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Mini-presentation on Turnover / Output

Turnover and Output for the Activities of call centres in Sweden

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1. Definition of service being collected^{1 2}

The statistical classification of NACE 82.2 *Activities of call centres* in the European Union (NACE Rev. 2) is belonging to division 82 *Office administrative, office support and other business support activities* within section N *Administrative and support service activities*.

In NACE Rev. 2 *Activities of call centres* has no further breakdown, NACE 82.20.

In the Swedish National Classification (SNI2007) there is a possibility to divide the class further into sub-classes. However, in NACE 82.20 no further divisions have been made.

For more information on classification, see chapter 4.

2. Unit of measure being collected

The unit of measure being collected is turnover in local currency, Swedish krona (SEK). This measure of turnover is excluding VAT and other taxes and subsidies.

3. Market conditions and constraints

In 2012, there were 700 enterprises performing *Activities of call centres*, with 11 100 employees³, a turnover of 7.1 SEK billion (≈0.8 € billion) and value-added of 4.2 SEK billion (≈0.5 € billion).

Table 1: Basic data on Activities of call centres 2012 (enterprise level)

Variable	82.20	Total
No. of enterprises	700	700
No. of employees	11 134	11 134
Net turnover, SEK million	7 130	7 130
Value added, SEK million	4 222	4 222
Total assets, SEK million	5 744	5 744
Net investments, SEK million	60	60

NACE 82.2 is a relatively small group in the Swedish business sector (excluding financial services), contributing to 0.1 percent of total turnover and 0.2 percent of value added. In section N, NACE 82.2 accounts for 3.1 percent of the turnover and 4.1 percent of value added. Finally, in division 82, call centres accounts for 28.3 percent of the turnover and 36.0 percent of value added.

¹ NACE Rev. 2 Statistical classification of economic activities in the European Community

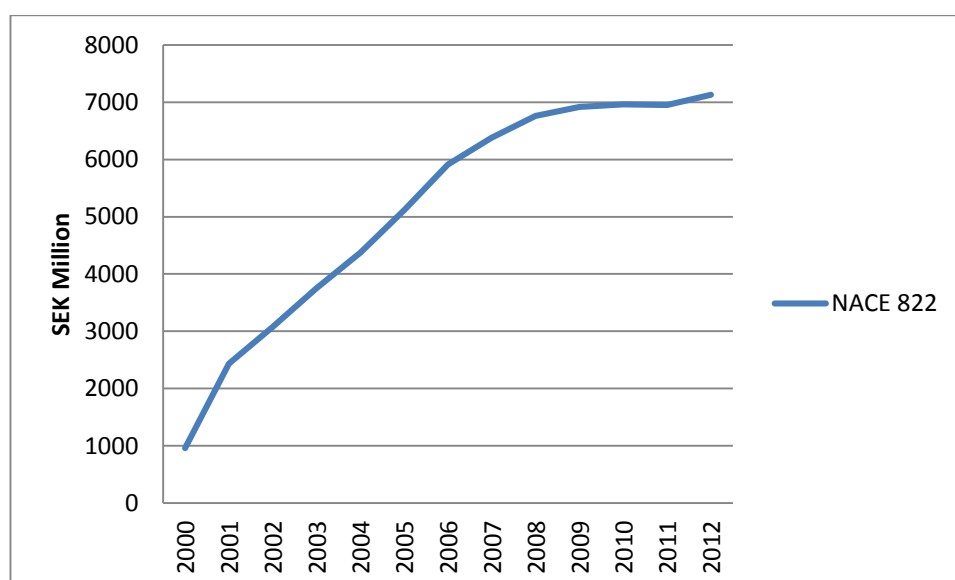
² SNI2007 Swedish Standard Industrial Classification 2007

³ Number of employees in full/time equivalents

Table 2: Basic data on Activities of call centres 2012 (enterprise level)**Size class by no. of employees**

Variable	0-9	10-49	50-249	250+	Total
No. of enterprises	543	111	36	10	700
No. of employees	669	1 950	3 470	5 045	11 134
Net turnover, SEK million	1 010	1 273	1 766	3 081	7 130
Value added, SEK million	360	694	1 177	1 991	4 222
Total assets, SEK million	1 100	633	642	3 369	5 744
Net investments, SEK million	5	5	17	33	60

As in most industries, a small number of large enterprises produce large part of turnover and value added as seen in table 2 above. The largest share of turnover and value added is generated by enterprises with 250+ employees. Figure 1 below shows the development of turnover in SEK million over the last decade on kind-of-activity (KAU) level.

Figure 1: Turnover in Activities of call centres 2000-2012 (KAU), SEK million

Source: SBS 2000-2011, Statistics Sweden. Values for the period 2000-2006 are back-cast.

The total output of above mentioned industries has increased steadily since the early 2000's. Between 2000 and 2007, the increase was 563 percent. The businesses are still growing, although at a much slower rate.

3.1 Turnover by product

The industry is extremely homogeneous. Looking at turnover by product, 93 percent of the turnover in NACE 822 is classified as Call centre services (CPA 82.2) and 2 percent of the turnover is classified as Office administrative and support services (CPA 82.1) and 1 percent of the turnover is classified as Business support services n.e.c. (CPA 82.9). So 96 percent of the turnover is classified within NACE 82.

4. Standard classification structure and product details/levels

4.1 Industrial classification^{4 5 6}

The national industrial classification, *Standard för svensk näringsgrensindelning 2007 (SNI2007)*, is based on NACE Rev. 2 but has an additional hierarchical level, the five-digit level. For the *Activities of call centres*, SNI2007 is equal to the NACE Rev. 2 classification down to four-digit level and is not further divided into subclasses. The complete breakdown of the *Activities of call centres* can be seen in table 3 below:

Table 3: Industrial classification for Activities of call centres

NACE Division	NACE Group	NACE Class	SNI 5-digit level	Name	ISIC Rev. 4
82	82.2	82.20	82.200	Activities of call centres	8220

NACE Rev. 2 corresponds to ISIC Rev. 4 down to class level.

In line with NACE Rev. 2, the national industrial classification replaced the previous version (SNI2002/NACE Rev. 1.1) starting with reference year 2008. The Swedish Business Register contained both versions for reference years 2007 and 2008 and results were also published in both versions. Starting with reference year 2009 results will only be published in the new classification.

With backcasting, results for both short-term (STS) and structural business statistics (SBS) are available from 2000 in the new classification.

4.2 Product classification^{7 8 9}

The national product classification, *Standard för svensk produktindelning efter näringsgren 2007 (SPIN2007)*, is in most parts equal to the CPA 2008 classification. The code structure is slightly different (seven-digit code in national classification versus six-digit code in CPA) but most products have a one-to-one relationship. This is the case within *Activities of call centres*, where the product has a one-to-one relationship in SPIN2007 and CPA 2008. Turnover within the SBS survey has also only this variable/product group: there is only one code for the CPA 822 and the product can be seen in table 4 below

The structure of the European CPA classification differs quite a lot from the structure of the international CPC classification. But the products within *Activities of call centres* are held together in the same way as in CPA and belongs in CPC Version 2; 85.

Table 4: Classification of products for Activities of call centres

Variable	SPIN 2007	CPA 2008	Name
V2375	82.200.00	82.20.10	Call centre services

⁴ NACE Rev. 2

⁵ Swedish Standard Industrial Classification 2007 (SNI 2007)

⁶ ISIC Rev. 4

⁷ CPA 2008

⁸ Swedish Standard Classification of Products 2007

⁹ CPC Version 2

Regarding the demands from National Accounts (NA) there is at the moment no plans to divide the CPA into more detailed products.

As with the industrial classification, SPIN2007/CPA 2008 replaced the older version starting with reference year 2008. For NA purposes results for structural business statistics were delivered in both versions for reference years 2007 and 2008.

5. Evaluation of standard vs. definition and market conditions

Most of the enterprises have only one activity within the group and NACE 822 is extremely homogeneous, 93 percent (6.6 SEK billion) of NACE 822 turnover (7.1 SEK billion) is *call centres services* (CPA 822)

Of the entire enterprises' turnover belonging to CPA 822 *call centres services* (7.2 SEK billion), only 8 percent is not located in NACE 822 (0.6 SEK billion).

Table 5: Turnover by product and industry 2012, SEK million

Industry (NACE)	351	822	82 excl. 822	Other	Total
Product (CPA)					
351	188 421	0	0	12 572	200 993
822	296	6 624	103	168	7 191
82 excl. 822	17	184	13 730	1 757	15 688
Other	31 827	322	1 916	-	-
Total	220 561	7130	15 749	-	-

6. National Accounts Concepts and measurement issues related to GDP measurement¹⁰

Since the reference year 2008 National Accounts publish results according to the new industrial classification (SNI2007/NACE Rev. 2).

Since 1997, the main source for annual output calculations has been the SBS, although other sources are used when appropriate. SBS contains detailed information on both income and intermediate consumption. For quarterly GDP, the value is calculated either by extrapolating the value in the NA system using an indicator, using data directly from a source or by using a model. For the *Activities of call centres* the STS is used to extrapolate the value in the NA system.

SPPI in Sweden does not cover NACE 82, at the moment. The proposed start date is the first quarter 2015.

Apart from principal production the industry's secondary activities are recorded separately. Data on the output of *Activities of call centres* within the business sector is obtained from the SBS. The industry's intermediate consumption is also provided by the SBS. Bal-

¹⁰ ESA95 GNI Inventory, Sweden, Reference Year 2005, Revision 5, October 2009

ancing and plausibility assessment are performed in the supply and use tables. Value added is obtained residually as the difference between output and intermediate consumption.

7. Turnover data methods and criteria for choosing different output methods

Two EU-regulated surveys collect information on turnover in the business part of the *Activities of call centres*. Short-Term Statistics collect industry-level turnover monthly/quarterly and Structural Business Statistics collect turnover on industry-level as well as product-level annually.

7.1 Short-Term Statistics

Turnover in the service sector is published quarterly in accordance with Council Regulation of Short Term Statistics, (EC) No. 1165/98 and amended by the regulation (EC) No. 1158/2005. The *Activities of call centres* is covered by the regulation as a part of NACE 82 *Office administrative, office support and other business support services*. They are also covered by the survey for National Accounts (NA) purposes.

The statistical unit as well as the unit of collection is enterprise. Results are only presented as development indices and not as absolute values.

The short-term statistics is a sample survey, with a certain number of large enterprises surveyed monthly, while the remaining enterprises of the sample surveyed quarterly (but with turnover divided into months). The monthly data is used for the service production index. The total number of enterprises surveyed in the service sector is approximately 10 100. The un-weighted response rate is approximately 80 percent while the weighted response rate is approximately 90 percent.

Results are published 35 days after the end of the time period in question. The results are mainly used by the NA in their calculations of private consumption and Gross Domestic Product (GDP). In theory, NA would need the turnover divided into product groups, but due to the response burden only total turnover is collected. This turnover is then divided into product groups with various keys to meet the requirements of short-term NA calculations.

Administrative data is not used as input in the calculations at present. Work is however in progress with the use of VAT data, mainly to reduce response burden. The plan is that administrative data will be operational from April 2015.

7.2 Structural Business Statistics

Structural Business Statistics is a survey carried out annually in accordance with “Regulation (EC) No. 295/2008 [...] concerning structural business statistics” (the regulation consists of a number of annexes and the description below is valid for annexes I-IV and VIII, or NACE 05-82 (excluding 64-66) and 95). Furthermore, detailed results (much more detailed

than demanded in the above mentioned regulation) of the survey are delivered to National Accounts. The SBS has been produced in its current format since 2003.

Information is collected on enterprise level or in some cases KAU level. The statistical unit for NA purposes is KAU. Results are published on enterprise (institutional) level as well as KAU (functional) level and for some variables local KAU (regional) level. The regional information is produced via a model-based approach.

The survey is based on administrative data, more precisely on income and balance sheet statements from the Swedish Tax Agency (Skatteverket). Three separate sample surveys (specification of income sheet, specification of investments and specification of shares) are carried out to provide more detailed information. In addition to this, the 600 largest enterprises in the business sector are surveyed separately.

The administrative data is, at least in theory, available for the entire population of around 1 000 000 enterprises. Non-response in administrative data (15-20 percent un-weighted, 3 percent weighted) are dealt with through mean value imputations based on industry and size class. This material is used for what is called the common variables within the income statement and balance sheet, such as turnover, other operating income, depreciation costs, personnel costs and total assets. Tax material was used for 658 enterprises in the *Activities of call centres* in 2012. Non-response was 25 percent un-weighted and 8 percent weighted.

The 600 largest enterprises in the business sector are surveyed independently of the tax data. This is due to their importance to the business sector (roughly one-third of value added) and their often complex organisations. These enterprises are asked to complete a questionnaire consisting of a detailed income statement (including turnover by product but also for example more detailed cost), a balance sheet, a specification of investments and a specification of shares. The response rate for these enterprises have been 100 percent in recent years. Only two enterprises within the *Activities of call centres* was surveyed this way 2012.

The specification of income statement is used to get more detailed information, e.g. turnover by product, for the remaining enterprises. A sample of some 17 000 enterprises is used for this part of the survey, allocated in 300 strata based on the demands of NA. 42 enterprises in one stratum were sampled in the *Activities of call centres* 2012. The sample method used is πps , i.e. probability proportional to size. The response in this survey is usually around 80-85 percent un-weighted and 88-90 percent weighted. The response rate in the *Activities of call centres* was 80 percent un-weighted and 92 percent weighted for reference year 2012.

Besides being an important input in the NA calculations, the collection of turnover by product is also an important input in the Business Register. The detailed information makes it possible to detect any change in activity within the enterprises, and thus keep the Business Register as updated and correct as possible.

The surveys regarding specification of investments and specification of shares are similar to the specification of the income statement. They are however less detailed and thus demand lower sample sizes.

Preliminary results are compared with STS and other short-term indicators for consistency. Preliminary results are transmitted to Eurostat 10 months and definitive results 18 months after the end of the reference period. Definitive detailed results are transmitted to NA 15 months after the end of the reference period. Preliminary and definitive results are also published in on-line databases, 11 months and 16 months after the end of the reference period respectively.

8. Evaluation of comparability of turnover data with price index practices¹¹

The product group 822 *Activities of call centres* is not surveyed at the moment by the service producer price indices. The proposed start date is the first quarter 2015, for more information read the paper from SPPI in the same subject.

9. Summary

The *Activities of call centres* is a relatively small part of the Swedish economy, contributing only 0.1 percent of total turnover and 0.2 percent of total value added in the business sector. The industry is extremely homogeneous. Looking at turnover by product, 93 percent of the turnover in NACE 822 is classified as call centre services. The total output of above mentioned industries has increased steadily over the last twelve years.

STS are used for quarterly GDP calculations while SBS are used for the more detailed annual accounts.

Regarding turnover by product, CPA 822 has only one variable. No further breakdown is planned at present.

¹¹ Tjänsteprisindex 2012