
- Financial related services services
- Market research
- Real estate management
- Maintenance of the production apparatus
- Production
- Storage and warehouse services
- IT services, which is further broken down into Technical support, Application development, Network design and implementation, Operation of mainframe installations, Hotline and user support, Operation of network and telecommunication and Operation of PC/LAN-environment

The result of the Danish study consisting of responses from 195 top leaders is that the most frequent outsourced services was catering and cleaning (outsourced by more than 60% of the respondents), legal services (53%), distribution and transport (47%) and IT- technical support (42%).

In *Spain*, the Ministry of Manufacturing Industry has carried out a 'Project for a survey of the Opinions of Enterprises on Business services'.⁵ The survey was carried out in 1997 using 8 main categories which again are broken down into very detailed subcategories;

Management and organisation related services, consisting of organisational consultancy (general management, hiring consultancy and training consultancy), legal services (legal professions and legal consultancy), tax consultancy, accounting and accounting consultancy, public relations, administrative services (secretarial, language services)

Production related services, consisting of inspection, control and certification, repairs and maintenance, tests and testing, packaging and packing, industrial engineering, engineering consultancy, hire of material, waste treatment, and other technical services for construction, production and protection of environment

Information and communication services, consisting of software, data processing, computer consultancy and technical information services, on-line database services, videotext, etc. and media services, private communication services (city-mail and e-mail, advanced telecommunication services)

⁴ PA Consulting Group: Outsourcing 1997 (1998)

⁵ Desiderio Aranda Martin and Arturo Gonzales Romero: Project for a Survey of the Opinions of Enterprises on Business services, presented at the 23rd CIRET Conference, Helsinki 1997

Personnel related services, consisting of staff selection, professional training and temporary employment services

Financial related services services, consisting of banking services (commissions, interests) and para-banking services (leasing, venture capital and insurance pools)

Sales related services, consisting of market research (surveys, studies), advertising, sales promotion, direct marketing, export aid, fairs and exhibitions and design services

Research and Development, consisting of subcontracted R&D services

Operational services, consisting of industrial cleaning services, surveillance and security services, industrial catering and transport services.

The Spanish survey consisted of 396 accepted responses. Of these 85% had outsourced the transport services, followed by legal services (78%) and tax consultancy (77%).

3. Framework

3.1 Concepts of subcontracting, outsourcing and purchases

While the concept of purchases is well defined as a statistical term, the concepts of outsourcing and subcontracting are rather difficult to define in statistical terms. In order to clarify the different concepts used in the draft questionnaire, these terms are described in more details in the following paragraphs.

Subcontracting, which is rather close to the concept of outsourcing, was recently studied in a Eurostat pilot study 'New Industrial Subcontracting in Europe'⁶, related to four different manufacturing industries. Parties from European Commission, Eurostat and national experts were involved in finding a common definition of subcontracting. Eventually the following general definition was chosen. A subcontracting relationship exists whenever:

3.2 Delineation of included type of services based on CPA

The production process consists of an array of *manufacturing activities* as well as of services that are used by the enterprises either directly in the *production process* or *other (auxillary) functions* of the manufacturing enterprises. These services can typically be either provided *in-house* or *outsourced*. In order to pilot the area in a feasible way we have to limit our scope considerably and focus on some key areas.

As mentioned in the introduction we have chosen to focus on the most dynamic part of the total purchases of services by businesses, namely to focus on services where enterprises actually have a choice between outsourcing and inhouse production.

For defining the types of services to be included in the draft questionnaire we have, based on the above mentioned statistics and studies defined a universe of services consumed by the businesses which we then have defined in terms of the Statistical Classification of Products by Activity in the European Community (hereafter called CPA). But in order to translate the language of the statisticians to the language of the businesses we have regrouped the CPA groups in line with the organisation of the different activities within the enterprises, see box 1⁸.

Box 1 Grouping of types of services

Production related services
Transport and distribution
ICT-services
Human resources related services
Financial related services
Administration
Marketing services
Auxiliary services

Altogether 3 levels of services used are identified in the questionnaire. Firstly, the total of services used by the businesses, secondly the 8 groups each including more than one CPA classes (4 digit) and thirdly the individual CPA classes included in the groups. The model questionnaire is intended to be a flexible appliance implying the possibility of choosing between the different levels mentioned above. Furthermore, only selected groups or classes can be used if the need is to focus on the use of specific services as e.g. use of engineering services or building cleaning.

4. General design principles for the model

The survey framework of the demand for the services by businesses is designed as a data model where the information is collected from *the user enterprises*, even if traditionally the supply side data collection has been in focus. The model is thus expected to improve our knowledge of the supply-demand interaction and particularly on the less documented area of services as inputs in the production process.

The objectives of the module are the following. Firstly, it is intended to provide quantitative data on the usage of services by businesses broken down by different activities. The model has been constructed in a general way that it could be, in principal, applied in any industry. These kind of data could be used as supplement information e.g. when compiling input-output tables for national accounts purposes. The qualitative part of the model is intended to go more into depth for analysing the businesses behaviour and structural / organisational changes due to increasing usage of purchased services. Furthermore, the implications of services outsourcing to e.g. employment shifts from manufacturing to services activities are in focus.

⁸ The exact CPA groups are listed in annex 2

In the following paragraphs the general structure of the model questionnaire and the reasonings behind shall be described. The questionnaire itself is enclosed in annex 1.

Firstly, the questionnaire contains quantitative data on the total expenditure on services to businesses and on the share purchased. This is intended to give an overall picture of the importance of services usage within the businesses. The turnover and employment figures are asked for three consecutive years (question 2.1 and 2.2).

Box 2: The general structure of the model questionnaire

1. General information

- 1.1 General identification
- 1.2 Main activities of the enterprises
- 1.3 Legal form
- 1.4 Ownership and group affiliation
- 1.5 Changes in business structure

2. Quantitative information

- 2.1 Employment information
- 2.2 Economic information including breakdown of purchases by type of services

3. Outsourcing of services

- 3.1 Services areas where company has increased or expected to increase outsourcing
- 3.2 Typical duration of outsourcing contracts by type of service
- 3.3 Number of suppliers used for outsourcing
- 3.4 The share of costs of the biggest supplier
- 3.5 Relationship with the services provider by type of service (long term contracts)

4. Motivations for outsourcing of services

- 4.1 The importance of selected factors when making outsourcing decision

5. Consequences of outsourcing

- 5.1 Impact of realised outsourcing activity on company's competitiveness

- 5.2 Satisfaction to realised outsourcing results by service
- 5.3 Realised benefits of outsourcing
- 5.4 Implications of outsourcing to employment

6. Barriers related to outsourcing

- 6.1 Factors that has hampered or stopped outsourcing process

Secondly, the main part of the questionnaire relates to qualitative questions on services outsourcing. As outsourcing is regarded a strategic long term commitment with the services providers, the general one year reference period was not seen feasible. For understanding the services outsourcing more thoroughly, also the future expectations and plans have been considered important information to collect.

The question on *realised outsourcing activities and future plans* is intended to give a rough indication of the services where the outsourcing already has taken place, but also to identify the areas of future potential. In the model questionnaire the question 3.1 is formulated at the detailed product level, but could be applied on more aggregated level as well (c.f 3.2).

The relationships between the outsourcing businesses and the services providers were included in question 3 due to the increasingly horizontal business structures. The depth of the relationship of the two parties is evaluated by asking the average duration of contracts broken down by services. This is intended to indicate the degree of engagement of the both parties. A supplementary question asks the type of relationship of the services provider. A breakdown into three categories was used: loose and close co-operation and enterprises belonging to the same group⁹.

The set of questions (4-6) concerning the company's *motivations to outsource*, to *satisfaction* and *realised benefits* and *barriers* of outsourcing are aimed to clarify the chain from decision making to the realised experiences in the businesses. The questions on satisfaction are asked by service groups, but the other questions apply to outsourcing in general. These questions would give answers to:

- * why businesses outsource services?
- * in which services areas the outsourcing has been most succesful?
- * to what extent the expected benefits have been realised?
- * what are the major barriers experienced?

The issue of competitiveness is touched upon from the businesses perspective. The impact of realised outsourcing activity on competitiveness is asked in question 5.1, which compares the business' position to competitors on national, EU and global level. It might be quite difficult, however, to get an objective judgement from the respondents on this area.

The outsourcing process and its implications to *employment in services* is apparently an important policy issue. The employment question 5.4 is intended to provide data on the employment shifts from other sectors, mainly manufacturing, to services and in particular to business services sector. Also in this question both the realised changes and future prospects are seen as equally important.

5. Items for discussion

This paper is presented to the Voorburg Group on Services Statistics in order to raise the following questions:

- Do you carry out surveys on demand for services?
- Obviously, the draft questionnaire is ambitious in its aims, but do you consider it feasible to carry out such a survey - not necessarily on a continuous basis, but as an ad hoc survey?

⁹ Part of the services purchased, e.g. computer services, are occasionally provided by another enterprise belonging to the same group. The quantitative part the model does not make distinction between intra-enterprise group purchases and purchases from the markets.

- Can the enterprises come up with figures on their total expenditures on the different type of services, including inhouse production, or is it only feasible to ask about the purchases of services?
- What is your opinion about the proposed grouping of services and the applicability of using the existing CPA for such a kind of survey? Is it feasible to cover the proposed large range of services in one questionnaire or should it concentrate on a more specific area of services as for instance knowledge-based services?

DRAFT QUESTIONNAIRE ON USE OF SERVICES BY BUSINESSES

1. General Information

1.1 General Identification:

Name: _____

Address: _____

Name of contact person: _____

Telephone: _____

Fax: _____

E-mail: _____

1.2 Main activities of the enterprise (description)

1.2.1 Primary activity: _____

1.2.2 Secondary activity: _____

1.3 Legal form

Partnership: ☐

Limited company: ☐

Sole proprietorship: ☐

Others (description): _____

1.4 Ownership and Group affiliation

1.4.1 The enterprise belongs to a group: yes: _____ no: _____

1.4.2 Location of the group domestic _____ or foreign _____

If foreign, location of head of the group(country): _____

1.5 Changes in business structure

If your company in the last three years has undergone structural changes which could influence the comparability of the answers, please specify the changes

2. Quantitative Information

2.1 Employment information

2.1.1 No. of persons employed in year T: _____

2.1.1.1 of which working with service functions: _____

2.1.2 No. of persons employed in year T-1: _____

2.1.2.2 of which working with service functions: _____

2.1.3 Expected no. of persons employed in year T+1: _____

2.1.3.3 of which working with service functions: _____

2.2 Economic information

2.2.1 Total turnover in year T: _____

2.2.2 Total turnover in year T-1: _____

2.2.3 Expected total turnover in year T+1: _____

2.2.4 Total expenditures in year T: _____

2.2.4.1 of which services (%) : _____

2.2.4.1.1 Broken down by type of services and form of expenditure

Type of services (See also annex 2 for a detailed definition)	Total expenditure	of which purchases (% of total expenditure)
Production related services		
Transport and distribution		
ICT-services		

Human resources related services		
Financial related services		
Administration		
Marketing services		
Auxiliary services		

2.2.5 Total expenditures in year T-1: _____

2.2.5.1 of which services (%): _____

2.2.6 Expected total expenditures in year T+1: _____

2.2.6.1 of which services (%): _____

Definitions

Purchases of services

3. Outsourcing of services

3.1 In which services areas has your company increased or expects to increase outsourcing?

	The last 3 years				The next 3 years			
	Not at all	Some- what	Consider- ably	Do not know	Not at all	Some- what	Consider- ably	Do not know
Production related:								
- Research and experimental development on natural sciences and engineering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Architectural, engineering and related technical consultancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Technical testing and analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport and distribution:								
- Storage and warehousing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Transport services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Other transport supporting services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Packaging services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ICT – services:								
- Computer related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Telecommunication services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human resources:								
- Training and educational services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Labour recruitment and prov. of personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial related services:								
- Financial auxiliary services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Financial leasing services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Operational renting and leasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administration:								
- Legal services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Accounting, book-keeping and auditing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Business management and consultancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Secretarial and translation services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing:								
- Market research and public opinion polling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Advertising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Sales services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auxiliary services:								
- Canteen and catering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Management of real estate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Investigation and security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Industrial cleaning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.2 Please estimate the typical duration of outsourcing contracts by type of services

Type of services ¹⁰	Up to 1 year	1-3 years	4+ years
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¹⁰ Please note that the type of services can be divided into the following levels Total services, 8 main groupings, 22 detailed groupings and a selection of groupings for special activity specific surveys. In the remaining part of the questionnaire the 8 main groupings are used for reasons of simplicity.

Production related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport and distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ICT – services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human resources related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auxiliary services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.3 How many suppliers do you use in your outsourcing activity?

Type of services ¹¹	Only one supplier	2-5 suppliers	More than 5 suppliers
Production related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport and distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ICT – services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human resources related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auxiliary services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.4 If you have more than one supplier what share of your total outsourcing expenditures does the biggest supplier account for?

Type of services ¹²	Less than 10%	Between 10-50%	More than 50%	Do not know
Production related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport and distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ICT – services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human resources related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auxiliary services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹¹ See footnote 12.

¹² See footnote 12.

3.5 If the duration of the outsourcing contract is long term (4 years or more), please specify the relationship with the services provider by type of service (tick mark all the valid boxes)

Type of services ¹³	Type of relationship			
	Loose cooperation	Close cooperation	Enterprises belonging to the same group	Do not know
Production related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport and distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ICT – services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human resources related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auxiliary services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Motivations for outsourcing of services

4.1 Please evaluate the importance of the following factors when making outsourcing decisions

	Not important	Important	Very important	Do not know
4.1.1 Economic factors				
Reduction of operational costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of labour costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of investments in material assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash infusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.1.2 Factors within the enterprise				
Increase of flexibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Focus on core business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increase of services quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of dependence of individual employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of qualified employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.1.3 Other factors				
Access to special supplier knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to new/relevant technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other factors, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹³ See footnote 12.

5. Consequences of outsourcing

5.1 How would you evaluate the impact of the realised outsourcing activity to your company's competitiveness during the last 3 years?

	Not improved	Improved	Substantially improved	Do not know
	Compared to			
Domestic competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitors within EU	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitors outside EU	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5.2 Has your company been satisfied with the realised outsourcing results during the last 3 years?

Type of services ¹⁴	Not satisfied	Neutral	Satisfied	Very satisfied	Do not know
Production related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport and distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ICT – services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human resources related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial related services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auxiliary services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5.3 Please evaluate the realised benefits of outsourcing during the last 3 years

	Not realised	Realised to some extent	Realised as planned	Do not know
5.3.1 Economic factors				
Reduction of operational costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of labour costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of investments in material assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash infusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3.2 Factors within the enterprise				
Increase of flexibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Focus on core business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increase of services quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of dependence of individual employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of qualified employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹⁴ see footnote 12.

5.3.3 Other factors

Access to special supplier knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to new/relevant technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other factors, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5.4 What is the approximate number of employees in the company that the outsourcing of services has substituted or is expected to substitute?

During the last 3 years

_____ Employees

During the next 3 years

_____ Employees

6. Obstacles related to outsourcing of services

6.1 Have any of the mentioned factors hampered or stopped the outsourcing process in your company?

	No impor- tance	Some impor- tance	Decisive impor- tance	Do not know
6.1.1 Economic factors				
Costs higher than expected	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Missing cost controlling possibilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inability to liquidate the assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1.2 Factors within the enterprise				
Loss of control with security/control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Failing knowledge about the market of suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loss of competence within the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal resistance towards outsourcing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1.3 Other factors				
Low quality of services provided by the supplier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Missing flexibility of the supplier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Limited number of potential suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resistance from customers/subcontractor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal barriers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trade or technical barriers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ANNEX II: Services included by CPA

Production related services

Group 73.1 Research and experimental development services on natural sciences and engineering
Class 74.20 Architectural, engineering and related technical consultancy services
Class 74.30 Technical testing and analysis services

Transport and distribution

Part of section I Transport, storage and communication services
Class 74.82 Packaging services

ICT-services

Class 64.20 Telecommunications services
Division 72 Computer and related services

Human resources

Class 74.50 Labour recruitment and provision of personnel services
Class 80.42 Adult other education services

Financial related services

Division 67 Services auxiliary to financial intermediation
Class 65.21 Financial leasing services
Part of division 71 Renting services of machinery and equipment without operator

Administration

Class 74.11 Legal services
Class 74.12 Accounting, book-keeping and auditing
Class 74.14 Business and management consultancy services
Class 74.83 Secretarial and translation services

Marketing and Sales

Part of Section G Wholesale and retail trade services
Part of Class 74.13 Market research and public opinion polling services
Class 74.40 Advertising services

Auxiliary

Group 55.5 Canteen and catering services
Class 70.32 Management services of real estate on a fee or contract basis
Class 74.60 Investigation and security services
Class 74.70 Industrial cleaning services

