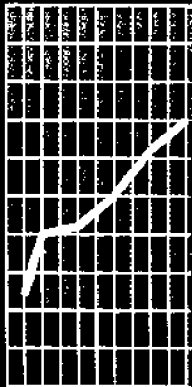
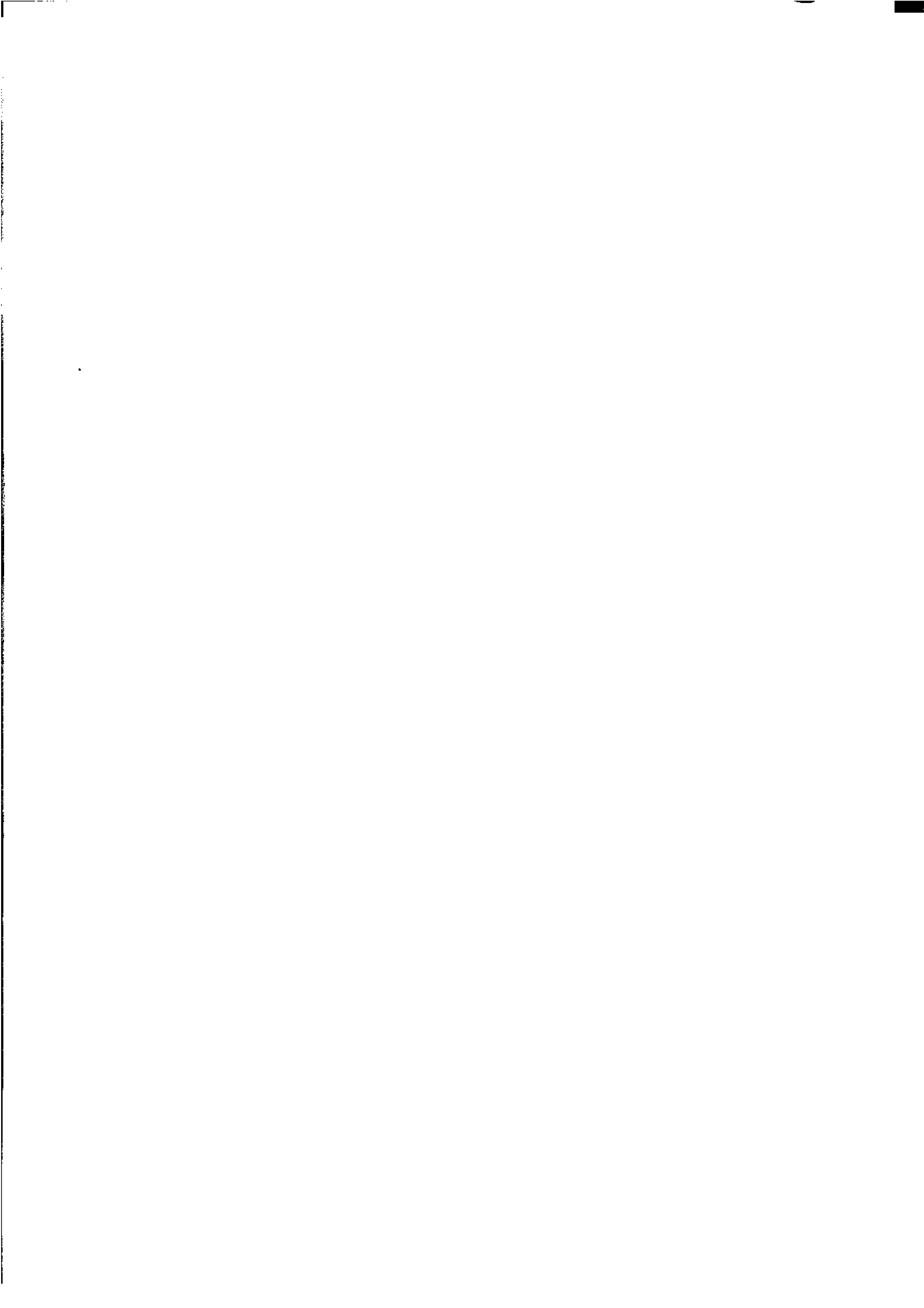




1992-93

# Selected Business Services Australia





EMBARGOED UNTIL 11.30 A.M. 22 SEPTEMBER 1995

NEW ISSUE

# **SELECTED BUSINESS SERVICES AUSTRALIA 1992-93**

Advertising  
Market research  
Business management

**W. McLennan  
Australian Statistician**

**AUSTRALIAN BUREAU OF STATISTICS**

**CATALOGUE NO. 8677.0**

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**INQUIRIES**

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Dennis Robson, on Melbourne (03) 615 7634.*
- *for information about other statistics and services, please refer to the back page of this publication.*

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## INTRODUCTION

The survey of selected business services for the 1992-93 reference year was part of a range of collections on service industries conducted by the ABS. Other service industry collections conducted for that financial year comprised legal, accounting, architecture, computing, real estate, surveying, and consultant engineering services.

Information in this publication relates to businesses classified to three of the five industry classes in Group 785, Marketing and Business Management Services, of the 1993 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC). The industries covered by this publication are advertising services (ANZSIC class 7851), market research services (ANZSIC class 7853), and business management services (ANZSIC class 7855).

The survey of selected business services for the 1992-93 reference year was the first ABS collection for market research services and business management services. An earlier ABS survey of the advertising services industry was conducted for the 1987-88 reference year. Results were published in *Advertising Services Industry, Australia, 1987-88* (Catalogue No. 8670.0). However, due to significant differences in the industry classification for advertising services used in the 1992-93 advertising industry survey it is not possible to compare data with the earlier ABS survey (refer to paragraph 12 of the Explanatory Notes).

In addition to this publication, data from the other surveys conducted for the 1992-93 reference year have been or will be released in the following publications:

- *Real Estate Agents Industry, Australia, 1992-93* (Catalogue No. 8663.0)
- *Computing Services Industry, Australia, 1992-93* (Catalogue No. 8669.0)
- *Selected Technical Services, Australia, 1992-93* (Catalogue No. 8676.0)
- *Legal and Accounting Services, Australia, 1992-93* (Catalogue No. 8678.0)

These publications contain only a small portion of the information available from the surveys. More detailed information is available from the ABS on request. This includes in-depth statistical analysis in formats tailored to meet the needs of individual clients.

The ABS is committed to providing more information on the service industries sector of the economy. However, the breadth of activities encompassed in the sector poses the problem of selecting which industries to include. To this end the ABS welcomes comments and suggestions from users recommending industries, and data items for inclusion in future surveys. These comments should be addressed to: The Director, Service Industries Surveys, PO Box 10, Belconnen, ACT, 2616.



**PART A**

**ADVERTISING SERVICES**



## **SECTION 1. ADVERTISING SERVICES - AN OVERVIEW**

<b>Introduction</b>	The advertising services industry comprises businesses mainly engaged in providing advertising services (except sales of advertising space in their own publications or broadcasts). These include advertising agency services, advertising placement services, advertising preparation services, advertising space selling (on a commission or fee basis), and samples distribution services.
<b>Size of the industry</b>	<p>At 30 June 1993, there were 858 businesses (management units) in the advertising services industry, employing 9,083 people. These businesses generated \$842 million from the sales of goods and services, and had an operating profit before tax of \$118 million.</p> <p>Total industry gross product (IGP) was \$504 million. This represented 0.3 per cent of IGP for all non-farm industries.</p>
<b>Business size</b>	In terms of numbers, the advertising services industry was dominated by small businesses, with 89 per cent of businesses in the industry employing fewer than 20 people. These small businesses accounted for 38 per cent of industry employment, 35 per cent of income, and 39 per cent of operating profit before tax.
<b>The State dimension</b>	Businesses in the advertising services industry were highly concentrated in New South Wales and Victoria. Advertising services businesses operating in these two States accounted for 72 per cent of the industry's employment, and 79 per cent of income.
<b>Profitability</b>	The operating profit margin for the advertising services industry (13.9 per cent) was higher than the operating profit margin reported for all non-farm industries (5.9 per cent) for 1992-93.

**TABLE 1.1 ADVERTISING SERVICES: SUMMARY OF OPERATIONS, AUSTRALIA, 1992-93**

<i>Item</i>	<i>Unit</i>	<i>Value</i>
<b>Businesses at end June 1993</b>	<b>No.</b>	<b>858</b>
<b>Employment</b>		
Working proprietors and partners	No.	140
Employees	No.	8,944
<b>Total</b>	<b>No.</b>	<b>9,083</b>
<b>Income statement</b>		
Sales of goods and services	\$m	842.1
<i>Less</i>		
Selected expenses	\$m	338.2
<b>Trading profit</b>	<b>\$m</b>	<b>503.9</b>
<i>Plus</i>		
Interest income	\$m	12.9
Other non-operating income	\$m	5.5
<i>Less</i>		
Labour costs	\$m	347.3
Depreciation	\$m	24.2
Other expenses	\$m	15.0
<b>Earnings before interest and tax</b>	<b>\$m</b>	<b>135.7</b>
<i>Less</i>		
Interest expenses	\$m	18.2
<b>Operating profit before tax</b>	<b>\$m</b>	<b>117.5</b>
<b>Operating profit margin</b>	<b>Per cent</b>	<b>13.9</b>
<b>Industry gross product</b>	<b>\$m</b>	<b>503.9</b>

**More information?**

More detailed information is available on request, for example:

- detailed income and expense items by employment and income size groupings
- assets and liabilities

## SECTION 2. INCOME AND EXPENDITURE

### Sources of income

For advertising services, 85 per cent of gross income was earned from the provision of services primary to the industry, i.e. advertising agency, preparation and placement services, etc. The primary source of income for the industry was media placement commissions and fees (52 per cent) followed by income from advertising production work (33 per cent).

### Income per business

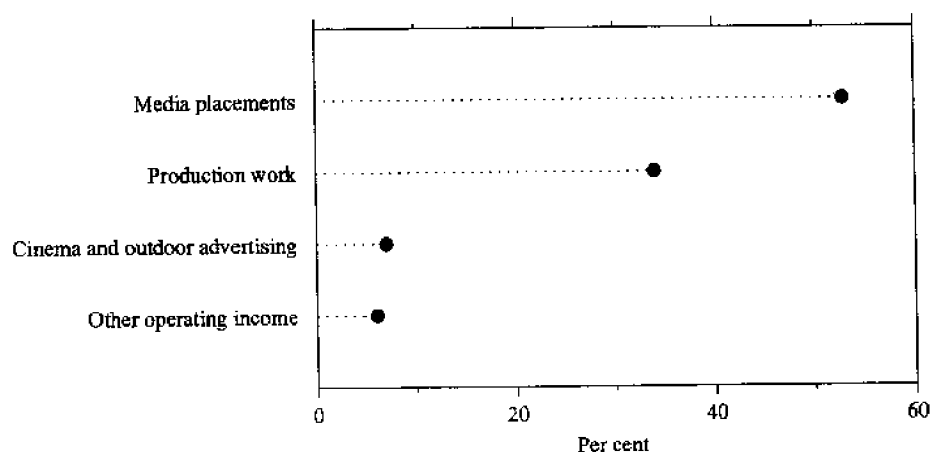
The average income per business was \$1,003,000. Of the 858 businesses in the advertising industry, 71 per cent generated income from media placements. Income per business from this source was \$732,000. Only 110 (13 per cent) of businesses earned income from cinema and outdoor advertising. The average income from this source for these businesses was \$537,000.

**TABLE 2.1 ADVERTISING SERVICES: SOURCES OF INCOME, AUSTRALIA, 1992-93**

Activity	Businesses No.	Percentage of total	
		Value \$m	%
<b>Sales of goods and services</b>			
Media placement commissions and fees	609	445.8	51.8
Income from production work	545	286.6	33.3
Income from cinema and outdoor advertising	110	59.1	6.9
Other operating income	303	(a)*50.6	5.9
<b>Total sales of goods and services</b>		<b>842.1</b>	<b>97.9</b>
Interest income	436	12.9	1.5
Other non-operating income	207	5.5	0.6
<b>Total income</b>		<b>860.5</b>	<b>100.0</b>

(a) Refer to paragraph 22 of the Explanatory Notes regarding usage of the asterisk symbol in this publication.

**CHART 2.1 ADVERTISING SERVICES: MAJOR COMPONENTS OF SALES OF GOODS AND SERVICES, AUSTRALIA, 1992-93**



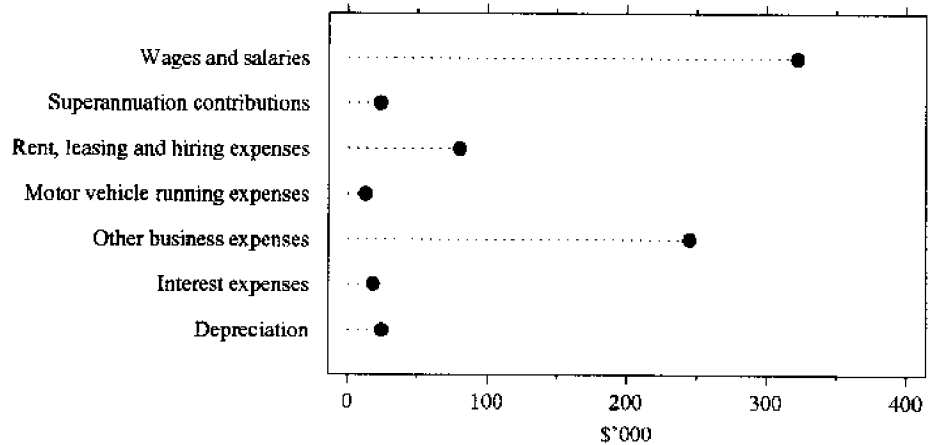
**TABLE 2.2 ADVERTISING SERVICES: ITEMS OF EXPENDITURE, AUSTRALIA, 1992-93**

<i>Type of expense</i>	<i>Businesses No.</i>	<i>Value \$m</i>	<i>Percentage</i>
			<i>of total %</i>
<b>Labour costs</b>			
Wages and salaries	806	322.5	43.4
Employer contributions to superannuation funds	719	23.4	3.1
Workers' compensation costs	647	1.5	0.2
<b>Total labour costs</b>		<b>347.3</b>	<b>46.7</b>
<b>Selected expenses</b>			
Rent leasing and hiring expenses	710	80.3	10.8
Motor vehicle running expenses	746	12.9	1.7
Other business expenses	857	245.1	33.0
<b>Total selected expenses</b>		<b>338.2</b>	<b>45.5</b>
Interest expenses	645	18.2	2.4
Depreciation on buildings and other fixed tangible assets	700	24.2	3.3
Bad debts written off	298	5.8	0.8
Insurance premiums	758	9.2	1.2
<b>Total expenses</b>		<b>743.1</b>	<b>100.0</b>

**Items of expenditure**

The advertising services industry was labour intensive, with labour costs accounting for 47 per cent of total expenses for 1992-93. The next largest item was other business expenses which represented 33 per cent of total expenses, while rent, leasing and hiring expenses accounted for 11 per cent.

**CHART 2.2 ADVERTISING SERVICES: MAJOR COMPONENTS OF EXPENDITURE, AUSTRALIA, 1992-93**



## SECTION 3. EMPLOYMENT

**Almost 60 per cent of persons employed were females**

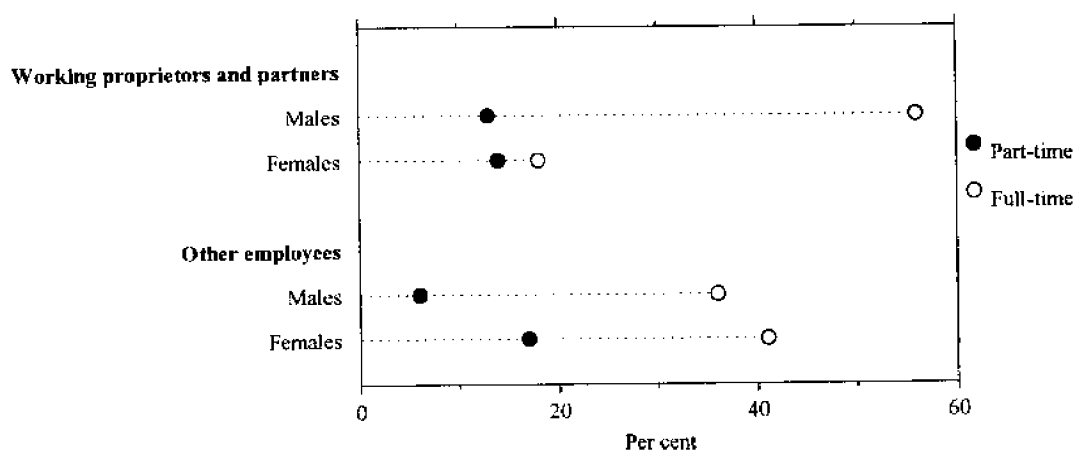
Total employment in the advertising services industry at 30 June 1993 was 9,083.

Females accounted for 57 per cent of people employed in the industry. Persons working full-time dominated employment in the industry, accounting for 77 per cent of total employment. Eighty-five per cent of males and 71 per cent of females employed in the industry worked full-time.

**TABLE 3.1 ADVERTISING SERVICES: CHARACTERISTICS OF EMPLOYMENT, AUSTRALIA, END JUNE 1993**

Type of employment	Males			Females			Total		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Working proprietors and partners	78	*18	96	*25	*19	44	103	*36	140
Other employees	3,239	*545	3,784	3,664	1,496	5,160	6,903	2,041	8,944
<b>Total</b>	<b>3,317</b>	<b>*563</b>	<b>3,880</b>	<b>3,689</b>	<b>1,514</b>	<b>5,204</b>	<b>7,006</b>	<b>2,077</b>	<b>9,083</b>
<b>Percentage contribution to total</b>	<b>36.5</b>	<b>6.2</b>	<b>42.7</b>	<b>40.8</b>	<b>16.7</b>	<b>57.3</b>	<b>77.1</b>	<b>22.9</b>	<b>100.0</b>

**CHART 3.1 ADVERTISING SERVICES: PROPORTION OF TYPE OF EMPLOYMENT WORKING FULL-TIME AND PART-TIME BY SEX, AUSTRALIA, 1992-93**



**More information?**

Further employment information is available on request, for example:

- the number of person-weeks worked by freelance staff (excluding talent)
- actual payments to freelance staff (excluding talent)
- actual payments to talent

## SECTION 4. BUSINESS SIZE ANALYSIS

### Definitions of business sizes

The business sizes for the advertising services industry in Table 4.1 are defined in terms of the total employment of each individual business, with those businesses employing fewer than 20 persons being defined as "small".

### Industry dominated by small businesses

In terms of the number of businesses, the advertising services industry was dominated by small business, with 89 per cent of businesses in the industry being defined as small. These small businesses accounted for 38 per cent of industry employment, 35 per cent of gross income, and 39 per cent of operating profit before tax.

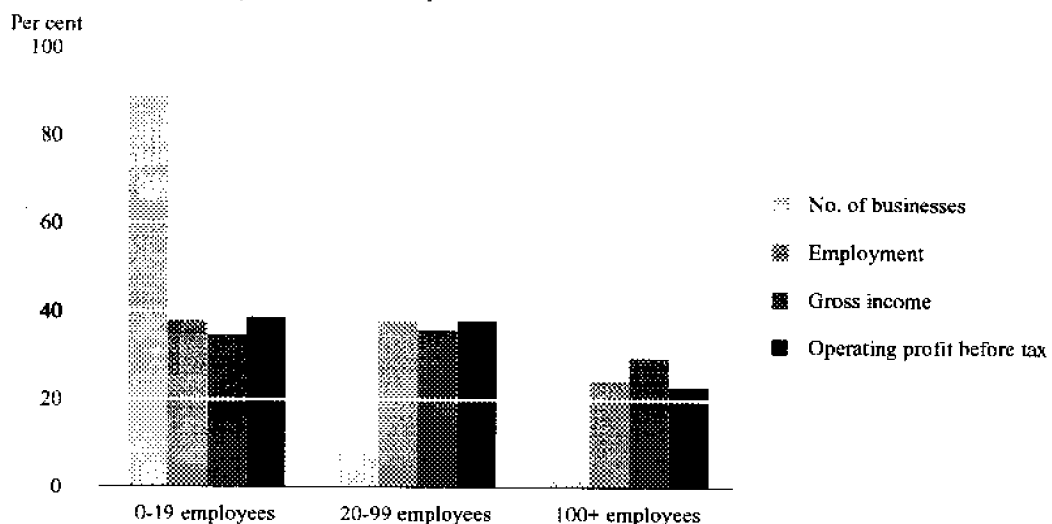
### Significance of large businesses

In contrast, only 2 per cent of businesses employed 100 or more persons. However, these 13 businesses accounted for 24 per cent of employment, 30 per cent of gross income, and 23 per cent of operating profit before tax.

**TABLE 4.1 ADVERTISING SERVICES: KEY CHARACTERISTICS BY BUSINESS SIZE, AUSTRALIA, 1992-93**

Employment size category at end June	Businesses at end June 1993		Employment at end June 1993		Gross income		Operating profit before tax	
	No.	%	No.	%	\$m	%	\$m	%
0-4 persons	494	57.6	1,076	11.8	81.9	9.5	13.2	11.2
5-9 persons	175	20.4	1,139	12.5	102.5	11.9	15.5	13.2
10-19 persons	90	10.5	1,227	13.5	113.1	13.1	16.8	14.3
<b>Total small businesses</b>	<b>759</b>	<b>88.5</b>	<b>3,441</b>	<b>37.9</b>	<b>297.5</b>	<b>34.6</b>	<b>45.5</b>	<b>38.7</b>
20-49 persons	70	8.2	2,206	24.3	183.3	21.3	27.5	23.4
50-99 persons	16	1.9	1,225	13.5	125.6	14.6	17.4	14.8
100 or more persons	13	1.5	2,211	24.3	254.1	29.5	27.0	23.0
<b>Total other businesses</b>	<b>99</b>	<b>11.5</b>	<b>5,642</b>	<b>62.1</b>	<b>563.0</b>	<b>65.4</b>	<b>71.9</b>	<b>61.2</b>
<b>Total</b>	<b>858</b>	<b>100.0</b>	<b>9,083</b>	<b>100.0</b>	<b>860.5</b>	<b>100.0</b>	<b>117.5</b>	<b>100.0</b>

**CHART 4.1 ADVERTISING SERVICES: PROPORTIONS BY BUSINESS SIZE, AUSTRALIA, 1992-93**





## SECTION 5. STATE DATA

### Introduction

In the 1992-93 advertising services industry survey, the only information collected by State was employment, wages and salaries, and selected income. These were the only data items for which multi-State advertising services businesses were able to accurately supply State data.

### Concentration of businesses in New South Wales

Businesses in the advertising services industry were highly concentrated in New South Wales. The 375 businesses operating in New South Wales accounted for 46 per cent of industry employment and 49 per cent of income. Together, businesses in New South Wales and Victoria accounted for 72 per cent of industry employment, and 79 per cent of income. By way of comparison these two States account for about 60 per cent of the Australian population.

### Income per business

Advertising services businesses varied significantly across States with respect to income size. Income per business was highest in New South Wales (\$1.1 million) and lowest in the Northern Territory and Australian Capital Territory when combined (\$0.5 million). The Australian average was \$1.0 million.

Income per person employed was highest in Victoria at \$103,072 and lowest in the Northern Territory and Australian Capital Territory which when combined averaged \$45,000. The Australian average was \$92,712 per person employed.

### Wages and salaries per person employed

The wages and salaries per person employed ranged from a high of \$39,159 in New South Wales to a low of \$18,269 in the Northern Territory and Australian Capital Territory when combined. The Australian average was \$35,506 per person employed.

### Large difference in number of persons employed per business

There was a large variation between the States and Territories in respect of total employment per business. New South Wales had the highest employment with 11 per business and South Australia the lowest with 8. The Australian average was 11 persons employed per business.

**TABLE 5.1 ADVERTISING SERVICES: KEY CHARACTERISTICS BY STATE, 1992-93**

	<i>Businesses end June 1993(a) No.</i>	<i>Total employment end June 1993 No.</i>	<i>Wages and salaries \$m</i>	<i>Selected income \$m</i>
New South Wales	375	4,160	162.9	416.8
Victoria	248	2,376	92.5	244.9
Queensland	122	1,158	27.9	78.1
South Australia	65	495	17.7	47.0
Western Australia	80	697	17.1	45.8
Tasmania	10	92	2.4	4.8
Northern Territory and Australian Capital Territory	10	104	1.9	4.7
<b>Australia</b>	<b>858</b>	<b>9,083</b>	<b>322.5</b>	<b>842.1</b>

(a) Multi-state businesses are counted in each State in which they operated. Hence States do not sum to the total for Australia.

## SECTION 6. PERFORMANCE MEASURES

### Range of profit/loss

For the 1992-93 financial year, 77 per cent of businesses in the advertising industry either broke even or made an operating profit before tax. Breaking even is defined as falling within the range of an operating loss before tax of \$999 and an operating profit before tax of \$999.

Of those businesses making a profit, most fell in the \$20,000 to \$99,999 range. One hundred and ninety-five businesses (23 per cent) incurred a loss.

**TABLE 6.1 ADVERTISING SERVICES: DISTRIBUTION OF BUSINESSES BY RANGE OF OPERATING PROFIT/LOSS BEFORE TAX, AUSTRALIA, 1992-93**

<i>Operating profit/loss before tax</i>	<i>Number of businesses</i>	<i>Percentage of total businesses</i>
<b>BUSINESSES REPORTING PROFIT</b>		
Greater than \$500,000	59	6.9
\$100,000 to \$499,999	133	15.5
\$20,000 to \$99,999	229	26.7
\$1,000 to \$19,999	171	19.9
<b>Total</b>	<b>592</b>	<b>69.0</b>
<b>BUSINESSES BREAKING EVEN</b>		
	<b>*71</b>	<b>8.3</b>
<b>BUSINESSES REPORTING LOSSES</b>		
\$1,000 to \$19,999	74	8.6
\$20,000 to \$99,999	100	11.7
Greater than \$100,000	21	2.4
<b>Total</b>	<b>195</b>	<b>22.7</b>

### Operating profit before tax per person employed

In 1992-93, operating profit before tax per person employed in the advertising industry was \$12,900. This ratio was of the same order as the operating profit before tax per person employed of \$12,800 for all non-farm industries.

**TABLE 6.2 ADVERTISING SERVICES: SELECTED PERFORMANCE RATIOS, AUSTRALIA, 1992-93**

<i>Ratio</i>	<i>Unit</i>	<i>Small businesses</i>	<i>Other businesses</i>	<i>All businesses</i>
<b>Employment ratios:</b>				
Gross income per person employed	\$'000	86.4	99.8	94.7
Labour costs per employee	\$'000	34.8	41.2	38.8
Operating profit before tax per person employed	\$'000	13.2	12.7	12.9
<b>Financial ratios:</b>				
Operating profit margin	Per cent	15.4	13.1	13.9
Interest coverage	Times	7.6	7.4	7.4

**Gross income and labour costs**

Gross income per person employed was higher for other businesses (\$99,800) than for small businesses (\$86,400).

**Labour costs per employee**

Labour costs per employee were also higher for other businesses (\$41,200) than for small businesses (\$34,800). Only two per cent of total employment was sole proprietors and working partners (who would be included in the small business category) for whom no labour costs are recorded. Because the proportion of sole proprietors and partners was so small, it is unlikely to significantly affect the comparisons between business sizes.

**Financial ratios**

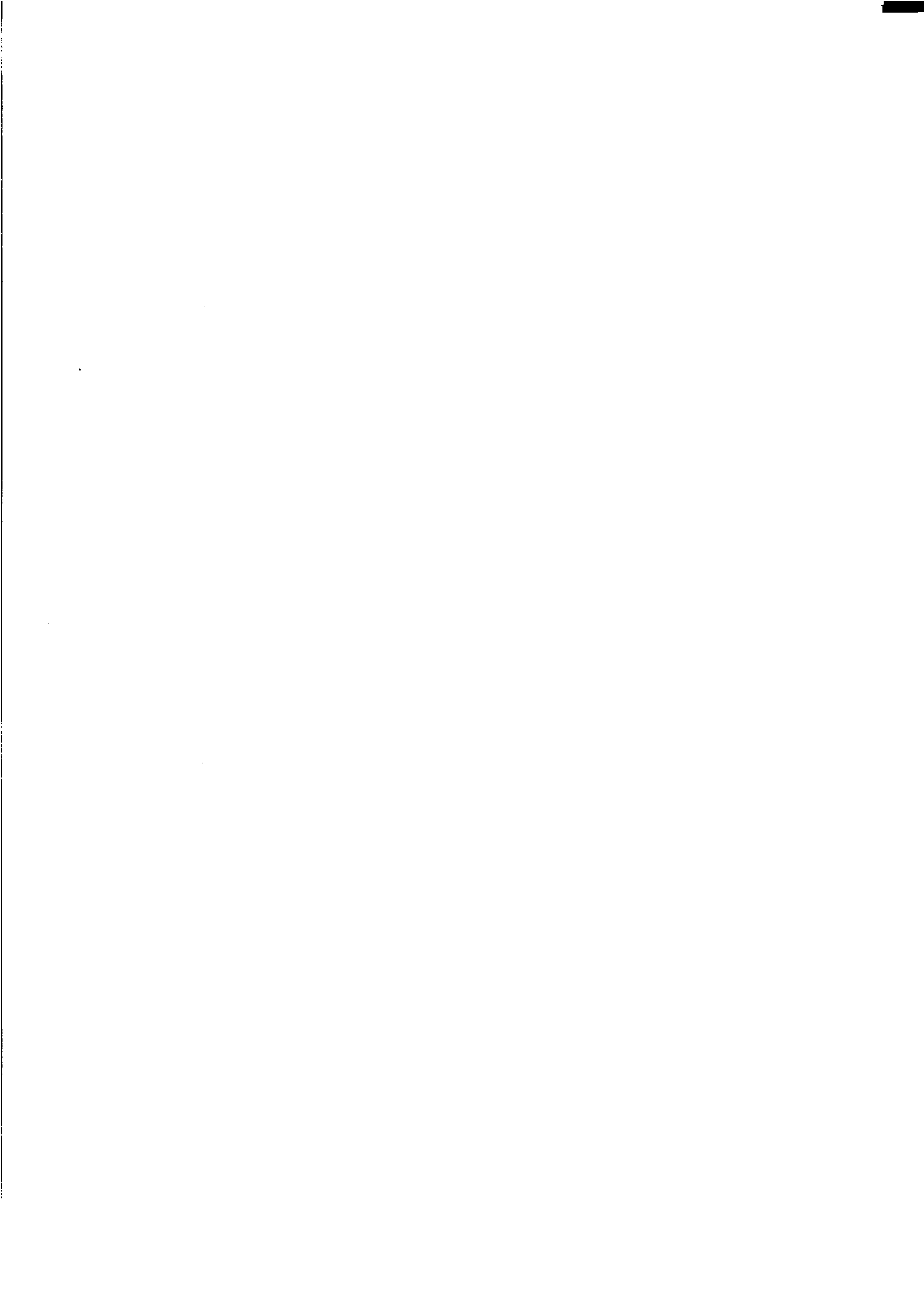
The operating profit margin for the advertising services industry (13.9 per cent) was much higher than the profit margin (5.9 per cent) reported by all non-farm industries for 1992-93. Using operating profit margin as the measure, small businesses (15.4 per cent) were more profitable than other businesses (13.1 per cent).

The interest coverage ratio measures how comfortably profit covers the interest cost. For the advertising services industry, the interest coverage ratio was 7.4 times. By way of comparison, all non-farm industries had an interest coverage of only 2.2 times.

**More information?**

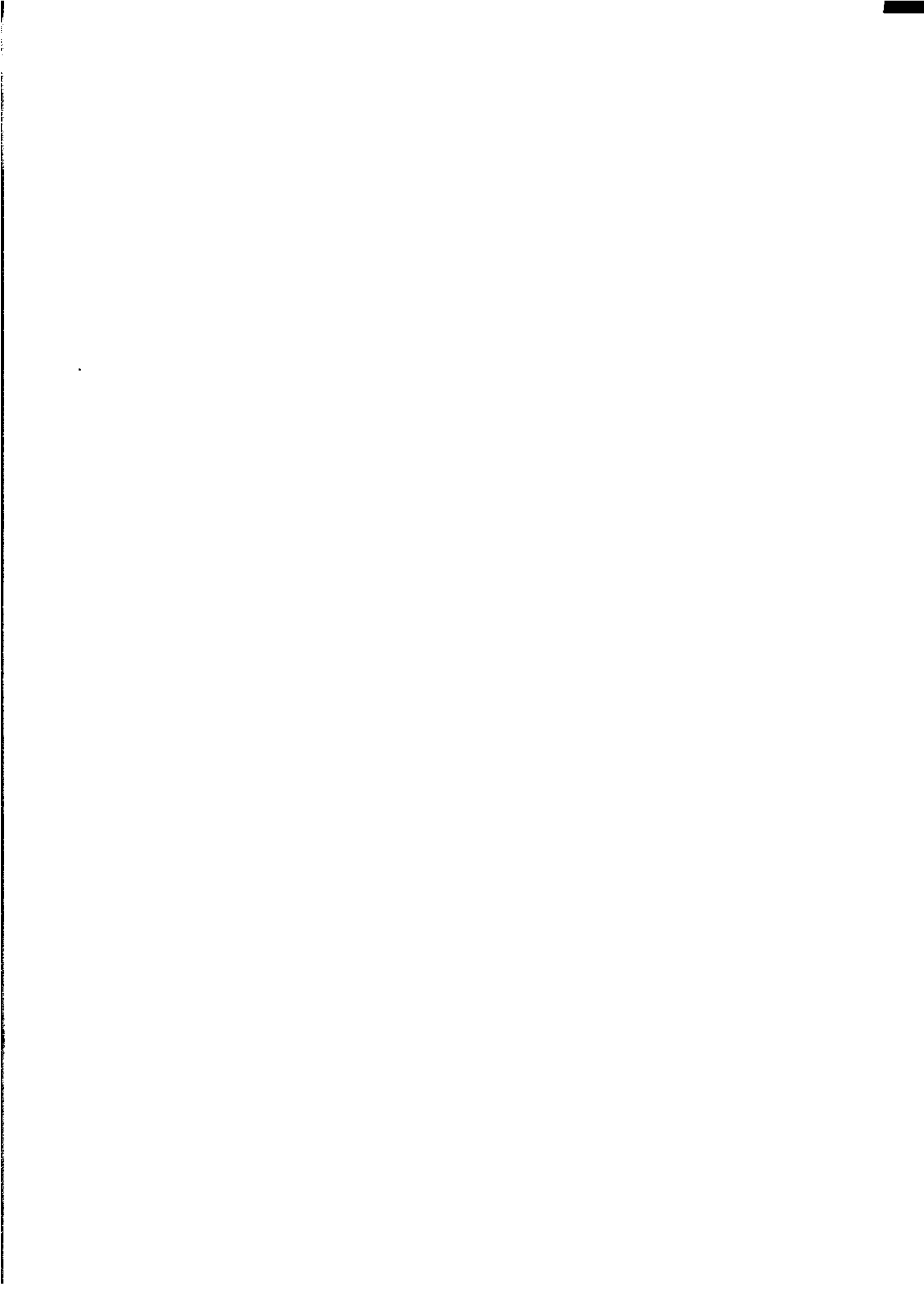
Detailed analyses of the data are available on request, for example:

- income and expenditure by deciles, mean and median values
- regression analysis
- analysis of variance



**PART B**

**MARKET RESEARCH SERVICES**



## **SECTION 7. MARKET RESEARCH SERVICES - AN OVERVIEW**

### **Introduction**

The market research services industry comprises businesses mainly engaged in providing market research services. These include market research services and public opinion services.

### **Size of the industry**

At 30 June 1993, there were 174 businesses (management units) in the market research services industry, employing 8,064 people. These businesses generated \$252 million from the sales of goods and services, and had an operating profit before tax of \$25 million.

Total industry gross product (IGP) was \$137 million. This represented less than 0.1 per cent of IGP for all non-farm industries.

### **Business size**

Whilst the majority (69 per cent) of businesses in the market research services industries were defined as small, they accounted for only 7 per cent of industry employment, 21 per cent of total income, and 38 per cent of operating profit before tax. In contrast, the 16 largest businesses in the industry accounted for 67 per cent of industry employment, 56 per cent of total income, and 41 per cent of operating profit before tax.

### **The State dimension**

Businesses in the market research services industry were highly concentrated in New South Wales. Market research businesses in New South Wales accounted for 45 per cent of the industry's employment and 56 per cent of selected income for the industry.

### **Profitability**

The operating profit margin for the market research services industry (9.7 per cent) was higher than the operating profit margin reported for all non-farm industries (5.9 per cent) for 1992-93.

**TABLE 7.1 MARKET RESEARCH SERVICES: SUMMARY OF OPERATIONS, AUSTRALIA, 1992-93**

<i>Item</i>	<i>Unit</i>	<i>Value</i>
<b>Businesses at end June 1993</b>	<b>No.</b>	<b>174</b>
<b>Employment</b>		
Working proprietors and partners	No.	57
Employees	No.	8,007
<b>Total</b>	<b>No.</b>	<b>8,064</b>
<b>Income statement</b>		
Sales of goods and services	\$m	251.7
<i>Less</i>		
Selected expenses	\$m	114.8
<b>Trading profit</b>	<b>\$m</b>	<b>136.9</b>
<i>Plus</i>		
Interest income	\$m	1.4
Other income	\$m	2.2
<i>Less</i>		
Labour costs	\$m	102.6
Depreciation	\$m	8.2
Other expenses	\$m	1.2
<b>Earnings before interest and tax</b>	<b>\$m</b>	<b>28.6</b>
<i>Less</i>		
Interest expenses	\$m	4.0
<b>Operating profit before tax</b>	<b>\$m</b>	<b>24.5</b>
<b>Operating profit margin</b>	<b>Per cent</b>	<b>9.7</b>
<b>Industry gross product</b>	<b>\$m</b>	<b>136.9</b>

**More information?**

More detailed data are available on request, for example:

- components of income e.g. percentage of income derived from the provision of environmental consultancy services to public and private sector clients
- components of expenses e.g. the amount spent on the provision of training to staff



## SECTION 8. INCOME AND EXPENDITURE

### Sources of income

For market research services, nearly 95 per cent of gross income was derived from activities primary to the industry. Qualitative research (e.g. focus groups and in-depth interviews) and quantitative research (e.g. telephone interviews, central location interviews) services together accounted for over 61 per cent of gross income in 1992-93.

### Income per business

The average income per business in the industry was \$1,467,000. Income per business from individual sources of income, however, varied considerably. The 130 businesses generating income from qualitative research services earned \$448,000 per business from this source. By way of comparison, the 37 businesses generating income from other market research services earned \$1,051,000 per business from this source.

**TABLE 8.1 MARKET RESEARCH: SOURCES OF INCOME, AUSTRALIA, 1992-93**

<i>Activity</i>	<i>Businesses</i>		<i>Percentage</i>	
	<i>No.</i>	<i>Value</i>	<i>of total</i>	
		<i>\$m</i>		<i>%</i>
<b>Sales of goods and services</b>				
Income from market research services				
Qualitative research services	130	58.3		22.8
Quantitative research services	101	98.3		38.5
Desk research services	47	46.0		18.0
Other market research services	37	38.9		15.2
Total income from market research services		241.5		94.6
Income from management consulting services	38	4.0		1.6
Other operating income	28	6.2		2.4
<b>Total sales of goods and services</b>		<b>251.7</b>		<b>98.6</b>
Interest income	79	1.4		0.5
Other non-operating income	38	2.2		0.9
<b>Total income</b>		<b>255.3</b>		<b>100.0</b>

#### More information?

More detailed information on income and expenditure are available on request, for example:

- income and expenditure by deciles, mean and median values
- detailed breakdown of components of income from business management consulting services
- wages and salaries paid to working directors, interviewers and other staff

## Components of expenditure

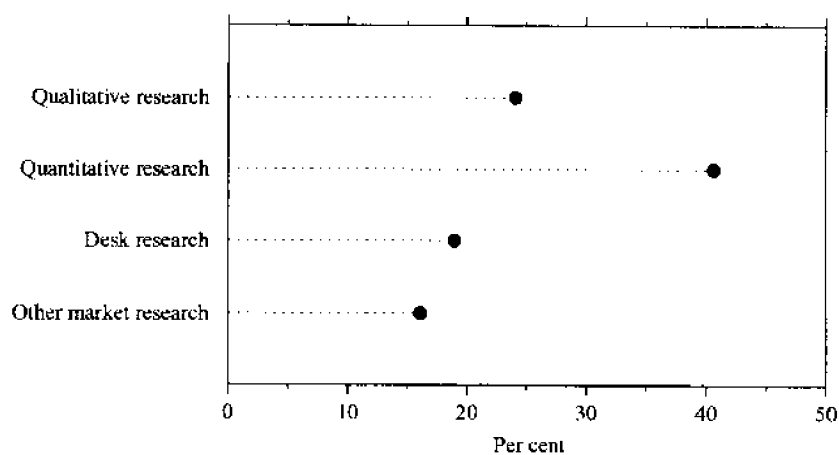
The market research services industry was labour intensive, with labour costs accounting for 45 per cent of total expenses.

Payments to sub-contractors and consultants were not included with labour costs. These payments amounted to \$28 million for the market research industry. This represented about 12 per cent of total expenses. Rent, leasing and hiring expenses accounted for 7 per cent of total expenses.

**TABLE 8.2 MARKET RESEARCH: ITEMS OF EXPENDITURE, AUSTRALIA, 1992-93**

Type of expense	Businesses No.	Value \$m	Percentage
			of total %
<b>Labour costs</b>			
Wages and salaries	156	96.4	41.8
Employer contributions to superannuation funds	150	5.6	2.4
Workers' compensation costs	127	0.6	0.3
<b>Total labour costs</b>		<b>102.6</b>	<b>44.5</b>
<b>Selected expenses</b>			
Payments to sub-contractors and sub-consultants	141	28.1	12.2
Rent leasing and hiring expenses	138	16.9	7.3
Motor vehicle running expenses	155	2.8	1.2
Telecommunication expenses	174	7.5	3.2
Other business expenses	174	59.5	25.8
<b>Total selected expenses</b>		<b>114.8</b>	<b>49.7</b>
Interest expenses	126	4.0	1.7
Depreciation on buildings and other fixed tangible assets	159	8.2	3.6
Bad debts	32	0.3	0.1
Insurance premiums	146	0.9	0.4
<b>Total expenses</b>		<b>230.8</b>	<b>100.0</b>

**CHART 8.1 PROPORTION OF INCOME FROM MARKET RESEARCH SERVICES, AUSTRALIA, 1992-93**



## SECTION 9. EMPLOYMENT

### Two thirds of persons employed were female

Total employment in the market research services industry at end June 1993 was 8,064. About two thirds of those employed in the industry were female. This proportion, however, varied by type of employment. Forty-six per cent of working proprietors and partners were females, 49 per cent of working directors and 67 per cent of other employees.

### Large numbers of interviewers employed

By far the largest category of employment in the market research services industry was interviewers involved in the collection of information, which accounted for 70 per cent of total industry employment. This was followed by other employees involved in administrative support activities, etc (17 per cent), and those involved in professional/consulting activities (at 10 per cent).

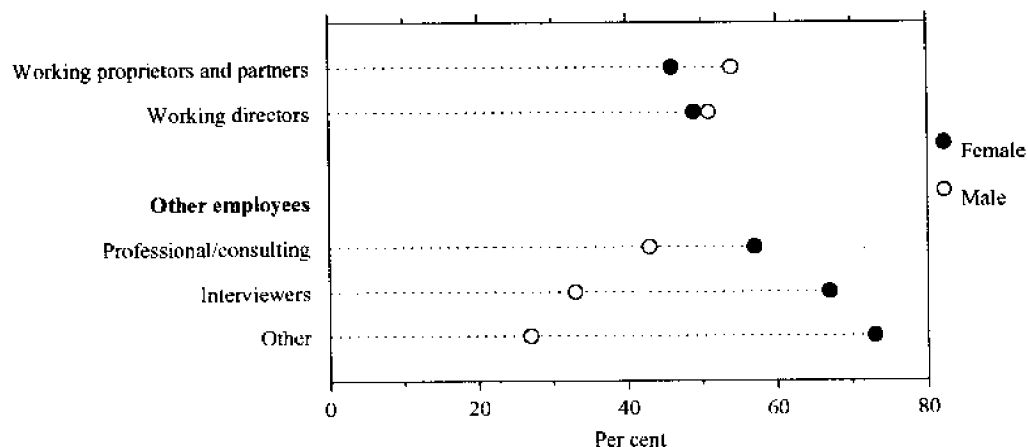
### Incidence of part-time employment

Employment in the industry was dominated by those working part-time (i.e. less than 35 hours per week). Just on 76 per cent of those employed in the market research industry worked part-time. The high incidence of part-time employment can be attributed to the large number of interviewers employed part-time (just over 5,400) in the industry. Just on two thirds of interviewers employed part-time were female.

**TABLE 9.1 MARKET RESEARCH SERVICES: CHARACTERISTICS OF EMPLOYMENT, AUSTRALIA, END JUNE 1993**  
(Number)

Type of employment	Males			Females			Total		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
Working proprietors and partners	*27	*4	31	21	*5	26	48	*9	57
Working directors of incorporated companies and trusts	132	*4	135	107	23	130	239	26	265
Other employees									
Professional/consulting	322	13	335	418	*29	447	740	42	782
Interviewers	34	1,794	1,828	123	3,635	3,757	157	5,429	5,586
Other	253	118	371	460	543	1,003	713	661	1,374
<b>Total</b>	<b>768</b>	<b>1,933</b>	<b>2,701</b>	<b>1,129</b>	<b>4,234</b>	<b>5,363</b>	<b>1,897</b>	<b>6,167</b>	<b>8,064</b>
Percentage contribution to total	9.5	24.0	35.5	14.0	52.5	66.5	23.5	76.5	100.0

**CHART 9.1 MARKET RESEARCH SERVICES: PROPORTION OF PERSONS WORKING BY TYPE OF EMPLOYMENT BY SEX, AUSTRALIA, 1992-93**



## SECTION 10. BUSINESS SIZE ANALYSIS

### Business size definitions

The business sizes for market research services in Table 10.1 are defined in terms of the total employment of each individual business, with those businesses employing fewer than 20 persons being defined as "small".

### Industry dominated by small businesses

In terms of the number of businesses, the market research services industry was dominated by small business, with 69 per cent of businesses in the industry being defined as small. However, these small businesses accounted for only 7 per cent of industry employment, 21 per cent of total income, and 38 per cent of operating profit before tax.

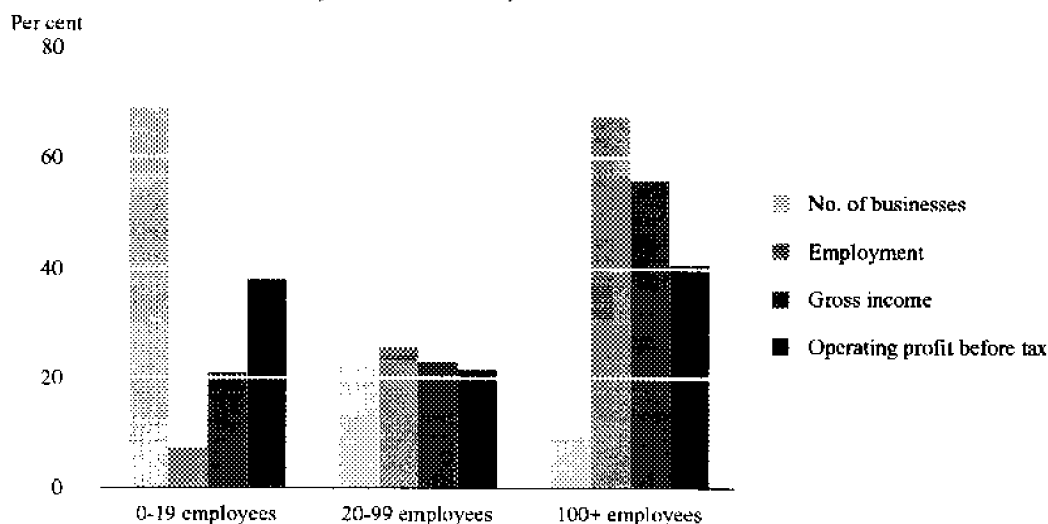
### Significance of large businesses

In contrast, just over 9 per cent of businesses employed 100 or more persons. However, these 16 largest businesses in the industry accounted for 67 per cent of employment, 56 per cent of total income, and 41 per cent of operating profit before tax.

**TABLE 10.1 MARKET RESEARCH SERVICES: KEY CHARACTERISTICS BY BUSINESS SIZE, AUSTRALIA, 1992-93**

Employment size category at end June	Businesses at end June 1993		Employment at end June 1993		Gross income		Operating profit before tax	
	No.	%	No.	%	\$m	%	\$m	%
0-4 persons	73	42.0	151	1.9	18.8	7.4	*3.6	14.7
5-9 persons	32	18.4	213	2.6	20.2	7.9	*1.9	7.8
10-19 persons	*15	8.6	*218	2.7	*14.3	5.6	*3.9	15.9
<b>Total small businesses</b>	<b>120</b>	<b>69.0</b>	<b>582</b>	<b>7.2</b>	<b>53.4</b>	<b>20.9</b>	<b>9.3</b>	<b>38.0</b>
20-49 persons	*17	9.8	*497	6.2	*16.2	6.3	*0.8	3.3
50-99 persons	22	12.6	1,554	19.3	42.6	16.7	*4.5	18.4
100 or more persons	16	9.2	5,431	67.3	143.1	56.1	10.0	40.8
<b>Total other businesses</b>	<b>54</b>	<b>31.0</b>	<b>7,482</b>	<b>92.8</b>	<b>201.9</b>	<b>79.1</b>	<b>15.2</b>	<b>62.0</b>
<b>Total</b>	<b>174</b>	<b>100.0</b>	<b>8,064</b>	<b>100.0</b>	<b>255.3</b>	<b>100.0</b>	<b>24.5</b>	<b>100.0</b>

**CHART 10.1 MARKET RESEARCH SERVICES: PROPORTIONS BY BUSINESS SIZE, AUSTRALIA, 1992-93**



## SECTION 11. STATE DATA

### Introduction

In the 1992-93 market research services industry survey, the only information collected by State were employment, wages and salaries, and selected income. These were the only data items for which multi-State market research services businesses were able to accurately supply State data.

### Concentration of businesses in New South Wales

Businesses in the market research industry were highly concentrated in New South Wales. The 93 businesses operating in New South Wales accounted for 45 per cent of industry employment and 56 per cent of selected income.

### Gross income per business highest in New South Wales

Market research businesses varied significantly with respect to size and income ratios. Income per business was highest in New South Wales (\$1.5 million) and lowest in Tasmania and the Northern Territory which combined averaged \$0.1 million. The Australian average was \$1.4 million.

Income per person employed was highest in Victoria at \$51,374 and lowest in Tasmania and the Northern Territory which combined averaged \$6,897. The Australian average was \$31,213.

### Wages and salaries per person employed

Wages and salaries per person employed ranged from \$14,696 in Victoria to \$5,172 in Tasmania and the Northern Territory combined. The Australian average was \$11,954 per person employed. The low wages and salaries per person employed is accounted for by the high incidence of part-time employment in the industry.

### Very large difference in number of persons employed per business

Queensland had the highest employment per business with 54 persons employed per business and the Australian Capital Territory the lowest with five persons. The Australian average was 46 persons employed per business.

**TABLE 11.1 MARKET RESEARCH SERVICES: KEY CHARACTERISTICS BY STATE, 1992-93**

	<i>Businesses end June 1993(a) No.</i>	<i>Total employment end June 1993 No.</i>	<i>Wages and salaries \$m</i>	<i>Selected income \$m</i>
New South Wales	93	3,668	53.6	141.3
Victoria	71	1,565	23.0	80.4
Queensland	25	1,345	11.3	13.6
South Australia	16	588	3.4	5.8
Western Australia	16	782	4.4	8.1
Tasmania & Northern Territory	5	58	0.3	0.4
Australian Capital Territory	*11	57	0.4	2.0
<b>Australia</b>	<b>174</b>	<b>8,064</b>	<b>96.4</b>	<b>251.7</b>

(a) Multi-state businesses are counted in each State in which they operated. Hence States do not sum to the total for Australia.

## SECTION 12. PERFORMANCE MEASURES

### Range of profit/loss

For the 1992-93 financial year, 89 per cent of businesses in the market research industry either broke even or made an operating profit before tax. Of the 144 businesses making a profit, 36 per cent fell in the \$20,000 to \$99,999 profit range and 33 per cent fell in the \$100,000 to \$499,999 range. Only 21 businesses (12 per cent) incurred a loss, with seven businesses reporting a loss in excess of \$100,000.

**TABLE 12.1 MARKET RESEARCH SERVICES: DISTRIBUTION OF BUSINESSES BY RANGE OF OPERATING PROFIT/LOSS BEFORE TAX, AUSTRALIA, 1992-93**

<i>Operating profit/loss before tax</i>	<i>Number of businesses</i>	<i>Percentage of total businesses</i>
<b>BUSINESSES REPORTING PROFIT</b>		
Greater than \$500,000	11	6.3
\$100,000 to \$499,999	47	27.0
\$20,000 to \$99,999	52	29.9
\$1,000 to \$19,999	34	19.5
<b>Total</b>	<b>144</b>	<b>82.8</b>
<b>BUSINESSES BREAKING EVEN</b>	<b>*10</b>	<b>5.7</b>
<b>BUSINESSES REPORTING LOSSES</b>		
\$1,000 to \$19,999	*9	5.2
\$20,000 to \$99,999	*5	2.9
Greater than \$100,000	*7	4.0
<b>Total</b>	<b>21</b>	<b>12.1</b>

### Operating profit before tax per person employed

In 1992-93, operating profit before tax per person employed in the market research industry was \$3,000. This was considerably lower than operating profit before tax per person employed of \$12,800 for all non-farm industries for the same period. This low figure for the market research industry was due to the large number of part-time interviewers employed in this industry.

**TABLE 12.2 MARKET RESEARCH SERVICES: SELECTED PERFORMANCE RATIOS, AUSTRALIA, 1992-93**

<i>Ratio</i>	<i>Unit</i>	<i>Small businesses</i>	<i>Other businesses</i>	<i>All businesses</i>
<b>Employment ratios:</b>				
Gross income per person employed	\$'000	91.7	27.0	31.7
Operating profit before tax per person employed	\$'000	16.0	2.0	3.0
Selected labour costs per employee	\$'000	25.1	11.9	12.8
<b>Financial ratios:</b>				
Operating profit margin	Per cent	17.6	7.6	9.7
Interest coverage	Times	*6.9	7.2	7.1

### **Gross income and labour costs**

Gross income per person employed was higher for small businesses (\$91,700) than for other businesses (\$27,000).

Labour costs per employee were much higher for small businesses (\$25,100) than for other businesses (\$11,900). The lower labour costs for other businesses reflects the higher incidence of part-time employment amongst these businesses. Only 1 per cent of total employment was sole proprietors and working partners (who would be included in the small business category) for whom no labour costs are recorded. Because the proportion of sole proprietors and partners was so small, it is unlikely to significantly affect the comparisons between business sizes.

### **Financial ratios**

The operating profit margin for the market research industry (9.7 per cent) was higher than the profit margin (5.9 per cent) reported by all non-farm industries for 1992-93. Using operating profit margin as the measure, small businesses (with a margin of 17.6 per cent) were significantly more profitable than other businesses (7.6 per cent).

The interest coverage ratio measures how comfortably profit covers the interest cost. For the market research services industry, the interest coverage ratio was 7.1 times. By way of comparison, all non-farm industries had an interest coverage of only 2.2 times.

#### **More information?**

Additional data are available on request showing

- the proportion of each type of employee i.e. professional/consulting, interviewers, and other employees by business size
- payments to subcontractors by business size





**PART C**

**BUSINESS MANAGEMENT  
SERVICES**



## **SECTION 13. BUSINESS MANAGEMENT SERVICES - AN OVERVIEW**

### **Introduction**

The business management services industry comprises businesses mainly engaged in providing business management services. These include business analysis, efficiency or organisation and methods studies, personnel management, public relations consultancy, or statistical services.

It is noteworthy that businesses whose activities were primary to the accounting services industry (ANZSIC 7842) had income from the provision of management consulting services of \$165 million.

### **Size of the industry**

At 30 June 1993, there were 686 businesses (management units) in the business management services industry, employing 4,933 people. These businesses generated \$507 million from the sales of goods and services, and had an operating profit before tax of \$43 million.

Total industry gross product (IGP) was \$256 million. This represented 0.1 per cent of IGP for all non-farm industries.

### **Business size**

The business management services industry was dominated, in terms of employment, by small businesses, with 95 per cent of businesses employing fewer than 20 people. These small businesses accounted for 63 per cent of industry employment, 69 per cent of total income, and 77 per cent of operating profit before tax.

### **The State dimension**

Businesses in the business management services industry were highly concentrated in New South Wales. Business management businesses in New South Wales accounted for 54 per cent of the industry's employment and 56 per cent of selected income for the industry.

### **Profitability**

The operating profit margin for the business management services industry (8.4 per cent) was higher than the operating profit margin reported for all non-farm industries (5.9 per cent) for 1992-93.

**TABLE 13.1 BUSINESS MANAGEMENT SERVICES:  
SUMMARY OF OPERATIONS, AUSTRALIA, 1992-93**

<i>Item</i>	<i>Unit</i>	<i>Value</i>
<b>Businesses at end June 1993</b>	<b>No.</b>	<b>686</b>
<b>Employment</b>		
Working proprietors and partners	No.	73
Employees	No.	4,860
<b>Total</b>	<b>No.</b>	<b>4,933</b>
<b>Income statement</b>		
Sales of goods and services	\$m	506.6
<i>Less</i>		
Selected expenses	\$m	250.2
<b>Trading profit</b>	<b>\$m</b>	<b>256.4</b>
<i>Plus</i>		
Interest income	\$m	9.4
Other income	\$m	5.3
<i>Less</i>		
Labour costs	\$m	193.4
Depreciation	\$m	11.7
Other expenses	\$m	4.8
<b>Earnings before interest and tax</b>	<b>\$m</b>	<b>61.2</b>
<i>Less</i>		
Interest expenses	\$m	18.6
<b>Operating profit before tax</b>	<b>\$m</b>	<b>42.6</b>
<b>Operating profit margin</b>	<b>Per cent</b>	<b>8.4</b>
<b>Industry gross product</b>	<b>\$m</b>	<b>256.4</b>

**More information?**

More detailed data are available on request, for example:

- components of income e.g. percentage of income derived from the provision of environmental consultancy services to public and private sector clients
- components of expenses e.g. the amount spent on the provision of training to staff
- income and expense items by employment and income size groupings

## SECTION 14. INCOME AND EXPENDITURE

### Sources of income

In 1992-93, over 92 per cent of the gross income of business management services was derived from activities primary to the industry. The income drawn by businesses in the industry was spread over a number of activities which reflected the diverse nature of the services the industry provided. Public relations (23 per cent), general business management (19 per cent), and human resource management consultancy services (16 per cent) together provided almost 60 per cent of the industry's gross income.

### Income per business

More businesses derived income from general business management consulting services than any other component of sales of goods and services. These 226 businesses earned \$438,000 per business from this source. By way of comparison, only 105 businesses earned income from human resource management consulting services. However, the average income from this source for these businesses was much higher at \$780,000.

The average income per business was \$780,000.

**TABLE 14.1 BUSINESS MANAGEMENT SERVICES: SOURCES OF INCOME, AUSTRALIA, 1992-93**

Activity	Businesses	Value	Percentage
	No.	\$m	of total %
<b>Sales of goods and services</b>			
Income from business management consulting services			
General business management consulting services	226	98.9	19.0
Financial business management consulting services	68	*18.5	3.5
Computer consulting services	*21	*4.5	0.9
Marketing management consulting services	94	*33.4	6.4
Human resource management consulting services	105	*81.9	15.7
Production management consulting services	70	*24.8	4.8
Public relations consulting services	203	121.2	23.2
Other management consulting services	127	98.6	18.9
Total income from business management consulting services		481.9	92.4
Income from market research services	74	*8.8	1.7
Other operating income	147	15.9	3.1
<b>Total sales of goods and services</b>		<b>506.6</b>	<b>97.2</b>
Interest income	347	9.4	1.8
Other non-operating income	205	5.3	1.0
<b>Total income</b>	<b>666</b>	<b>521.3</b>	<b>100.0</b>

### Components of expenditure

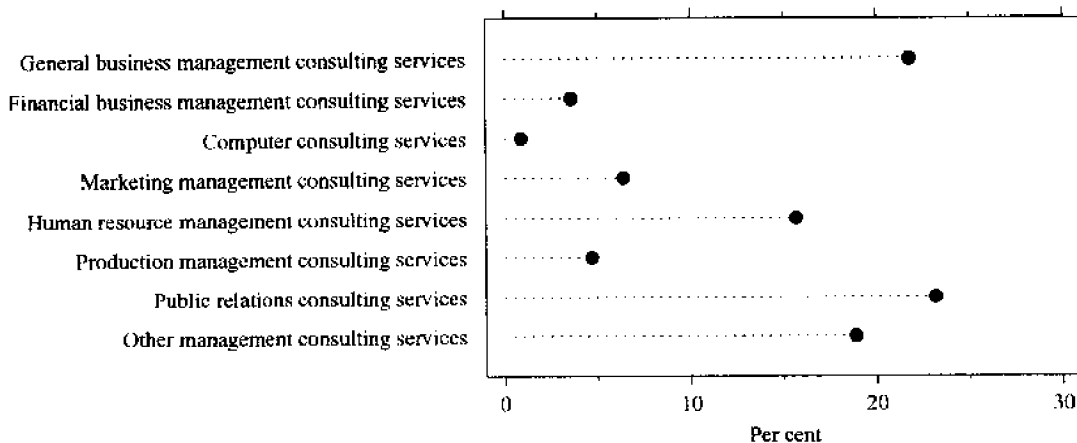
Labour costs were the largest expenditure items for business management services, accounting for 40 per cent of total expenses.

Payments to sub-contractors and consultants were not included with labour costs. These payments amounted to \$55m for business management services, representing about 11 per cent of total expenses.

**TABLE 14.2 BUSINESS MANAGEMENT SERVICES: ITEMS OF EXPENDITURE, AUSTRALIA, 1992-93**

<i>Type of expense</i>	<i>Businesses No.</i>	<i>Value \$m</i>	<i>Percentage</i>
			<i>of total %</i>
<b>Labour costs</b>			
Wages and salaries	614	174.2	36.4
Employer contributions to superannuation funds	546	18.2	3.8
Workers' compensation costs	460	1.0	0.2
<b>Total labour costs</b>		<b>193.4</b>	<b>40.4</b>
<b>Selected expenses</b>			
Payments to sub-contractors and sub-consultants	364	54.8	11.4
Rent leasing and hiring expenses	528	33.1	6.9
Motor vehicle running expenses	613	6.8	1.4
Telecommunication expenses	682	9.9	2.1
Other business expenses	686	145.7	30.4
<b>Total selected expenses</b>		<b>250.2</b>	<b>52.3</b>
Interest expenses	503	18.6	3.9
Depreciation on buildings and other fixed tangible assets	549	11.7	2.4
Bad debts written off	102	1.7	0.4
Insurance premiums	599	3.1	0.6
<b>Total expenses</b>		<b>476.7</b>	<b>100.0</b>

**CHART 14.1 BUSINESS MANAGEMENT SERVICES: MAJOR COMPONENTS OF SALES OF GOODS AND SERVICES, AUSTRALIA, 1992-93**



## SECTION 15. EMPLOYMENT

### Incidence of female employment

Total employment in the business management services industry at end June 1993 was 4,933. Fifty-five per cent of those employed in the industry were female.

### Professional/consulting employees

The largest category of employment in the business management services industry comprised those employed in professional/consulting activities (1,887 persons or 38 per cent of total employment). This was followed by other employees involved in administrative support activities, etc (35 per cent), and working directors of incorporated companies and trusts (at 23 per cent).

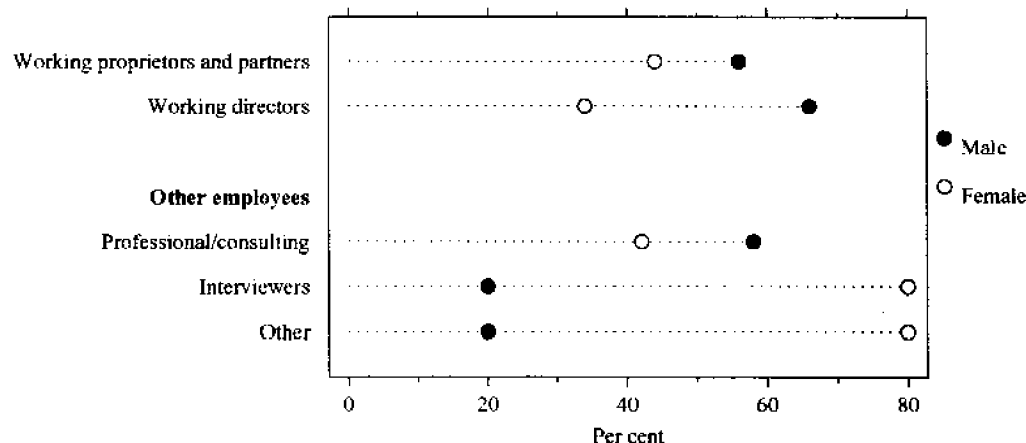
### Industry dominated by full-time employment

Employment in the industry was dominated by those working full-time (with over 80 per cent of total employment). Just over 70 per cent of those employed in business management services on a part-time basis were female.

**TABLE 15.1 BUSINESS MANAGEMENT SERVICES: CHARACTERISTICS OF EMPLOYMENT, AUSTRALIA, END JUNE 1993**  
(Number)

Type of employment	Males			Females			Total		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
Working proprietors and partners	36	*5	41	*15	*17	*32	*51	*22	73
Working directors of incorporated companies and trusts	709	*26	735	255	130	385	964	156	1,119
<b>Other employees</b>									
Professional/consulting	945	*141	1,086	682	118	801	1,627	*259	1,887
Interviewers	*4	*23	*27	*21	*81	*101	*24	*104	*128
Other	269	80	350	1,054	322	1,376	1,323	403	1,726
<b>Total</b>	<b>1,962</b>	<b>*276</b>	<b>2,238</b>	<b>2,027</b>	<b>668</b>	<b>2,695</b>	<b>3,990</b>	<b>944</b>	<b>4,933</b>
<b>Percentage contribution to total</b>	<b>39.8</b>	<b>5.6</b>	<b>45.3</b>	<b>41.1</b>	<b>13.5</b>	<b>54.6</b>	<b>80.9</b>	<b>19.1</b>	<b>100.0</b>

**CHART 15.1 BUSINESS MANAGEMENT SERVICES: PROPORTION OF PERSONS WORKING BY TYPE OF EMPLOYMENT BY SEX, AUSTRALIA, 1992-93**



## SECTION 16. BUSINESS SIZE ANALYSIS

### Definitions of business sizes

The business sizes for business management services in Table 16.1 are defined in terms of the total employment of each individual business, with those businesses employing fewer than 20 persons being defined as "small".

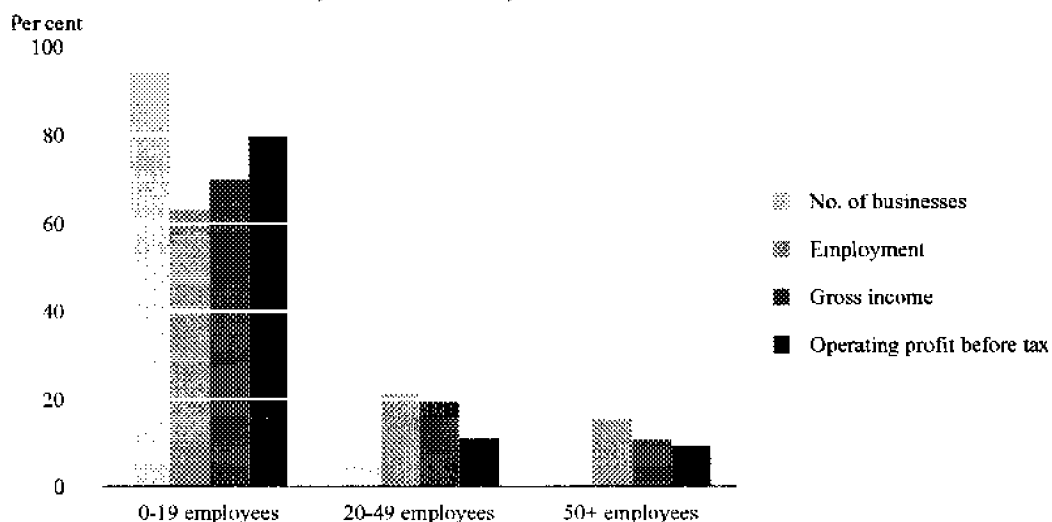
### Industry dominated by small businesses

The business management services industry was dominated by small business in respect of almost all criteria. Ninety-five per cent of businesses in the industry were defined as small. These small businesses accounted for 63 per cent of industry employment, 69 per cent of total income, and 77 per cent of operating profit before tax.

**TABLE 16.1 BUSINESS MANAGEMENT SERVICES: KEY CHARACTERISTICS BY BUSINESS SIZE, AUSTRALIA, 1992-93**

Employment size category at end June	Businesses at end June 1993		Employment at end June 1993		Gross income		Operating profit before tax	
	No.	%	No.	%	\$m	%	\$m	%
0-4 persons	414	60.3	901	18.3	78.7	15.1	10.3	24.2
5-9 persons	140	20.4	918	18.6	125.9	24.2	9.8	23.0
10-19 persons	94	13.7	1,302	26.4	155.6	29.8	*12.6	29.6
<b>Total small businesses</b>	<b>648</b>	<b>94.5</b>	<b>3,121</b>	<b>63.3</b>	<b>360.2</b>	<b>69.1</b>	<b>32.6</b>	<b>76.5</b>
20-49 persons	*32	4.7	*1,053	21.3	*104.4	20.0	*5.5	12.9
50+ persons	6	0.9	759	15.4	56.6	10.9	4.5	10.6
<b>Total other businesses</b>	<b>*38</b>	<b>5.5</b>	<b>1,812</b>	<b>36.7</b>	<b>161.0</b>	<b>30.9</b>	<b>9.9</b>	<b>23.2</b>
<b>Total</b>	<b>686</b>	<b>100.0</b>	<b>4,933</b>	<b>100.0</b>	<b>521.3</b>	<b>100.0</b>	<b>42.6</b>	<b>100.0</b>

**CHART 16.1 BUSINESS MANAGEMENT SERVICES: PROPORTIONS BY BUSINESS SIZE, AUSTRALIA, 1992-93**





## SECTION 17. STATE DATA

### Introduction

In the 1992-93 business management services industry survey, the only information collected by State was employment, wages and salaries, and selected income. These were the only data items for which multi-State business management services businesses were able to accurately supply State data.

### Concentration of businesses in New South Wales

Businesses in the business management services industry were concentrated in New South Wales. The 336 businesses operating in New South Wales accounted for 54 per cent of industry employment and 56 per cent of selected income. Businesses in New South Wales and Victoria together accounted for 81 per cent of employment and 82 per cent of income for the business management service industry in Australia. By way of comparison these two States account for about 60 per cent of the Australian population.

### Gross income per business highest in New South Wales

Businesses in the business management services industry varied significantly with respect to size and income ratios. Gross income per business was highest in New South Wales (\$838,000) and lowest in Tasmania (\$200,000). The Australian average was \$738,000.

The gross income per person employed was highest in the Australian Capital Territory at \$160,000 and lowest in Western Australia with \$63,000. The Australian average was \$103,000 per person employed.

### Wages and salaries per person employed

The wages and salaries per person employed ranged from \$40,000 in the Northern Territory to \$18,000 in Tasmania. The Australian average was \$35,000 per person employed.

### Large difference in number of persons employed per business

Total employment per business varied from a high in New South Wales of eight per business to a low in both Tasmania and the Northern Territory of two persons. The Australian average was seven persons employed per business.

**TABLE 17.1 BUSINESS MANAGEMENT SERVICES: KEY CHARACTERISTICS BY STATE, 1992-93**

	<i>Businesses end June 1993(a) No.</i>	<i>Total employment end June 1993 No.</i>	<i>Wages and salaries \$m</i>	<i>Selected income \$m</i>
New South Wales	336	2,641	95.7	281.7
Victoria	229	1,351	50.2	135.0
Queensland	57	319	9.6	24.4
South Australia	36	140	4.0	*13.9
Western Australia	50	*222	*7.1	*14.0
Tasmania	*16	39	0.7	3.2
Northern Territory	*9	*20	*0.8	*2.1
Australian Capital Territory	61	202	6.0	*32.3
<b>Australia</b>	<b>686</b>	<b>4,933</b>	<b>174.2</b>	<b>506.6</b>

(a) Multi-state businesses are counted in each State in which they operated. Hence States do not sum to the total for Australia.

## SECTION 18. PERFORMANCE MEASURES

### Range of profit/loss

For the 1992-93 financial year, 76 per cent of businesses in the business management industry either broke even or made an operating profit before tax. Of those businesses making a profit, 37 per cent fell in the \$20,000 to \$99,999 range and 28 per cent fell in the \$5,000 to \$19,999 profit range. Although 165 businesses (24 per cent) incurred a loss, the industry generated an overall operating profit before tax of \$42.6 million.

**TABLE 18.1 BUSINESS MANAGEMENT SERVICES: DISTRIBUTION OF BUSINESSES BY RANGE OF OPERATING PROFIT/LOSS BEFORE TAX, AUSTRALIA, 1992-93**

<i>Operating profit/loss before tax</i>	<i>Number of businesses</i>	<i>Percentage of total businesses</i>
<b>BUSINESSES REPORTING PROFIT</b>		
Greater than \$500,000	*18	2.6
\$100,000 to \$499,999	103	15.0
\$20,000 to \$99,999	175	25.5
\$5,000 to \$19,999	131	19.1
\$1,000 to \$4,999	*45	6.6
<b>Total</b>	<b>472</b>	<b>68.8</b>
<b>BUSINESSES BREAKING EVEN</b>		
	<b>49</b>	<b>7.1</b>
<b>BUSINESSES REPORTING LOSSES</b>		
\$1,000 to \$4,999	*34	5.0
\$5,000 to \$19,999	65	9.5
\$20,000 to \$99,999	43	6.3
Greater than \$100,000	*23	3.4
<b>Total</b>	<b>165</b>	<b>24.0</b>

### Operating profit before tax per person employed

In 1992-93, operating profit before tax per person employed in the business management industry was \$8,600. This ratio was lower than operating profit before tax per person employed of \$12,800 for all non-farm industries in the same period.

**TABLE 18.2 BUSINESS MANAGEMENT SERVICES: SELECTED PERFORMANCE RATIOS, AUSTRALIA, 1992-93**

<i>Ratio</i>	<i>Unit</i>	<i>Small businesses</i>	<i>Other businesses</i>	<i>All businesses</i>
<b>Employment ratios:</b>				
Gross income per person employed	\$'000	115.4	88.9	105.7
Selected labour costs per employee	\$'000	39.3	40.6	39.8
Operating profit before tax per person employed	\$'000	10.5	*5.5	8.6
<b>Financial ratios:</b>				
Operating profit margin	Per cent	9.4	*6.2	8.4
Interest coverage	Times	3.3	*3.2	3.3

**Gross income per person**

Gross income per person employed was higher for small business (\$115,400) than for other businesses (\$88,900).

**Labour costs per employee**

Labour costs per employee were marginally higher for other businesses (\$40,600) than for small businesses (\$39,300). Only one per cent of total employment was sole proprietors and working partners (who would be included in the small business category) for whom no labour costs are recorded. Because the proportion of sole proprietors and partners was so small, it is unlikely to significantly affect the comparisons between business sizes.

**Financial ratios**

The operating profit margin for the business management industry (8.4 per cent) was higher than the profit margin (5.9 per cent) reported by all non-farm industries for 1992-93. Using operating profit margin as the measure, small businesses (9.4 per cent) were more profitable than other businesses (6.2 per cent).

The interest coverage ratio measures how comfortably profit covers the interest cost. For the business management industry, the interest coverage ratio was 3.3 times. By way of comparison, all non-farm industries had an interest coverage of only 2.2 times.

**More information?**

Detailed analyses of the data are available on request, for example:

- income and expenditure by deciles, mean and median values
- regression analysis
- analysis of variance

## EXPLANATORY NOTES

- Survey scope and methodology**
- 1 This publication contains data derived from a survey of businesses (both employing and non-employing) in the advertising, market research and business management service industries for the 1992-93 financial year.
  - 2 The survey was conducted by mail with full enumeration of the larger businesses and a sample of the smaller businesses.
- Classification by industry**
- 3 The survey included three of the five industries classified to Group 785 of the 1993 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Subdivision 784, Business Services, includes all units mainly engaged in providing advertising services (ANZSIC class 7851), market research services (ANZSIC 7853), and business management services (ANZSIC class 7855).
- Statistical unit**
- 4 The unit for which statistics were reported in the survey was the *management unit*. The management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership trust, sole operator, etc). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.
- State data**
- 5 Data were collected from the Australia-wide operations of each business. Businesses which operated in more than one State were asked to provide a dissection of selected income, employment, and wages and salaries, to enable State statistics to be compiled.
- Reference period**
- 6 Data contained in the tables of this publication relate to all businesses which operated in Australia at any time during the year ended 30 June 1993. Counts of businesses include only those businesses that were operating at 30 June 1993.
- Businesses ceased during the year**
- 7 A small number of businesses ceased operations during the 1992-93 reference period. It is normal ABS procedure to include the contributions of these businesses in the survey output.
- Comparability with previous statistics**
- 8 The market research and business management industries were not included in the 1987-88 round of surveys and therefore no historical data are available for these industries.
  - 9 Due to differences in scope, coverage, and data definitions, statistics presented in this publication are not directly comparable with statistics from the 1987-88 survey of the advertising services industry.
  - 10 The 1987-88 advertising services industry survey used the 1983 Australian Standard Industrial Classification (ASIC) to classify units. This classification had a single industry class for advertising services, namely ASIC class 6382, Advertising Services. In the 1993 Australian and New Zealand Standard Industry Classification (ANZSIC), the single ASIC class was divided into two ANZSIC classes, namely, 7851, Advertising Services, and 7852, Commercial Art and Display Services.

**TABLE 19.1 RELATIVE STANDARD ERRORS OF SUMMARY OF OPERATIONS,  
AUSTRALIA, 1992-93**

<i>Item</i>	<i>ANZSIC 7851</i>	<i>ANZSIC 7853</i>	<i>ANZSIC 7855</i>
	<i>Advertising services</i>	<i>Market research services</i>	<i>Business management services</i>
<b>Businesses at end June 1993</b>	<b>5</b>	<b>7</b>	<b>5</b>
<b>Employment</b>			
Working proprietors and partners	18	19	20
Employees	6	5	8
<b>Total</b>	<b>6</b>	<b>5</b>	<b>8</b>
<b>Income statement</b>			
Sales of goods and services	3	6	10
<i>Less</i>			
Selected expenses	3	7	11
<b>Trading profit</b>	<b>3</b>	<b>6</b>	<b>10</b>
<i>Plus</i>			
Interest income	3	7	4
Other income	8	7	23
<i>Less</i>			
Labour costs	3	6	11
Depreciation	4	6	15
Other expenses	5	12	12
<b>Earnings before interest and tax</b>	<b>6</b>	<b>11</b>	<b>14</b>
<i>Less</i>			
Interest expenses	6	14	9
<b>Operating profit before tax</b>	<b>6</b>	<b>12</b>	<b>20</b>
<b>Operating profit margin</b>	<b>5</b>	<b>10</b>	<b>18</b>
<b>Industry gross product</b>	<b>3</b>	<b>6</b>	<b>10</b>

**Reliability of estimates**

11 The estimates presented in this publication are subject to both sampling and non-sampling error.

**Sampling errors**

12 Since the estimates in this publication are based on information obtained from a sample drawn from units in the surveyed population, the estimates are subject to sampling variability, that is, they may differ from figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

13 There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if all units had been included in the survey, and approximately nineteen chances in twenty that the difference will be less than two standard errors.

**14** *Sampling variability* can be measured by the relative standard error (RSE) which is obtained by expressing the standard error as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer also to the size of the estimate.

**15** The above table contains estimates of RSEs for a selection of statistics presented in this publication.

**16** As an example of the above, an estimate of the employment for the advertising industry is 9,083 persons and the RSE is 6 per cent giving a standard error of 545 persons. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure within the range of 8,538 persons to 9,628 persons would have been obtained, and nineteen chances in twenty that the figure would have been within the range of 7,993 persons to 10,173 persons (a confidence interval of 95 per cent).

**17** Where the RSE of an estimate included in this publication exceeds 25 per cent, it has been annotated with an asterisk (\*) as a warning to users.

#### **Non-sampling error**

**18** Errors other than standard errors may occur because of deficiencies in the register of units from which the sample was selected, non-response and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling error and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems used to compile the statistics.

#### **Availability of unpublished statistics**

**19** As well as statistics included in this publication, the ABS has a large range of more detailed data on the advertising, market research and business management service industries. For example, more detailed income and expense data may be made available on request.

**20** Inquiries on advertising, market research and business management service industries statistics should be made by telephoning Dennis Robson on (03) 9615 7634.

#### **Other publications in this series**

**21** The 1992-93 series of surveys included several other property and business services industries. Statistics have been or will be released in four separate publications:

- *Real Estate Agents Industry, Australia, 1992-93* (Catalogue No. 8663.0)
- *Computing Services Industry, Australia, 1992-93* (Catalogue No. 8669.0)
- *Selected Technical Services, Australia, 1992-93* (Catalogue No. 8676.0)  
This publication includes the architectural, surveying, and consultant engineering services industries
- *Legal and Accounting Services, Australia, 1992-93* (Catalogue No. 8678.0)  
This publication includes the legal and accounting service industries.

**Symbols and other abbreviations**

—	nil or rounded to zero
..	not applicable
n.a.	not available
n.p.	not available for separate publication, but included in totals where applicable
*	subject to sampling variability too high for practical purposes (i.e. relative standard error greater than 25 per cent)

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ASIC	Australian Standard Industrial Classification

## GLOSSARY OF TERMS

<b>Businesses at end June</b>	Count of management units operating at the end of June.
<b>Desk research services</b>	Research dealing with data analysis including market analysis.
<b>Earnings before interest and tax (EBIT)</b>	A measure of profit prior to the deduction of interest expense and income tax.
<b>Employment</b>	Includes working proprietors, working partners and proprietors and other employees working for a business during the last pay period in June each year. Employees absent on paid or prepaid leave are included. Sub-consultants and sub-contractors are excluded.
<b>Full-time employees</b>	Employees who work 35 hours per week or more.
<b>General business management consulting services</b>	Includes strategic management consulting and corporate restructuring.
<b>Financial business management consulting services</b>	Includes business valuations, cost benefit analysis, working capital and liquidity management.
<b>Industry gross product</b>	Is a measure of the unduplicated gross product of a businesses derived as follows: $\text{IGP} = \text{Sales of goods and services} \\ - \text{Selected expenses}$
<b>Interest coverage</b>	The number of time over that businesses can meet their interest expenses from their earnings before interest, i.e. EBIT/interest expenses.
<b>Marketing management consulting services</b>	Includes client focus strategy and pricing policy advisory services.
<b>Media placement commissions and fees</b>	In the advertising industry, this item is a business's share of commissions, fees, etc after payments to other agencies and production suppliers.
<b>Other non-operating income</b>	Includes dividends received and income from net profit (loss) on sale of fixed tangible assets, net profit (loss) on foreign loans as a result of variations in foreign exchange rates/transactions. Does not include extraordinary profit (loss).
<b>Other operating income</b>	Includes income from government subsidies and rent leasing and hiring income not included elsewhere.  In the market research and business management services industries, this item includes executive search services, employment placement services, and data entry bureau services.



<b>Operating profit before tax</b>	A measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (eg dividends paid).
<b>Operating profit margin</b>	The percentage of sales of goods and services available as operating profit, i.e. (operating profit before tax x 100)/sales of goods and services.
<b>Part-time employees</b>	Employees who work less than 35 hours per week.
<b>Persons employed at end June 1993</b>	Includes working proprietors and working partners of unincorporated businesses, working directors of incorporated companies and trusts, and other employees working for a business during the last pay period ending in June 1993.
<b>Production management consulting services</b>	Includes productivity improvement, efficiency and effectiveness reviews and total quality management.
<b>Production work</b>	In the advertising industry, this item includes income from internal recoveries (collateral), commissions and service fees/markup and government head hours charges.
<b>Public relations consulting services</b>	Includes community consultation, public policy advice and lobbying services.
<b>Qualitative research services</b>	Refers to research undertaken through discussions, focus groups and in-depth interviews. This research deals with ideas, opinions, thoughts etc on a particular topic.
<b>Quantitative research services</b>	Refers to research that relates to data.
<b>Rent, leasing and hiring expenses</b>	Includes rent leasing and hiring of motor vehicles and equipment supplied without an operator and all expenses paid/payable to landlords.
<b>Sales of goods and services</b>	In the advertising services industry, this item includes media placement commissions and fees, income from production work, income from cinema and outdoor advertising and other operating income.  In the market research and business management services industries, this item includes income from market research services, income from business management consulting services and other operating income.
<b>Selected expenses</b>	Includes motor vehicle running expenses, rent, leasing and hiring expenses and other business expenses.  In the advertising industry, this item also includes waste handling expenses paid to government and waste handling expenses paid to private contractors.  In the market research and business management services industries, selected expenses also includes payments to sub-contractors and consultants and telecommunication expenses.

<b>Selected income</b>	Selected income is gross income minus interest income, dividends received, net profit (loss) on sales of fixed tangible assets, and net profit (loss) on foreign loans as a result of variations in foreign exchange rates/transactions.
<b>Training expenses</b>	An estimate of the amount spent on the provision of formal training to workers. Formal training is defined as all training activities which have a structured plan and format designed to develop job related skills and competence. Excludes informal on-the-job training.
<b>Wages and salaries</b>	Are gross earnings of all employees before taxation and other deductions. Payments to sub-contractors/sub-consultants, payments to proprietors/partners of unincorporated businesses and payments to talent and other freelance staff are excluded.

## **SPECIAL DATA SERVICES**

- The ABS can provide a wider range of data for the business management services industries than is contained in this publication. Two examples of standard products that can be made available on request are detailed components of income and expenditure, and detailed statistical analysis.
- Other statistical products can be tailored to satisfy the specific requirements of clients.
- For further information on unpublished statistics that can be made available, contact Dennis Robson, on Melbourne (03) 9615 7634.



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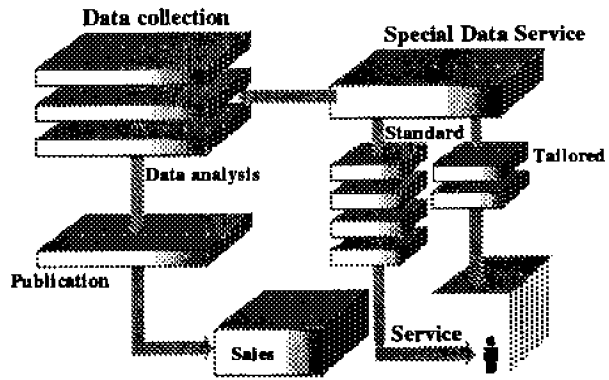
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