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This is the second year of the consolidated annual report on Business in Ireland. It was initiated to provide an overview of the Structural Business Statistics currently produced by the Central Statistics Office (CSO).

This report has been further developed from last year by re-designing the look of the publication. It also includes new content in response to user feedback.

The report this year puts a spotlight on small and medium enterprises (SMEs). Chapter 3 is dedicated to this important topic while there is also data relating to SMEs in Chapter 5 which outlines *Business Performance in Ireland*.

There are two new chapters which expand the scope of the report:

- ◆ Chapter 4 – *Enterprise Births, Survivals and Deaths* – looks at new enterprises over the last number of years and tracks their survival rates.
- ◆ Chapter 7 – *Multinationals: An Irish Perspective* – introduces new data that has not been published before looking at the sectoral and geographical composition of Irish multinationals' activities abroad. The importance of foreign multinationals' activities in Ireland is also analysed.

This publication also includes a special article on compiling the data behind Chapter 7. This article is called *Compiling Foreign Affiliates Statistics (FATS)* and goes into some detail on the methodology used to compile the data.

Appreciation is extended to all firms that co-operate with the structural business surveys carried out by the CSO. The information they provide is treated as strictly confidential. Direct or indirect disclosure of information relating to individual respondents is avoided in the publication of results by combining categories containing small numbers of enterprises.

Irish data presented in this report are available on StatBank, the main data dissemination service on the CSO website¹. See Appendix 4. The data presented in this report are only a small fraction of the Structural Business Statistics available online.

The international comparisons data in Chapter 9 are sourced from the Eurostat website².

Six Key Findings from Business in Ireland 2010

1. Key statistics on small and medium enterprises (SMEs)

SMEs accounted for almost 99.8% of active enterprises, 69.1% of persons engaged, 51.5% of turnover and 46.8% of gross value added (GVA). It is noticeable that while SMEs employed almost seven in every ten persons in the business economy, they accounted for lower proportions of turnover and GVA. See Figure 1.1 and Chapter 3.

Figure 1.1 SME percentage share of key variables, 2010



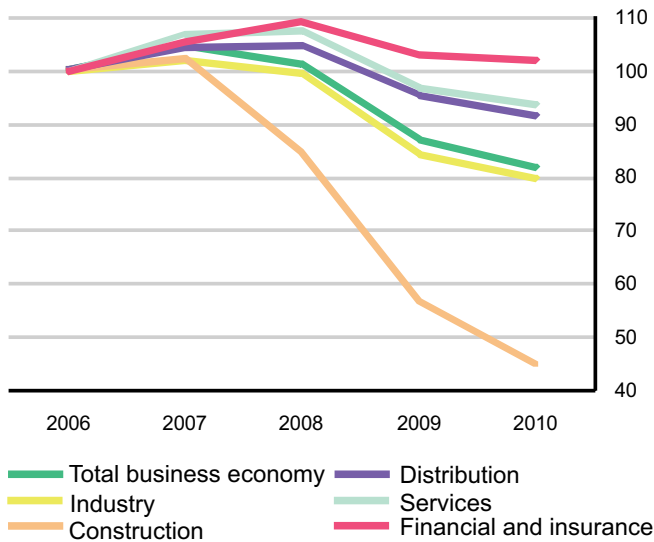
2. Impact of the downturn on SME employment

Employment in SMEs fell from 1,045,300 in 2006 to 854,500 in 2010 which was 81.8% of the 2006 level. The sector that was impacted the most was Construction where SME employment in 2010 was only 44.9% of the 2006 level with over 115,000 job losses. Industry also suffered significantly with SME employment falling to 79.9% of the 2006 level which corresponds with over 29,000 job losses. See Figure 1.2 and Chapter 3.

¹ <http://www.cso.ie/>

² <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

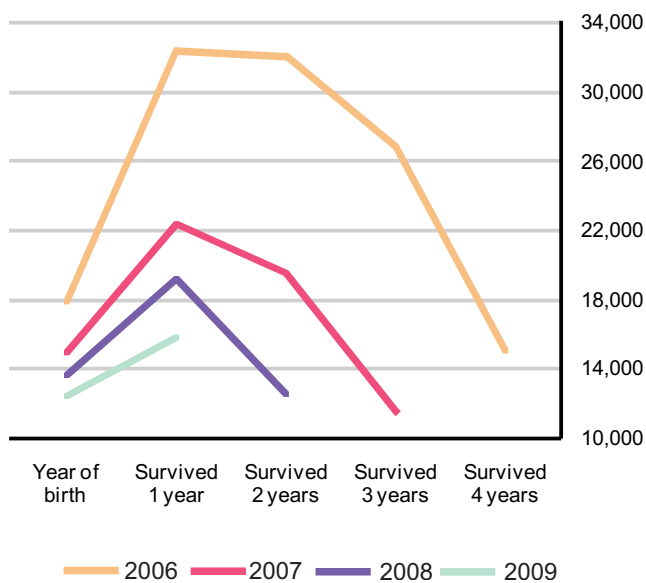
Figure 1.2 Index of employment in SMEs by sector, 2006 to 2010 (base year 2006 = 100)



3. Tracking enterprise survivals – impact on employment

Between 2006 and 2009 the rate of growth in employment in enterprises that survived the first year in business slowed significantly. Enterprises born in 2006 showed an increase in employment of 81.4% in the first year whereas enterprises born in 2009 experienced an employment growth rate of only 26.9%. This is evidence of the declining survival rate of enterprises and also a possible reluctance on the part of new employers to take on additional staff. See Figure 1.3 and Chapter 4.

Figure 1.3 Persons engaged in surviving enterprises by year, 2006 to 2009

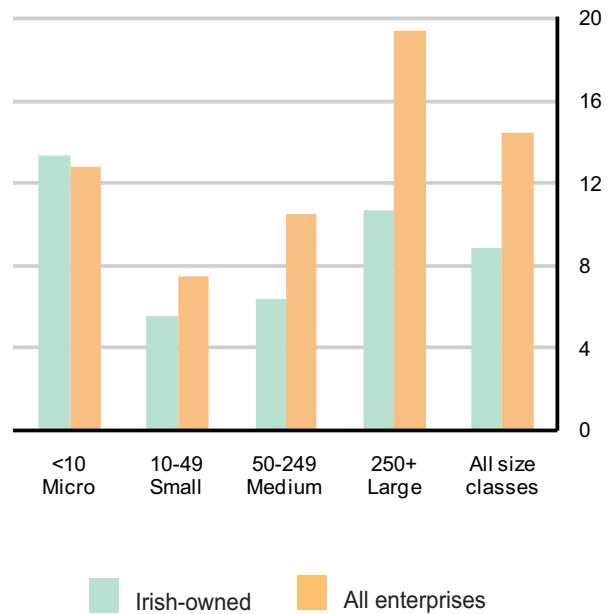


4. Business profitability in Ireland

Gross operating surplus as a percentage of turnover is a measure of profitability for an enterprise. For all enterprises in the business economy, 14.5% of turnover was reported as operating surplus. This figure was

reduced significantly to 8.9% in Irish indigenous enterprises, when the foreign multinationals were removed from the analysis. See Figure 1.4 and Chapter 5.

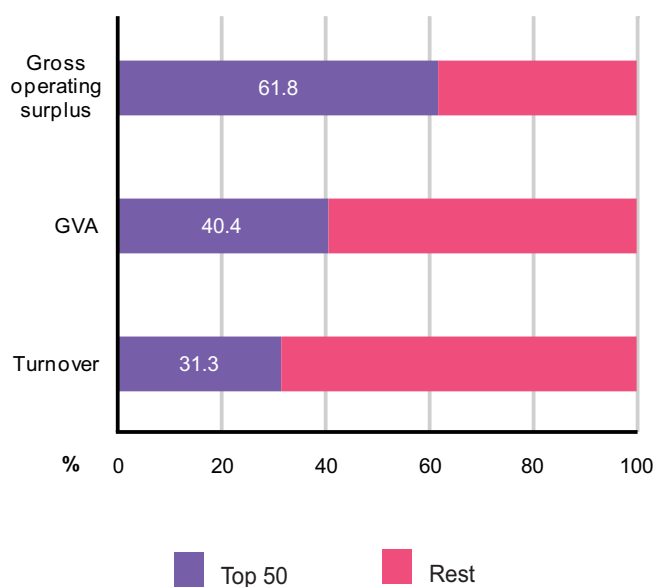
Figure 1.4 Gross operating surplus as a percentage of turnover by size class, 2010



5. Contribution of 50 largest enterprises by gross value added (GVA)

The 50 largest enterprises in the business economy were chosen based on the size of GVA generated. These enterprises accounted for 31.3% of total turnover, 40.4% of total GVA and 61.8% of total gross operating surplus. See Figure 1.5 and Chapter 5.

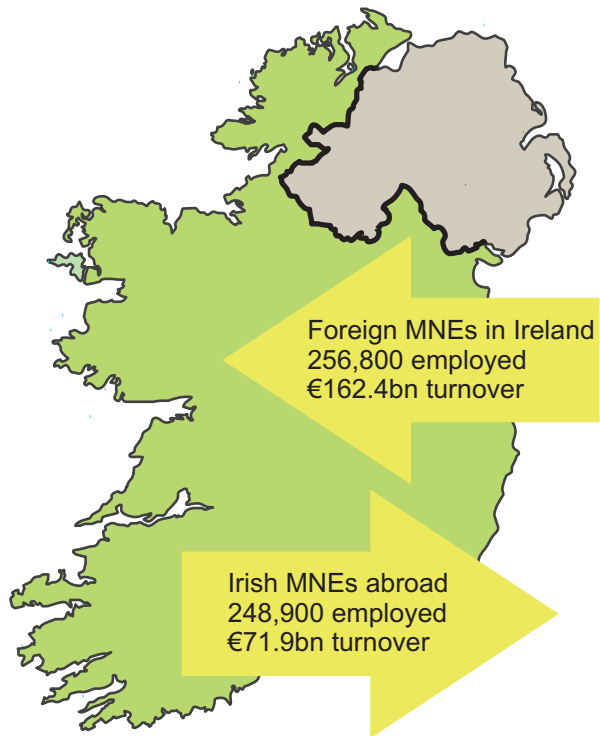
Figure 1.5 Contribution of 50 largest enterprises by GVA, total business economy, 2010



6. Irish multinationals abroad and foreign multinationals in Ireland

In 2010, Irish multinationals employed almost 249,000 persons in foreign affiliates. These affiliates generated turnover of €71.9 billion. By contrast, foreign multinationals employed almost 257,000 persons in affiliates in Ireland. These affiliates generated turnover of almost €162.4 billion. See *Figure 1.6 and Chapter 7*.

Figure 1.6 Irish multinationals abroad and foreign multinationals in Ireland, 2010



An Overview of the Business Economy in Ireland

Business Demography

Active enterprises and persons engaged

In 2010 there were over 195,000 active enterprises in the business economy, with over 1.2 million persons engaged. See Table 2.1.

The Services sector was the largest sector in terms of active enterprises and persons engaged with 46.8% of total enterprises and 41.3% of persons engaged. This sector includes a wide range of services such as transportation, accommodation and food, publishing, telecommunications, legal and accounting activities and scientific research.

Construction accounted for 20.7% of all enterprises but only 8.0% of total persons engaged. The Distribution sector (retail and wholesale activity including the sale of motor vehicles) accounted for 22.5% of total enterprises and 26.7% of persons engaged. Industry accounted for 7.3% of all enterprises and 16.4% of total persons engaged. Financial and Insurance activities accounted for only 2.7% of all enterprises and 7.6% of total persons engaged. See Figures 2.1 and 2.2.

Figure 2.1 Number of active enterprises by sector, 2010

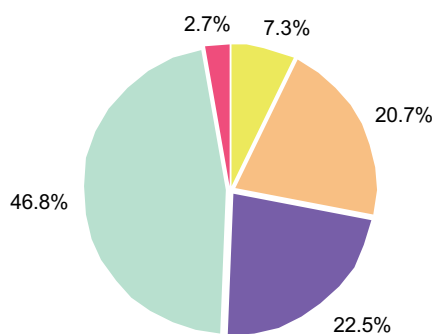
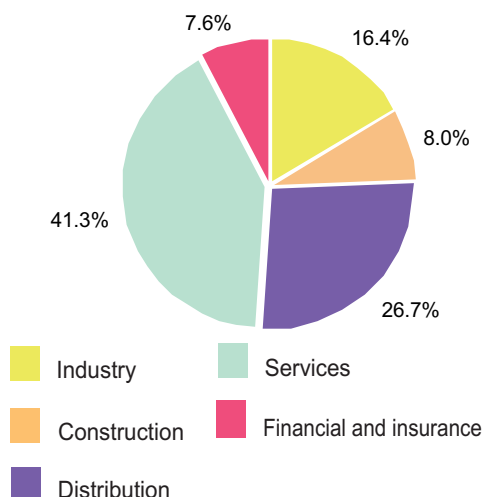
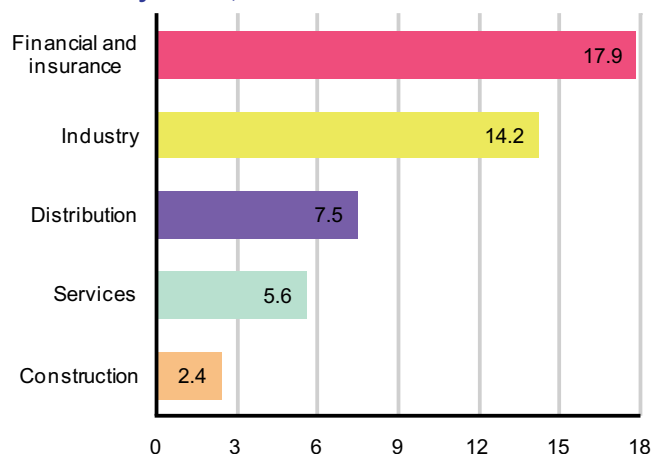


Figure 2.2 Number of persons engaged by sector, 2010



The Industry sector and Financial and Insurance sector had the highest average number of persons engaged at 14.2 and 17.9 respectively. See Figure 2.3 and Table 2.1.

Figure 2.3 Average number of persons engaged by sector, 2010



Business Operations

Turnover

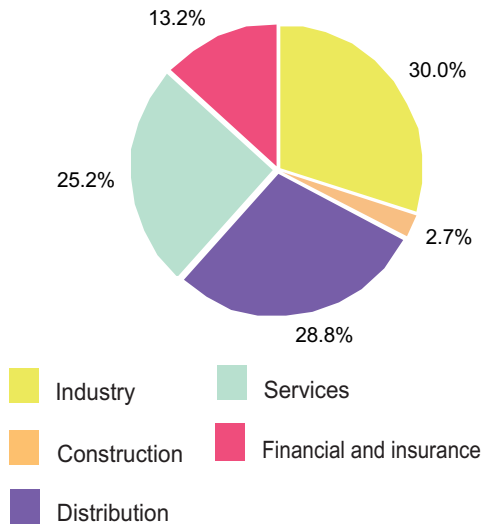
Turnover is the total invoiced by enterprises during the reference period. See Appendix 2 for full definitions.

From a turnover perspective, Industry was the largest sector accounting for 30.0% of the €352.0 billion in total turnover in the business economy.

The Distribution sector also accounted for a large proportion of turnover at 28.8%. Services, the largest sector in terms of number of enterprises and number of persons engaged, accounted for 25.2% of turnover. Financial and Insurance activities¹ accounted for 13.2% of total turnover while the Construction sector only accounted for 2.7%. See Figure 2.4 and Table 2.1.

¹The Business Operations data for Financial and Insurance activities was calculated using data from banks and insurance corporations only. See Chapter 8.

Figure 2.4 Turnover by sector, 2010

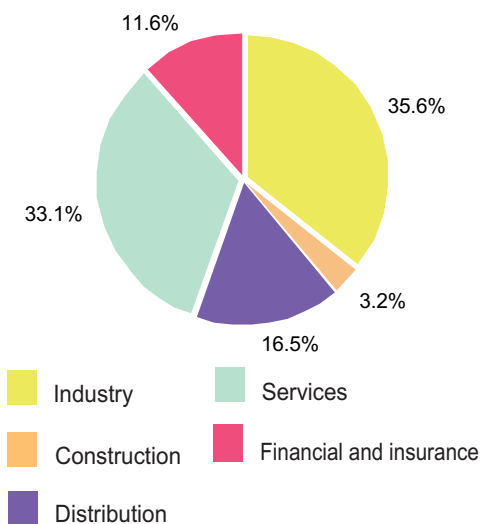


Gross value added (GVA)

GVA is the gross income from operating activities and is the balance available to enterprises to pay employees and realise a return on investment. See Appendix 2 for full definitions.

Business sectors generated €93.9 billion GVA in 2010. Industry and Services contributed the most, accounting for 35.6% and 33.1% respectively. Distribution contributed 16.5% of the total GVA with Financial and Insurance activities accounting for 11.6% and Construction accounting for 3.2%. See Figure 2.5 and Table 2.1.

Figure 2.5 Gross value added by sector, 2010



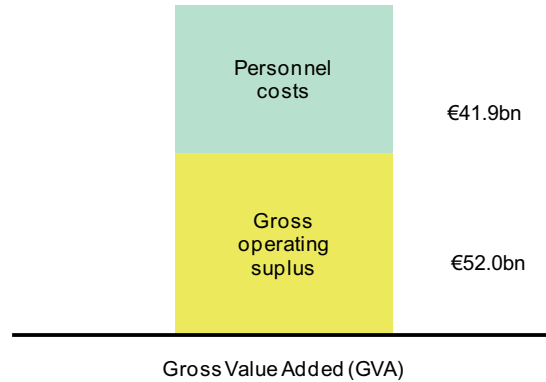
How GVA is used in the business economy

GVA is split between gross operating surplus and personnel costs. Gross operating surplus is the balance available to the enterprise which allows it to provide a return to shareholders, to pay taxes and to finance all or part of its investment. Personnel costs are defined as the total remuneration, in cash or in kind,

payable by an employer to an employee. See Appendix 2 for full definitions.

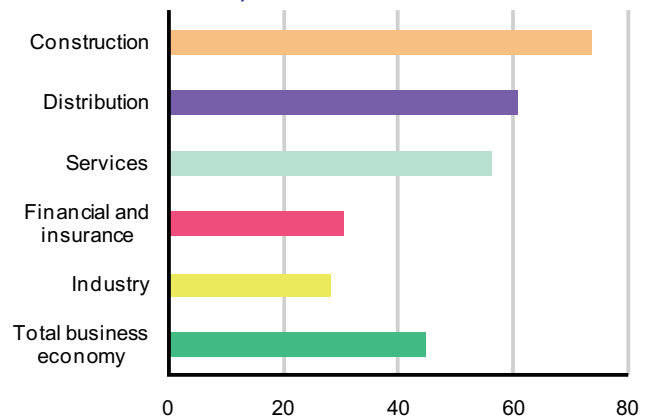
Gross operating surplus accounted for the largest proportion of GVA in 2010 at €52.0 billion or 55.4%. Personnel costs accounted for €41.9 billion or 44.6% of GVA. See Figure 2.6 and Table 2.1.

Figure 2.6 GVA, gross operating surplus and personnel costs, 2010



Construction paid the highest proportion of GVA in personnel costs at 73.8%, which reflects the significant fall in gross operating surplus in this sector. Distribution and Services recorded figures of 60.7% and 56.4% respectively. Financial and Insurance activities paid 30.6% while Industry paid the lowest proportion at 28.2%. See Figure 2.7 and Table 2.1.

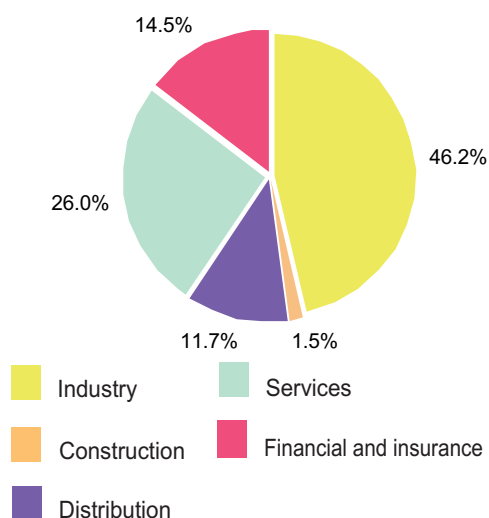
Figure 2.7 Personnel costs as a percentage of GVA, 2010



Gross operating surplus and personnel costs by broad sector

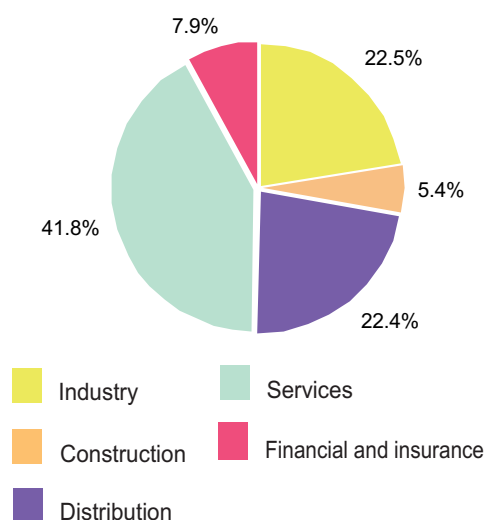
Industry accounted for the largest proportion of gross operating surplus at 46.2% while Services contributed 26.0%. Financial and Insurance activities accounted for 14.5% while Distribution and Construction accounted for 11.7% and 1.5% respectively. See Figure 2.8 and Table 2.1.

Figure 2.8 Gross operating surplus by sector, 2010



Services accounted for the largest proportion of personnel costs at 41.8%. Industry and Distribution both contributed a similar proportion at 22.5% and 22.4% respectively. Financial and Insurance activities accounted for 7.9% of personnel costs while Construction contributed 5.4%. See Figure 2.9 and Table 2.1.

Figure 2.9 Personnel costs by sector, 2010

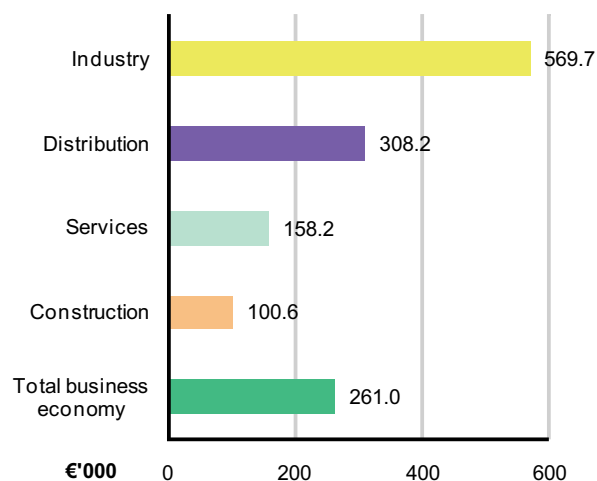


Turnover per person engaged and GVA per person engaged²

Turnover per person engaged and GVA per person engaged are simple measures of labour productivity³. Note that the presence of foreign multinationals in Ireland has a significant impact on these measures. In later chapters, labour productivity will be presented with and without foreign multinationals.

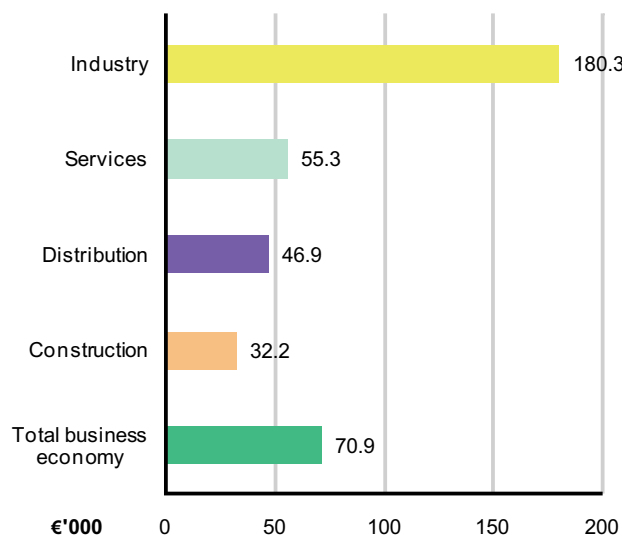
Turnover per person engaged averaged €261,000 in 2010 across all sectors. There were large differences across individual sectors with Industry recording the highest figure at €570,000 while Construction recorded the lowest figure at €101,000. See Figure 2.10 and Table 2.1.

Figure 2.10 Turnover per person engaged, 2010



GVA per person engaged averaged €71,000 across all sectors. Each individual sector reported a figure less than the average business economy, with the exception of Industry, which reported GVA per person engaged of €180,000. This was followed by Services at €55,000. The Construction sector had the lowest GVA per person engaged at €32,000. See Figure 2.11 and Table 2.1.

Figure 2.11 GVA per person engaged, 2010



² These indicators were calculated using the number of persons engaged on the survey forms. Financial and Insurance activities were excluded from this calculation as the number of persons engaged was not available from the survey forms.

³ Number of persons engaged is used as the measure for labour input rather than the number of full-time equivalents (FTEs).

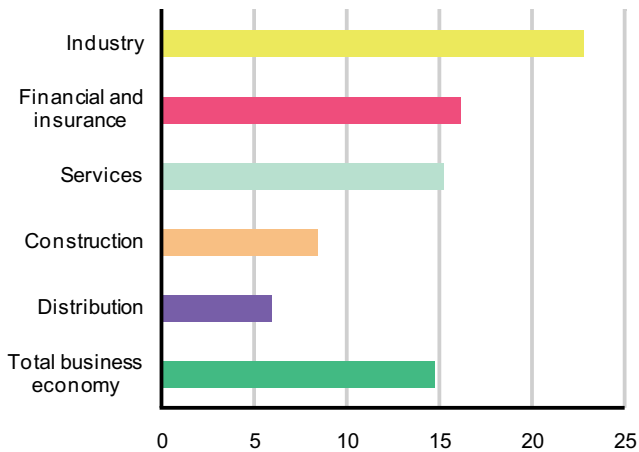
Profitability

GVA as a percentage of turnover and gross operating surplus as a percentage of turnover are measures of enterprise profitability.

Specifically looking at gross operating surplus as a percentage of turnover, the objective is to analyse the proportion of sales that remains in the enterprises after all expenses have been paid. Profitability across all sectors in the business economy was 14.8% of turnover.

Industry was the most profitable sector with an operating surplus of 22.7% of turnover. Financial and Insurance activities and Services were the next most profitable at 16.2% and 15.2% respectively. Construction had an operating surplus of 8.4% of turnover while Distribution was the least profitable with an operating surplus of 6.0%. See Figure 2.12 and Table 2.1.

Figure 2.12 Gross operating surplus as a percentage of turnover, 2010



Technical Notes:

1. The data for Business Demography are based on the CSO Central Business Register. The Business Register is a register of all enterprises that are active in the State and is based on enterprises that are registered with the Revenue Commissioners. See *Appendix 1*.
2. In contrast to the Business Demography data, the Business Operations data are primarily sourced from the main structural business surveys. See *Appendix 1*.
3. The coverage of the structural business surveys is generally quite consistent with the Business Demography data. However, there are some exceptions; for example, the Business Operations data for Services include market services from NACE Sections R and S (approximately 10,000 enterprises from R92, R93, S95 and S96) while the Business Demography data exclude these sectors.
4. In the Financial and Insurance activities sector the Business Operations data cover banks and insurance corporations whereas the Business Demography data include all financial companies that are deemed active on the CSO Central Business Register (with the exception of financial holding companies). The main financial sectors not included in the Business Operations data are Other Financial Service Activities (NACE K649) and Activities Auxiliary to Financial Services and Insurance Activities (K66). See *Chapter 8*.
5. The Financial and Insurance activities sector is unusual in the sense that the normal definitions of turnover, production value etc do not apply to credit institutions and insurance companies. Therefore, European-wide definitions have been devised in the Structural Business Statistics to estimate these variables in order to compare the financial sector with the rest of the business economy. See *Chapter 8 and Appendix 2*.

Table 2.1 Main indicators for all business sectors, 2010

	Unit	Industry	Construction	Distribution	Services ¹	Financial and Insurance ²	Total Business Economy
Business Demography							
Active enterprises	No	14,306	40,459	43,981	91,403	5,282	195,431
Persons engaged ³	No	203,542	98,445	329,917	511,155	94,326	1,237,385
Employees	No	198,238	73,168	307,476	454,483	93,431	1,126,796
Average persons engaged per enterprise	No	14.2	2.4	7.5	5.6	17.9	6.3
Business Operations							
Turnover	€m	105,754	9,519	101,580	88,850	46,692	352,395
Production value	€m	100,117	8,759	30,333	72,246	22,911	234,366
Gross value added of which	€m	33,461	3,043	15,463	31,069	10,895	93,931
Gross operating surplus	€m	24,018	797	6,075	13,541	7,565	51,996
Personnel costs	€m	9,443	2,246	9,388	17,528	3,330	41,935
Personnel costs as % of GVA	%	28.2%	73.8%	60.7%	56.4%	30.6%	44.6%
Turnover per person engaged ⁴	€	569,714	100,589	308,157	158,222	n/a	260,961
GVA per person engaged ⁴	€	180,262	32,155	46,909	55,327	n/a	70,883
GVA as % of Turnover	%	31.6%	32.0%	15.2%	35.0%	23.3%	26.7%
GOS as % of Turnover	%	22.7%	8.4%	6.0%	15.2%	16.2%	14.8%

Sources: CSO Business Demography and Structural Business Surveys

¹ Business Operations data includes NACE R92, R93, S95 and S96 whereas Business Demography data excludes these.

² Business Operations data includes banks and insurance companies only whereas Business Demography data includes all financial enterprises.

³ Persons engaged include employees, proprietors and family members.

⁴ These indicators were calculated using the number of persons engaged on the survey forms. Financial and Insurance activities were excluded from this calculation as the number of persons engaged was not available from the survey forms.

Small and medium enterprises (SMEs)

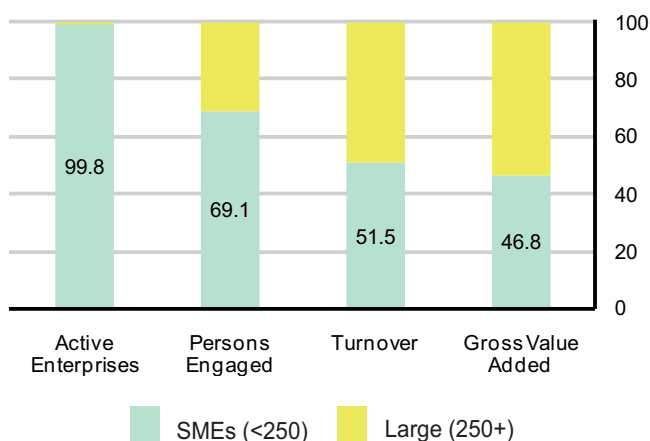
Small and medium enterprises (SMEs) have received much attention recently due to the large employment in this sector and its potential to support a recovery in the Irish economy. This chapter outlines some of the main CSO statistics available for SMEs. Chapter 5, which deals with *Business Performance in Ireland*, also contains data on these enterprises.

SMEs are defined as enterprises with less than 250 persons engaged. In this chapter we further split SMEs into micro enterprises with less than 10 persons engaged, other small enterprises with between 10 and 49 persons engaged and medium sized enterprises with between 50 and 249 persons engaged. Large enterprises have 250 or more persons engaged. See *Appendix 3*.

Key Statistics on SMEs

SMEs account for almost 99.8% of active enterprises, 69.1% of persons engaged, 51.5% of turnover and 46.8% of gross value added (GVA). It is noticeable that while SMEs employ almost seven in every ten persons in the business economy, they do not account for the same proportion of turnover or GVA. See *Figure 3.1*.

Figure 3.1 SME percentage share of key variables, 2010

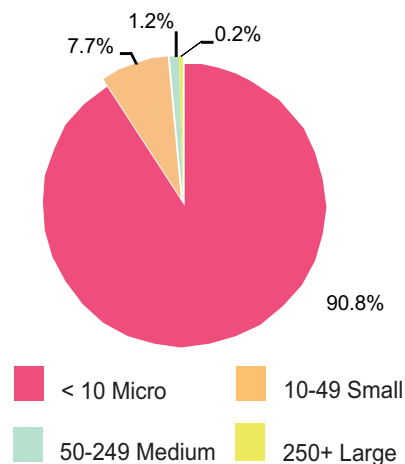


Business Demography - Active Enterprises and Persons Engaged

Looking at the CSO Business Demography data in more detail, we can break SMEs into micro, other small and medium sized enterprises.

The majority of enterprises in the business economy at 90.8% were micro-enterprises. A further 7.7% were other small enterprises while 1.2% were classified as medium sized enterprises. See *Figure 3.2 and Table 3.1*.

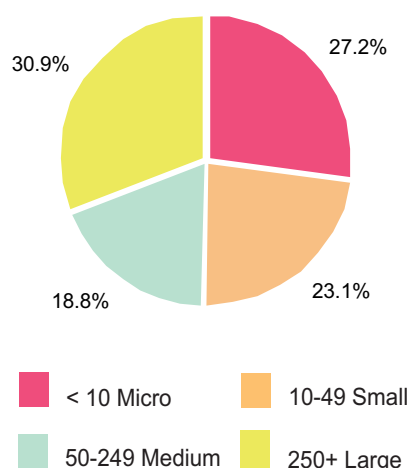
Figure 3.2 Number of active enterprises by size class for all sectors, 2010



Micro-enterprises employed 27.2% of persons engaged in the business economy while other small enterprises accounted for a further 23.1%. Medium sized enterprises accounted for 18.8% of total persons engaged.

Large enterprises accounted for only 0.2% of all enterprises but employed 30.9% of total persons engaged. See *Figures 3.2 and 3.3 and Table 3.1*.

Figure 3.3 Number of persons engaged by size class for all sectors, 2010

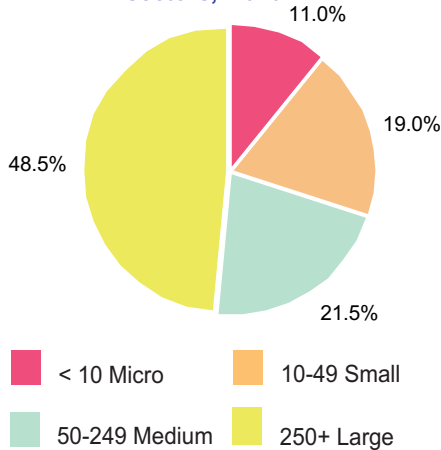


Business Operations - Turnover and GVA

The financial variables of turnover and GVA are analysed in terms of the employment size classes using the business survey data¹.

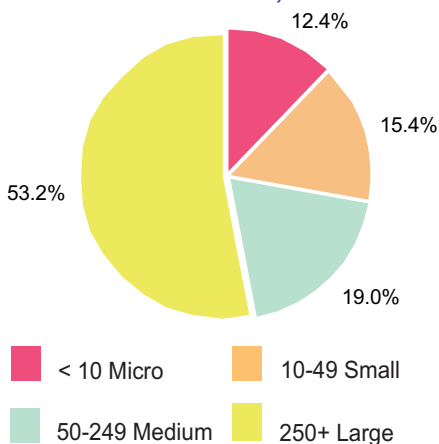
As seen previously, SMEs accounted for 51.5% of total turnover in the business economy. Within the SME sector, micro enterprises accounted for 11.0% of total turnover, other small enterprises accounted for 19.0% and medium sized enterprises accounted for 21.5%. See Figure 3.4 and Table 3.2.

Figure 3.4 Turnover by size class for all sectors, 2010



SMEs accounted for 46.8% of total GVA in the business economy. Within the SME sector, micro enterprises accounted for 12.4% of total GVA, other small enterprises accounted for 15.4% and medium sized enterprises accounted for 19.0%. See Figure 3.5 and Table 3.2.

Figure 3.5 Gross value added by size class for all sectors, 2010



It is informative to also look at the SME share of turnover and GVA when the foreign multinationals have been removed from the analysis. Within the Irish indigenous business economy in 2010, the SME share of turnover was 71.8% while the SME share of GVA was 69.4%. This is evidence of how important SMEs are to the indigenous business economy in Ireland². See Figures 3.6 and 3.7.

Figure 3.6 Irish indigenous enterprises, turnover by size class for all sectors, 2010

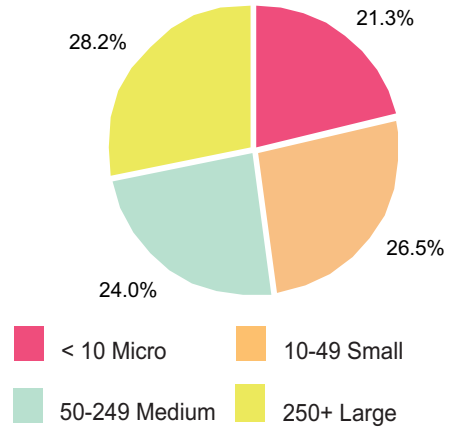
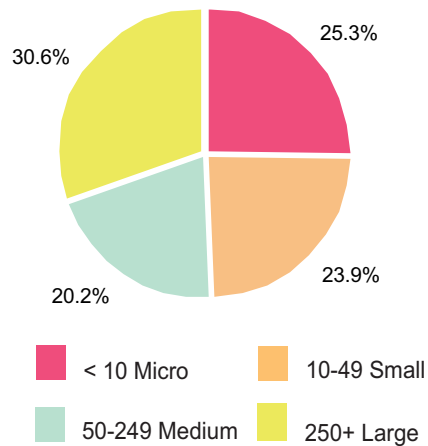


Figure 3.7 Irish indigenous enterprises, GVA by size class for all sectors, 2010



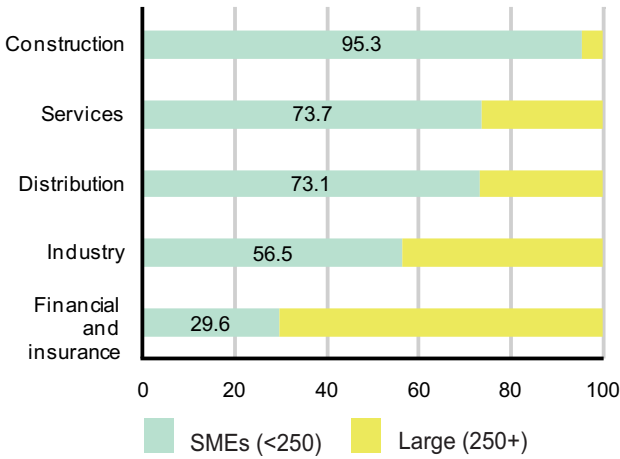
Business Demography – SME shares within sectors

There were large variations across sectors when we look at the SME share of employment. In Construction, 95.3% of persons engaged worked in SMEs while the equivalent figures for Industry and Financial and Insurance activities were 56.5% and 29.6% respectively. See Figure 3.8.

¹ Enterprises are classified by employment size classes based on the number of persons engaged provided on the business survey forms. This is in contrast to the Business Demography data provided in Figure 3.3 where the number of persons engaged was taken from administrative sources. The Financial and Insurance Activities sector was not included in this analysis due to the unavailability of persons engaged data on the relevant survey forms.

² Chapter 7 goes into more detail on the effect of foreign multinationals in Ireland.

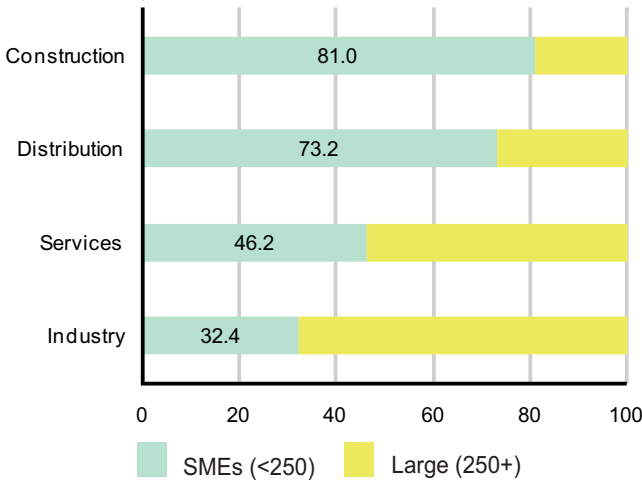
Figure 3.8 SME percentage share of persons engaged by sector, 2010



Business Operations - SME shares within sectors

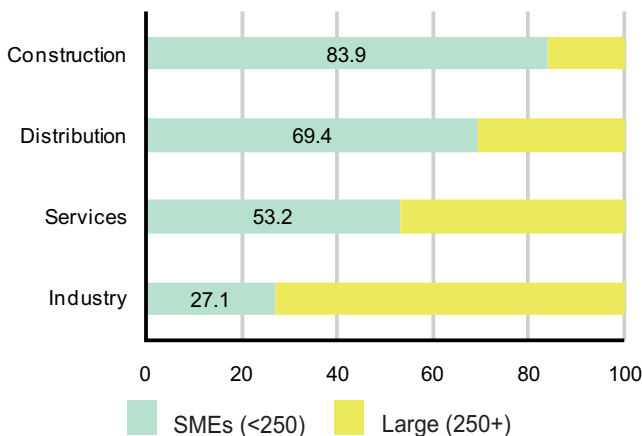
The SME share of employment was significantly higher than the SME share of turnover across the broad sectors. For example, in Industry the SME share of employment was 56.5% while the SME share of turnover was 32.4%. The exception to this is Distribution where SMEs managed to maintain a high share of turnover when compared to employment. See Figures 3.8 and 3.9.

Figure 3.9 SME percentage share of turnover by sector, 2010



The SME share of GVA within the broad sectors shows a similar picture to turnover. See Figure 3.10.

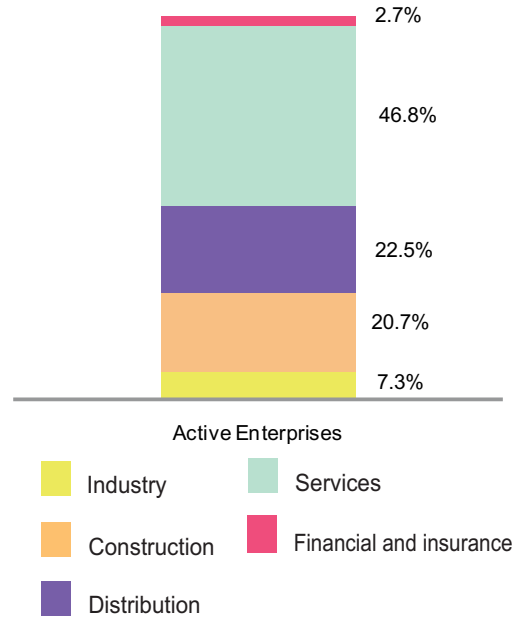
Figure 3.10 SME percentage share of GVA by sector, 2010



Business Demography – Sectoral breakdown of SME totals

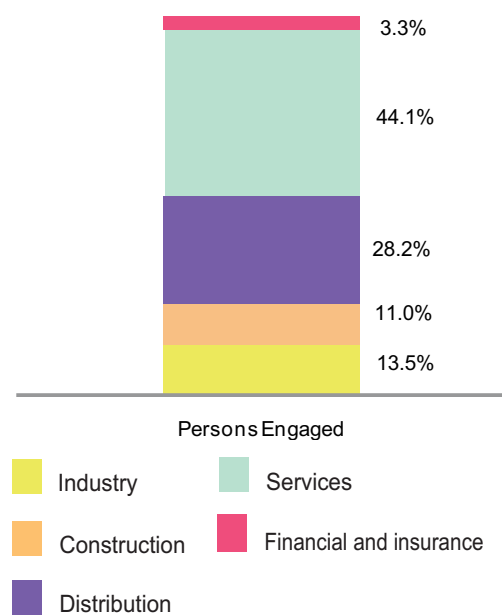
The sectoral breakdown of SMEs shows that 46.8% of active enterprises were in Services. This was followed by 22.5% in Distribution and 20.7% in Construction. The remaining 10.0% of SMEs are either in Industry or Financial and Insurance activities. See Figure 3.11.

Figure 3.11 Sectoral breakdown of SMEs, number of enterprises, 2010



The sectoral breakdown of employment in SMEs shows generally a similar picture. The main differences were that Construction only accounted for 11% of SME employment while Industry and Financial and Insurance activities combined accounted for 16.8%. See Figure 3.12.

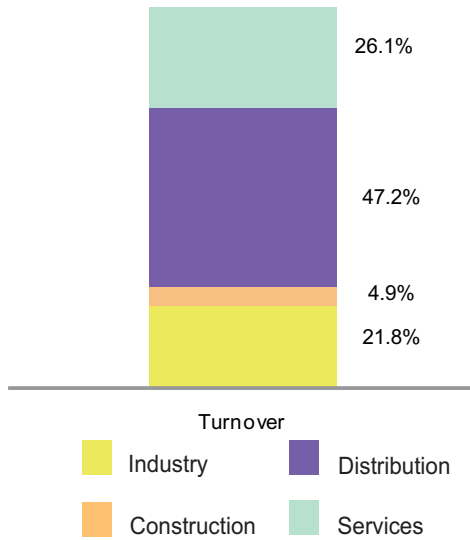
Figure 3.12 Sectoral breakdown of SMEs, persons engaged, 2010



Business Operations – Sectoral breakdown of SME totals

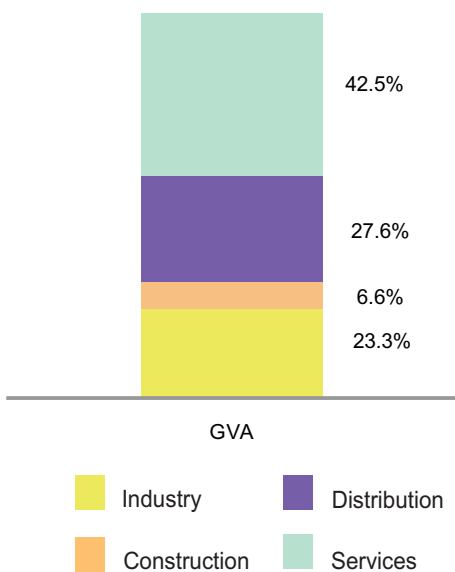
The sector that made the largest contribution to turnover in SMEs at 47.2% was Distribution. This was followed by Services and Industry with 26.1% and 21.8% respectively. Construction contributed very little at 4.9%. See Figure 3.13.

Figure 3.13 Sectoral breakdown of SMEs, turnover, 2010



The sector that made the largest contribution to SME gross value added at 42.5% was Services. Industry, which is a high value added sector, contributed 23.3% of total SME gross value added. See Figure 3.14.

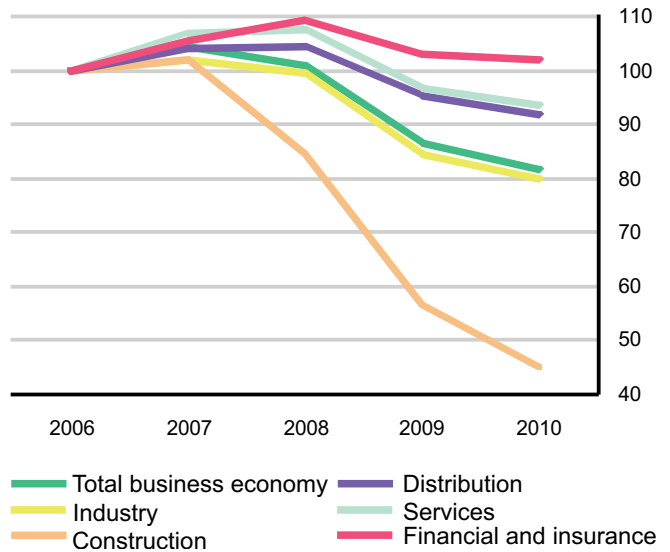
Figure 3.14 Sectoral breakdown of SMEs, gross value added, 2010



Impact of the downturn on SME employment

Employment in SMEs fell from 1,045,300 in 2006 to 854,500 in 2010 or 81.8% of the 2006 level. The sector that was impacted the most was Construction where SME employment in 2010 was only 44.9% of the 2006 level with over 115,000 job losses. Industry was also impacted quite heavily with SME employment falling to 79.9% of the 2006 level which corresponds with over 29,000 job losses. The only sector where SME employment increased over this period was in Financial and Insurance activities. See Figure 3.15.

Figure 3.15 Index of employment in SMEs by sector, 2006 to 2010 (base year 2006 = 100)



Data for large enterprises has also been included for comparison purposes. A similar pattern of decreases in employment across all sectors from 2008 is evident for the large enterprises. See Figure 3.16.

Figure 3.16 Index of employment in large enterprises by sector, 2006 to 2010 (base year 2006 = 100)

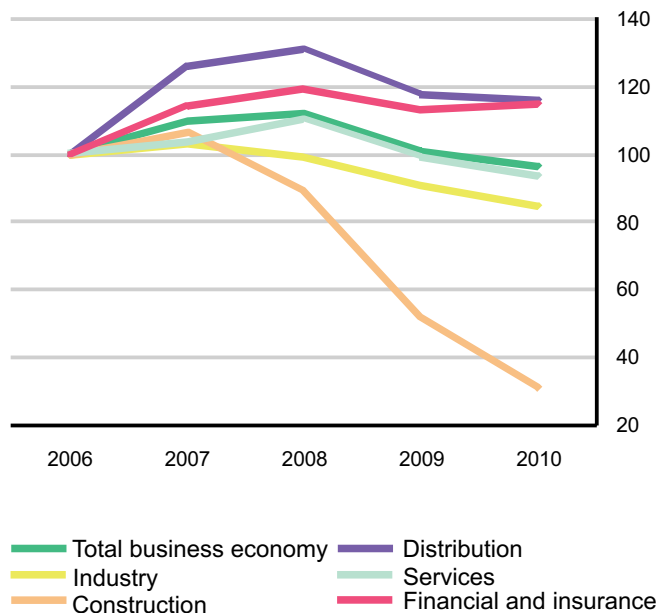


Table 3.1 Number of active enterprises and persons engaged by sector and size class, 2010

Class Size	Industry						Services						Financial and Insurance ¹						Total Business Economy					
	Active Enterprises		Persons Engaged		Construction		Distribution		Services		Active Enterprises		Persons Engaged		Active Enterprises		Persons Engaged		Active Enterprises		Persons Engaged			
Micro (<10)	11,890	23,625	39,151	63,437	38,027	88,945	83,864	152,761	4,615	7,813	177,547	336,581												
Small (10-49)	1,745	36,571	1,199	21,193	5,259	97,686	6,271	120,238	510	9,751	14,984	285,439												
Medium (50-249)	537	54,793	98	9,214	607	54,541	1,104	103,584	95	10,366	2,441	232,498												
All SMEs (<250)	14,172	114,989	40,448	93,844	43,893	241,172	91,239	376,583	5,220	27,930	194,972	854,518												
Large	134	88,553	11	4,601	88	88,745	164	134,572	62	66,396	459	382,867												
All sizes	14,306	203,542	40,459	98,445	43,981	329,917	91,403	511,155	5,282	94,326	195,431	1,237,385												

Source: Business Demography

¹ Excludes activities of holding companies (K-642)

Table 3.2 Turnover and gross value added by sector and size class, 2010

Class Size	Industry						Construction						Distribution						Services ¹						Total Business Economy ¹					
	Turnover		Gross Value Added		Turnover		Gross Value Added		Turnover		Gross Value Added		Turnover		Gross Value Added		Turnover		Gross Value Added		Turnover		Gross Value Added							
Micro (<10)	1,873	624	3,319	1,368	14,225	2,511	14,178	5,804	33,595	10,307																				
Small (10-49)	9,086	2,207	2,472	601	33,534	4,838	13,020	5,163	58,112	12,809																				
Medium (50-249)	23,306	6,232	1,923	584	26,547	3,386	13,837	5,568	65,613	15,770																				
All SMEs (<250)	34,265	9,063	7,714	2,553	74,306	10,735	41,035	16,535	157,320	38,886																				
Large	71,489	24,399	1,805	490	27,274	4,728	47,816	14,533	148,384	44,150																				
All sizes	105,754	33,461	9,519	3,043	101,580	15,463	88,850	31,069	305,704	83,036																				

Source: CSO structural business surveys.

¹ Excludes Financial and Insurance activities.

Enterprise births, survivals and deaths

CSO Business Demography data monitors the number of enterprise births and deaths in the business economy. It is possible to track new enterprise births in order to gain a better understanding of the types of business that are more likely to survive the early years of their life cycle. See Appendix 2 for full definition of enterprise births and deaths.

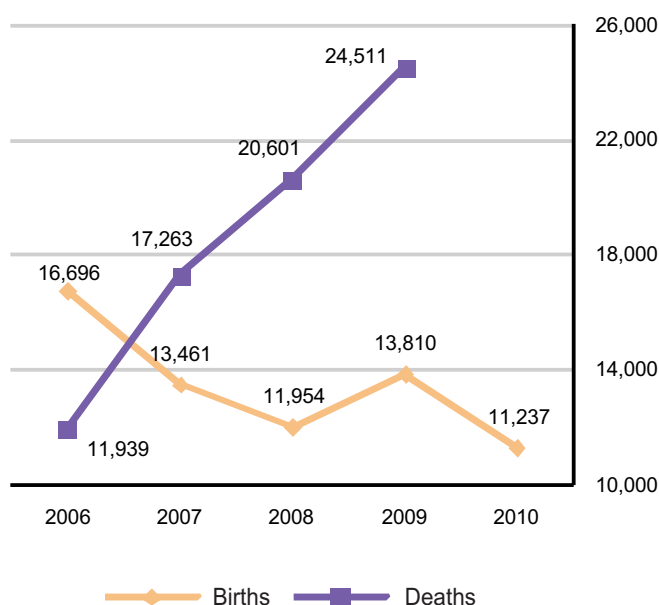
Births and deaths – enterprise numbers

The number of enterprise births has fallen over the period 2006 to 2010 with 2009 being the only recent year to show an increase in births. In 2006 there were nearly 16,700 enterprises born but by 2010 this figure had fallen to just over 11,200 births.

By contrast the number of enterprise deaths rose steadily over the period to 2009. Enterprise deaths increased to 24,500 in 2009 from 11,900 in 2006.

In 2006 enterprise births exceeded deaths by 4,800. However, by 2009 the situation had reversed and enterprise deaths exceeded births by 10,700. See Figure 4.1 and Tables 4.1 and 4.2.

Figure 4.1 Number of births and deaths of enterprises by year and sector, 2006 to 2010

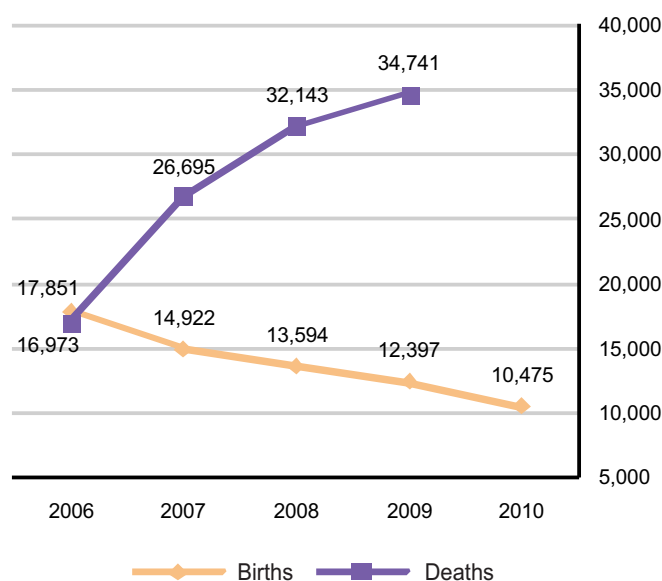


Births and deaths - employment effects

The number of persons engaged by newly birthed enterprises in 2006 was nearly 17,900 and, in line with the decline in the number of enterprises, this figure had dropped to fewer than 10,500 by 2010.

Employment losses as a result of deaths of enterprises increased dramatically up to 2009, rising from almost 17,000 in 2006 to 34,700 in 2009. See Figure 4.2 and Tables 4.1 and 4.2.

Figure 4.2 Number of persons engaged in births and deaths of enterprises by year and sector, 2006 to 2010



Births by sector – enterprise numbers

Over the period 2006 to 2010, the Services¹ sector consistently had the highest number of enterprise births each year. The proportion of new births accounted for by Services increased from 43.0% of new births in 2006 to 52.9% in 2010.

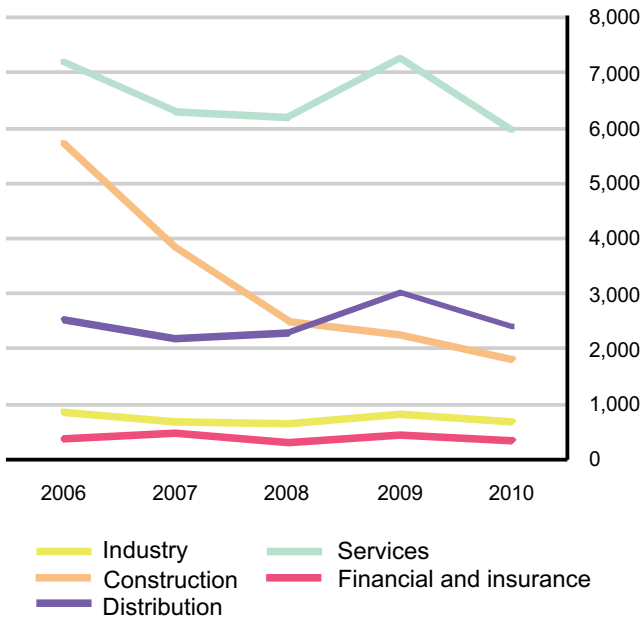
In Construction, the number of enterprise births fell sharply from 5,700 (34.2% of all births) in 2006 to just 1,800 in 2010 (16.2% of all births).

The proportion of total new births from the Distribution sector increased from 15.3% in 2006 to 21.5% in 2010.

Compared to the other sectors, Industry and Financial and Insurance Activities had few enterprise births. See Figure 4.3 and Table 4.1.

¹ See Appendix 1

Figure 4.3 Number of new births by sector, 2006 to 2010



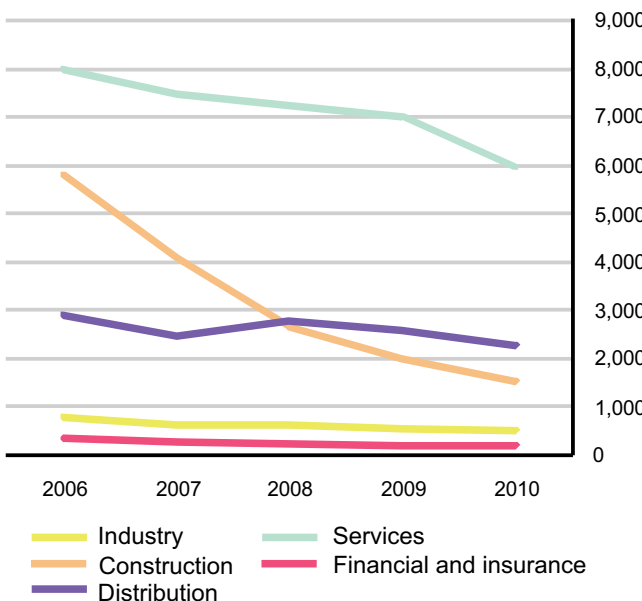
Births by sector – employment effects

The number of persons engaged in newly born enterprises largely reflects the trends already seen in Figure 4.3 and Table 4.1.

Although the Services sector has seen a decline in the absolute number of new jobs in enterprise births over the period 2006 to 2010, the proportion of total new jobs accounted for by newly birthed Services enterprises has risen steadily from 44.7% in 2006 to 56.9% in 2010.

The Construction sector created nearly 6,000 new jobs in enterprises births in 2006 but this number had dropped by nearly 74% to 1,500 in 2010. See Figure 4.4 and Table 4.1.

Figure 4.4 Number of persons engaged in new births by sector, 2006 to 2010

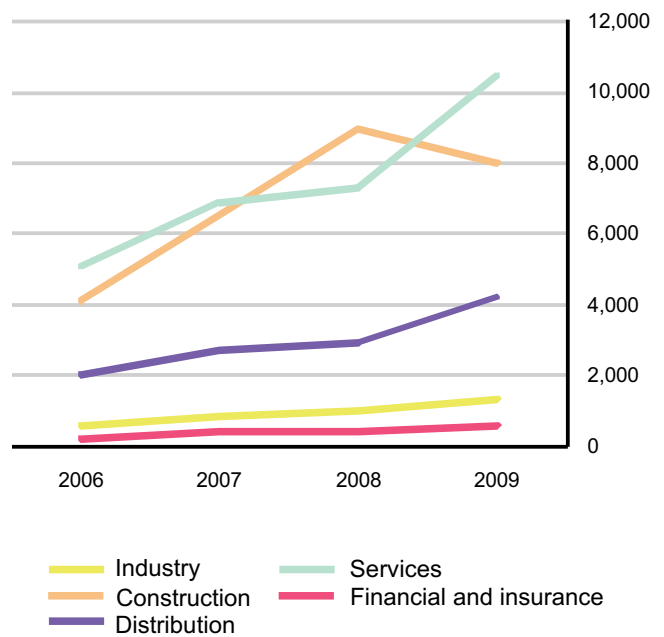


Deaths by sector – enterprise numbers

The Construction and Services sectors reported the highest numbers of new enterprise deaths in each year between 2006 and 2009. These two sectors combined accounted for 76.9% of all newly birthed enterprise deaths over the period.

By contrast the Distribution sector accounted for 16.0% of all new enterprise deaths over this four year period while Industry accounted for 5.1% and Financial and Insurance Activities accounted for only 2.0%. See Figure 4.5 and Table 4.2.

Figure 4.5 Number of enterprise deaths by year and business sector, 2006 to 2009



Deaths by sector – employment effects

The Services sector recorded the most job losses in enterprises that had died over the four year period up to 2009 at over 42,600 (38.6% of all job losses in enterprise deaths). Annual job losses in such enterprises rose from close to 7,200 in 2006 to almost 15,100 in 2009.

This was followed closely by the Construction sector with over 39,400 job losses (35.7% of all job losses in enterprise deaths) over the four years to 2009. Job losses in enterprise deaths in the Construction sector actually fell to almost 9,700 in 2009 from over 13,200 the previous year. See Figure 4.6 and Table 4.2.

Figure 4.6 Persons engaged in enterprise deaths by year and sector, 2006 to 2009

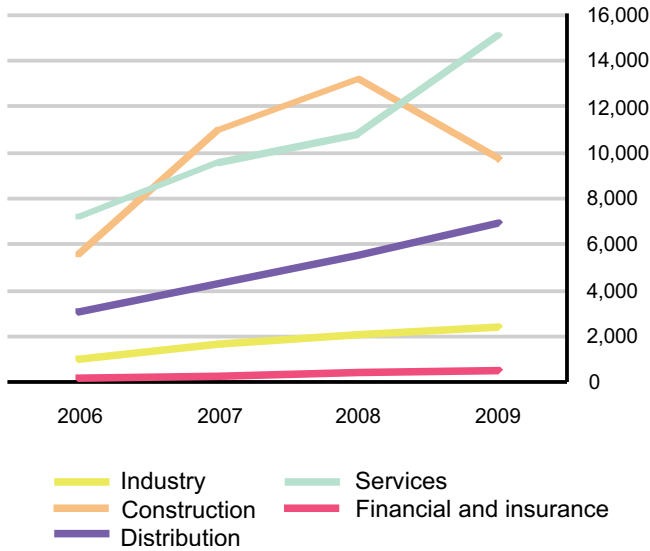
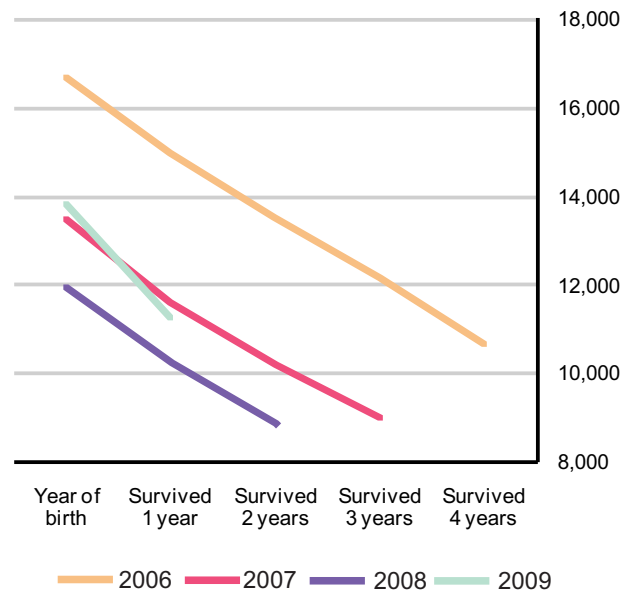


Figure 4.7 Enterprise survivals by year, 2006 to 2009



Survivals – enterprise numbers

A particularly useful feature of the Business Demography data is the ability to track new enterprise births from year to year to monitor their survival rates.

There were almost 16,700 new enterprises birthed in 2006. Of these almost 15,000 (89.8%) survived one year in business; over 13,500 (81.0%) survived two years in business; almost 12,200 (72.8%) survived three years in business and over 10,600 (63.7%) survived at least four years in business.

Over this period, the survival rates have declined somewhat. For example, the one-year survival rate declined from 89.8% in 2006 to 81.4% in 2009. The two-year survival rate declined from 81% in 2006 to 74.3% in 2008. See Figure 4.7 and Table 4.3.

Survivals – employment effects

The survival data provides an overview of how the employment created by newly born enterprises evolved over a number of years following the year of birth.

In each of the reference years, employment in surviving enterprises peaked after one year in business. Subsequently, employment in surviving enterprises declined as less successful enterprises either ceased trading or experienced job losses.

Between 2006 and 2009 the rate of growth in employment in enterprises that survived the first year slowed significantly. Enterprises born in 2006 showed an increase in employment of 81.4% in the first year whereas enterprises born in 2009 experienced an employment growth rate of only 26.9%. This is evidence of the declining survival rate of enterprises and also a possible reluctance on the part of new employers to take on additional staff. See Figure 4.8 and Table 4.3.

Figure 4.8 Persons engaged in surviving enterprises by year, 2006 to 2009

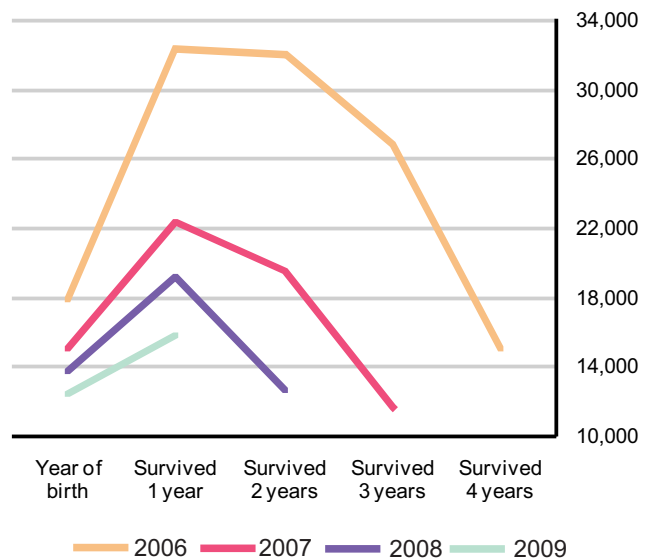


Table 4.1 Number of enterprise births and associated persons engaged by sector, 2006 to 2010

	Enterprise births						Persons engaged in enterprise births					
	2006	2007	2008	2009	2010	Total	2006	2007	2008	2009	2010	Total
Industry	861	672	648	815	691	3,687	800	636	645	559	504	3,144
Construction	5,717	3,824	2,489	2,278	1,818	16,126	5,788	4,060	2,674	2,013	1,527	16,062
Distribution	2,553	2,202	2,298	3,012	2,413	12,478	2,923	2,465	2,781	2,577	2,266	13,012
Services	7,174	6,275	6,194	7,256	5,944	32,843	7,984	7,481	7,227	7,020	5,957	35,669
Financial and insurance	390	487	325	449	370	2,021	357	280	267	228	220	1,352
Total Business Economy	16,696	13,461	11,954	13,810	11,237	67,158	17,851	14,922	13,594	12,397	10,475	69,239

Table 4.2 Number of enterprise deaths and associated persons engaged by sector, 2006 to 2009

	Enterprise deaths					Persons engaged in enterprise deaths				
	2006	2007	2008	2009	Total	2006	2007	2008	2009	Total
Industry	565	829	1,021	1,339	3,754	990	1,637	2,072	2,418	7,117
Construction	4,076	6,477	8,923	7,956	27,432	5,525	10,965	13,215	9,736	39,441
Distribution	2,038	2,714	2,948	4,217	11,917	3,098	4,319	5,596	6,971	19,984
Services	5,058	6,864	7,325	10,450	29,697	7,196	9,541	10,810	15,080	42,627
Financial and insurance	202	379	383	549	1,513	164	234	452	537	1,387
Total Business Economy	11,939	17,263	20,601	24,511	74,314	16,973	26,695	32,143	34,741	110,552

Table 4.3 Number of enterprise survivals and associated persons engaged by sector, 2006 to 2010

	Enterprise survivals					Persons engaged in enterprise survivals				
	Year of birth	Survived 1 year	Survived 2 years	Survived 3 years	Survived 4 years	Year of birth	Survived 1 year	Survived 2 years	Survived 3 years	Survived 4 years
2006	16,696	14,993	13,524	12,152	10,634	17,851	32,384	32,006	26,774	15,007
2007	13,461	11,579	10,186	8,970		14,922	22,321	19,456	11,565	
2008	11,954	10,252	8,876			13,594	19,133	12,535		
2009	13,810	11,244				12,397	15,736			
2010	11,237					10,475				

Source: CSO Business Demography

Business performance in Ireland

The performance of business in Ireland in 2010 was examined using a number of performance indicators. The structural business surveys¹ were used to compile the data.

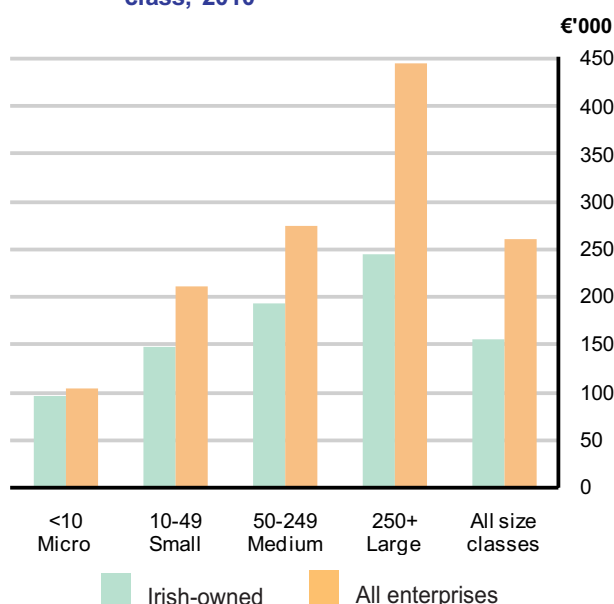
Labour productivity, personnel costs as a percentage of GVA and enterprise profitability were analysed. The contribution of the 50 largest enterprises, in terms of GVA, was also examined.

Business productivity in Ireland

Turnover per person engaged and GVA per person engaged are simple measures of labour productivity². These indicators for each of the employment size classes³ as well as for all enterprises combined are presented in Figure 5.1 and Figure 5.2.

In 2010, turnover per person engaged for all enterprises in Ireland was almost €261,000 while the equivalent figure for indigenous Irish-owned enterprises (ie excludes foreign multinationals) was over €155,000. When these indicators were examined by employment size class, there was a strong upward trend from the small enterprises to the medium and large enterprises. See Figure 5.1.

Figure 5.1 Turnover per person engaged by size class, 2010

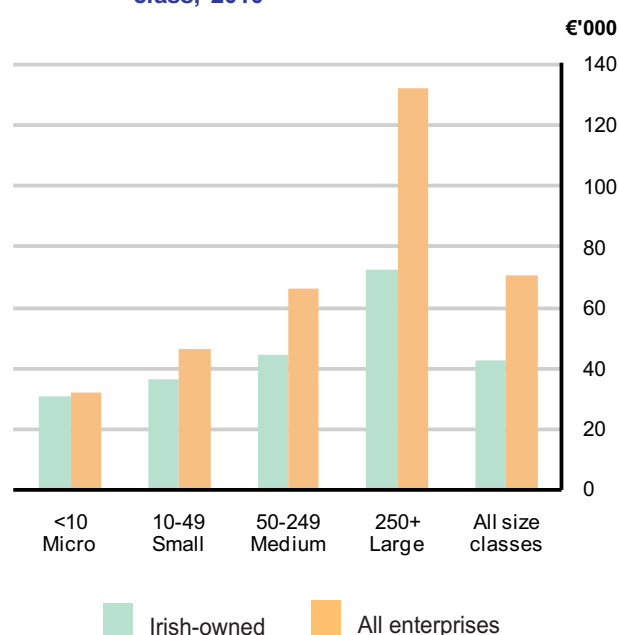


GVA per person engaged was almost €71,000 for all enterprises and over €42,000 for indigenous Irish-owned enterprises.

GVA per person engaged for all micro enterprises was just under €32,000 while for all large enterprises the figure was almost €133,000. When the foreign

multinationals were excluded, the productivity measure for the large enterprises fell substantially to €72,000. See Figure 5.2.

Figure 5.2 GVA per person engaged by size class, 2010



In 2010, each broad sector had a higher turnover per person engaged in large enterprises than small and medium enterprises (SMEs), with the exception of the Distribution sector. This trend was most evident in Industry where large enterprises had a turnover per person engaged of just under €832,000 whereas SMEs had a turnover per person engaged of nearly €344,000. Although the gap between the two size classes was less in the other broad sectors, there was still a sizeable difference for both Services and Construction.

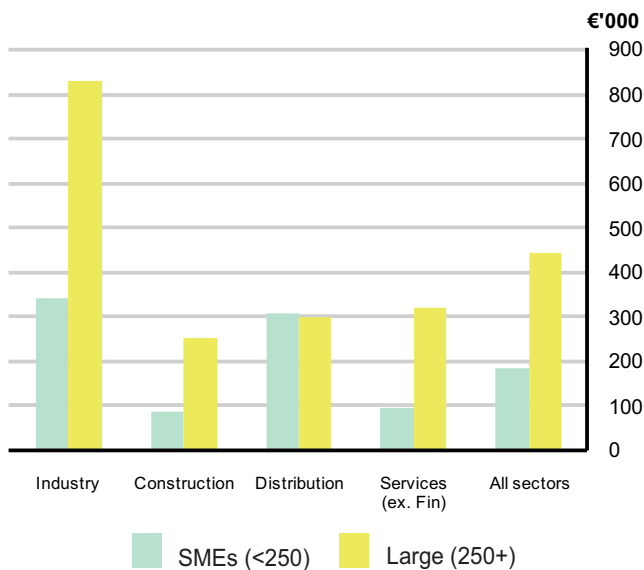
Turnover per person engaged across both size classes was most similar in the Distribution sector where SMEs reported a value of just under €311,000 while the corresponding figure for large enterprises was nearly €302,000. See Figure 5.3.

¹ The surveys used were Census of Industrial Production (CIP), Building and Construction Inquiry (BCI) and Annual Services Inquiry (ASI). Financial and Insurance activities were excluded from this analysis.

² These measures are not adjusted for full-time equivalents.

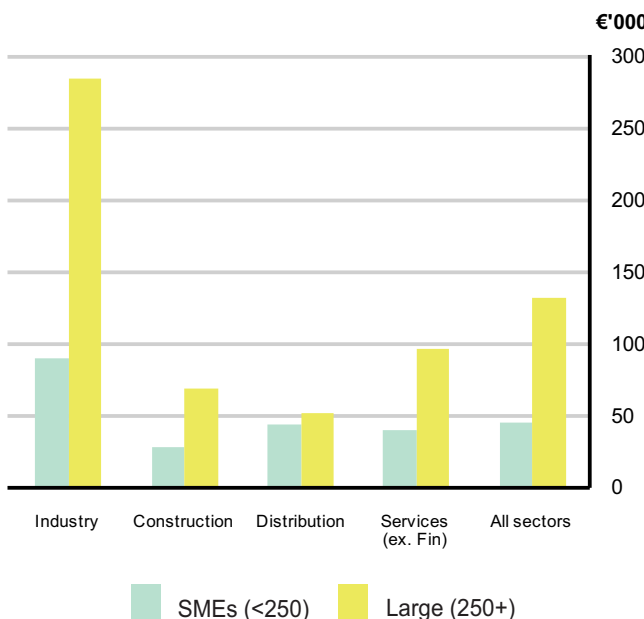
³ See Appendix 3 for size class definitions.

Figure 5.3 Turnover per person engaged by sector and size class, 2010



The results for GVA per person engaged were similar to the results for turnover per person engaged. Again, Industry had the largest gap between the two size classes, where large enterprises had a GVA per person engaged of nearly €284,000 while the figure for SMEs was just under €91,000. See Figure 5.4.

Figure 5.4 GVA per person engaged by sector and size class, 2010



Apportioning GVA between personnel costs and gross operating surplus

Personnel costs include wages and taxes as well as both employee and employer social security contributions. When combined with gross operating surplus, it is possible to calculate gross value added⁴. The proportion of GVA that is paid by enterprises in the form of personnel costs is presented here. It is worth noting that a high proportion can indicate either large payments of personnel costs or low gross operating surplus. In 2010, the Construction sector experienced

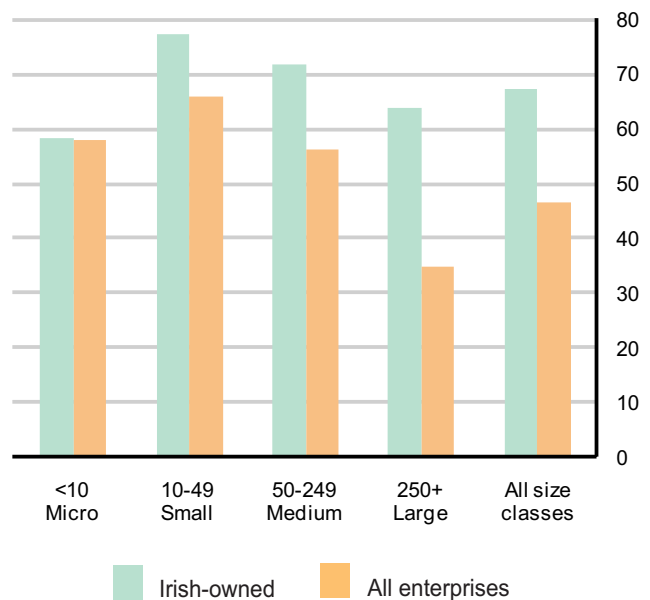
particularly low gross operating surplus due to the significant downturn in that sector.

In 2010, 46.5% of GVA was paid in personnel costs across all enterprises⁵. Indigenous Irish-owned enterprises (ie excludes foreign multinationals) paid 67.2% of GVA in personnel costs.

Small enterprises with between 10 and 49 persons engaged showed particularly high proportions of GVA paid in personnel costs. Within this category, all enterprises paid 65.8% in personnel costs while indigenous enterprises paid 77.2%.

Foreign multinationals had a significant effect on the shares reported by large enterprises. All large enterprises paid 34.7% of GVA in personnel costs while large indigenous enterprises paid 63.7%. See Figure 5.5.

Figure 5.5 Personnel costs as a percentage of GVA by size class, 2010



In each broad sector a lower proportion of GVA was paid in personnel costs in large enterprises compared to SMEs. Industry dominated this trend where the large enterprises paid just 22.1% of GVA in personnel costs whereas SMEs paid 44.7%. See Figure 5.6.

⁴ See Appendix 2 for variable definitions.

⁵ This percentage was marginally higher than the percentage quoted in Table 2.1 as Financial and Insurance activities was excluded from Figure 5.5.

Figure 5.6 Personnel costs as a percentage of GVA by sector and size class, 2010



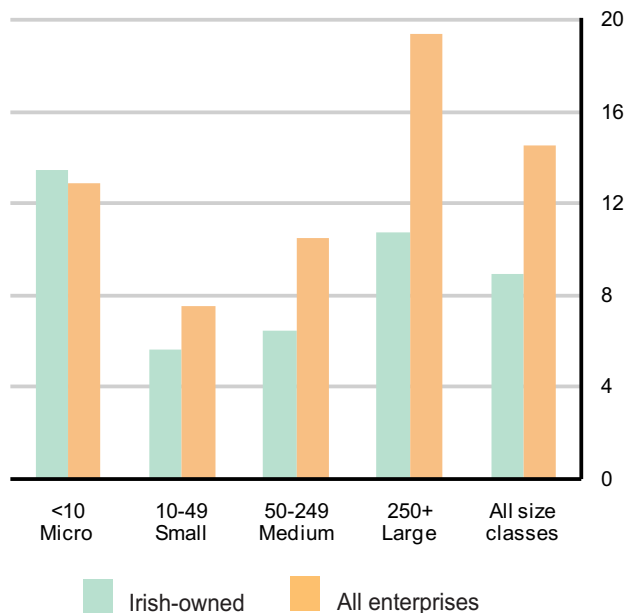
Business profitability in Ireland

Gross operating surplus is the balance available to the enterprise which allows it to provide a return to shareholders, to pay taxes and to finance all or part of its investment. Gross operating surplus as a percentage of turnover is a measure of profitability for an enterprise and is presented here for each of the detailed size classes.

For all enterprises in the business economy, 14.5% of turnover was reported as operating surplus. This figure was reduced significantly to 8.9% when the foreign multinationals were removed from the analysis.

All large enterprises reported profitability of 19.4% while large indigenous enterprises reported profitability of almost half that figure at 10.7%. See Figure 5.7.

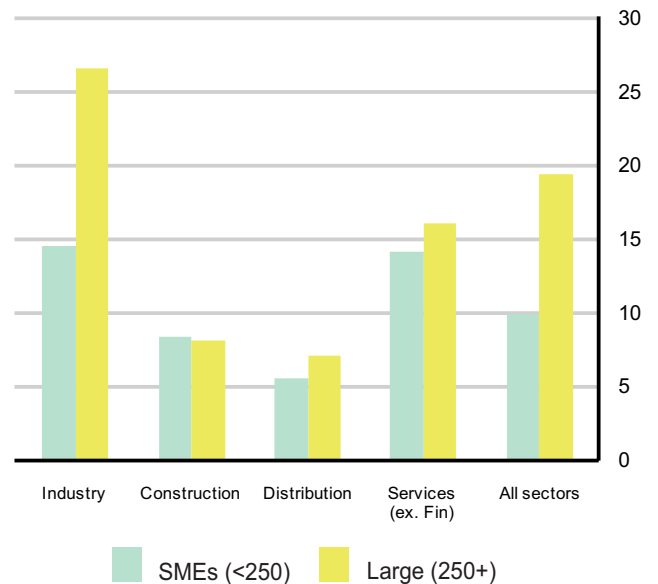
Figure 5.7 Gross operating surplus as a percentage of turnover by size class, 2010



In Industry, large enterprises reported profitability of 26.6% while SMEs reported a figure of 14.6%. In Construction, SMEs were marginally more profitable, showing a gross operating surplus of 8.4%, compared to 8.2% for large enterprises.

In Distribution, where the levels of profitability were lowest, SMEs recorded a profitability figure of 5.6% compared to 7.1% for large enterprises. See Figure 5.8.

Figure 5.8 Gross operating surplus as a percentage of turnover by sector and size class, 2010

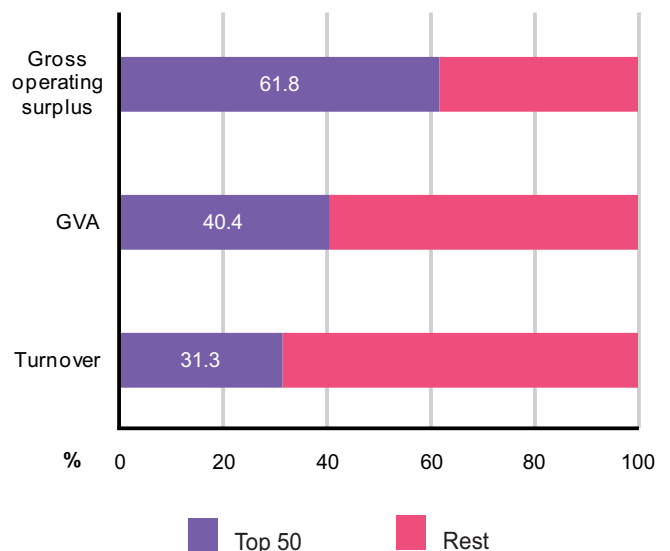


Contribution of 50 largest enterprises by GVA

The largest enterprises in this section were chosen based on the size of GVA generated.

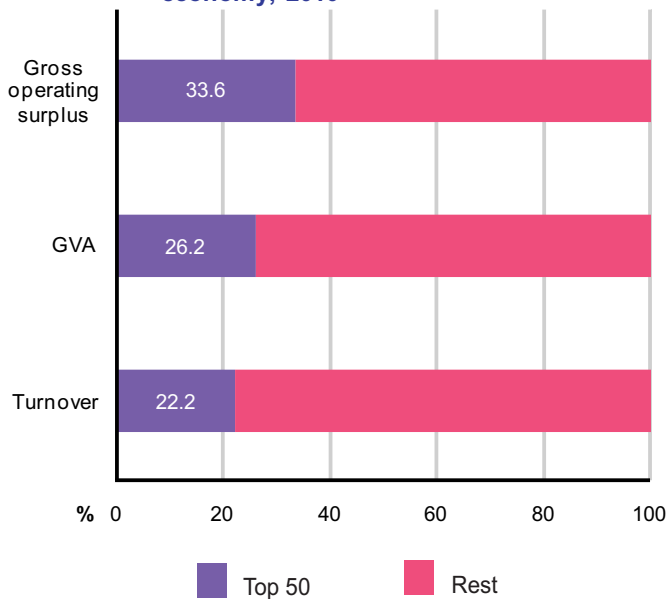
The 50 largest enterprises in all sectors accounted for 31.3% of total turnover, 40.4% of total GVA and 61.8% of total gross operating surplus. See Figure 5.9 and Table 5.1.

Figure 5.9 Contribution of 50 largest enterprises by GVA, total business economy, 2010



In contrast, the 50 largest enterprises by employment accounted for 22.2% of total turnover, 26.2% of total GVA and 33.6% of total gross operating surplus. See *Figure 5.10*.

Figure 5.10 Contribution of 50 largest enterprises by employment, total business economy, 2010



Industry stands out in terms of its reliance on a small number of high value added enterprises. The 50 largest enterprises in Industry by GVA accounted for the majority of all three main indicators with 61.8% of total turnover, 69.9% of total GVA and 83.9% of total gross operating surplus. See *Table 5.1*.

The 50 largest enterprises in Construction by GVA accounted for 28.0% of total turnover and 42.0% of total gross value added. These enterprises accounted for a particularly large proportion of total gross operating surplus at 103.8% due to significant losses incurred by other Construction enterprises in 2010. See *Table 5.1*.

Table 5.1 Contribution of 50 largest enterprises¹ by sector, 2010

					€m
	Industry	Construction	Distribution	Services ²	Total Business Economy ²
Business Economy					
Turnover	105,754	9,519	101,580	88,850	305,703
Gross value added	33,461	3,043	15,463	31,069	83,036
Gross operating surplus	24,018	797	6,075	13,541	44,431
					%
Contribution of Top 50 Enterprises					
Turnover	61.8	28.0	30.4	51.4	31.3
Gross value added	69.9	42.0	38.7	43.3	40.4
Gross operating surplus	83.9	103.8	63.0	64.6	61.8

Source: CSO structural business surveys

¹ Based on Gross Value Added, within sector.

² Excludes Financial and Insurance Services

Detailed Business Sectors

The broad business sectors that were presented in previous chapters have been broken into fifteen detailed sectors, based on the NACE Rev. 2 sectoral classification. See Appendix 3.

Business Demography

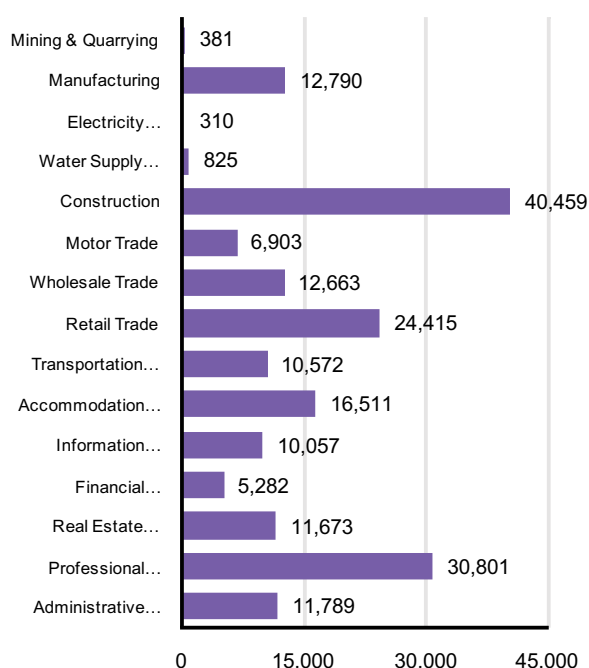
Number of active enterprises

There were over 195,000 active enterprises in 2010. Of the fifteen sectors, the largest sector was Construction with over 40,000 enterprises. This was followed by the Professional, Scientific and Technical sector with almost 31,000.

The sectors with the smallest number of active enterprises were Electricity, Gas, Steam and Air Conditioning Supply with 310 enterprises, Mining and Quarrying with 381 enterprises and Water supply, Sewerage, Waste Management and Remediation Activities with 825 enterprises.

The Distribution sector (Section G), which had just under 44,000 enterprises has been split into three sub sectors, namely Motor (G45), Wholesale (G46) and Retail (G47). The Retail Trade sector with over 24,000 enterprises was nearly double the size of the Wholesale Trade sector which had almost 13,000 enterprises, while the Motor Trade sector was the smallest part of this group with approximately 7,000 enterprises. See Figure 6.1.

Figure 6.1 Number of enterprises by detailed sector, 2010



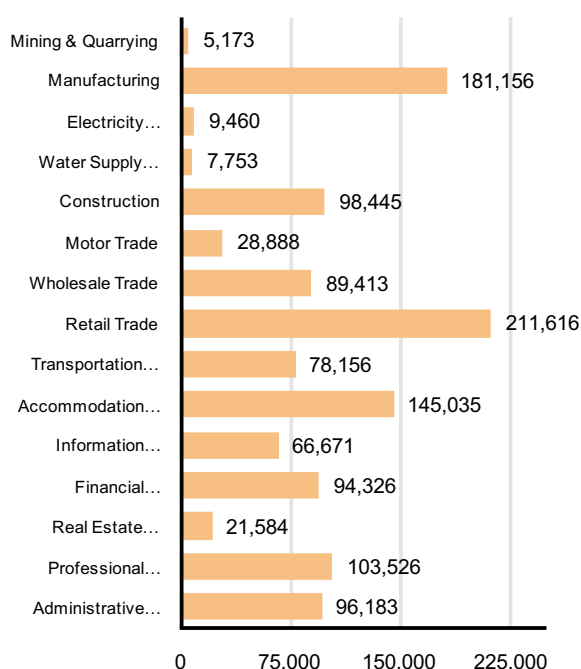
Source: CSO Business Demography

See Table 6.1 for full description of detailed sectors

Number of persons engaged

The total number of persons engaged across all business sectors was over 1.2 million. The largest employer was the Retail Trade sector with approximately 212,000 persons engaged. This was followed by Manufacturing with over 181,000 persons engaged, Accommodation and Food Service Activities with over 145,000 and Professional, Scientific and Technical Activities with nearly 104,000. See Figure 6.2

Figure 6.2 Number of persons engaged by detailed sector, 2010



Source: CSO Business Demography

See Table 6.1 for full description of detailed sectors

Business Operations

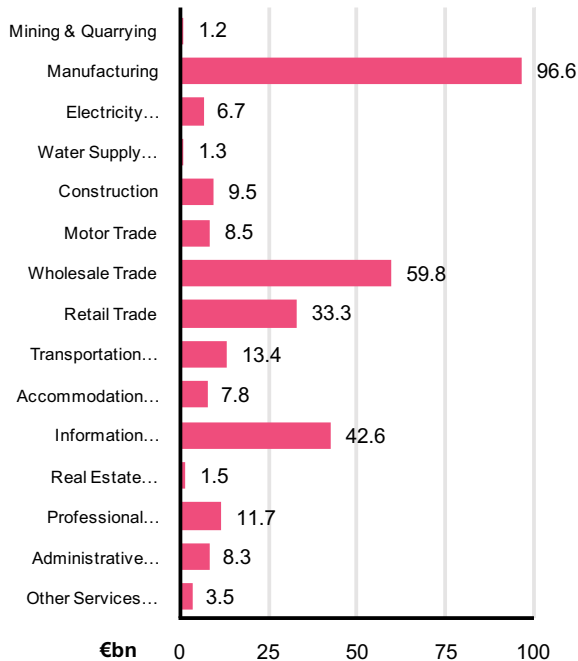
Structural business surveys are used to analyse the financial data for the detailed sectors. Turnover and GVA are presented in absolute terms. GVA per person engaged gives an indication of the productivity of the detailed sectors while the profitability of the sectors is also analysed using gross operating surplus as a percentage of turnover.

The Financial and Insurance sector is excluded from this section while the Other Services Activities sector (NACE Rev. 2 - R92, R93, S95 and S96) is included.

Turnover in the detailed sectors

The Manufacturing sector dominated turnover within the business economy with €96.6 billion in sales in 2010. This was followed by Wholesale Trade at €59.8 billion. The Information and Communication sector, which includes publishing activities (eg software publishing), broadcasting, telecommunications, computer programming and consultancy and information service activities had a turnover of €42.6 billion while the turnover for Retail Trade was €33.3 billion. See Figure 6.3

Figure 6.3 Turnover by detailed sector, 2010



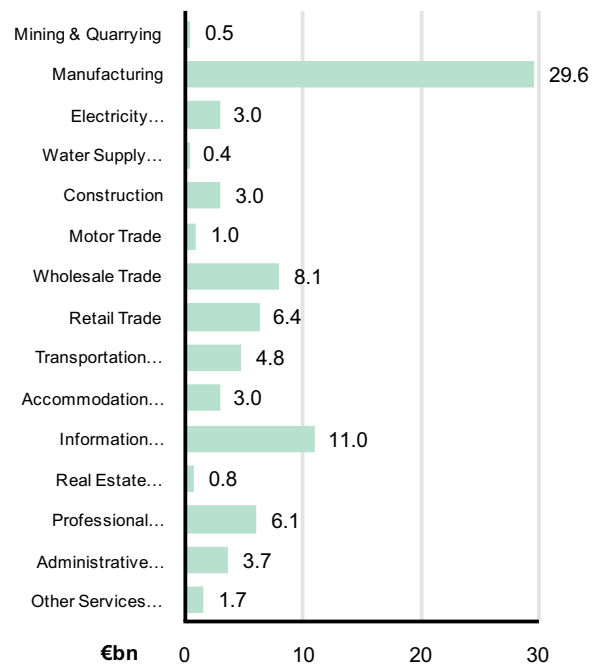
Source: CSO Business Demography

See Table 6.1 for full description of detailed sectors

GVA in the detailed sectors

Manufacturing again led the way in terms of GVA with €29.6 billion. This was followed by Information and Communication with just under €11.0 billion while Wholesale Trade recorded GVA worth €8.1 billion. The Retail trade and Professional, Scientific and Technical Activities sectors reported value added of €6.4 billion and €6.1 billion respectively. See Figure 6.4.

Figure 6.4 GVA by detailed sector, 2010



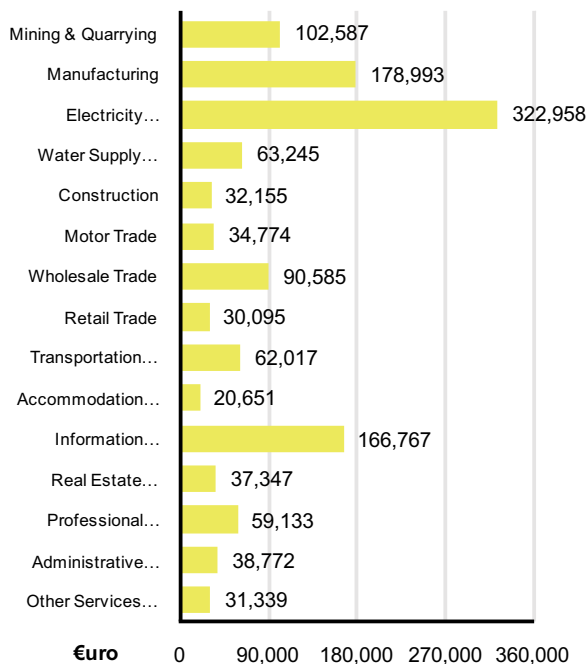
Source: CSO Business Demography

See Table 6.1 for full description of detailed sectors

Productivity in the detailed sectors

Electricity, Gas, Steam and Air Conditioning Supply generated the most value added per person engaged at €323,000. The next largest figure was recorded by Manufacturing at €179,000. The sectors that generated the least value added per person engaged were Accommodation and Food Service Activities at €21,000 and Retail Trade at €30,000. The Construction sector recorded GVA per person of €32,000 while the corresponding figure for Other Services Activities was €31,000. See Figure 6.5.

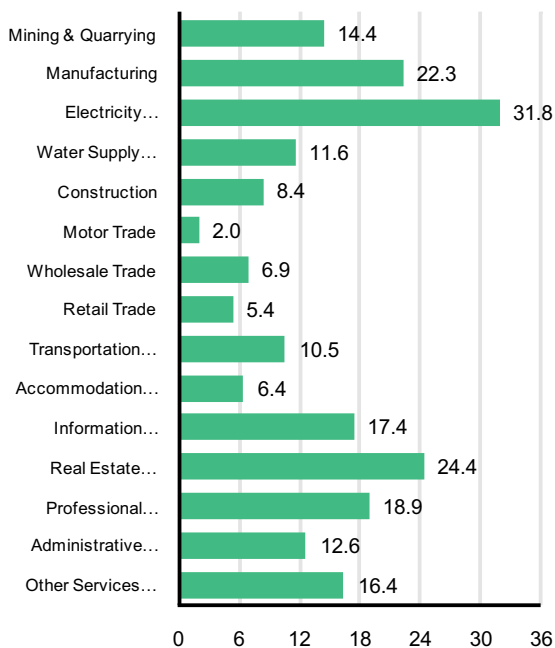
Figure 6.5 GVA per person engaged by detailed sector, 2010



Source: CSO Business Demography

See Table 6.1 for full description of detailed sectors

Figure 6.6 Gross operating surplus as a percentage of turnover by detailed sector, 2010



Source: CSO Business Demography

See Table 6.1 for full description of detailed sectors

Profitability in the detailed sectors

Gross operating surplus is the balance available to the enterprise which allows it to provide a return to shareholders, to pay taxes and to finance all or part of its investment. Gross operating surplus as a percentage of turnover is a measure of profitability.

The Electricity, Gas, Steam and Air Conditioning Supply sector was by far the most profitable reporting 31.8% of turnover as gross operating surplus. This was followed Real Estate Activities with 24.4% and Manufacturing with 22.3%.

The least profitable sector was Motor Trade which reported a gross operating surplus of 2.0% of turnover in 2010. Other sectors that reported low profitability were Wholesale Trade, Retail Trade and Accommodation and Food Service Activities who reported a gross operating surplus of between 5.0% and 7.0%. Construction showed a gross operating surplus of 8.4%. See Figure 6.6.

Table 6.1 NACE Rev. 2 detailed sector descriptions

B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G45	Wholesale and retail trade and repair of motor vehicles and motorcycles
G46	Wholesale trade, except of motor vehicles and motorcycles
G47	Retail trade, except of motor vehicles and motorcycles
H	Transportation and storage
I	Accommodation and food service activities
J	Information and communication
K excl. 642	Financial and insurance activities excluding financial holding companies
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
R92, R93, S95, S96	Other service activities

Multinationals: An Irish Perspective

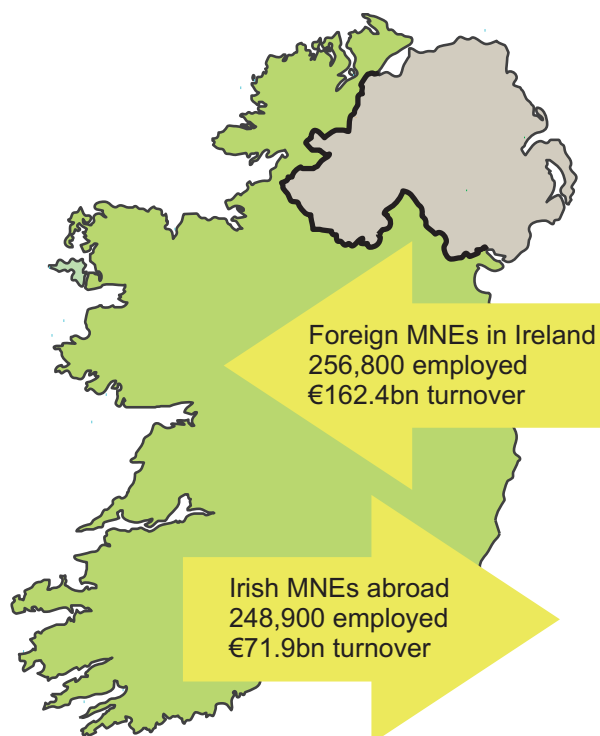
Multinationals (MNEs) play an important role in the economies of many developed and developing countries. Increasingly, multinationals create a physical presence in several countries around the world in order to maximise their global earnings.

This chapter presents statistics on the activities of the affiliates of Irish multinationals abroad and the contribution made by the affiliates of foreign multinationals in Ireland. This is the first year that statistics have been published on the foreign affiliates of Irish multinationals. A special article in this report called “Compiling Foreign Affiliate Statistics (FATS)” goes into more detail on the methodology behind the statistics in this chapter.

Key statistics

In 2010, Irish multinationals employed almost 249,000 persons in foreign affiliates. These affiliates generated turnover of €71.9 billion. By contrast, foreign multinationals employed almost 257,000 persons in affiliates in Ireland¹. These affiliates generated turnover of almost €162.4 billion. See *Figure 7.1* and *Tables 7.1* and *7.2*.

Figure 7.1 Irish multinationals abroad and foreign multinationals in Ireland, 2010

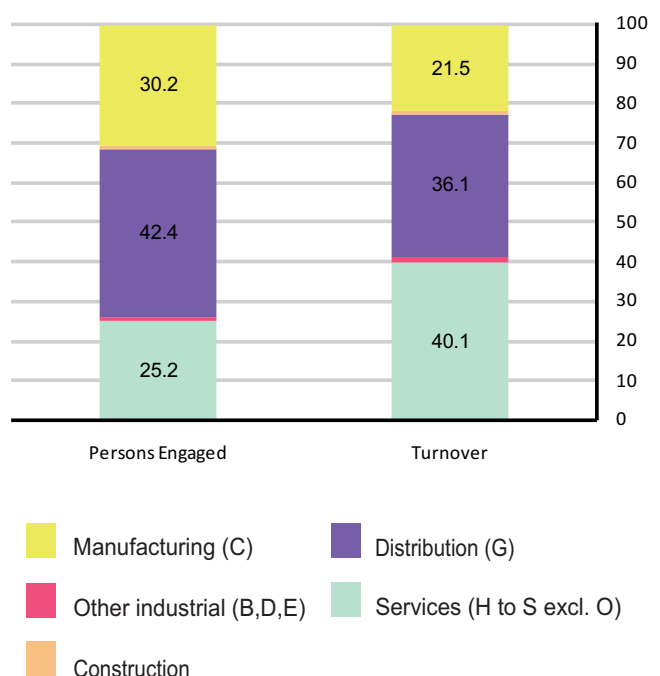


Irish multinationals abroad

In terms of employment, Distribution was the dominant sector for Irish affiliates abroad with 42.4% of total persons engaged. This was followed by Manufacturing with 30.2% and Services with 25.2%.

In terms of turnover, Services was the most important sector for Irish affiliates abroad accounting for 40.1%. This was followed by Distribution with 36.1% and Manufacturing with 21.5%. See *Figure 7.2* and *Table 7.1*.

Figure 7.2 Persons engaged in Irish-owned foreign affiliates by sector, 2010

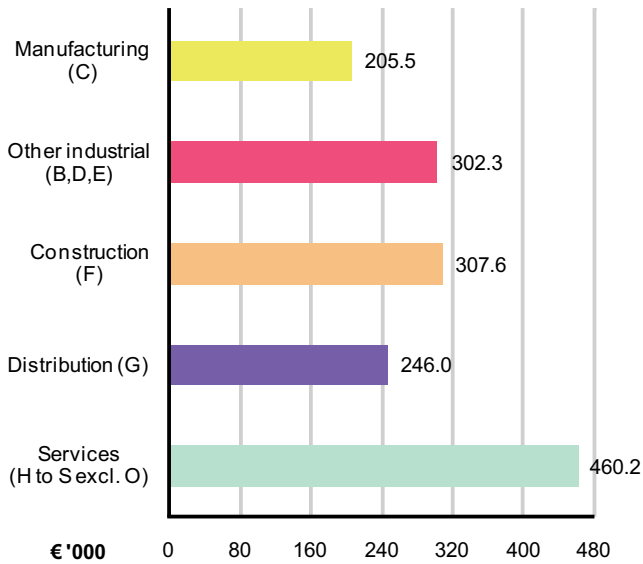


In Irish affiliates abroad, the Services sector recorded the highest turnover per person engaged at over €460,000 while Manufacturing recorded a figure of just over €205,000. This is in contrast to resident enterprises operating in Ireland where Manufacturing was one of the most productive sectors while Services was one of the least². See *Figure 7.3*.

¹ The numbers of persons engaged for foreign multinationals in Ireland are derived from the Structural Business Surveys while the persons engaged in the rest of this publication are taken from CSO Business Demography statistics i.e. administrative sources. The two sources will produce marginally different results.

² See Chapter 5

Figure 7.3 Turnover per person engaged in Irish-owned foreign affiliates by sector, 2010



It is also possible to analyse Irish affiliates abroad by destination country. As might be expected, the UK is the most important destination country with employment of almost 73,000 and turnover of €28.0 billion. This is followed by the US with employment of almost 55,000 and turnover of €13.8 billion. The UK and the US combined account for 51.4% of total employment and 58.0% of total turnover of Irish affiliates abroad. Other destination countries with high employment and turnover are Germany, Poland, Netherlands and France. See Figures 7.4 and 7.5.

Figure 7.4 Persons engaged in Irish-owned foreign affiliates by destination, 2010

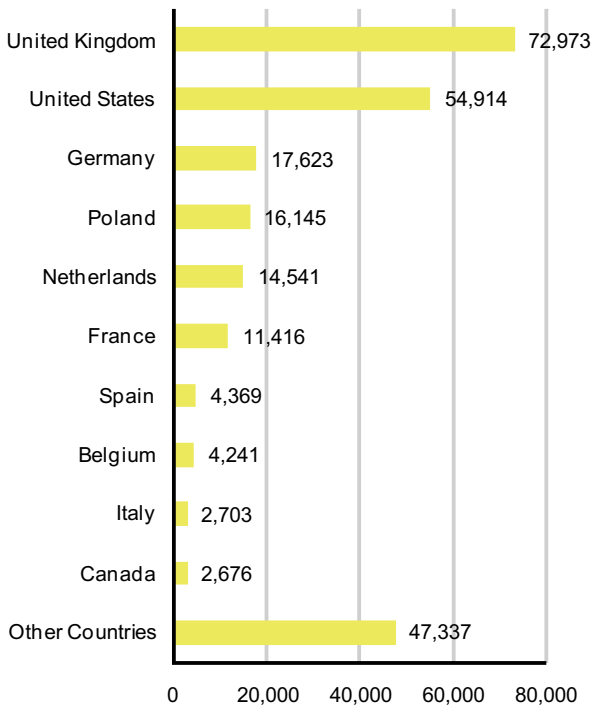
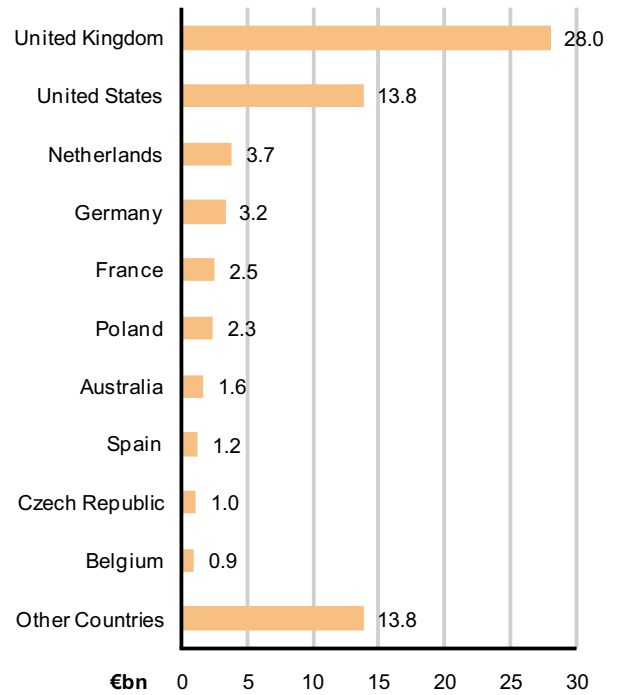


Figure 7.5 Turnover of Irish-owned foreign affiliates by destination, 2010



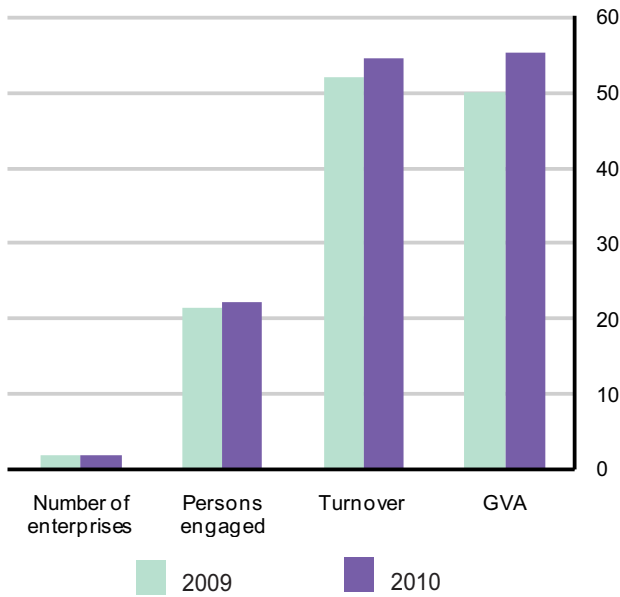
Foreign multinationals in Ireland – the story for 2010³

It is estimated from the Structural Business Surveys that over 3,100 or 1.9% of the 161,200 enterprises in selected sectors of the business economy in Ireland were foreign-owned in 2010.

Despite the small number of foreign-owned enterprises, they were very significant in terms of employment, turnover and GVA. They employed almost 257,000 or 22.3% of the 1,151,000 persons engaged in the selected sectors. They also generated almost €162.4 billion or 54.8% of the €296.5 billion in total turnover and over €44.0 billion or 55.6% of the €79.2 billion in total GVA. See Figure 7.6 and Table 7.2.

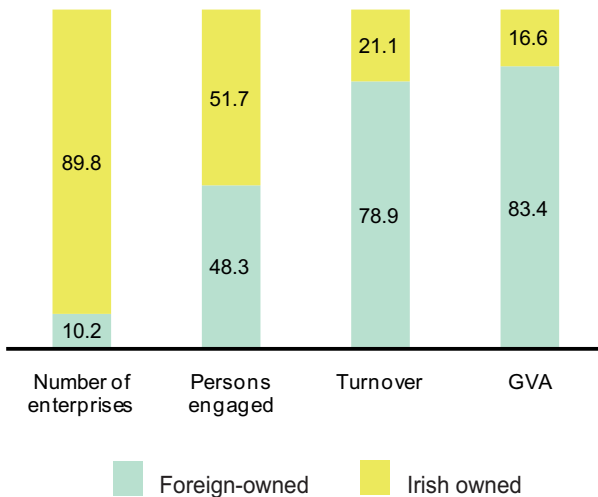
³ In this section, the data for the number of enterprises and persons engaged are derived from the Structural Business Surveys while in the rest of this publication these variables are taken from CSO Business Demography statistics i.e. administrative sources. The two sources will produce marginally different results.

Figure 7.6 Percentage contribution of foreign-owned enterprises to key variables, 2009 and 2010



Manufacturing, in particular, was dominated by foreign-owned enterprises in 2010 with 424 (10.2%) enterprises accounting for over 79,800 (48.3%) persons engaged and €24.7 billion (83.4%) in GVA. See Figure 7.7 and Table 7.2.

Figure 7.7 Percentage contribution of foreign-owned and Irish-owned enterprises to key variables in Manufacturing, 2010



Construction is not a sector that is overly characterised by foreign-owned enterprises. It was estimated that 0.2% of enterprises in Construction were foreign-owned in 2010, which accounted for 3.9% of persons engaged. Foreign-owned enterprises recorded negative GVA in Construction in 2010. See Figure 7.8 and Table 7.2.

Distribution and Services showed a similar profile in terms of the importance of foreign multinationals.

In Distribution, almost 1,200 (3.0%) foreign-owned enterprises accounted for almost 76,000 (22.9%) persons engaged and €6.9 billion (44.6%) GVA.

In Services, almost 1,500 (1.7%) foreign-owned enterprises accounted for nearly 98,000 (17.4%) persons engaged and €12.4 billion (40.0%) GVA. See Figures 7.8, 7.9 and Table 7.2.

Figure 7.8 Percentage contribution of foreign-owned and Irish-owned enterprises to key variables in Distribution, 2010

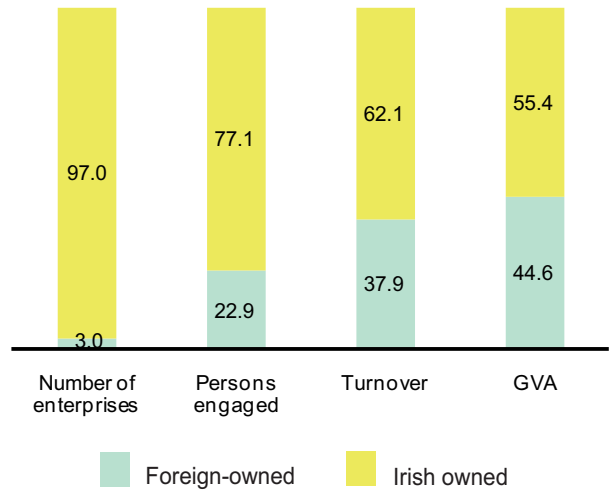
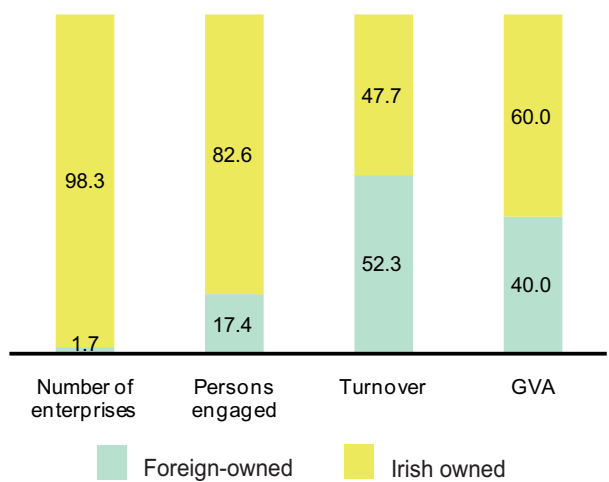


Figure 7.9 Percentage contribution of foreign-owned and Irish-owned enterprises to key variables in Services, 2010



Intra-EU versus Extra-EU

Further detail in relation to turnover and GVA for foreign-owned enterprises by intra-EU (owned by entities inside the EU) and extra-EU (owned by entities outside the EU) are presented here.

Of the €76.2 billion in turnover accounted for by foreign-owned enterprises in Manufacturing, €66.7 billion or 87.6% was generated from enterprises that were owned by entities outside the EU. The equivalent values for Distribution and Services were 60.7% and 80.9% respectively. See *Table 7.2*.

Of the €24.7 billion in GVA accounted for by foreign-owned enterprises in Manufacturing, €22.1 billion or 89.7% was generated from enterprises that were owned by entities outside the EU. The corresponding figures for Distribution and Services were 53.7% and 73.0% respectively.

Irish-owned enterprises (operating in Ireland) were more dependent on the Distribution and Services sectors compared to foreign-owned enterprises. Of the €134.2 billion in total turnover generated by Irish-owned enterprises, €105.5 billion or 78.6% was generated by Distribution and Services. The equivalent percentage for the foreign-owned enterprises was 52.3%. See *Table 7.2*.

Table 7.1 Outward foreign affiliate statistics, persons engaged and turnover, 2010

	Manufacturing	Other industrial	Construction	Distribution	Services (excl. Fin)	All sectors
Number of Persons Engaged						
Total Irish owned foreign affiliates	75,257	3,205	2,266	105,491	62,717	248,938
Intra-EU	(c)	(c)	2,168	(c)	43,022	156,636
Extra-EU	(c)	(c)	98	(c)	19,695	92,302
Turnover (€millions)						
Total Irish owned foreign affiliates	15,465	969	697	25,947	28,864	71,941
Intra-EU	(c)	(c)	666	(c)	20,819	47,691
Extra-EU	(c)	(c)	31	(c)	8,045	24,250

Source: CSO Outward Foreign Affiliates Survey

Table 7.2 Inward foreign affiliates statistics, number of enterprises, persons engaged, turnover and gross value added, 2010

	Manufacturing	Construction	Distribution	Services (ex. Fin)	All sectors
Number of enterprises¹					
Irish-owned	3,737	32,239	37,161	84,967	158,104
Foreign-owned					
Intra-EU	194	n/a	805	895	
Extra-EU	230	n/a	350	581	
Total foreign	424	54	1,155	1,476	3,109
Total	4,161	32,293	38,316	86,443	161,213
Number of Persons Engaged¹					
Irish-owned	85,599	90,992	254,093	463,809	894,493
Foreign-owned					
Intra-EU	20,738	n/a	56,366	50,852	
Extra-EU	59,093	n/a	19,177	46,894	
Total foreign	79,831	3,644	75,543	97,746	256,764
Total	165,430	94,636	329,636	561,555	1,151,257
Turnover (€millions)					
Irish-owned	20,400	8,250	63,097	42,416	134,163
Foreign-owned					
Intra-EU	9,483	n/a	15,123	8,847	
Extra-EU	66,689	n/a	23,360	37,587	
Total foreign	76,172	1,269	38,483	46,434	162,358
Total	96,572	9,519	101,580	88,850	296,521
Gross Value Added (€millions)					
Irish-owned	4,907	3,054	8,567	18,651	35,179
Foreign-owned					
Intra-EU	2,556	n/a	3,196	3,356	
Extra-EU	22,148	n/a	3,700	9,061	
Total foreign	24,704	-11	6,896	12,417	44,006
Total	29,611	3,043	15,463	31,068	79,185

Source: CSO structural business surveys

¹ The number of enterprises and persons engaged published in this table are derived from the Structural Business Surveys while the number of enterprises and persons engaged in the rest of this publication are taken from CSO Business Demography statistics ie administrative sources.

The Financial and Insurance Activities sector, NACE Section K, has traditionally been excluded from the Structural Business Statistics arising from difficulties in generating definitions for production value, gross value added and gross operating surplus. However, these definitions have been developed over the last number of years at European level.

The objective behind producing Structural Business Statistics for the Financial sector is to complete the coverage of the business economy in Ireland and to allow meaningful comparisons with other business sectors such as Industry and Services.

The Financial sector is described by NACE Section K. It includes:

- ◆ K64 – Financial Service Activities except Insurance and Pension Funding.
- ◆ K65 – Insurance, Reinsurance and Pension Funding.
- ◆ K66 – Activities Auxiliary to Financial Services and Insurance Activity.

K64 is dominated by credit institutions which in Ireland are banks and credit unions. However, it also includes activities of holding companies, investment funds and other financial service activities.

K65 includes life insurance companies, non-life insurance companies and reinsurance companies as well as pension funds.

K66 is the most diverse category and includes all financial auxiliaries including brokerage firms, insurance agents and fund management activities.

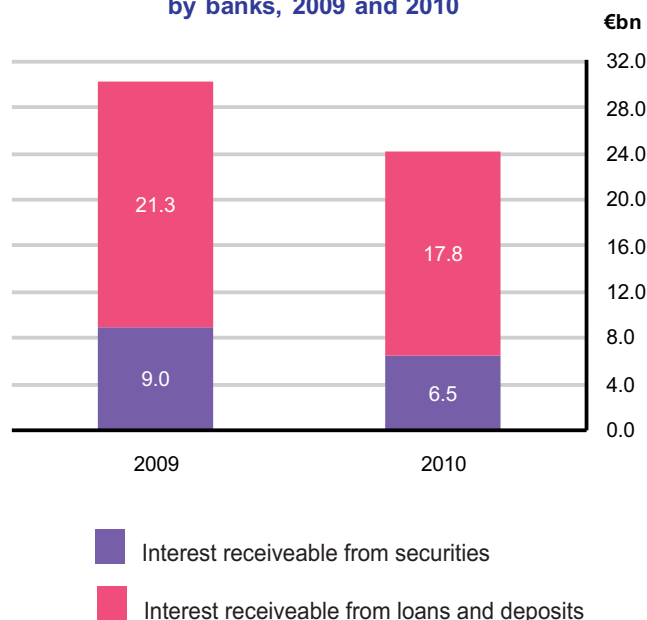
The Business Operations data presented for the Financial sector in Chapter 2 of this report covers banks, life insurance, non-life insurance and reinsurance. The detailed calculations of the main indicators for these enterprises are presented here. The calculations are based on an accounting framework where the income and expenses for the reference year 2010 are analysed in detail. See Tables 8.1 and 8.2.

Banks

In 2010, interest receivable for all resident banks in Ireland¹ was €24.3 billion, a reduction of €6 billion from 2009. The 2010 figure comprised of €17.8 billion in interest from loans and deposits and €6.5 billion in interest from securities held as assets. See Figure 8.1 and Table 8.1.

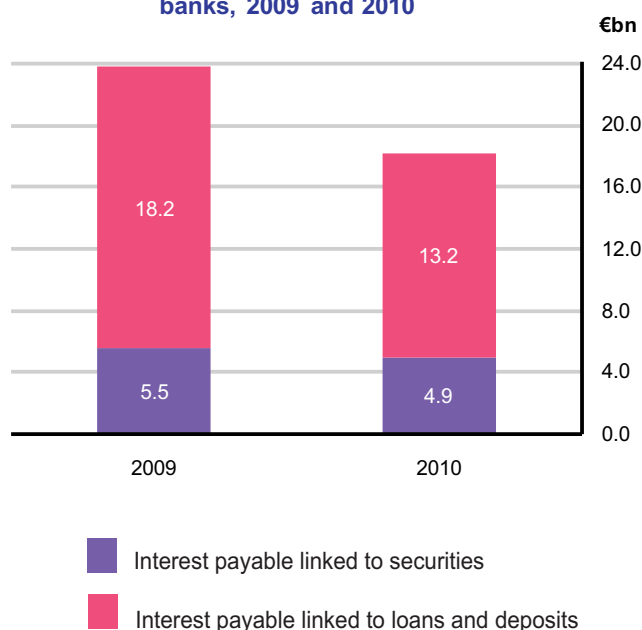
When commissions and other operating income are included, total income for banks in 2010 was €29.2 billion. Total income in 2009 was €34.5 billion.

Figure 8.1 Breakdown of interest receivable by banks, 2009 and 2010



Interest payable in 2010 from resident banks was €18.1 billion which comprised €13.2 billion in interest paid for loans and deposits and €4.9 billion in interest paid to holders of issued securities. Interest payable in 2009 was €23.7 billion. See Figure 8.2 and Table 8.1.

Figure 8.2 Breakdown of interest payable by banks, 2009 and 2010



¹ In 2010, there were 77 resident banks in Ireland (44 licensed banks and 33 branches of foreign banks).

Production value for banks was €11.1 billion which was calculated by subtracting interest payable from total income. This represented a small increase of €271 million from 2009. See Table 8.1.

Gross value added (GVA) for banks was €7.1 billion, a reduction of €219 million from 2009. GVA was calculated by subtracting non-labour operating expenses from production value.

Gross operating surplus was €4.5 billion in 2010 falling from almost €5.0 billion in 2009. Gross operating surplus was calculated by subtracting personnel costs from gross value added. This was the amount of money that was earned by banks through their normal operations which was used to fund the operation of the business, meet tax obligations, pay out dividends, or to meet the cost of write-downs on the value of loans advanced to customers.

Please note that a definition of turnover does not exist for banks at European level, therefore for the purposes of this report, turnover is equal to production value. Also, the concept of Financial Intermediation Services Indirectly Measured (FISIM)² is not used in Structural Business Statistics.

Table 8.1 Production account

	€m	€m
	2009	2010
All interest receivable	30,270	24,281
Interest receivable from securities	8,960	6,487
Interest receivable from loans and deposits	21,310	17,796
Commissions receivable	1,683	1,911
Other operating income	2,555	2,996
All Income	34,508	29,188
All interest payable and similar charges	23,729	18,139
Interest payable linked to securities	5,498	4,925
Interest payable linked to loans and deposits	18,232	13,214
Production value¹ excluding value adjustments and profits from affiliates	10,779	11,050
Interest Margin ²	6,541	6,143
Commissions payable	914	1,067
Other administrative expenses (other than labour costs)	486	822
Other operating charges	2,063	2,062
Gross value added at factor cost³	7,316	7,097
Personnel costs	2,354	2,617
Gross operating surplus at factor cost⁴	4,963	4,481

¹ All income less all interest payable and similar charges.

² All interest received less all interest payable and similar charges.

³ Production value less commissions payable, other administrative expenses (other than labour costs) and other operating expenses.

⁴ Gross value added less personnel costs.

Source: CSO/Central Bank survey of credit institutions.

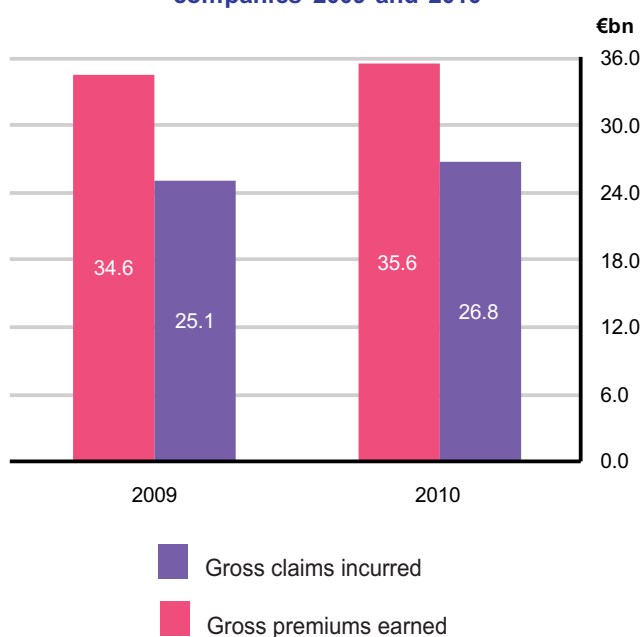
Insurance

Gross premiums earned, which is defined as turnover in Structural Business Statistics, amounted to €35.6 billion in 2010 for all insurance companies in Ireland³. This is a rise of €1.1 billion on the 2009 figure. See Figure 8.3 and Table 8.2.

Besides gross premiums, other sources of income for insurance companies in 2010 included portfolio investment income of €4.0 billion and income from the provision of other services of €1.9 billion.

Gross claims incurred by insurance companies in 2010 were €26.8 billion, an increase of €1.7 billion from 2009. See Figure 8.3 and Table 8.2.

Figure 8.3 Gross premiums earned and gross claims incurred by insurance companies 2009 and 2010



The change in capital gains plus the change in life insurance provisions amounted to €-2.8 billion. This comprised positive capital gains of €7.7 billion and negative changes to life insurance provisions of €-10.5 billion. Note that an increase in the technical provisions on the balance sheet of an insurance company leads to an expense being recorded on the profit and loss account. This is what occurred with the negative changes in life insurance provisions.

Production value amounted to €11.9 billion for all insurance companies in 2010. Production value for insurance companies is defined as gross premiums earned (or turnover), plus total portfolio investment income, plus other services produced, plus capital gains and provisions, minus gross claims incurred.

² In the System of National Accounts, FISIM is used to estimate the value of the services provided by financial intermediaries such as banks.

³ In 2010, there were 64 life companies, 145 non-life companies, and 127 reinsurance companies.

Gross value added for insurance companies was €3.8 billion which was calculated by subtracting non-labour operating expenses from production value. These expenses included the gross value of reinsurance services received (outward reinsurance minus inward reinsurance) of €1.4 billion and other intermediate consumption (eg commissions, brokerage, fronting fees etc) of €6.7 billion.

Gross operating surplus for insurance companies was €3.1 billion in 2010 which was calculated by subtracting personnel costs from gross value added. This is an increase of €181 million on the 2009 figure.

Table 8.2 Production account and generation of income for all insurance companies, 2010

	€m	€m
	2009	2010
Gross premiums earned	34,592	35,642
Portfolio investment income	4,182	3,950
Investment income - Technical a/c	3,293	3,378
Investment income - Non-Technical a/c	887	570
Other services produced	1,736	1,902
Fees receiveable (commissions etc)	879	1,110
Other income - Technical a/c	859	792
Gross claims incurred	25,104	26,785
Gross claims payments	25,417	26,998
Gross change in the provision for outstanding claims	-314	-213
Capital gains and provisions	-3,644	-2,846
Capital gains/losses realised and unrealised	10,066	7,686
Gross change in life insurance provision	-13,709	-10,532
Production value¹	11,762	11,861
Gross value of reinsurance services received	1,620	1,411
Other intermediate consumption	6,530	6,652
Gross value added at factor cost²	3,612	3,798
Personnel Costs	710	713
Gross operating surplus³	2,903	3,084

¹ Includes gross premium earned, portfolio investment income, other services produced, capital gains and provisions less gross claims incurred.

² Production value less gross value of reinsurance services received and other intermediate consumption.

³ Gross value added at factor cost less personnel costs.

Source: CSO Balance of Payments surveys of insurance corporations.

Summary

By amalgamating the data on banks and insurance, it is possible to produce key indicators which can then be used to compare the Financial sector with the other business sectors in the economy. See Table 8.3.

Table 8.3 Summary of main indicators for banks and insurance, 2010

	€m		
	Banks	Insurance	Total
Turnover	11,050	35,642	46,692
Production value	11,050	11,861	22,911
Gross value added	7,097	3,798	10,895
<i>of which</i>			
Gross operating surplus	4,481	3,084	7,565
Personnel costs	2,617	713	3,330

Source: CSO/Central Bank survey of credit institutions and CSO Balance of Payments surveys of insurance corporations.

Some international comparisons of the key characteristics of the business economy are presented here. These comparisons are possible as Structural Business Statistics are collected across most of the 27 countries of the European Union (EU27). The reference year used is 2009, as data for 2010 is incomplete for some large countries. All data is available on the Eurostat website¹.

Business Demography

Business Demography data are used to compile international comparisons for the number of active enterprises and the number of persons engaged in the broad sectors. Please note that for the purposes of this chapter Services is defined as NACE Sectors H, I, J, L, M and N.

Active Enterprises

Industry accounted for 7.2% of the total number of active enterprises in Ireland in 2009. Only Luxembourg and the Netherlands had a smaller percentage of enterprises engaged in Industry at 3.7% and 6.9% respectively, while the Czech Republic recorded the largest percentage at 17.2%. See Figure 9.1 and Table 9.1.

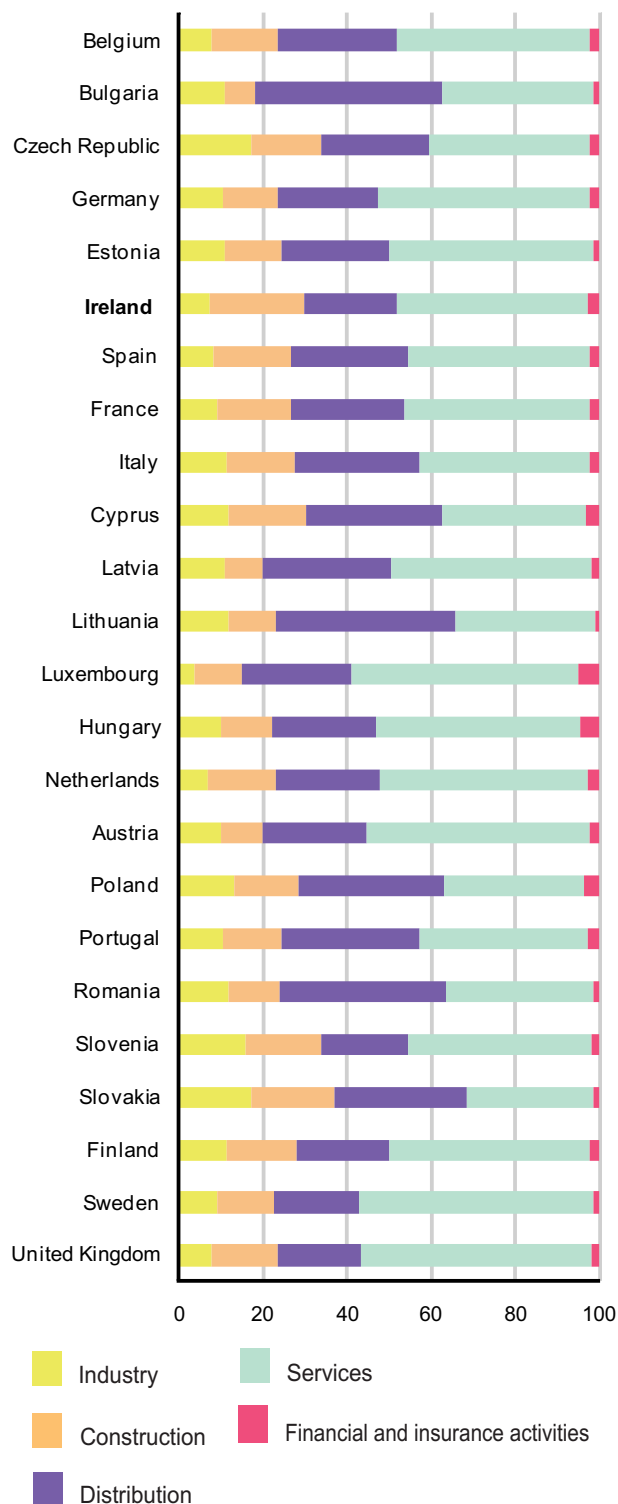
Construction accounted for 22.6% of active enterprises in Ireland which was the largest percentage across the EU27 countries. This was due to Construction in Ireland being characterised by many small enterprises.

Distribution in Ireland accounted for 22.2% of active enterprises, with only Slovenia, Finland, Sweden and the United Kingdom recording a lower percentage.

There were approximately twice as many Services enterprises in Ireland at 45.6% compared to Distribution enterprises. This was the case in many of the EU27 countries, most notably in the United Kingdom, Germany and Sweden.

Financial and Insurance Activities accounted for 2.5% of active enterprises in Ireland. Within the EU27 less than 5% of enterprises were involved in this sector.

Figure 9.1 Percentage share of active enterprises by sector, 2009

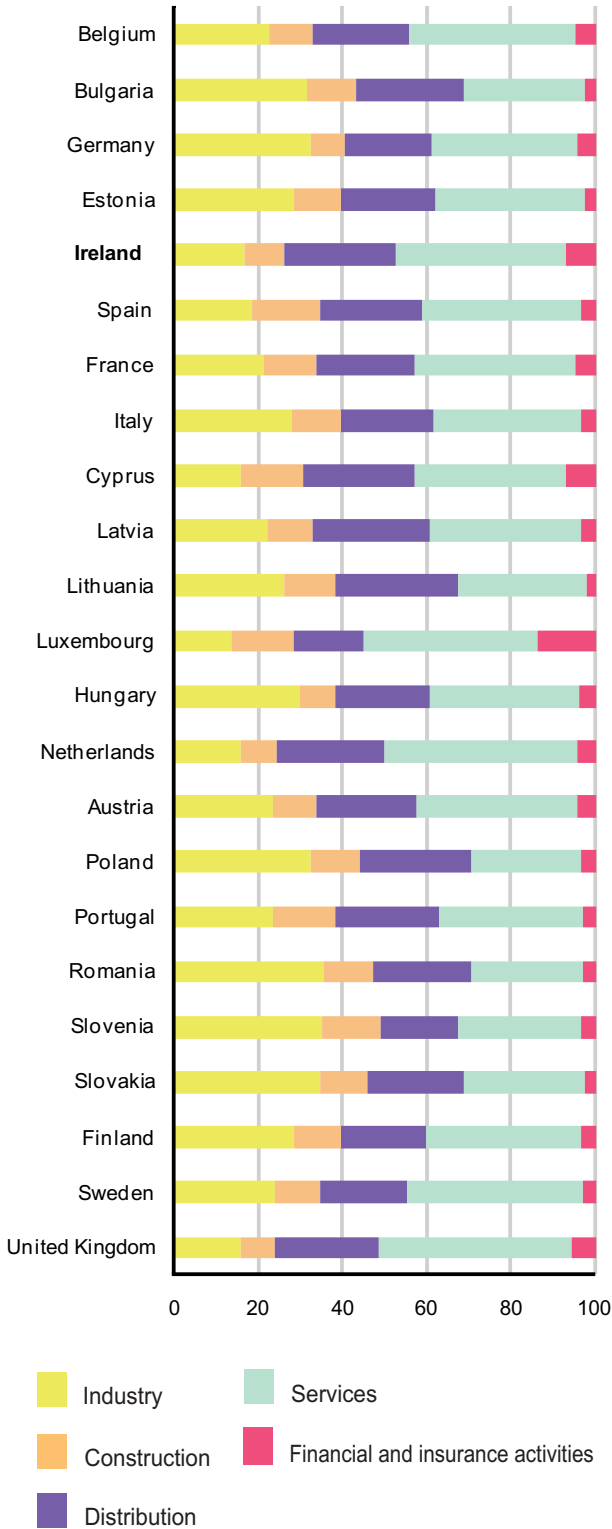


¹ <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

Number of Persons Engaged

Industry accounted for 16.6% of the total number of persons engaged in Ireland which was about half the percentage recorded for Germany. Only four countries, including the United Kingdom at 15.5%, had a lower percentage. See Figure 9.2 and Table 9.2.

Figure 9.2 Percentage share of persons employed by sector, 2009



accounted for 26.1%. These proportions were consistent with many of the other EU27 countries.

Services accounted for 40.5% of the total number of persons engaged in Ireland. Germany, France and Italy recorded marginally lower percentages, while the United Kingdom recorded the largest percentage at 45.9%.

Financial and Insurance Activities accounted for 7.2% of the total number of persons engaged in Ireland. This was the second largest percentage across the EU27 but was about half the percentage recorded in Luxembourg at 13.9%.

Business Operations

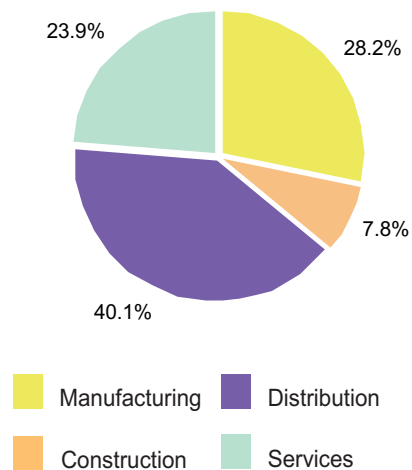
The structural business surveys are used to compile international comparisons for turnover, gross value added (GVA), productivity and profitability. See Tables 9.3 to 9.5.

The sectoral breakdown is somewhat different in these tables compared to the Business Demography data presented in Tables 8.1 and 8.2. Industry has been replaced by Manufacturing for confidentiality reasons and it is not possible to include the Financial and Insurance Activities sector.

Turnover

Total turnover in the EU27 in 2009 was €20,561 billion with Manufacturing accounting for 28.2% of this. See Figure 9.3 and Table 9.3.

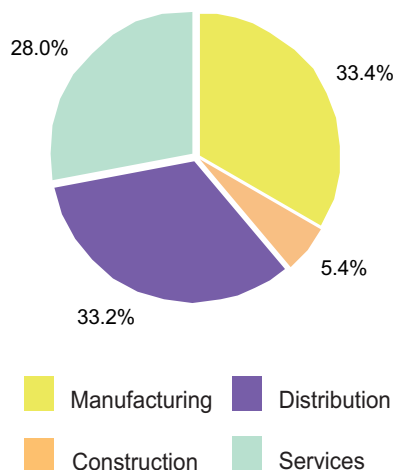
Figure 9.3 EU27 share of turnover by sector, 2009



Construction accounted for 9.6% of the total number of persons engaged in Ireland, while Distribution

In Ireland Manufacturing accounted for 33.4% of total turnover. Germany recorded a percentage of 36.7% for Manufacturing, while the United Kingdom recorded a figure of 17.8%. See Figure 9.4 and Table 9.3.

Figure 9.4 Ireland share of turnover by sector, 2009



Construction accounted for 5.4% of turnover in Ireland which was lower than the EU27 average of 7.8%. Germany recorded the lowest percentage at 4.0%.

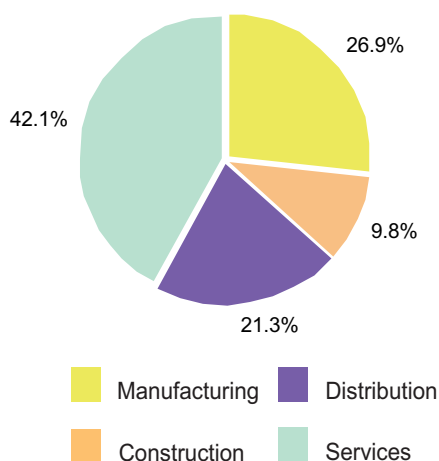
Distribution accounted for 33.2% of turnover in Ireland which was less than the EU27 average of 40.1%. Only Slovakia had a lower percentage at 32.9%.

Services accounted for 28.0% of turnover in Ireland which was one of the largest percentages recorded in the EU27. Only Denmark, Sweden and the United Kingdom had higher percentages.

Gross value added (GVA)

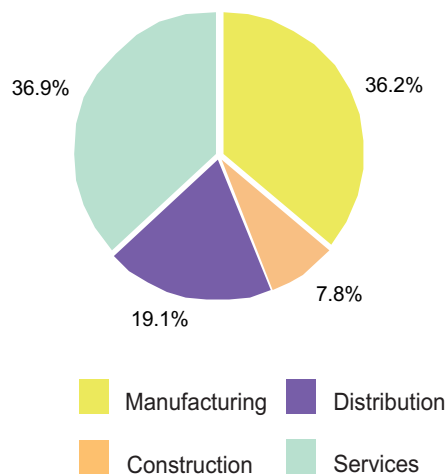
Total GVA in the EU in 2009 was €5,212 billion with Manufacturing accounting for 26.9% of this figure. See Figure 9.5 and Table 9.4.

Figure 9.5 EU27 share of GVA by sector, 2009



In Ireland Manufacturing accounted for 36.2% of total GVA. Germany recorded a percentage of 33.1% for Manufacturing, while France reported a figure of 23.2%. See Figure 9.6 and Table 9.4.

Figure 9.6 Ireland share of GVA by sector, 2009



Construction accounted for 7.8% of GVA in Ireland which was lower than the EU27 average of 9.8%. Germany recorded the lowest percentage at 5.3%.

Distribution accounted for 19.1% of GVA in Ireland which was slightly less than the EU27 average of 21.3%. The Czech Republic recorded the lowest percentage at 16.5%.

Services accounted for 36.9% of GVA in Ireland while the highest percentage of 51.8% was recorded in the United Kingdom.

Comparing productivity across countries

Across all sectors, Ireland recorded the highest figure in the EU27 for GVA per person engaged at €69,300. When foreign owned enterprises were excluded from the Irish data, GVA per person engaged fell to €43,500. See Figure 9.7 and Table 9.5.

Figure 9.7 EU27 gross value added per person engaged all sectors, 2009



Source: Eurostat - structural business surveys

In Manufacturing GVA per person engaged for the EU27 was €45,200, while the figure recorded in Ireland was over three times that amount at €162,600. Belgium was next with a GVA per person engaged of €80,400.

In Construction GVA per person engaged in Ireland was €65,900 which was the highest figure recorded in the EU27.

In Distribution Ireland recorded a figure of €44,200 for GVA per person engaged. Belgium recorded the highest figure in the EU27 with a figure of €65,400.

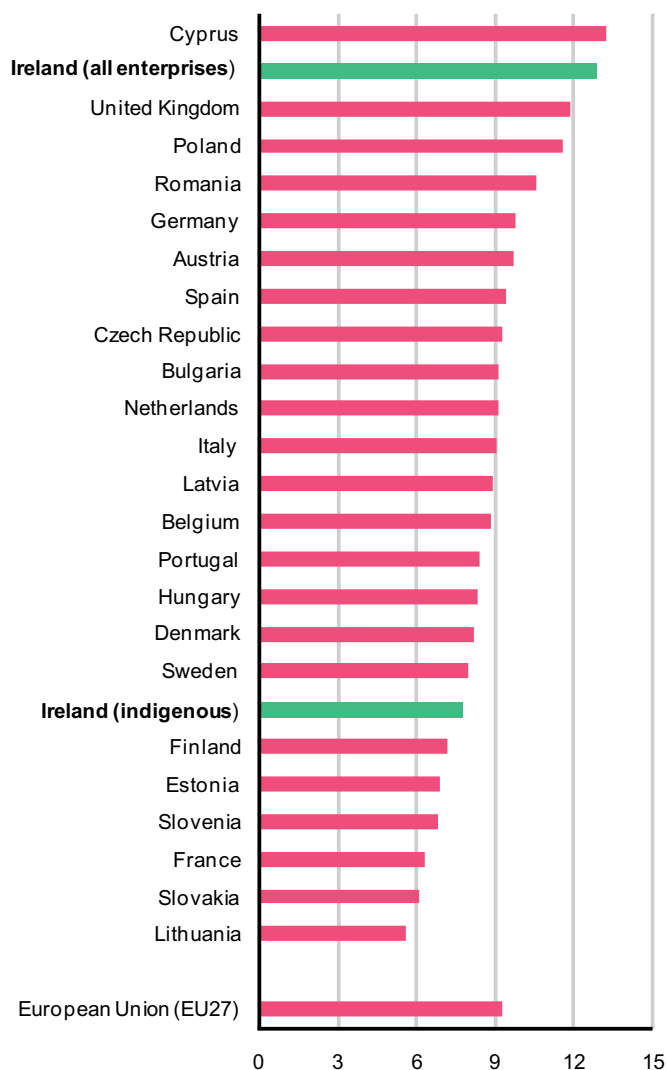
In Services Ireland recorded the third highest figure for GVA per person engaged at €55,200, with Denmark and Belgium recording figures of €69,300 and €60,900 respectively. See Table 9.5.

Comparing profitability across countries

Across all sectors, Ireland recorded gross operating surplus as a percentage of turnover of 12.9%, which was higher than the EU average of 9.2%. Only Cyprus recorded higher profitability than Ireland. When foreign

owned enterprises were excluded from data recorded for Ireland, the figure fell below the EU average to 7.7%. See Figure 9.8 and Table 9.6.

Figure 9.8 EU27 gross operating surplus as a percentage of turnover, all sectors, 2009



Source: Eurostat - structural business surveys

In Manufacturing Ireland was the most profitable country to do business in the EU27, with a gross operating surplus as a percentage of turnover of 19.8%. The next most profitable country was Poland at 12.5%.

In Construction Ireland recorded a gross operating surplus as a percentage of turnover of 15.4%. The EU average was 10.6%.

In the Distribution sector Ireland recorded a gross operating surplus as a percentage of turnover of 4.9%. This was consistent with the EU average of 5.2%.

In Services Ireland recorded a profitability rate of 13.5%, which was less than the EU average of 18.2%. Germany recorded the highest profitability rate in Services at 23.1%. See Table 9.6.

Table 9.1 Share of active enterprises across broad sectors in selected EU countries, 2009

	Total active enterprises	Industry	Construction	Distribution	Services	Financial & Insurance	All sectors
	000's	%	%	%	%	%	%
European Union (EU27)	:	:	:	:	:	:	:
Belgium	526	7.7	15.8	28.1	46.1	2.3	100.0
Bulgaria	328	10.8	7.4	44.2	36.3	1.2	100.0
Czech Republic	934	17.2	16.8	25.4	38.4	2.3	100.0
Denmark	:	:	:	:	:	:	:
Germany	2,937	10.5	13.0	23.8	50.6	2.2	100.0
Estonia	73	10.9	13.4	25.5	48.9	1.3	100.0
Ireland	199	7.2	22.6	22.2	45.6	2.5	100.0
Greece	:	:	:	:	:	:	:
Spain	3,194	7.9	18.7	27.7	43.4	2.3	100.0
France	2,901	8.8	17.6	27.4	43.9	2.3	100.0
Italy	3,998	11.5	15.9	30.1	40.5	2.2	100.0
Cyprus	57	11.8	18.3	32.6	34.2	3.1	100.0
Latvia	80	10.6	9.1	30.8	47.5	2.0	100.0
Lithuania	121	11.9	11.2	42.6	33.5	0.8	100.0
Luxembourg	27	3.7	11.3	25.9	54.3	4.8	100.0
Hungary	559	9.8	12.1	24.9	48.7	4.5	100.0
Malta	:	:	:	:	:	:	:
Netherlands	809	6.9	16.0	24.9	49.3	2.9	100.0
Austria	334	9.7	10.2	24.6	53.4	2.1	100.0
Poland	1,910	12.8	15.5	34.9	33.0	3.8	100.0
Portugal	762	10.2	14.1	32.9	40.1	2.8	100.0
Romania	498	11.8	12.1	39.7	35.1	1.4	100.0
Slovenia	120	15.6	18.4	20.6	43.8	1.6	100.0
Slovakia	363	17.1	19.9	31.4	30.5	1.2	100.0
Finland	284	11.3	16.8	21.8	47.9	2.1	100.0
Sweden	652	9.1	13.3	20.6	55.7	1.3	100.0
United Kingdom	2,110	7.5	16.1	19.8	55.0	1.7	100.0

Source: Eurostat - Business Demography Data

Table 9.2 Share of persons engaged across broad sectors in selected EU countries, 2009

	Total persons engaged	Industry	Construction	Distribution	Services	Financial & Insurance	All sectors
	000's	%	%	%	%	%	%
European Union (27 countries)	:	:	:	:	:	:	:
Belgium	2,656	22.6	10.3	22.7	39.6	4.8	100.0
Bulgaria	2,120	31.6	11.3	25.6	28.8	2.7	100.0
Czech Republic	4,066	36.2	10.4	19.8	:	:	66.3
Denmark	:	:	:	:	:	:	:
Germany	22,777	32.1	8.2	20.5	34.6	4.6	100.0
Estonia	443	28.0	11.3	22.6	35.5	2.6	100.0
Ireland	1,302	16.6	9.6	26.1	40.5	7.2	100.0
Greece	:	:	:	:	:	:	:
Spain	13,058	18.5	15.9	24.2	38.0	3.5	100.0
France	16,840	21.3	12.2	23.4	38.2	5.0	100.0
Italy	16,235	27.6	11.9	21.9	35.0	3.7	100.0
Cyprus	267	15.5	15.1	26.2	36.2	7.0	100.0
Latvia	600	22.2	10.5	27.7	35.8	3.8	100.0
Lithuania	952	25.9	12.1	29.4	30.5	2.0	100.0
Luxembourg	287	13.6	14.6	16.5	41.5	13.9	100.0
Hungary	2,533	29.7	8.6	22.1	35.7	4.0	100.0
Malta	:	:	:	:	:	:	:
Netherlands	6,165	15.5	8.8	25.5	45.8	4.4	100.0
Austria	2,820	23.3	10.3	23.7	38.1	4.6	100.0
Poland	9,656	32.5	11.3	26.7	25.7	3.8	100.0
Portugal	3,262	23.5	14.5	24.6	34.1	3.3	100.0
Romania	4,072	35.3	11.8	23.3	26.7	2.9	100.0
Slovenia	654	35.0	13.8	18.4	29.1	3.6	100.0
Slovakia	1,502	34.6	11.1	22.9	28.9	2.5	100.0
Finland	1,452	28.3	11.2	19.9	37.2	3.4	100.0
Sweden	2,969	23.6	10.9	20.7	41.8	3.0	100.0
United Kingdom	19,558	15.5	8.4	24.6	45.9	5.6	100.0

Source: Eurostat - Business Demography Data

Table 9.3 Share of turnover across broad sectors in EU27 countries, 2009

	Total Turnover	Manufacturing	Construction	Distribution	Services (ex. Fin) ¹	All sectors
	€ billions	%	%	%	%	%
European Union (EU27)	20,561.1	28.2	7.8	40.1	23.9	100.0
Belgium	751.2	28.1	6.9	44.1	20.9	100.0
Bulgaria	83.1	23.7	11.8	47.2	17.2	100.0
Czech Republic	328.2	34.9	9.5	35.5	20.1	100.0
Denmark	360.4	22.6	7.1	39.7	30.5	100.0
Germany	4,221.9	36.7	4.0	37.7	21.7	100.0
Estonia	30.4	20.4	9.3	44.5	25.8	100.0
Ireland	301.1	33.4	5.4	33.2	28.0	100.0
Greece	:	:	:	:	:	:
Spain	1,742.5	24.1	16.3	37.0	22.5	100.0
France	3,088.2	26.1	8.1	40.1	25.8	100.0
Italy	2,355.8	33.3	7.7	37.3	21.7	100.0
Cyprus	24.6	14.7	12.6	48.0	24.7	100.0
Latvia	32.0	15.7	10.3	47.8	26.2	100.0
Lithuania	43.7	26.9	6.4	46.1	20.6	100.0
Luxembourg	:	:	:	:	:	:
Hungary	209.9	35.6	6.7	34.9	22.8	100.0
Malta	:	:	:	:	:	:
Netherlands	1,166.7	22.1	8.5	44.1	25.4	100.0
Austria	508.1	28.2	7.8	39.7	24.3	100.0
Poland	617.9	31.9	8.7	42.6	16.7	100.0
Portugal	300.3	23.5	11.5	42.5	22.5	100.0
Romania	180.2	26.7	10.4	45.0	17.9	100.0
Slovenia	68.2	30.5	10.0	39.1	20.4	100.0
Slovakia	97.6	44.3	6.6	32.9	16.2	100.0
Finland	314.6	36.5	7.7	34.6	21.2	100.0
Sweden	526.9	27.3	7.9	36.3	28.5	100.0
United Kingdom	2,832.2	17.8	7.5	45.2	29.5	100.0

Source: Eurostat - Business Survey Data

¹ Services covers NACE sections H, I, J, L, M and N (excludes K, R and S).

Table 9.4 Share of value added across broad sectors in EU27 countries, 2009

	Gross value added	Manufacturing	Construction	Distribution	Services (ex. Fin) ¹	All sectors
	€billions	%	%	%	%	%
European Union (EU27)	5,211.7	26.9	9.8	21.3	42.1	100.0
Belgium	158.9	28.2	9.0	25.0	37.9	100.0
Bulgaria	14.7	26.5	15.2	22.3	36.0	100.0
Czech Republic	67.6	38.7	9.9	16.5	34.9	100.0
Denmark	98.8	25.1	9.2	21.9	43.8	100.0
Germany	1,152.4	33.1	5.3	22.9	38.7	100.0
Estonia	6.1	25.9	9.9	19.5	44.6	100.0
Ireland	78.5	36.2	7.8	19.1	36.9	100.0
Greece	:	:	:	:	:	:
Spain	458.5	22.0	17.1	21.3	39.6	100.0
France	778.5	23.2	10.6	20.5	45.7	100.0
Italy	555.7	32.4	10.7	18.9	38.0	100.0
Cyprus	8.2	14.4	20.9	23.6	41.0	100.0
Latvia	6.7	18.4	9.1	23.4	49.0	100.0
Lithuania	8.0	27.4	9.3	23.2	40.2	100.0
Luxembourg	:	:	:	:	:	:
Hungary	39.1	39.5	6.6	17.8	36.1	100.0
Malta	:	:	:	:	:	:
Netherlands	279.4	19.4	10.5	23.6	46.5	100.0
Austria	135.9	30.3	10.4	19.5	39.7	100.0
Poland	129.5	35.3	11.9	23.2	29.6	100.0
Portugal	69.1	24.2	13.3	24.1	38.5	100.0
Romania	38.2	30.0	13.5	23.3	33.2	100.0
Slovenia	15.1	35.3	11.5	20.2	32.9	100.0
Slovakia	17.9	35.2	7.3	22.3	35.2	100.0
Finland	74.1	30.6	11.2	18.2	39.9	100.0
Sweden	142.0	27.5	9.6	20.1	42.7	100.0
United Kingdom	789.3	18.2	9.9	20.1	51.8	100.0

Source: Eurostat - Business Survey Data

¹ Services covers NACE sections H, I, J, L, M and N (excludes K, R and S).

Table 9.5 Gross value added per person engaged across broad sectors in EU27 countries, 2009

	Manufacturing	Construction	Distribution	Services (ex. Fin) ¹	All sectors
	€000's	€000's	€000's	€000's	€000's
European Union (EU27)	45.2	36.5	33.3	42.3	40.1
Belgium	80.4	48.9	65.4	60.9	65.0
Bulgaria	6.7	9.4	6.1	9.0	7.5
Czech Republic	21.6	16.4	16.5	22.7	20.3
Denmark	80.1	57.9	51.3	69.3	65.3
Germany	57.0	38.4	44.1	46.7	48.4
Estonia	16.0	13.6	13.5	20.1	16.6
Ireland	162.6	65.9	44.2	55.2	69.3
Greece	:	:	:	:	:
Spain	48.1	42.5	30.9	36.0	37.8
France	:	:	:	:	:
Italy	43.2	31.0	29.8	37.4	36.4
Cyprus	33.3	47.2	29.3	35.1	35.1
Latvia	11.3	10.4	9.8	15.7	12.5
Lithuania	11.5	8.0	7.5	12.4	10.1
Luxembourg	:	:	:	:	:
Hungary	23.3	11.6	12.2	15.7	16.6
Malta	:	:	:	:	:
Netherlands	75.3	58.9	45.5	49.2	52.6
Austria	68.0	51.8	43.2	54.7	54.8
Poland	18.8	16.5	13.2	16.9	16.4
Portugal	23.2	19.4	20.7	23.9	22.2
Romania	9.6	10.8	9.4	11.6	10.3
Slovenia	25.6	20.0	25.4	26.4	25.0
Slovakia	16.6	16.5	17.8	22.9	18.7
Finland	58.0	48.5	45.6	53.9	52.6
Sweden	57.9	44.1	46.8	51.9	51.4
United Kingdom	55.6	51.6	32.5	46.6	44.5

Source: Eurostat - Business Survey Data

¹ Services covers NACE sections H, I, J, L, M and N (excludes K, R and S).

Table 9.6 Gross operating surplus as a percentage turnover, EU27 countries, 2009

	Manufacturing	Construction	Distribution	Services (ex. Fin) ¹	All sectors
	%	%	%	%	%
European Union (EU27)	7.0	10.6	5.2	18.2	9.2
Belgium	7.7	10.5	5.7	16.5	8.8
Bulgaria	9.0	13.4	4.4	19.4	9.1
Czech Republic	9.6	9.6	3.8	18.0	9.2
Denmark	8.7	7.3	3.8	13.7	8.2
Germany	4.6	7.7	7.3	23.1	9.8
Estonia	7.4	3.8	2.1	15.7	6.8
Ireland	19.8	15.4	4.9	13.5	12.9
Greece	:	:	:	:	:
Spain	7.4	10.2	5.0	18.0	9.4
France	4.2	6.4	3.3	13.0	6.3
Italy	6.6	11.4	4.9	18.9	9.0
Cyprus	12.2	25.8	5.4	22.3	13.2
Latvia	9.0	6.4	3.5	19.6	8.9
Lithuania	6.2	3.2	1.5	14.4	5.5
Luxembourg	:	:	:	:	:
Hungary	10.7	7.6	3.3	12.3	8.3
Malta	:	:	:	:	:
Netherlands	7.8	9.9	5.0	17.0	9.1
Austria	9.4	10.9	3.9	19.0	9.7
Poland	12.5	16.7	6.3	20.3	11.5
Portugal	7.9	8.4	4.5	16.0	8.4
Romania	10.4	15.5	5.8	19.7	10.6
Slovenia	7.0	7.8	3.4	12.3	6.8
Slovakia	3.8	6.0	4.3	15.8	6.1
Finland	5.0	10.4	3.7	15.4	7.2
Sweden	7.2	7.5	4.5	13.1	7.9
United Kingdom	11.5	17.6	5.1	20.8	11.8

Source: Eurostat - Business Survey Data

¹ Services covers NACE sections H, I, J, L, M and N (excludes K, R and S).

Compiling Foreign Affiliates Statistics (FATS)

Introduction

The data in Chapter 7 – *Multinationals: An Irish Perspective* – is derived from a set of statistics known as Foreign Affiliate Statistics (FATS). These statistics are compiled on a harmonized basis across the EU27. This special article goes into some detail on how these statistics are compiled.

Why FATS statistics are important

Enterprise groups are increasingly operating in an environment where national borders are less important and where activities are organised on a global scale. Ireland, in particular, has become an important destination for foreign companies and their affiliates. Irish companies have also successfully expanded their operations to establish a physical presence abroad.

Statistics on the structure and activity of foreign affiliates provide information that can be used to assess the impact of foreign-controlled enterprises on the Irish economy. It is also a way of measuring the scale and type of operations by Irish controlled affiliates abroad. The data are useful in order to monitor the integration of the Irish economy with economies both within the EU (internal market) and outside the EU.

FATS data measure the extent to which there is a foreign-owned commercial presence in the territory of a country. Establishing a foreign-based affiliate, however, is only one of the modes of delivery of economic activities abroad. Enterprises may also engage in direct trade with other economies or take a minority stake in enterprises in other countries.

Legal basis for the compilation of FATS

Regulation (EC) No 716/2007 of the European Parliament and the Council (EC) on the structure and activity of foreign affiliates was adopted in 2007. The main objective of this Regulation is to establish statistical quality standards and a common framework for the systematic production of comparable statistics on foreign affiliates in the EU.

From an Irish legal perspective, Statutory Instrument No. 141 of 2008 requires the reporting units to provide the CSO with the data to meet the legal requirements contained within Regulation (EC) No 716/2007.

Main Concepts and Definitions in the Regulation

1. Institutional unit

An institutional unit is an elementary economic decision-making centre characterised by uniformity of behaviour and decision-making autonomy in the exercise of its principal function. A unit is regarded as

constituting an institutional unit if it has decision-making autonomy in respect of its principal function and keeps a complete set of accounts.

2. Foreign Affiliate

A foreign affiliate is an enterprise resident in the compiling country over which an institutional unit not resident in the compiling country has control (Inward FATS). It can also be an enterprise not resident in the compiling country over which an institutional unit resident in the compiling country has control (Outward FATS).

3. Control

The concept of control is used for the breakdown of the FATS variables. Control means the ability to determine the general policy of an enterprise by choosing appropriate directors, if necessary. In this context, enterprise A is deemed to be controlled by an institutional unit B when B controls, whether directly or indirectly, more than half of the shareholders' voting power or more than half of the shares.

Indirect control means that an institutional unit may have control through another affiliate which has control over enterprise A.

Therefore, control implies the ability to determine the strategy of an enterprise, to guide its activities and to appoint a majority of directors. In most cases, this ability can be exercised by a single investor holding a majority (more than 50 %) of the voting power or of the shares, directly or indirectly.

4. Ultimate controlling institution (UCI)

The ultimate controlling institution (UCI) of a foreign affiliate is an institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit. FATS data are compiled according to the UCI concept. The crucial characteristic of a UCI is that it should effectively control and manage the group, i.e. take global strategic decisions.

Therefore, in the case of Ireland, Outward FATS describes the activities of affiliates abroad where the UCI is an Irish resident institutional unit. Inward FATS describes the activities of affiliates in Ireland where the UCI is a foreign resident institutional unit.

5. Residency

The place of residency of an UCI is the country of registration of the UCI in the case of legal entities and the country of residence in the case of natural persons acting as UCI. Residency is often but not always the nationality of the UCI.

Inward Foreign Affiliate Statistics (IFATS) in Ireland

1. Target population

The target population for Inward FATS comprises all enterprises and branches located in Ireland that are under foreign control. It is a subset of the target population for the three structural business surveys conducted by the CSO: Census of Industrial Production (CIP), the Annual Services Inquiry (ASI) and the Building and Construction Inquiry (BCI).

2. Data source

In order to compile the Inward FATS data, a question was added to each of the three structural business surveys¹ requesting information on the ultimate location of ownership for the reporting enterprises. The question captured the country of residence of the ultimate beneficial owner e.g. Ireland, Germany, UK etc. The concept of ultimate beneficial owner is almost identical to the concept of the UCI.

3. Compiling aggregated results

The Inward FATS statistics are compiled by aggregating key variables such as turnover and gross value added (GVA) by the country of the ultimate beneficial owner. This methodology is particularly appropriate for Industry as the CIP is a census of all enterprises with 3 or more persons engaged which means there is no requirement to use grossing factors to estimate the final results. However, the results for Construction, Distribution and Services are sourced from sample surveys (ie ASI and BCI). Therefore, the results are estimated by grossing the sample data to the population frame. In the absence of a register of foreign-owned enterprises for these sectors, the grossing methodology used to estimate data by the country of the ultimate beneficial owner involves some degree of uncertainty.

In order to improve the quality of the statistics the CSO is examining the possibility of developing a register of all foreign-owned enterprises in the Irish economy. This would allow the samples for the ASI and BCI to be more precisely chosen to take account of enterprises relevant to Inward FATS in Ireland.

Outward Foreign Affiliate Statistics (OFATS) in Ireland

1. Target population

The target population for Outward FATS comprises all foreign-based affiliates that are controlled by an institutional unit resident in the compiling country. The units that actually complete the CSO Outward FATS survey, however, are resident institutional units i.e. Irish multinationals. This provides a difficulty for the Outward FATS survey as it requires the CSO to survey domestic-based Irish multinationals and request information about their foreign-based affiliates. This information may not be easily accessible for the domestic-based multinationals.

2. Data source

The CSO carries out a survey to capture the Outward FATS information². On the survey form respondents are required to complete a list of foreign affiliates that are under the control of the Irish multinational.

The required variables for each foreign affiliate are as follows:

- ◆ Name of foreign affiliate
- ◆ Country in which foreign affiliate is located
- ◆ Description of the activity of the foreign affiliate (which is coded to NACE Rev. 2 activity codes)
- ◆ Shares in registered capital of foreign affiliate (only a shareholding of 51% or greater in a foreign affiliate is taken for compilation purposes).
- ◆ Turnover
- ◆ Number of persons engaged

3. Problem of consolidation on the Outward FATS survey

A problem that is encountered when carrying out the Outward FATS survey is that some multinationals report data on their foreign affiliates on a consolidated basis. For example, all affiliates in the UK might be consolidated into one section on the form and reported as a single affiliate. In reality, the reported data represents more than one affiliate. This leads to the outcome that the data on the number of foreign affiliates controlled by Irish multinationals is underestimated. The problem of consolidation does not affect data on the number of persons engaged and turnover to the same extent as the consolidation generally occurs on a country basis within a particular business activity which is how CSO aggregates the data in any case.

The CSO does not publish the data on the number of foreign affiliates due to this underestimation. If this data becomes more reliable in the future, the CSO will publish the information at that point.

¹ Census of Industrial Production form: <http://cso.ie/shorturl.aspx/126> - Annual Services Inquiry form: <http://cso.ie/shorturl.aspx/127> - Building and Construction Inquiry form: <http://cso.ie/shorturl.aspx/128>

² The Outward FATS form: <http://cso.ie/shorturl.aspx/125>

4. Identifying Irish multinationals to survey

A key aspect of the Outward FATS survey is the need to accumulate as much information as possible on all Irish-resident multinationals. The survey population is those UCI's that are located in Ireland and have affiliates located abroad. This is not a straightforward exercise as the list of Irish multinationals needs to be updated annually in order to capture enterprises expanding abroad.

The various sources used by the CSO to date are as follows:

- ◆ Private data source - Bureau Van Dyke
- ◆ CSO Balance of Payments register of enterprises
- ◆ Revenue Commissioners data on income earned abroad
- ◆ Euro Groups Register (EGR)

It is important that a list of Irish multinationals which is as comprehensive as possible is prepared prior to the survey. Any enterprises that are overlooked in drawing up this list of Irish-resident institutional units with affiliates based abroad will not be included in the final compiled results.

It is for this reason that the results for the reference years 2008 and 2009 were not published. The CSO was building its knowledge of the target population in Ireland during this time. The Irish multinationals surveyed in 2010 are thought to be very close to a full target population and the survey can be regarded as a census of Irish UCIs with affiliates abroad. The 2010 results are published in *Business in Ireland 2010* and on Statbank, the main data dissemination service on the CSO website³.

5. Response rates

The response rates from institutional units surveyed for the outward FATS survey have been steady at 76% in 2010, 75% in 2009 and 72% in 2008. A significant effort is made to ensure a high response rate, particularly among the large Irish multinationals. This is important because if a survey form is not received from an enterprise there is the possibility that CSO might miss affiliates abroad and these affiliates would not be included in the final compiled results. Due to the high response rate among the largest Irish multinationals, it is felt that the issue of non-response does not overly affect the final results.

6. Euro Groups Register (EGR) – a way to improve Outward FATS statistics across Europe

The Euro Groups Register (EGR) is an EU-wide statistical register on multinational enterprise groups and their constituent units. The objective of the EGR is to cover all multinational enterprise groups operating in the EU. The EGR operates as a network of statistical business register units (including the CSO Business Register) coordinated by Eurostat. The contributing institutions use the information available to them to check and to complete the data obtained by Eurostat from commercial and statistical sources.

The EGR is still a work in progress in terms of its development and is expanding its scope all the time. Currently, the EGR covers the largest 10,000 multinational groups in the EU. These groups have at least 3 legal units and these units are located in at least two countries. The 2010 EGR frame included 8,283 multinational groups based in the EU and 1,745 multinational groups headquartered outside the EU. Of these there were 108 multinationals headquartered in Ireland. These 108 enterprises are generally the larger Irish multinationals and were included on the Outward FATS survey form.

One benefit of the EGR is to coordinate the country code of the UCI to which the enterprises belong. This would reduce duplication across the EU in terms of the statistics on foreign affiliates. Also, as the EGR moves towards full coverage of enterprise groups in the EU, it will become more important as a source of the frame for selection/sampling in the area of Outward FATS.

Confidentiality

One of the most important aspects of producing any set of statistics is to maintain the confidentiality of the respondents. The confidentiality rules applied to Inward and Outward FATS are the same rules that apply across the Structural Business Statistics (SBS) area. If a figure meets one of the criteria listed below, then that figure is deemed directly confidential and will not be published. The confidentiality rules are as follows:

- ◆ Too few enterprises i.e. less than 3 enterprises in a data cell
- ◆ One enterprise dominates i.e. one enterprise accounts for 80% or greater of a data cell
- ◆ Two enterprises dominate i.e. two enterprises combined account for 90% or greater of a data cell

A data cell can also be indirectly confidential. A data cell is made confidential if by publishing that data cell another confidential cell could be indirectly deduced.

Due to the very detailed data requirements in the FATS statistics, there is a high rate of incidence of confidential cells that may not be published. The data published throughout this report meet the above confidentiality rules.

Conclusion

This special article dealt with methodological and practical issues around the production of FATS statistics in Ireland and across Europe. The article should be used in conjunction with the data in Chapter 7 *Multinationals: An Irish Perspective* to gain a full understanding of how these statistics are compiled.

FATS statistics are an important source of information in tracking the rate of globalisation in Ireland and across the EU. As can be seen, this area of statistics is still evolving and a number of paths to improve the quality of data have been identified, such as the use of the CSO Business Register for Inward FATS and the Euro Groups Register (EGR) for Outward FATS.

³ <http://www.cso.ie/>

Table A1.1 Data sources for Table 2.1

	Industry	Construction	Distribution	Services (ex. Fin)	Financial & Insurance Activities
<u>Business Demography</u>	CSO Central Business Register	CSO Central Business Register	CSO Central Business Register	CSO Central Business Register	CSO Central Business Register
<u>Business Operations</u>	Census of Industrial Production (CIP)	Building and Construction Inquiry (BCI)	Annual Services Inquiry (ASI)	Annual Services Inquiry (ASI)	CSO/Central Bank survey of credit institutions (CRS1) CSO Balance of Payments surveys of insurance corporations (BOP42/43)

Business Demography

The data for Business Demography are based on the CSO Central Business Register. The Business Register is a register of all enterprises that are active in the State. There is no lower size limit, but for practical reasons, Business Demography data are based on enterprises that are registered with the Revenue Commissioners. New businesses are identified by VAT, Employer, Corporation Tax or Income Tax registrations.

Business Demography figures are based purely on administrative data. This results in some differences with survey-based Structural Business Statistics releases, like the Census of Industrial Production (CIP), Building and Construction Inquiry (BCI), and Annual Services Inquiry (ASI).

a) Administrative data sources allow better coverage of small enterprises.

b) Administrative data counts active Revenue registrations as active enterprises. This generally corresponds with the definition of an enterprise in survey areas, but there can be some differences, especially in enterprise groups.

c) Business Demography compiles employment data based on P35 employer returns, while other Structural Business Statistics releases measure employment based on survey returns. This is particularly significant for enterprise groups, where the whole group may make one P35 return, which results in all its employees being counted against the overall enterprise group NACE

code. Survey based releases may divide this employment across different enterprises, and therefore different NACE codes.

Census of Industrial Production (CIP)

The Census of Industrial Production (CIP) covers all enterprises which have three or more persons engaged and which are wholly or principally involved in industrial production. This postal survey is carried out on an annual basis.

The scope of the Census extends to NACE Rev. 2 sections B, C, D and E, namely:

Section B: Mining and Quarrying

Section C: Manufacturing

Section D: Electricity, Gas, Steam and Air Conditioning Supply

Section E: Water Supply; Sewerage, Waste Management and Remediation Activities

Building and Construction Inquiry (BCI)

The Building and Construction Inquiry (BCI) was introduced in 2009 for reference year 2008 onwards and replaced the Census of Building and Construction (CBC). The CBC covered all private firms with 20 or more persons engaged whose main activity was building, construction or civil engineering (ie Section F of NACE Rev.2). The BCI extended this coverage to also include a sample of private firms with less than 20 persons engaged.

The Business Register is used as the sampling frame for the BCI from which grossed estimates are produced.

Annual Services Inquiry (ASI)

The Annual Services Inquiry has been conducted as an annual postal survey of both distributive and non-distributive services since 1991. All enterprises with one or more persons engaged are included. Results are published aggregated by the type of activity (NACE), region, size class etc.

The survey covers all enterprises in the Retail, Wholesale, Transport and Storage, Accommodation and Food, Information and Communication, Real Estate, Professional, Scientific and Technical Activities, Administrative and Support Activities and Other Selected Services sectors (NACE Rev.2 sectors G, H, I, J, L, M, N, R and S). Enterprises that traded for at least 6 months in the reference year are included in the survey.

Since 1995 the CSO's Central Business Register provides the sampling frame, from which the Annual Services Inquiry sample is selected each year. The ASI is designed to provide grossed estimates of the principal trading aggregates for all enterprises in the relevant sectors.

Surveys of Credit Institutions and Insurance Corporations

Accounting data on credit institutions was taken from the joint CSO/Central Bank survey of credit institutions (CRS1). Accounting data on insurance corporations was taken from CSO Balance of Payments (BOP) surveys of insurance corporations (BOP42 and BOP43). These are quarterly surveys that form part of the wider data collection in the area of BOP. The credit institutions data are collected by the Central Bank and supplied to the CSO for statistical compilation purposes. The insurance data are collected by the CSO directly.

There are differences in the coverage of the Business Operations data (credit institutions and insurance companies) and the Business Demography data (all financial companies on the CSO Business Register excluding financial holding companies) in Table 2.1 for the Financial and Insurance Activities sector – NACE Section K (excluding K642). The main Financial sectors excluded from the Business Operations analysis are Other Financial Service Activities except Insurance and Pension Funding (K649) and Activities Auxiliary to Financial Services and Insurance Activities (K66).

Appendix 2

Definitions

Active enterprises

The population of active enterprises contains all enterprises that were active at some point during the reference year. Enterprises are counted as active if they satisfy at least one of the conditions below:

- ◆ Pay VAT
- ◆ Have employees
- ◆ File a Corporation Tax return
- ◆ File an Income Tax return with turnover of over €50,000

Enterprise Births

An enterprise birth amounts to the creation of a combination of production factors with the restriction that no other enterprises are involved in the event. Births do not include entries into the population due to mergers, break-ups, split-off or restructuring of a set of enterprises. It does not include entries into a sub-population resulting only from a change of activity.

A birth occurs when an enterprise starts from scratch and actually starts activity. An enterprise creation can be considered an enterprise birth if new production factors, in particular new jobs, are created. If a dormant unit is reactivated within two years, this event is not considered a birth.

The population of enterprise births in 2010 contains all enterprises that started at some stage during the year 2010.

Enterprise Deaths

An enterprise death amounts to the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event. Deaths do not include exits from the population due to mergers, takeovers, break-ups or restructuring of a set of enterprises. It does not include exits from a sub-population resulting only from a change of activity.

Enterprise deaths are those enterprises that are active during the reference year but not in either of the next two subsequent years.

The population of enterprise deaths in 2009 contains all enterprises that ceased at some point during the year 2009.

Persons engaged

Persons engaged include employees, proprietors and family members.

Employees are persons who are paid a fixed wage or salary. Persons at work or temporarily absent because of illness, holidays, strike etc are included. Persons working on a labour-only subcontract basis are excluded with the exception of Irish Construction data.

Proprietors and family members; included here are those proprietors, partners etc and members of their families who work regularly in the firm and are not paid a definite wage or salary.

Turnover

Turnover comprises the totals invoiced by the enterprise during the reference period, and this corresponds to market sales of goods or services supplied to third parties. The sale of goods includes the goods produced by the enterprise as well as the merchandise purchased by a retailer or land and other property held for resale (if land and other property were initially purchased for investment purposes they should not be included in turnover). The rendering of services typically involves the performance by the enterprise of a contractually agreed task over an agreed period of time. The revenue of long-term contracts (eg building contracts) should be recognised by reference to the stage of completion of the contract and not the finished contract method. Goods produced for own consumption or investment should be excluded from turnover.

Turnover includes all duties and taxes on the goods or services invoiced by the unit with the exception of the value added type taxes (VAT). VAT are collected in stages by the enterprise and fully borne by the final purchaser.

Turnover also includes all other charges (transport, packaging, etc) passed on to the customer, even if these charges are listed separately in the invoice. Reduction in prices, rebates and discounts as well as the value of returned packing must be deducted.

Income classified as other operating income, financial income and extra-ordinary income in company accounts according to the 4th Accounting Directive (78/660/ EEC) and revenue from the use by others of enterprise assets yielding interest, royalties and dividends and other income according to IAS/IFRS¹ is excluded from turnover. Operating subsidies received from public authorities or the institutions of the European Union are also excluded.

¹ International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS).

For the statistics on activities of insurance companies, turnover is taken to equal 'Gross premiums written'.

Production Value

Production value measures the amount actually produced by the unit, based on sales, including changes in stocks and the resale of goods and services.

Production value is defined as turnover or revenue from sales of goods and rendering of services, plus or minus the changes in stocks of finished products, work in progress and goods and services purchased for resale, minus the purchases of goods and services for resale (only for the goods and services sold during the reporting period and excluding the costs of storage and transport of the goods purchased for resale), plus capitalised production, plus other (operating and extra-ordinary) income (excluding subsidies). Income and expenditure classified as financial or as revenue in the form of interests and dividends in company accounts is excluded from production value. Included in purchases of goods and services for resale are the purchases of services purchased in order to be rendered to third parties in the same condition.

Capitalised production includes the own-account production of all goods that are retained by their producers as investment. The latter includes the production of fixed tangible assets (buildings, etc) as well as intangible assets (development of software, etc). Capitalised production is unsold production and is valued at production cost. Note that these capital goods are also to be included in investment.

Other (operating and extra-ordinary) income is a company accounting heading. The contents of this heading may vary between sectors and over time and as such cannot be defined precisely for statistical purposes.

For the statistics on activities of insurance companies, production value is defined as gross premiums earned, plus total portfolio investment income, plus other services produced, minus gross claims incurred, excluding claims management expenses, plus capital gains and provisions.

For the statistics on credit institutions, production value is defined as interest receivable and similar income, less interest payable and similar charges, plus commissions' receivable, plus income from shares and other variable-yield securities, plus net profit or net loss on financial operations, plus other operating income.

Table A2.1 Calculating production value using 2010 data for Industry

Variable	€m
1 Total Turnover	105,754
2 Purchases - Goods for resale without further processing	6,579
3 Capital assets manufactured by enterprise for own use	842
4 Stock changes during year - Finished goods and work in progress	105
5 Stock changes during year - Goods for resale without further processing	-5
Production value = (1 - 2 + 3 + 4 + 5)	100,117

Value added at factor cost

Value added at factor cost is the gross income from operating activities after adjusting for operating subsidies and indirect taxes.

It can be calculated from turnover, plus capitalised production, plus other operating income (including operating subsidies), plus or minus the changes in stocks, minus the purchases of goods and services, minus other taxes on products which are linked to turnover but not deductible, minus the duties and taxes linked to production. The duties and taxes linked to production are compulsory, unrequited payments, in cash or in kind which are levied by general government, or by the Institutions of the European Union, in respect of the production and importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production irrespective of the quantity or the value of goods and services produced or sold. Alternatively it can be calculated from gross operating surplus by adding personnel costs.

Income and expenditure classified as financial in company accounts according to the 4th Accounting Directive (78/660/ EEC) is excluded from value added. Income and expenditure classified as interest income, dividend income, foreign exchange gain from foreign currency borrowings related to interest costs, gains on redemption and extinguishment of debt or finance costs according to Commission Regulation (EC) 1725/2003 are excluded from value added.

Value added at factor cost is calculated 'gross' as value adjustments (such as depreciation and impairment losses) are not subtracted.

For the statistics on insurance companies, value added at factor cost is defined as production value, minus gross value of reinsurance services received, minus commissions, minus other external expenditure on goods and services.

For the statistics on credit institutions, value added at factor cost is defined as production value less total purchases of goods and services.

Table A2.2 Calculating value added at factor cost using 2010 data for Industry

Variable	€m
1 Total Turnover	105,754
2 Total Purchases	71,958
3 Capital assets manufactured by enterprise for own use	842
4 Total Stock changes during year	104
5 Indirect taxes (excluding VAT) - Excise duty and other indirect taxes	1,334
6 Operating subsidies	54
Value added at factor cost = (1 - 2 + 3 + 4 - 5 + 6)	33,461

Personnel costs

Personnel costs are defined as the total remuneration, in cash or in kind, payable by an employer to an employee (regular and temporary employees as well as home workers) in return for work done by the latter during the reference period.

Personnel costs also include taxes and employees' social security contributions retained by the unit as well as the employer's compulsory and voluntary social contributions.

Table A2.3 Calculating personnel costs using 2010 data for Industry

Variable	€m
1 Personnel Costs - Wages and salaries	7,686
2 Personnel Costs - Other labour costs	1,757
Total personnel costs = (1 + 2)	9,443

Gross operating surplus (GOS)

Gross operating surplus is the surplus generated by operating activities after the labour factor input has been recompensed.

It can be calculated from the value added at factor cost less the personnel costs. It is the balance available to the unit which allows it to recompense the providers of own funds and debt, to pay taxes and eventually to finance all or a part of its investment.

Table A2.4 Calculating gross operating surplus using 2010 data for Industry

Variable	€m
1 Value added at factor cost (from above)	33,461
2 Total personnel costs (from above)	9,443
Gross operating surplus = (1 - 2)	24,018

Classifications

NACE Rev. 2 Classification

NACE Rev. 2 is the statistical classification of economic activities. NACE is an acronym for 'Nomenclature Générale des Activités Économiques dans les Communautés Européennes' (General Industrial Classification of Economic Activities within the European Communities).

Broad Structure of NACE Rev. 2

Section A Agriculture, forestry and fishing

Section B Mining and quarrying

Section C Manufacturing

Section D Electricity, gas, steam and air conditioning supply

Section E Water supply; sewerage, waste management and remediation activities

Section F Construction

Section G Wholesale and retail trade; repair of motor vehicles and motorcycles

G45 Wholesale and retail trade and repair of motor vehicles and motorcycles

G46 Wholesale trade, except of motor vehicles and motorcycles

G47 Retail trade, except of motor vehicles and motorcycles

Section H Transportation and storage

Section I Accommodation and food service activities

Section J Information and communication

Section K Financial and insurance activities

K64 Financial service activities except insurance and pension funding

K65 Insurance, reinsurance and pension funding

K66 Activities auxiliary to financial services and insurance activity

Section L Real estate activities

Section M Professional, scientific and technical activities

Section N Administrative and support service activities

Section O Public administration and defence; compulsory social security

Section P Education

Section Q Human health and social work activities

Section R Arts, entertainment and recreation

Section S Other service activities

Section T Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use

Section U Activities of extraterritorial organisations and bodies

The information presented in this report covers Industry, Construction, Distribution, Services and Financial and Insurance activities. The following highlights the composition of these sectors in this report:

Industry	Section B	Mining and quarrying
	Section C	Manufacturing
	Section D	Electricity, gas, steam and air conditioning supply
	Section E	Water supply; sewerage, waste management and remediation activities
Construction	Section F	Construction
Distribution	Section G	Wholesale and retail trade; repair of motor vehicles and motorcycles
Services	Section H	Transportation and storage
	Section I	Accommodation and food service activities
	Section J	Information and communication
	Section L	Real estate activities
	Section M	Professional, scientific and technical activities
	Section N	Administrative and support service activities
	Section R	Arts, entertainment and recreation*
Section S	Other service activities*	
Financial and insurance activities	Section K	Financial and insurance activities**

* The Business Operations data includes the productive sectors of NACE Sections R and S (R92, R93, S95 and S96). These are excluded from the Business Demography tables.

* The Business Operations data covers credit institutions and insurance corporations. The Business Demography data includes all of NACE Section K except K6420 (financial holding companies). See Chapter 8.

StatBank - CSO Main Data Dissemination Service

Data in this publication can be accessed by opening the “Databases” tab on the Homepage of the CSO website (www.cso.ie) and selecting StatBank (CSO Main Data Dissemination Service).

1. Business Demography

Business Sectors/Multisectoral/Business Demography NACE Rev 2



The screenshot shows the Central Statistics Office website interface. The 'Databases' tab is highlighted in the top navigation bar. In the left sidebar, the 'Business Demography NACE Rev 2' category is selected and highlighted with a red circle. The main content area displays a list of statistical products under the heading 'Statistical Product - Business Demography NACE Rev 2'. The products listed include:

- BRA10 Business Demography NACE Rev 2 by Activity, County, Statistic and Year (2008-2012) - Modified on 22/06/12 at 12:28. Download .px file (Size: 24.8 kb)
- BRA16 Business Demography NACE Rev 2 by Activity, Persons Engaged, Statistic and Year (2008-2012) - Modified on 20/06/12 at 12:24. Download .px file (Size: 88.9 kb)
- BRA05 Business Demography NACE Rev 2 by County, Employment Size, Year and Statistic (2008-2012) - Modified on 22/06/12 at 12:22. Download .px file (Size: 11.4 kb)
- BRA11 Business Demography NACE Rev 2 by Employment Size, Activity, Year and Statistic (2008-2012) - Modified on 22/06/12 at 12:28. Download .px file (Size: 124.8 kb)
- BRA12 Business Demography NACE Rev 2 by Legal Form, Activity, Year and Statistic (2008-2012) - Modified on 22/06/12 at 12:29. Download .px file (Size: 128.5 kb)
- BRA13 Enterprise Deaths NACE Rev 2 by Employment Size, Activity, Statistic and Year (2008-2012) - Modified on 22/06/12 at 12:23. Download .px file (Size: 133.4 kb)
- BRA14 Enterprise Deaths NACE Rev 2 by Legal Form, Activity, Statistic and Year (2008-2012) - Modified on 22/06/12 at 12:23. Download .px file (Size: 114.1 kb)

2. Census of Industrial Production (CIP)

Business Sectors/Industry/Census of Industrial Production Nace Rev 2/Census of Industrial Production – Enterprises



The screenshot shows the Central Statistics Office website interface. The 'Databases' tab is highlighted in the top navigation bar. In the left sidebar, the 'Census of Industrial Production - Enterprises' category is selected and highlighted with a red circle. The main content area displays a list of statistical products under the heading 'Statistical Product - Enterprise Industrial'. The products listed include:

- A1A27 Industrial Enterprises NACE Rev 2 by Statistic, Year and Persons Engaged (2008-2012) - Modified on 20/06/12 at 12:27. Download .px file (Size: 22.7 kb)
- A1A28 Industrial Enterprises NACE Rev 2 by Statistic, Year and Turnover per Enterprise (2008-2012) - Modified on 22/06/12 at 12:28. Download .px file (Size: 22.3 kb)
- A1A30 Industrial Enterprises by Statistic, Year and Industry Sector NACE Rev 2 (2008-2012) - Modified on 20/06/12 at 12:22. Download .px file (Size: 27.1 kb)

Notes:

- If you plan to make multiple or large selections, it is advisable to download the full px data file.
- These px format files can be used with the PC-base software, which is available here at Statistics Sweden.
- The software works only with Microsoft Windows.

3. Building and Construction Inquiry (BCI)

Business Sectors/Construction/Annual Enterprise Statistics on Building and Construction

Central Statistics Office

Home Statistics **Publications** News and Publications Census Surveys and Methodology Students Corner

Statistical Product - Annual Enterprise Statistics on Building and Construction **100**

- SAA09 Construction Enterprises by Statistic, Year and Value Rev 2 Activity (2008-2020) - [View](#) or [Download .xls file](#) (Size: 12.1 kb)
- SAA10 Construction Enterprises by Statistic, Year and Persons Engaged (2008-2020) - [View](#) or [Download .xls file](#) (Size: 11.3 kb)
- SAA11 Construction Enterprises by Statistic, Year and Turnover (2008-2020) - [View](#) or [Download .xls file](#) (Size: 11.2 kb)
- SAA01 Activity of Private Building and Construction Firms with 20 or more Persons Engaged by Firm, Year and Building Sector (1981-2020) - [View](#) or [Download .xls file](#) (Size: 34.4 kb)
- SAA02 Activity of Private Building and Construction Firms with 20 or more Persons Engaged by Firm, Year and Building Sector (1982-2020) - [View](#) or [Download .xls file](#) (Size: 12.2 kb)
- SAA04 Persons Engaged in Building and Construction Industry by Employee Grade, Year and Building Sector (2001-2020) - [View](#) or [Download .xls file](#) (Size: 6.1 kb)
- SAA05 Persons Engaged in Building and Construction Industry by Employee Grade, Year and Building Sector (2001-2020) - [View](#) or [Download .xls file](#) (Size: 1.2 kb)
- SAA03 Purchases in Building and Construction Industry by Type of Purchases, Year and Building Sector (2001-2020) - [View](#) or [Download .xls file](#) (Size: 4.7 kb)
- SAA07 Purchases in Building and Construction Industry by Type of Purchases, Year and Building Sector (2001-2020) - [View](#) or [Download .xls file](#) (Size: 1.2 kb)
- SAA02 Turnover as a Principal Contractor by Type of Building Activity, Year and Building Sector (2000-2020) - [View](#) or [Download .xls file](#) (Size: 2.8 kb)

4. Annual Services Inquiry (ASI)

Business Sectors/Services/Annual Enterprise Statistics on Distribution and Services-NACE Rev 2.

Central Statistics Office

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Statistical Product - Annual Enterprise Statistics on Distribution and Services - NACE Rev 2 **100**

- ANAL2 Distribution and Services Enterprises with 20 or more Persons Engaged by NACE Rev 2 Sector, Year, Statistic and Nationality of Ownership (2008-2020) - [View](#) or [Download .xls file](#) (Size: 12.4 kb)
- ANAL3 Distribution and Services Enterprises by NACE Rev 2 Sector, Year and Statistic (2008-2020) - [View](#) or [Download .xls file](#) (Size: 18.4 kb)
- ANAL1 Distribution and Services Enterprises by NACE Rev 2 Sector, Year, Statistic and Family Business Status (2008-2020) - [View](#) or [Download .xls file](#) (Size: 4.3 kb)
- ANAL5 Distribution and Services Enterprises by NACE Rev 2 Sector, Year, Statistic and Persons Engaged (2008-2020) - [View](#) or [Download .xls file](#) (Size: 14.8 kb)
- ANAL6 Distribution and Services Enterprises by NACE Rev 2 Sector, Year, Statistic and Region (2008-2020) - [View](#) or [Download .xls file](#) (Size: 14.4 kb)
- ANAL4 Distribution and Services Enterprises by NACE Rev 2 Sector, Year, Statistic and Turnover (2008-2020) - [View](#) or [Download .xls file](#) (Size: 11.5 kb)

Note:

- If you plan to make multiple or large selections, it is advisable to download the full .xls file.
- These .xls format files can be used with the PC-Axis software, which is available here at Statistics Sweden.
- The software works only with Microsoft Windows.

5. Financial sector

Business Sectors/Services/Annual Enterprise Statistics on Financial Sector.



The screenshot shows the Central Statistics Office website. At the top left is the logo and name "Central Statistics Office". To the right is a search bar with a "Search Statistics" button. Below the logo is a navigation menu with tabs: Home, Statistics, Databases, Releases and Publications, Census, Surveys and Methodology, and Students Corner. The "Databases" tab is highlighted with a red circle. Below the navigation menu is a breadcrumb trail: "You are here: Home / Statistics / Annual Enterprise Statistics on Financial Sector". On the left side, there is a "Theme" sidebar with a tree view of categories. The "Services" category is expanded, and "Annual Enterprise Statistics on Financial Sector" is highlighted with a red circle. The main content area displays "Statistical Product - Annual Enterprise Statistics on Financial Sector" with two entries: "SB401 Production Account and Generation of Income for All Banks by Statistic and Year (2008-2010)" and "SB402 Production Account and Generation of Income for All Insurance Companies by Statistic and Year (2008-2010)". Below these entries is a "Note" section with three bullet points: "If you plan to make multiple or large selections, it is advisable to download the full px data file.", "These px format files can be used with the PC-Axis software, which is available here at Statistics Sweden", and "The software works only with Microsoft Windows."

