



New
Issue

A Portrait of Australian Exporters

A Report Based on the Business Longitudinal Survey

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PREFACE

This publication presents an overview of Australian exporting businesses and how they compare to their non-exporting counterparts. The data are drawn from the Australian Bureau of Statistics (ABS) Business Longitudinal Survey (BLS) conducted over four years, 1994–95 through to 1997–98. The survey was conducted as a longitudinal study with results forming a statistical data base of firm level data.

Funding for the surveys was provided by the Office of Small Business within the Department of Employment, Workplace Relations and Small Business.

The publication is a joint undertaking between the ABS and the Australian Trade Commission (Austrade). It is part of a project being conducted by Austrade to build a statistical profile of the Australian exporter community which is aimed at gaining a better understanding of their make-up and needs.

Whilst the BLS does not cover all Australian exporters or all industry sectors, the data from it provides a range of information relating to the characteristics and behaviour of Australia's exporting businesses over the four years. It is hoped the publication will lead to a better understanding of the exporting businesses and may encourage more Australian businesses to export and explore international markets.

The publication has been prepared jointly by Clem Tozer, Chris Price and Peter Jones from the ABS and by Austrade, involving a team led by Chief Economist, Tim Harcourt and including economists Bernice Shen, Yat To Lee and analysts Sarea Coates and Ankna Parkin. Austrade would also like to thank Greg Joffe, Corporate Adviser, Strategic Development along with Shalini Mathur, Sally Jones, Amanda Hodges and Nixon Apple for their comments and suggestions.

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LIST OF ABBREVIATIONS AND OTHER USAGES

ABBREVIATIONS	AWE	average weekly earnings
	BLS	Business Longitudinal Survey
	FTE	full-time equivalent
	OH&S	Occupational Health and Safety
	RSE	relative standard error
OTHER USAGES	n.a	not available
	n.p.	not available for publication but included in totals where applicable, unless otherwise indicated
	. .	not applicable
	—	nil or rounded to zero (including null cells)
	*	data subject to sampling variability of between 25% to 50%
	**	data subject to sampling variability greater than 50%

INTRODUCTION

Exporting is important to Australia. It helps pay for our imports as the economy grows. The gains from such trade enable a higher standard of living than we would otherwise have. It is also a source of new ideas and knowledge for Australian businesses as they compete against the world's best in the international market place. ABS international merchandise trade and international trade in services statistics and outputs from the Department of Foreign Affairs and Trade provide a range of information about Australian exports. These sources provide detailed information about where exports go, what industries produce them and the revenue they generate for Australia. It is clear that exports make an important contribution to Australia's economy. But what of the *exporters* themselves? Who are they? Are they large or small? How do they export? How are they different from other businesses in the Australian economy? This publication aims to answer some of these questions using data available from the ABS Business Longitudinal Survey (BLS).

The BLS is the first official longitudinal survey of businesses in Australia and one of the few in the world. It aims to explore the impact of particular business characteristics and behaviours on business performance by tracking a sample over four years: 1994–95, 1995–96, 1996–97 and 1997–98. The 1997–98 survey was the last of the current study. As well as surveying those firms that continued over the full four year period, a sample of new business start ups was introduced in years 2, 3 and 4 to ensure the overall sample remained representative of the population.

This publication uses the BLS database to examine the characteristics of exporting businesses and how they compare with Australian business as a whole. In the survey exporters identified themselves by indicating that they exported goods and/or services directly to businesses resident overseas.

While the longitudinal nature of the database is not fully exploited in the data in the publication, the important concept of the transient nature of exporting in Australian businesses is explained for the first time by examining the exporting habits of individual businesses over the four years. A more in depth investigation of this issue and other business behaviours is planned where various business cohorts will be analysed over time. This research will be reported in separate papers and reports.

CONTENT OF THE PUBLICATION

The publication is divided into four sections.

Section 1 examines a range of structural characteristics of Australian exporters in 1997–98 and compares them with non-exporters. It also examines the extent to which businesses are regular exporters as opposed to irregular exporters and looks at trends in business characteristics over the four years from 1994–95 to 1997–98.

CONTENT OF THE
PUBLICATION *continued*

Section 2 examines the labour market behaviour of exporters. Do exporters provide more jobs than non-exporters? Do they pay higher wages than non-exporters? Are they more likely to provide training and apply stricter occupational health and safety standards than non-exporters?

Section 3 examines a range of behavioural characteristics and explores possible links between exporting and firm performance. Do exporters use more sophisticated business practices than non-exporters? Are they more innovative? Are they more likely to pursue a growth strategy for their business than non-exporters?

Finally, Section 4 of the publication examines the use of the Internet and other technologies associated with the 'Information Economy'. The section examines exporters' access to the Internet, use of email, e-commerce and other electronic forms of communication in their businesses.

These published results draw comparisons between exporting businesses and non-exporting businesses in relation to a range of characteristics, behaviours and performance measures. It should not be inferred that exporting leads to particular business behaviour. Alternatively, the results may indicate that businesses displaying particular characteristics are more likely to export. What the results do highlight is how particular characteristics are correlated to exporting.

COVERAGE OF THE BLS

The BLS does not cover the whole economy and therefore does not cover all Australian exporters. The survey excluded all government businesses and non-employed businesses as well as some industries. Businesses in the Agriculture, Communication services, Education and Health and community services industries were all excluded, but this is not to say that all exports that originate from these industries were excluded. For example, many agricultural exports will be exported by wholesale businesses.

Data on exports of goods

The total value of Australia's exports of goods is measured in ABS merchandise trade statistics. To give an indication of the quality of the BLS estimates of exports revenue, the total free on board value of Australia's exports of goods during 1997-98 was \$88 billion. This compares with an estimated \$57 billion generated from export sales of goods by businesses in scope of the BLS.

While the restricted coverage of the BLS accounts for some measure of the under estimation of the value of export of goods, it is likely that sample error and reporting error are also significant contributors to this under estimation.

More details of the scope and coverage of the survey and sample and reporting error are given in the Explanatory Notes.

Data on exports of services

For a number of reasons the BLS also has only partial coverage of trade in services. These can be summarised as follows:

- because of difficulties in accurately collecting information in a business survey on the sales of services to overseas visitors, this source of export revenue was excluded from data collected in the BLS;
- revenue generated from freight and other transportation services was excluded;
- because the Communication services industry was excluded, exports of these services are also excluded; and
- it is likely that survey respondents did not report royalty and copyright earnings as services exports.

These factors have led to a significant undercoverage of total international trade in services. From the ABS trade in services statistics, Australia exported \$25 billion in services during 1997–98. Of this, \$18 billion was recorded in the travel, freight and other transportation components with a further \$2 billion recorded in the communications and royalties components which were all excluded from BLS data. The remaining \$5 billion was in other services which were covered in the BLS. By comparison, the BLS recorded \$4 billion for this component. This difference can be accounted for in the main by the scope of the BLS and to a lesser extent by the fact that it is likely that there would have been some businesses included in the BLS which were not able to provide revenue details for their exports of services.

Notwithstanding these shortcomings, the publication still provides a wealth of information on the characteristics and behaviour of a large proportion of Australian exporting businesses.

CLASSIFYING BUSINESS BY SIZE

The ABS currently uses total employment as the basis for classifying non-agricultural businesses by size. In this publication data are presented using five business size categories:

- micro business—those businesses employing less than 5 people;
- other small business—those businesses employing five or more, but less than 20 people;
- total small business—those businesses employing less than 20 people;
- medium business—those businesses employing 20 or more people, but less than 200; and
- large business—those businesses employing 200 or more people.

For some tables, size groups are combined because sample sizes do not allow the full dissection to be provided. In addition to the employment size tables, table 1.5 also provides data classified by turnover size.

SECTION 1

CHARACTERISTICS OF AUSTRALIAN EXPORTERS

This section provides an overview of the structural characteristics of exporters and how they compare to non-exporters. The extent to which businesses are regular exporters as opposed to irregular is also examined along with some indications of trends in business characteristics from 1994–95 to 1997–98.

BUSINESS SIZE

There are several alternatives for grouping businesses by size. ABS has adopted total employment as the basis for classifying non-agricultural businesses by size and the size categories used in this publication are generally consistent with other ABS business size classifications (see Introduction for more details). As well as presenting data classified by employment size groups, table 1.5 also provides details by turnover size group.

Most exporters are small businesses but export revenue dominated by large businesses

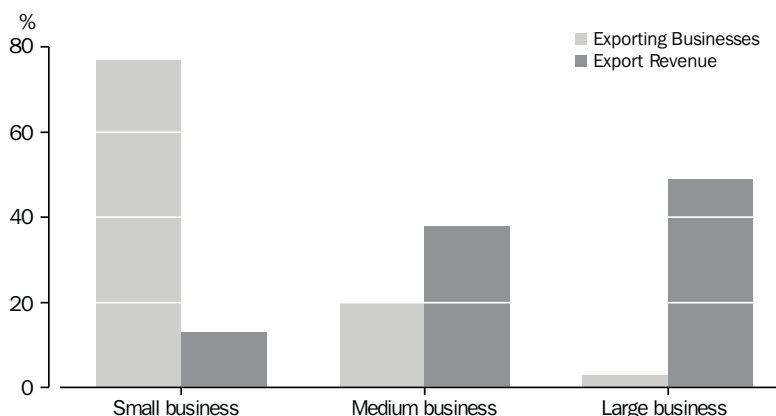
As shown in table 1.1, during 1997–98, in the industries covered by the survey, there were an estimated 21,800 exporting businesses in Australia which represented 4% of all businesses. These businesses generated over \$60 billion in export revenue. Of the 21,800 exporting businesses, 77% (16,600) were small businesses (i.e. employing less than 20 people). While small businesses made up the majority of exporting businesses, they only accounted for 13% of total export revenue.

The 700 large exporting businesses accounted for 49% of export revenue while the 4,500 medium businesses (21% of the total) accounted for 38% of total revenue.

Exports of goods versus services

Of the 21,800 exporting businesses, 17,800 (82%) exported goods, while a further 4,000 (18%) exported services only. (See note in the Introduction relating to the limited coverage of the export of services). Service exporting firms were mostly in the small business sector (88% of the total) with almost 3,500 small firms exporting services.

EXPORTING BUSINESSES AND REVENUE



EXPORTING EXPERIENCE

Not all exporters are continuously involved in exporting; for some it is a short term activity; for others it is intermittent behaviour. To illustrate the transient nature of many of Australia's exporters, table 1.2 categorises those businesses which operated in all four years of the survey (1994–95 to 1997–98) into four groups according to their exporting activity over the period. The first group is the 'regular exporters'—those that exported in each of the four years; the second group is the 'irregular exporters'—those that exported in at least one year but not all four years; the third group 'all exporters' is the sum of the first two groups, while the final group, the 'non-exporters', are those that did not export at all during the four years.

Table 1.3 shows the level of exports for businesses in each of the exporter experience categories.

Regular exporters versus
irregular exporters

An examination of the four year panel of businesses reveals that:

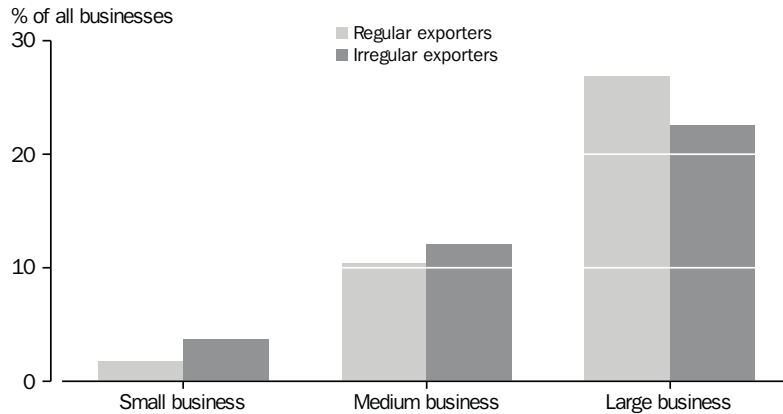
- 7% of all businesses that operated for all four years exported at some stage during the period—of these, almost two-thirds were irregular exporters;
- exporters in the large business category were more likely to be regular exporters with over half (54%) of the large exporting businesses exporting in each of the four years;
- in the small business category only one-third of the exporters exported in each year.

The regular exporting businesses, which made up 36% of the four year panel of exporters, were the major exporters averaging over \$6 million in export revenue per year. This represented an average export intensity of 27%. (Export intensity is defined as the value of exports as a percentage of total income and is sometimes referred to as the export ratio.).

Overall, the irregular exporting businesses averaged \$457,000 in export revenue each year they exported, with an average export intensity of 9%.

Of the irregular exporters, most exported in only one of the four years. There were 7,200 businesses (57%) exporting in only one year, while 3,800 (26%) exported in two of the four years and 3,500 (26%) exported in three of the four years.

REGULARITY OF EXPORTERS—1994–95 to 1997–98



Born globals

Table 1.3 also shows details of the so called ‘born globals’ (those businesses that commenced exporting in their first year of operation). In the survey, new start-up businesses were identified in 1995–96, 1996–97 and 1997–98. During the three years, an estimated total of 224,000 new businesses commenced operation with almost 3,300 (1.5%) of these exporting in their first year of operation. These businesses tended to be significant exporters, averaging \$2.5 million in export revenue in their first year of operation and recording an average export ratio of 25%.

GROWTH IN THE EXPORTER COMMUNITY

Over the three year period 1994–95 to 1997–98, the number of exporting businesses increased 26% from 17,300 to 21,800, which represents an annual average growth rate of 8% per year. Over the same period, export revenue increased from \$54.6 billion to \$60.2 billion (10%) which represents an annual average growth rate of 3% per year.

Small business leads the way

Over the three years, growth was strongest in the small business sector, particularly in micro businesses (those employing 1–4 people). The number of exporting micro businesses increased from 5,500 in 1994–95 to 7,500 in 1997–98 (37%) representing an average increase of 11% per annum.

Other small businesses (those employing more than 4 but less than 20 people) also recorded strong growth rates with numbers of exporting businesses increasing at an average of 9% per annum over the three years.

In terms of exports revenue, levels for total small business increased from just over \$5 billion in 1994–95 to \$7.6 billion in 1997–98, representing an average growth rate of 15% per annum.

Growth rates for medium businesses were less pronounced with the number of exporters increasing at an average of 4% per annum to almost 4,500 businesses and export revenue for the sector increasing at an average 5% per annum to \$23.1 billion in 1997–98.

Small business leads the way *continued*

In the large business sector there was a slight decline in the number of exporters over the three years, dropping from 775 in 1994–95 to 700 in 1997–98 (an average annual decline of –3%). Over the same period revenue also dropped marginally from \$29.7 billion to \$29.5 billion. This fall in exporting activity by large business was during a period when the total income of large businesses increased by 7% per annum. Large business' share of total export revenue also dropped over the period from 54% in 1994–95 to 49% in 1997–98.

EXPORTERS BY TURNOVER SIZE GROUP

Table 1.5 provides details of the number of exporters and export revenue by turnover size group for 1997–98. Again the smaller size categories dominate in terms of number of businesses with just over half (51%) of the 1997–98 exporters recording turnover of less than \$1 million. These 'low turnover' businesses only accounted for 1% of total export revenue.

At the other end of the scale, the 840 exporters with turnover of \$50 million or more accounted for 76% of total export revenue.

EXPORT INTENSITY

Table 1.6 again categorises the exporting businesses that operated for the four years of the survey into three groups; regular exporters, irregular exporters and all exporters. Then as a separate group, the born globals are presented to examine the export intensity for each category.

Most businesses which exported generated only a small share of their total income from exports. Of the 4% of Australian businesses that were exporting during 1997–98, over 63% of them were generating less than 10% of their total income from exports. This intensity measure is sometimes referred to as their export ratio. A further 23% of exporting businesses recorded an export ratio between 11% and 50%, while only 13% recorded a majority of their income as being sourced from exports (i.e. a ratio of more than 50%).

Looking at the regular exporters (those that exported in each of the four years of the survey), there is a high percentage of businesses (24%) that recorded an export ratio of more than 50%. Of the irregular exporters, on the other hand, only 8% recorded an export ratio of more than 50% in the years that they exported.

Born globals generally recorded similar intensity levels to the regular exporters, with 59% of businesses recording an export ratio of 10% or less and 22% recording a ratio of 50% or more.

The average export ratio did not vary significantly across the different business size groups, although micro businesses (those employing 1–4 people) tended to have more businesses with an export ratio of more than 50% in each of the categories, regular, irregular and born globals.

INDUSTRY DIMENSION

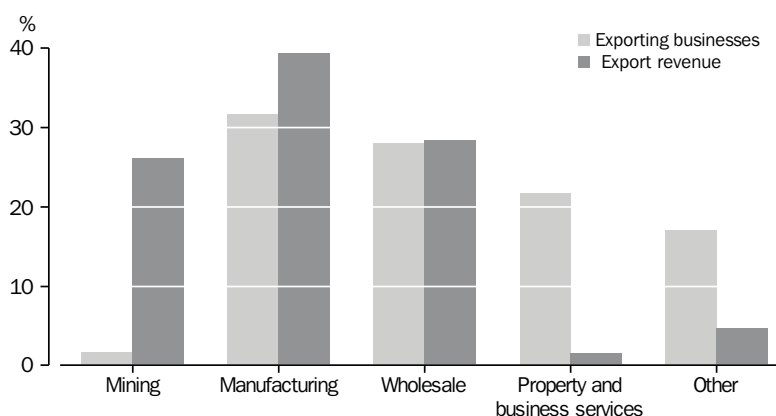
Tables 1.7, 1.8 and 1.9 provide an overview of the industry coverage of Australian exporters. However, as noted in the Introduction there are certain exclusions from the BLS that should be kept in mind. Firstly, the survey excludes non-employing businesses, government enterprises as well as the Agriculture, Communication services, Education and Health and community services industries. Also, it does not cover exports of travel, freight and other transportation services.

Proportion of all exporters

Across the industries covered, the Manufacturing industry with almost 6,900 exporting businesses accounted for the highest proportion (32%), of exporting businesses. Manufacturing businesses also recorded the highest proportion of export revenue (39%), generating \$23.7 billion during 1997–98. The Wholesale trade industry was also heavily involved in exporting with 6,100 businesses generating \$17.1 billion (28%) in export revenue.

The Property and business services industry, mainly the Business services subdivision, was strong in exporting in terms of number of businesses with 4,700 businesses (22% of exporting businesses) involved, however, they only accounted for \$0.9 billion in revenue (1.5% of total export revenue).

DISTRIBUTION OF EXPORTING BUSINESSES BY INDUSTRY



Exporters as a proportion of industry totals

Looking at how well exporters are represented in particular industries, Mining (16%), Wholesale trade (15%) and Manufacturing (13%) each had a significant proportion of businesses involved in exporting during 1997–98. In the Mining industry, exports revenue accounted for just over half the total turnover of the industry which was well above the levels of the other industries.

Almost 15% of Wholesale trade businesses operating in 1997–98 were involved in exporting with 8% of the industry's turnover accounted for by export sales.

In Manufacturing, 13% of businesses were exporting and export sales accounted for almost 13% of the industry's total turnover.

Growth by industry

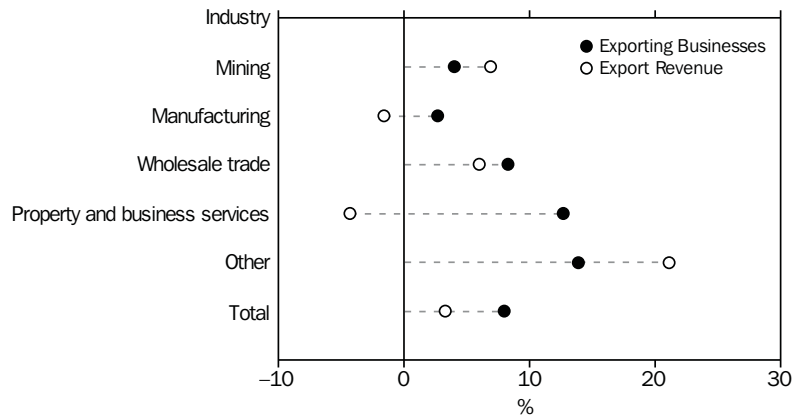
Table 1.8 indicates that in relative terms, growth has been strongest in the less significant exporting industries (grouped in the 'Other' category in the table). In these industries the number of exporting businesses increased from 2,500 businesses in 1994–95 to 3,700 in 1997–98, representing an average increase of 14% per annum. Over the same period exports revenue for this 'other' category grew at an average annual rate of 21% to \$2.8 billion.

The Property and business services industry also recorded strong growth in the numbers of exporting businesses (13% per annum) but recorded fluctuating revenue levels over the four years with 1997–98 total exports down 12% on the 1994–95 total.

Of the larger more significant exporting industries, Wholesale trade recorded an average annual increase over the three year period of 8% in the number of exporters and an average increase of 6% per annum in exports revenue over the three years.

While the number of businesses in the Mining industry is small, it also recorded strong growth over the period with revenue increasing at 7% per year. Over the same period the number of Manufacturing businesses exporting increased at an average of 3% per year, however, exports revenue for the industry dropped slightly (down an average of 2% per year).

AVERAGE ANNUAL GROWTH BY INDUSTRY—1994–95 to 1997–98



AGE OF BUSINESS

Of the 21,800 exporting businesses in Australia in 1997–98, more than 6,300 (29%) were less than five years old. However, these younger businesses tended to be the less significant exporters, accounting for less than 10% of total export revenue. Businesses aged 20 years or more accounted for just over 50% of total exports revenue, however, they represented only 15% of businesses.

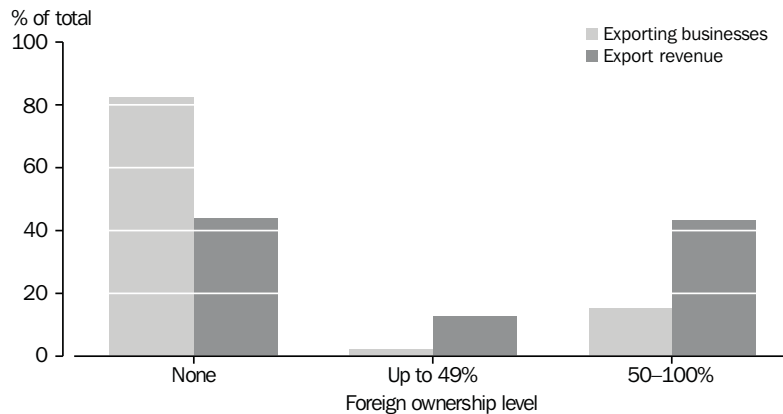
Growth by age Over the three-year period 1994–95 to 1997–98, the number of exporting businesses aged 10 years but less than twenty years old increased by an average of 16% per annum, from an estimated 4,400 in 1994–95 to just under 6,800 in 1997–98. This was almost double the growth in the number of exporting businesses aged 5 years to less than 10 years old (8% per annum). The number of businesses less than 5 years old increased by an average 6% per annum, while the number of exporting business aged 20 years or more increased only marginally from 3,256 in 1994–95 to just under 3,300 in 1997–98.

Businesses aged 10 years but less than 20 years old also recorded the strongest growth in export revenue over the three year period, increasing from \$10.5 billion in 1994–95 to \$17.5 billion in 1997–98, an average increase of 19% per annum. Businesses aged 20 years or more also recorded growth in exports revenue increasing at an average of 8% per annum, while the two other age groups, less than 5 years old and 5 years to less than 10 years old recorded a decrease of 19% and 10% per annum respectively.

FOREIGN OWNERSHIP

The survey collected broad level information on the extent to which each business has foreign ownership. Clearly most businesses are wholly Australian owned; and similarly, most exporters are wholly Australian owned (83%). However, it was the businesses with significant foreign ownership (50% to 100%) that were the larger exporters, with businesses in this category accounting for only 15% of Australian exporting businesses but 43% of total export revenue, the same proportion as the wholly Australian owned businesses.

FOREIGN OWNERSHIP OF EXPORTING BUSINESSES



EXPORT MARKETS

In the 1994–95 survey, businesses were asked to nominate the three major countries of destination for their exports. Table 1.13 shows the major countries or regions of destination targeted by Australia’s exporters for each employment size group while table 1.14 shows destinations targeted by export revenue size.

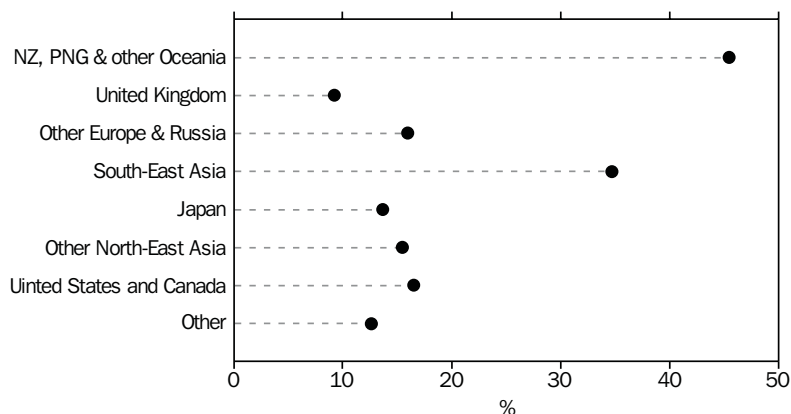
EXPORT MARKETS *continued*

Across the board, the most popular region was the Oceanic countries (New Zealand, Papua New Guinea etc.) used by 46% of Australia's exporters. South-East Asia was the next most popular with 35% of exporting firms using these markets.

To some extent these proportions are being driven by the smaller exporters:

- Oceanic countries were the most popular destination for businesses with export revenue of less than \$1 million;
- higher volume exporters, those with export revenue of \$1 million or more, were more likely to target Japan or South-East Asia.

EXPORTERS BY COUNTRY OR REGION OF DESTINATION—1994–95



EXPORTERS USING INTERMEDIARIES

The 1994–95 survey collected information on the methods by which export sales were made.

Table 1.15 shows that most businesses exported directly overseas to an unrelated business. This method also accounted for the largest proportion of export revenue generated in 1994–95 (48%). The next most popular method was selling directly to subsidiaries with 16% of exporters involved, generating a similar proportion of total revenue.

1.1

EXPORTS OF GOODS AND SERVICES—1997–98

<i>Employment size group (persons)</i>	<i>Exporting businesses</i>			<i>Export revenue</i>		
	<i>no.</i>	<i>% of all exporters</i>	<i>% of all businesses</i>	<i>\$m</i>	<i>% of total exports</i>	<i>% of total turnover</i>
BUSINESSES EXPORTING GOODS(a)						
1–4	5 743	32.2	1.7	**2 907	**5.1	**3.2
5–19	7 357	41.3	4.5	*4 006	*7.0	*2.2
<i>Total small business</i>	13 100	73.6	2.6	*6 913	*12.1	*2.5
20–199	4 091	23.0	11.9	22 408	39.3	6.9
200 or more	619	3.5	28.8	27 765	48.6	8.1
Total	17 810	100.0	3.3	57 087	100.0	6.1
BUSINESSES EXPORTING SERVICES						
1–4	*1 788	*45.0	*0.5	*132	**4.3	**0.1
5–19	1 712	*43.0	1.0	*534	**17.3	*0.3
<i>Total small business</i>	3 501	*88.0	0.7	*666	*21.6	*0.2
20–199	394	*9.9	1.1	*699	*22.7	*0.2
200 or more	*83	*2.1	*3.9	**1 721	**55.8	**0.5
Total	3 977	100.0	0.7	*3 086	*100.0	*0.3
ALL EXPORTERS						
1–4	7 532	34.6	2.2	**3 039	**5.1	**3.3
5–19	9 069	41.6	5.5	*4 540	*7.5	*2.5
<i>Total small business</i>	16 601	76.2	3.3	*7 579	*12.6	*2.8
20–199	4 485	20.6	13.0	23 108	38.4	7.1
200 or more	702	3.2	32.7	29 486	49.0	8.6
Total	21 787	100.0	4.0	60 173	100.0	6.4

(a) Includes a small number of businesses exporting services as well as goods.

1.2

REGULARITY OF EXPORTING BUSINESSES—1994–95 TO 1997–98(a)

<i>Employment size group (persons)</i>	<i>Regular exporters(b)</i>			<i>Irregular exporters(c)</i>			<i>All exporters(d)</i>			<i>Non-exporters</i>		
	<i>no.</i>	<i>% of total</i>	<i>% of all businesses</i>	<i>no.</i>	<i>% of total</i>	<i>% of all businesses</i>	<i>no.</i>	<i>% of total</i>	<i>% of all businesses</i>	<i>no.</i>	<i>% of total</i>	<i>% of all businesses</i>
1–4	2 627	31.9	1.3	5 090	35.1	2.5	7 717	33.9	3.8	197 729	63.0	96.2
5–19	3 039	36.9	2.8	6 569	45.3	6.0	9 608	42.3	8.8	99 642	31.7	91.2
<i>Total small business</i>	5 665	68.8	1.8	11 659	80.4	3.7	17 325	76.2	5.5	297 371	94.7	94.5
20–199	2 130	25.9	10.4	2 479	17.1	12.1	4 609	20.3	22.5	15 880	5.1	77.5
200 or more	438	5.3	26.9	368	2.5	22.6	806	3.5	49.5	821	0.3	50.5
Total	8 233	100.0	2.4	14 506	100.0	4.3	22 740	100.0	6.8	314 072	100.0	93.2

(a) Includes only businesses that operated for all four years of the survey.

(b) Regular exporters are those businesses which exported in each of the four years.

(c) Irregular exporters are those businesses which exported in at least one year, but not all four.

(d) All exporters is the sum of regular and irregular exporters.

1.3

EXPORTING EXPERIENCE—1994–95 TO 1997–98

	<i>Exporting businesses</i>	<i>Proportion of exporting businesses</i>	<i>% of all businesses</i>	<i>Average exports per business per year</i>	<i>Export ratio(a)</i>
	<i>no.</i>	<i>%</i>	<i>%</i>	<i>\$'000</i>	<i>%</i>
Exporting in all years(b)	8 233	36.6	2.4	6 024	27.1
Irregular					
1 year(b)	7 186	31.6	2.1	882	9.1
2 of 4 years(b)	3 785	16.6	1.1	322	7.8
3 of 4 years(b)	3 536	16.5	1.0	272	8.3
<i>Total irregulars(b)</i>	<i>14 506</i>	<i>63.8</i>	<i>4.3</i>	<i>457</i>	<i>8.6</i>
Born globals(c)	3 314	n.a.	1.5	2 499	24.8

(a) Export ratio is the proportion of exports income to total income.

(b) Includes only businesses that operated for all four years of the survey.

(c) 'Born globals' are those businesses which exported in their first year of operation; in the survey new businesses were identified in 1995–96, 1996–97 and 1997–98.

1.4

EXPORTING BUSINESSES—1994-95 TO 1997-98

<i>Employment size group (persons)</i>	<i>Exporting businesses</i>		<i>Export revenue</i>	
	no.	% of total	\$m	% of total
	1994-95			
1-4	5 503	31.8	*1 740	*3.2
5-19	7 058	40.8	*3 286	*6.0
<i>Total small business</i>	<i>12 562</i>	<i>72.7</i>	<i>*5 026</i>	<i>*9.2</i>
21-199	3 945	22.8	19 903	36.4
200 or more	775	4.5	29 719	54.4
Total	17 282	100.0	54 648	100.0
	1995-96			
1-4	4 796	30.0	**2 272	**4.0
5-19	6 095	38.1	*3 932	*6.9
<i>Total small business</i>	<i>10 891</i>	<i>68.1</i>	<i>*6 204</i>	<i>*11.0</i>
21-199	4 341	27.2	21 475	37.9
200 or more	750	4.7	28 942	51.1
Total	15 981	100.0	56 621	100.0
	1996-97			
1-4	6 969	38.1	**3 321	**5.9
5-19	6 140	33.5	*4 855	*8.6
<i>Total small business</i>	<i>13 110</i>	<i>71.6</i>	<i>*8 176</i>	<i>*14.5</i>
20-199	4 455	24.3	22 206	39.3
200 or more	746	4.1	26 118	46.2
Total	18 310	100.0	56 500	100.0
	1997-98			
1-4	7 532	34.6	**3 039	**5.1
5-19	9 069	41.6	*4 540	*7.5
<i>Total small business</i>	<i>16 601</i>	<i>76.2</i>	<i>*7 579</i>	<i>*12.6</i>
20-199	4 485	20.6	23 108	38.4
200 or more	702	3.2	29 486	49.0
Total	21 787	100.0	60 173	100.0
	AVERAGE ANNUAL RATE OF CHANGE			
	%	..	%	..
1-4	11.0	..	20.4	..
5-19	8.7	..	11.4	..
<i>Total small business</i>	<i>9.7</i>	<i>..</i>	<i>14.7</i>	<i>..</i>
20-199	4.4	..	5.1	..
200 or more	-3.3	..	-0.3	..
Total	8.0	..	3.3	..

1.5

EXPORTING BUSINESSES BY TURNOVER SIZE GROUP—1997–98

Turnover size group	Exporting businesses			Export revenue		
	no.	% of all exporters	% of all businesses	\$m	% of total exports	% of total turnover
Less than \$1m	11 047	50.7	2.5	*730	*1.2	*0.7
\$1m and less than \$5m	5 839	26.8	8.0	3 199	5.3	2.3
\$5m and less than \$10m	1 693	7.8	17.5	1 639	2.7	2.4
\$10m and less than \$20m	1 187	5.4	27.0	*4 053	*6.7	*6.8
\$20m and less than \$50m	1 184	5.4	33.7	4 840	*8.0	4.7
\$50m or more	838	3.8	33.1	45 713	76.0	9.7
Total	21 787	100.0	4.0	60 173	100.0	6.4

1.6

EXPORT INTENSITY(a) BY EMPLOYMENT SIZE GROUP—1994–95 TO 1997–98

Employment size group (persons)	Proportion of exporting businesses in different intensity categories			
	Up to 10%	11% to 20%	21% to 50%	51% to 100%
	%	%	%	%
	REGULAR EXPORTERS(b)			
1–4	28.1	1.8	22.4	47.7
5–19	54.1	14.8	18.5	12.6
Total small business	42.1	8.7	20.3	28.9
20–199	63.3	11.4	12.3	13.0
200 or more	55.0	16.2	16.3	12.5
Total	48.2	9.8	18.0	23.9
	IRREGULAR EXPORTERS(c)			
1–4	59.2	11.6	18.2	10.9
5–19	78.2	10.6	5.8	5.4
Total small business	69.9	11.1	11.2	7.8
20–199	80.4	6.9	7.0	5.7
200 or more	83.0	5.7	2.8	8.5
Total	72.0	10.2	10.3	7.5
	ALL EXPORTERS(d)			
1–4	48.6	8.3	19.7	23.4
5–19	70.6	11.9	9.8	7.7
Total small business	60.8	10.3	14.2	14.7
20–199	72.5	9.0	9.4	9.1
200 or more	67.8	11.4	10.2	10.7
Total	63.4	10.1	13.1	13.4
	BORN GLOBALS(e)			
1–4	49.8	. .	16.4	33.8
5–19	77.3	5.2	9.3	8.3
Total small business	60.4	2.0	13.7	23.9
20–199	57.5	16.9	9.4	16.2
200 or more	52.4	11.9	6.1	29.6
Total	59.4	6.1	12.3	22.3

(a) Export intensity is calculated as the value of exports as a percentage of total income. Export intensity is sometimes referred to as the export ratio.

(b) Regular exporters are those businesses which exported in each year of the survey.

(c) Irregular exporters are those businesses which exported in at least one year, but not all four.

(d) All exporters is the sum of regular and irregular exporters.

(e) Born globals are businesses which exported in their first year of operation.

1.7

EXPORTING BUSINESSES BY INDUSTRY—1997–98

<i>Industry</i>	<i>Exporting businesses</i>			<i>Export revenue</i>		
	<i>no.</i>	<i>% of all exporters</i>	<i>% of all businesses</i>	<i>\$m</i>	<i>% of total</i>	<i>% of total turnover</i>
Mining	**370	**1.7	**16.1	15 720	*26.1	*50.3
Manufacturing						
Food, beverage and tobacco	829	3.8	27.8	*6 951	*11.6	*18.8
Textile, clothing, footwear and leather	412	1.9	7.5	*2 795	*4.6	*25.8
Wood and paper product	90	0.4	2.1	*727	*1.2	*6.4
Printing, publishing and recorded media	*790	*3.6	*11.5	*693	**1.2	**4.4
Petroleum, coal, chemical and associated product	1 237	5.7	36.9	*2 513	*4.2	*10.4
Non-metallic mineral product	109	0.5	*5.2	272	0.5	2.7
Metal product	986	4.5	11.0	*4 460	*7.4	*14.6
Machinery and equipment	1 867	8.6	14.8	*5 044	*8.4	*13.6
Other	*573	*2.6	*6.8	*228	*0.4	*3.6
<i>Total manufacturing</i>	6 893	31.6	12.5	23 682	39.4	12.9
Construction	**447	**2.1	**0.5	*143	*0.2	*0.2
Wholesale trade	6 093	28.0	14.9	17 096	*28.4	*7.8
Retail trade	**860	**3.9	**0.8	*130	*0.2	*0.1
Accommodation, cafes and restaurants	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Transport and storage	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Finance and insurance	**594	**2.7	**2.9	**661	**1.1	**0.6
Property and businesses services						
Property services	**134	**0.6	**0.6	**101	**0.2	**0.7
Business services	4 587	21.1	4.2	801	*1.3	1.3
<i>Total Property and business services</i>	4 720	21.7	3.6	902	1.5	1.2
Cultural and recreational services	*258	*1.2	*1.7	*204	*0.3	*1.0
Personal and other services	**144	**0.7	**0.7	31	0.1	0.6
Total all industries	21 787	100.0	4.0	60 173	100.0	6.4

1.8

EXPORTING BUSINESSES BY SELECTED INDUSTRIES—1994–95 TO 1997–98

Industry	Exporting businesses		Export revenue	
	no.	% of total	\$m	% of total
	1994–95			
Mining	*329	*1.9	12 867	23.5
Manufacturing	6 356	36.8	24 856	45.5
Wholesale trade	4 794	27.7	14 334	26.2
Property and business services	3 293	19.1	1 029	1.9
Other	*2 510	*14.5	1 562	2.9
Total all industries	17 282	100.0	54 648	100.0
	1995–96			
Mining	**224	**1.4	13 439	*23.7
Manufacturing	6 276	39.3	23 060	40.7
Wholesale trade	5 089	31.8	16 620	*29.4
Property and business services	2 445	15.3	1 288	2.3
Other	*1 947	*12.2	*2 214	*3.9
Total all industries	15 981	100.0	56 621	100.0
	1996–97			
Mining	**368	**2.0	15 438	*27.3
Manufacturing	6 377	34.8	22 649	40.1
Wholesale trade	5 783	31.6	15 713	27.8
Property and business services	3 780	20.6	1 223	2.2
Other	2 002	*10.9	1 477	*2.6
Total all industries	18 310	100.0	56 500	100.0
	1997–98			
Mining	**370	**1.7	15 720	*26.1
Manufacturing	6 893	31.6	23 682	39.4
Wholesale trade	6 093	28.0	17 096	*28.4
Property and business services	4 720	21.7	902	1.5
Other	3 712	17.0	*2 772	*4.6
Total all industries	21 787	100.0	60 173	100.0
AVERAGE ANNUAL RATE OF CHANGE				
	%		%	
Mining	4.0	..	6.9	..
Manufacturing	2.7	..	-1.6	..
Wholesale trade	8.3	..	6.0	..
Property and business services	12.7	..	-4.3	..
Other	13.9	..	21.1	..
Total all industries	8.0	..	3.3	..

1.9

EXPORT INTENSITY(a) BY SELECTED INDUSTRIES—1994–95 TO 1997–98

	<i>Proportion of exporting businesses in different intensity categories</i>			
	<i>Up to 10%</i>	<i>11% to 20%</i>	<i>21% to 50%</i>	<i>51% to 100%</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
	REGULAR EXPORTERS(b)			
Mining	1.0	1.0	1.0	97.0
Manufacturing	51.9	12.2	22.0	13.9
Wholesale trade	57.6	13.4	6.7	22.4
Property and business services	45.0	2.0	48.1	4.9
Other	16.1	0.6	5.8	77.5
Total all industries	48.2	9.8	18.0	23.9
	IRREGULAR EXPORTERS(c)			
Mining	4.0	47.9	3.0	45.1
Manufacturing	71.0	11.8	11.5	5.7
Wholesale trade	80.8	16.1	3.1	0.1
Property and business services	68.4	0.6	18.4	12.5
Other	72.7	7.8	10.1	9.4
Total all industries	72.0	10.2	10.3	7.5
	EXPORTERS(d)			
Mining	2.8	29.5	2.2	65.5
Manufacturing	61.5	12.0	16.7	9.8
Wholesale trade	71.2	14.9	4.6	9.3
Property and business services	62.8	1.0	25.5	10.7
Other	61.5	6.4	9.2	22.9
Total all industries	63.4	10.1	13.1	13.4
	BORN GLOBALS(e)			
Mining	. .	6.2	7.1	86.8
Manufacturing	64.2	8.5	6.8	20.4
Wholesale trade	51.5	0.4	18.3	29.8
Property and business services	40.2	32.8	27.0	. .
Other	74.1	0.6	25.4	. .
Total all industries	59.4	6.1	12.3	22.3

(a) Export intensity is calculated as the value of exports as a percentage of total income. Export intensity is sometimes referred to as the export ratio.

(b) Regular exporters are those businesses which exported in each year of the survey.

(c) Irregular exporters are those businesses which exported in at least one year, but not all four.

(d) All exporters is the sum of regular and irregular exporters.

(e) 'Born globals' are those businesses which exported in their first year of operation; in the survey new businesses were identified in 1995–96, 1996–97 and 1997–98.

1.10 EXPORTS OF GOODS AND SERVICES BY AGE OF BUSINESS—1997–98

Age of business (years)	Exporting businesses			Export revenue		
	no.	% of all exporters	% of all businesses	\$m	% of total exports	% of total turnover
BUSINESSES EXPORTING GOODS(a)						
Less than 5	5 601	31.4	2.9	5 240	*9.2	2.9
5 to less than 10	3 515	19.7	2.6	*6 369	*11.2	*3.3
10 to less than 20	5 644	31.7	4.1	15 971	28.0	6.5
20 or more	3 049	17.1	4.1	29 506	51.7	9.1
Total	17 810	100.0	3.3	57 087	100.0	6.1
BUSINESSES EXPORTING SERVICES						
Less than 5	**718	**18.0	**0.4	**419	**13.6	**0.2
5 to less than 10	*1 866	*46.9	*1.4	*405	**13.1	*0.2
10 to less than 20	*1 153	*29.0	*0.8	**1 534	**49.7	**0.6
20 or more	241	*6.1	*0.3	*727	**23.6	*0.2
Total	3 977	100.0	0.7	*3 086	*100.0	*0.3
ALL EXPORTERS						
Less than 5	6 319	29.0	3.3	5 659	9.4	3.2
5 to less than 10	5 381	24.7	3.9	*6 775	*11.3	*3.6
10 to less than 20	6 797	31.2	5.0	17 505	29.1	7.1
20 or more	3 290	15.1	4.4	30 234	50.2	9.3
Total	21 787	100.0	4.0	60 173	100.0	6.4

(a) Includes a small number of businesses exporting services as well as goods.

1.11 EXPORTING BUSINESSES BY AGE OF BUSINESS—1994–95 TO 1997–98

Age of business (years)	Exporting businesses		Export revenue	
	no.	% of total	\$m	% of total
	1994–95			
Less than 5	5 371	31.1	10 626	19.4
5 to less than 10	4 249	24.6	9 380	17.2
10 to less than 20	4 406	25.5	*10 451	*19.1
20 or more	3 256	18.8	24 191	44.3
Total	17 282	100.0	54 648	100.0
	1995–96			
Less than 5	3 866	24.2	8 306	14.7
5 to less than 10	4 683	29.3	9 744	17.2
10 to less than 20	4 370	27.3	*11 592	*20.5
20 or more	3 063	19.2	26 979	47.6
Total	15 981	100.0	56 621	100.0
	1996–97			
Less than 5	2 910	15.9	4 978	8.8
5 to less than 10	7 416	40.5	11 672	20.7
10 to less than 20	4 501	24.6	13 810	*24.4
20 or more	3 483	19.0	26 040	46.1
Total	18 310	100.0	56 500	100.0
	1997–98			
Less than 5	6 319	29.0	5 659	9.4
5 to less than 10	5 381	24.7	*6 775	*11.3
10 to less than 20	6 797	31.2	17 505	29.1
20 or more	3 290	15.1	30 234	50.2
Total	21 787	100.0	60 173	100.0
	AVERAGE ANNUAL RATE OF CHANGE			
	%		%	
Less than 5	5.6	..	-18.9	..
5 to less than 10	8.2	..	-10.3	..
10 to less than 20	15.5	..	18.8	..
20 or more	0.4	..	7.7	..
Total	8.0	..	3.3	..

1.12 FOREIGN OWNERSHIP—1997–98

	Non-exporting businesses	Exporting businesses	% of total export revenue
	%	%	%
None	98.3	82.5	43.9
Up to 10%	**0.2	*1.2	*6.9
11% to 49%	*0.3	*1.1	*5.9
50% to 100%	*1.1	15.2	43.3
Total	100.0	100.0	100.0

1.13 OVERSEAS MARKETS BY EMPLOYMENT SIZE GROUP—1994–95

Employment size group (persons)	Proportion of exporting businesses exporting to							
	NZ, PNG & other Oceania	UK	Other Europe & Russia	SE Asia	Japan	Other NE Asia	US & Canada	Other
	%	%	%	%	%	%	%	%
1–4	*25.8	*9.0	*24.0	*24.7	*15.7	**16.5	*14.9	**13.4
5–19	56.7	8.7	*11.0	36.8	*11.1	*10.8	*16.2	*12.7
Total small business	43.2	8.8	*16.7	31.5	*13.1	*13.3	15.6	*13.0
20–199	51.2	10.6	14.3	42.3	13.3	20.0	18.2	10.4
200 or more	54.3	*7.5	*13.8	47.8	26.5	26.7	23.2	*17.0
Total	45.5	9.2	16.0	34.7	13.7	15.5	16.5	*12.6

1.14 OVERSEAS MARKETS BY SIZE OF EXPORTS—1994–95

Value of exports	Proportion of exporting businesses exporting to							
	NZ, PNG & other Oceania	UK	Other Europe & Russia	SE Asia	Japan	Other NE Asia	US & Canada	Other
	%	%	%	%	%	%	%	%
Less than \$200,000	47.6	6.9	*17.0	34.0	*5.6	*13.6	12.4	*13.4
\$200,000 and less than \$500,000	*60.4	*17.7	*6.1	*33.3	**14.2	*12.9	*26.2	*9.9
\$500,000 and less than \$1m	*43.5	*13.2	*11.0	*35.3	**26.6	*14.3	*25.4	*12.1
Total less than \$1m	49.2	9.0	*14.8	34.0	*8.5	13.5	15.5	*12.8
\$1m or more	26.7	10.0	22.0	38.1	*40.0	25.2	22.0	11.7
Total	45.5	9.2	16.0	34.7	13.7	15.5	16.5	*12.6

1.15 EXPORTING BUSINESSES USING INTERMEDIARIES—1994–95

<i>Export methods</i>	<i>Exporting businesses</i>	<i>Total export revenue</i>
	%	%
Directly to subsidiaries	15.5	16.1
To parent company	5.9	*10.0
To unrelated company	69.2	47.9
Via agents in Australia	10.0	*5.1
Via agents overseas	13.6	11.2
Other	*9.9	*9.5
Total	100.0	100.0

SECTION 2

EXPORTERS AND THE LABOUR MARKET

This section examines the labour market profile of exporting businesses as compared to non-exporters. As well as looking at the employment profiles of exporting businesses, the section also presents details of the wages and salaries paid by exporters compared to non-exporters, the employment arrangements businesses have in place, occupational health and safety processes in place and details of training provided by exporting businesses.

EMPLOYMENT IN EXPORTING BUSINESSES

Exporting businesses provide employment for a significant proportion of the private sector workforce even though they only represent 4% of the total number of businesses.

In each of the four years of the survey, exporting businesses employed between 16% and 18% of the total workforce of the industries in scope of the survey.

Looking at the change in employment levels over the three year period 1995 to 1998, small exporting businesses recorded the strongest growth averaging 9% per annum. This compared to a 4% annual average growth in employment levels in non-exporting businesses. For large businesses (those employing 200 or more people), the reverse was the case with strong growth recorded for non-exporting businesses (8%) whereas employment in exporting businesses declined an average 2.4% per year.

Employment structure

Overall, exporting firms appeared less likely to employ staff on a part-time basis with 91% of persons employed being employed full-time. Non-exporters, on the other hand employed 70% of their employees full-time.

Looking at employment structure across industries, it was found that in the major exporting industries the same tendency applies, but to a lesser extent.

- In Manufacturing, 95% of persons employed in exporting businesses were employed full-time compared to 89% in non-exporting businesses;
- in Wholesale trade, 93% of persons employed in exporting businesses were employed full-time compared to 86% in non-exporting businesses.

Exporters also recorded a much lower level of casual employees with 10% of total employment employed as casuals compared to 28% in non-exporting businesses.

Employment structure
continued

Again the industry mix needs to be examined to better appreciate these findings:

- in Manufacturing, 8% of exporting businesses' employees were employed on a casual basis while 14% of non-exporters' employees were casual;
- in Wholesale trade, 10% of exporting businesses' employees were casuals compared to 14% in non-exporting businesses.

WAGES AND SALARIES

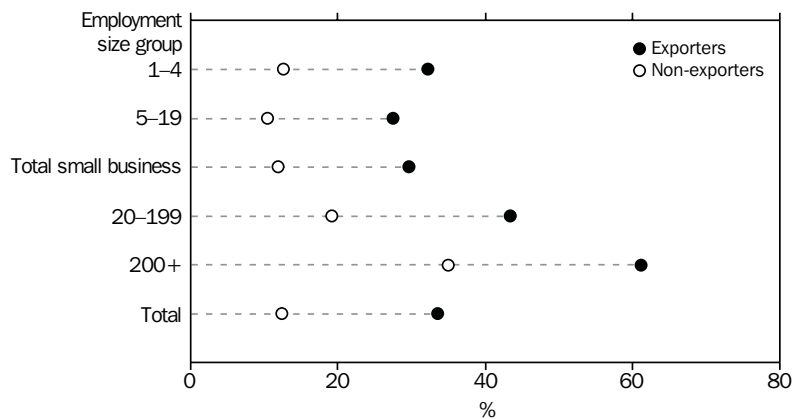
Examining the wages and salaries paid by exporting firms as compared to non-exporters across all industries, it was found that on average, employees of exporting businesses received a higher wage or salary than employees in non-exporting businesses. During 1997–98, exporters overall paid each full-time equivalent (FTE) employee an average of \$46,000 compared to \$28,600 being paid on average by non-exporting businesses.

Looking at the industry details, each industry group in total and for most of the size categories, exporting businesses paid each FTE employee a higher level of wages and salaries than the non-exporting businesses in the equivalent group.

Another way of looking at the rates businesses were paying their employees is to look at the proportion of businesses that were paying above the average weekly earnings (AWE). During 1997–98, just over a third of exporting businesses were paying wages and salaries above the annualised average weekly earnings in Australia. By comparison only 12% of non-exporting firms were paying above AWE levels.

Again a similar pattern was evident when the major exporting industries were examined. In the Wholesale trade industry, 48% of exporting businesses were paying wages and salaries above the annualised average weekly earnings compared to 14% of non-exporting businesses paying above AWE levels.

BUSINESSES PAYING ABOVE AVERAGE WEEKLY EARNINGS



Labour productivity A basic measure of labour productivity is the ratio of turnover per FTE person employed in the business.

Exporting businesses recorded a higher labour productivity ratio than non-exporters across all business size categories and industries. Differences were most marked in the micro business category where exporting businesses recorded a rate of \$449,000 turnover per person employed compared to \$140,200 for non-exporting businesses.

Across the major exporting industries the Wholesale trade industry recorded the highest labour productivity ratio with exporting firms recording a relatively strong rate of \$610,500 per person employed. This compared to \$476,700 per person for non-exporters in the same industry.

Generally, Manufacturing businesses had lower labour productivity ratios than Wholesale businesses, however, those involved in exporting recorded a higher ratio than their non-exporting counterparts (\$276,400 per person compared to \$156,100 per person).

EMPLOYMENT ARRANGEMENTS

Table 2.4 provides details on the form of employment conditions in place in exporting businesses compared to non-exporters.

There was little difference in the proportion of businesses with enterprise agreements (either registered or unregistered) in place between exporters and non-exporters (15% and 14% respectively). However, there was a marked difference in the number of employees covered by enterprise agreements with 30% of employees in exporting businesses covered compared to only 17% in non-exporting businesses.

Exporters were slightly less likely to have wages and conditions determined solely by award specifications with 34% of businesses in this group compared to 37% of non-exporters.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

During 1997–98, exporting businesses generally appeared to display a greater commitment to OH&S than their non-exporting counterparts. To some extent this was a function of size of business with larger businesses more likely to have OH&S practices in place, regardless of whether they were exporting or not. However, for each of the practices surveyed, and in each of the business size categories there was a higher proportion of exporting businesses with the practices in place than that recorded for non-exporters. Although not shown in the published tables, the same trend was evident across the major exporting industries.

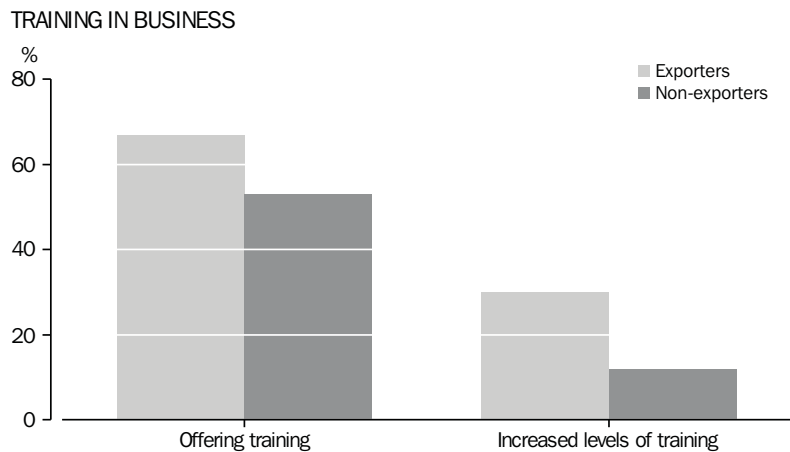
OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Of the processes checked in the survey, the provision of information on OH&S was the most common process used—used by 66% of exporters, compared to 38% of non-exporters. Other common processes used included:

- Regular workplace inspections—used by 59% of exporting businesses, compared to 36% of non-exporters;
- A program of consultation—in place in 50% of exporting businesses, compared to 23% of non-exporters; and
- Guidelines relating to hazards—in place in 47% of exporters compared to 31% of non-exporters.

TRAINING IN BUSINESS

Across all businesses, 57% provided some staff training during 1997–98. For exporting businesses however, the proportion was much higher with 77% training their staff. The proportion of businesses recording increasing training levels was also much higher for exporting businesses, with 30% of businesses increasing, compared to only 12% of non-exporting businesses increasing the training provided.



Training methods used

The statistics in table 2.6 relating to training methods relate only to those businesses which offered some form of training. Again exporting businesses recorded higher proportions for each of the training methods surveyed which indicates that, not only were exporters more likely to offer training for their staff, but also, they used a wide variety of training methods to deliver their training. On-the-job training was the most frequently used training method, with 90% of exporters who offered training using this method. Seminars, workshops and conferences were used by 67% of exporters that trained staff.

Fields of training Again the statistics (shown in detail in table 2.6) relate only to those businesses which offered some form of training. A higher proportion of businesses offered training in the 'other' category than any of the specific fields listed in the survey. This is because most general business training was recorded in this category.

A high proportion of exporting businesses offered training in all the major fields with 44% offering management training, 43% offering professional training and 43% offering training for computer specialists. These results also indicate that exporters generally offered training across a wide range of fields.

2.1

EXPORTERS AND THE LABOUR MARKET—1994–95 TO 1997–98

Employment size group (persons)	Businesses			Employment		
	Non-exporters	Exporters	Exporters as a	Non-exporters	Exporters	Exporters as a
			% of all			% of all
	no.	no.	businesses	no.	no.	businesses
	1994–95					
	no.	no.	%	no.	no.	%
1–4	297 616	5 503	1.8	715 006	13 507	1.9
5–19	139 552	7 058	4.8	1 157 271	70 518	5.7
<i>Total small business</i>	437 169	12 562	2.8	1 872 278	84 026	4.3
20–199	23 040	3 945	14.6	1 009 542	245 356	19.6
200 or more	1 393	775	35.8	873 807	509 419	36.8
Total	461 602	17 282	3.6	3 755 626	838 802	18.3
	1995–96					
	no.	no.	%	no.	no.	%
1–4	317 564	4 796	1.5	748 574	10 928	1.4
5–19	144 350	6 095	4.1	1 205 140	59 022	4.7
<i>Total small business</i>	461 914	10 891	2.3	1 953 713	69 950	3.5
20–199	25 832	4 341	14.4	1 078 738	251 024	18.9
200 or more	1 304	750	36.5	898 512	495 598	35.5
Total	489 050	15 981	3.2	3 930 964	816 572	17.2
	1996–97					
	no.	no.	%	no.	no.	%
1–4	329 624	6 969	2.1	766 722	16 779	2.1
5–19	152 049	6 140	3.9	1 278 295	62 460	4.7
<i>Total small business</i>	481 673	13 110	2.6	2 045 016	79 239	3.7
20–199	28 044	4 455	13.7	1 143 625	263 317	18.7
200 or more	1 235	746	37.7	988 167	469 748	32.2
Total	510 953	18 310	3.5	4 176 808	812 304	16.3
	1997–98					
	no.	no.	%	no.	no.	%
1–4	332 429	7 532	2.2	770 550	16 793	2.1
5–19	155 519	9 069	5.5	1 311 259	90 983	6.5
<i>Total small business</i>	487 947	16 601	3.3	2 081 809	107 777	4.9
20–199	29 886	4 485	13.0	1 247 527	255 769	17.0
200 or more	1 446	702	32.7	1 095 928	473 904	30.2
Total	519 279	21 787	4.0	4 425 265	837 450	15.9
	AVERAGE ANNUAL RATE OF CHANGE					
	%	%		%	%	
1–4	3.8	11.0	..	2.5	7.5	..
5–19	3.7	8.7	..	4.3	8.9	..
<i>Total small business</i>	3.7	9.7	..	3.6	8.7	..
20–199	9.1	4.4	..	7.3	1.4	..
200 or more	1.3	–3.3	..	7.8	–2.4	..
Total	4.0	8.0	..	5.6	–0.1	..

2.2

EMPLOYMENT STRUCTURE—JUNE 1998

<i>Employment status</i>	<i>Exporters</i>			<i>Non-exporters</i>			<i>All businesses</i>		
	<i>Full time</i>	<i>Part time</i>	<i>% of total employment</i>	<i>Full time</i>	<i>Part time</i>	<i>% of total employment</i>	<i>Full time</i>	<i>Part time</i>	<i>% of total employment</i>
	%	%	%	%	%	%	%	%	%
<i>Mining</i>									
Total permanents	*99.8	**0.2	*98.4	97.1	*2.9	91.5	98.8	*1.2	95.7
Casuals	**51.8	**48.2	*1.8	**22.1	**77.9	**8.5	**29.5	**70.5	*4.4
Total	*99.0	**1.0	100.0	90.7	**9.3	100.0	95.8	*4.2	100.0
<i>Manufacturing</i>									
Total permanents	97.4	2.6	92.2	94.0	6.0	86.1	95.6	4.4	89.0
Casuals	63.3	36.7	7.8	56.4	43.6	13.9	58.6	41.4	11.0
Total	94.8	5.2	100.0	88.7	11.3	100.0	91.6	8.4	100.0
<i>Wholesale trade</i>									
Total permanents	95.6	4.4	90.2	91.5	8.5	86.4	92.7	7.3	87.5
Casuals	66.6	*33.4	9.8	49.1	50.9	13.6	53.0	47.0	12.5
Total	92.8	7.2	100.0	85.7	14.3	100.0	87.7	12.3	100.0
<i>Property and business services</i>									
Total permanents	90.6	9.4	89.5	79.4	20.6	75.1	80.3	19.7	76.2
Casuals	69.7	*30.3	10.5	*48.0	52.0	24.9	*48.7	51.3	23.8
Total	88.5	11.5	100.0	71.6	28.4	100.0	72.8	27.2	100.0
<i>Other</i>									
Total permanents	*87.1	**12.9	*80.5	80.7	19.3	66.2	81.1	18.9	66.9
Casuals	*29.0	*71.0	*19.5	27.6	72.4	33.7	27.6	72.4	32.9
Total	*75.8	*24.2	100.0	62.8	37.2	100.0	63.5	36.5	100.0
<i>Total all industries</i>									
Total permanents	95.0	5.0	89.9	83.3	16.7	71.9	85.5	14.5	74.7
Casuals	52.0	48.0	10.1	33.5	66.5	28.1	34.7	65.3	25.2
Total	90.7	9.3	100.0	69.3	30.7	100.0	72.7	27.3	100.0

2.3

WAGES AND SALARIES—1997–98

Employment size group (persons)	Average wages and salaries per employee(FTE)(a)		Labour productivity(b)		Proportion of businesses paying > AWE(c)	
	Exporters	Non-exporters	Exporters	Non-exporters	Exporters	Non-exporters
	\$'000	\$'000	\$'000	\$'000	%	%
	MINING					
1–4	n.p.	**39.5	n.p.	**177.7	n.p.	**50.1
5–19	n.p.	**33.9	n.p.	**170.6	n.p.	**28.5
<i>Total small business</i>	**59.7	*35.8	**1 243.0	*173.0	**100.0	*42.1
20–199	**51.9	*58.8	**1 009.7	*203.5	**73.5	*69.3
200 or more	*81.7	*76.5	*440.8	*286.8	*92.3	*82.1
Total	*79.6	*62.0	*489.7	*236.3	**96.8	*44.8
	MANUFACTURING					
1–4	*29.1	26.4	*174.1	108.1	**30.7	12.2
5–19	34.2	26.6	204.5	108.5	*19.4	13.3
<i>Total small business</i>	33.6	26.5	200.3	108.4	*23.6	12.6
20–199	37.5	32.1	259.7	167.5	33.2	17.4
200 or more	48.4	41.6	292.8	220.0	58.4	45.1
Total	43.9	32.2	276.4	156.1	29.2	13.1
	WHOLESALE TRADE					
1–4	*42.8	21.5	*519.0	236.3	**36.9	*9.4
5–19	*42.3	31.0	*582.6	355.9	*53.1	17.9
<i>Total small business</i>	42.4	28.5	*571.9	322.2	*44.3	12.9
20–199	41.6	32.8	*655.3	640.7	*62.2	24.3
200 or more	45.2	*38.3	*582.9	*557.9	*65.0	*33.8
Total	43.2	31.8	610.5	476.7	*47.9	13.9
	PROPERTY AND BUSINESS SERVICES					
1–4	**37.1	28.4	**150.6	100.7	n.p.	20.9
5–19	29.0	29.0	*109.8	83.5	*8.4	*18.1
<i>Total small business</i>	29.6	28.8	113.2	91.0	**17.8	20.3
20–199	*49.1	36.6	*167.6	101.2	*81.9	*30.8
200 or more	**61.0	*33.2	**195.0	*81.7	*100.0	*47.5
Total	42.5	32.2	148.1	91.3	22.1	20.8
	OTHER					
1–4	**16.7	22.3	**348.3	149.5	n.p.	8.6
5–19	**39.1	21.8	**332.4	153.1	**41.1	6.7
<i>Total small business</i>	*32.5	22.0	**337.2	151.7	24.6	8.0
20–199	*40.8	27.4	*276.9	225.8	*27.1	*14.7
200 or more	*45.3	28.5	*344.4	222.0	*49.8	25.0
Total	*44.0	25.4	*333.3	190.3	*25.9	8.4
	TOTAL ALL INDUSTRIES					
1–4	*33.7	24.3	*449.0	140.2	*32.2	12.6
5–19	35.5	24.7	287.6	155.3	27.5	10.4
<i>Total small business</i>	35.3	24.6	311.3	149.8	29.6	11.9
20–199	39.9	30.8	345.4	237.4	43.4	19.2
200 or more	50.9	32.1	348.1	211.9	61.1	35.0
Total	46.0	28.6	343.3	190.9	33.5	12.4

(a) Full-time Equivalent (FTE) is calculated by allocating 0.5 of one person for each part-time employee.

(b) For the purposes of this analysis labour productivity is defined as turnover per FTE persons employed.

(c) AWE—Average Weekly Earnings is approximated by using an annual wages and salaries level of \$39,000.

2.4

EMPLOYMENT ARRANGEMENTS— JUNE 1998

	<i>Proportion of businesses(a) with</i>			<i>Proportion of employees covered by</i>		
	<i>Awards only(b)</i>	<i>Enterprise agreements(c)</i>	<i>Other working arrangements</i>	<i>Awards only(b)</i>	<i>Enterprise agreements(c)</i>	<i>Other working arrangements</i>
	%	%	%	%	%	%
Exporters	33.7	15.0	72.7	26.7	38.5	34.7
Non-exporters	36.7	13.6	59.5	49.5	25.2	25.3
Total	36.6	13.6	60.0	45.3	27.7	27.0

(a) Some businesses have more than one employment arrangement in place so proportions will add to more than 100%.

(b) Includes businesses using awards only to determine wages and conditions.

(c) Includes businesses with either registered or unregistered enterprise agreements in place.

2.5

OCCUPATIONAL HEALTH AND SAFETY BY EMPLOYMENT SIZE GROUP—1997–98

<i>OH&S practice</i>	<i>Businesses with OH&S practice in place</i>		
	<i>Exporters</i>	<i>Non-exporters</i>	<i>Total</i>
	%	%	%
	1-19		
Written management statement	27.6	7.6	8.3
Program of consultation	43.2	20.9	21.6
Training program	12.5	8.1	8.3
Provision of information	59.0	35.5	36.3
Regular workplace inspections	51.3	33.9	34.5
Guidelines relating to hazards	37.1	28.9	29.2
	20 AND OVER		
Written management statement	61.9	42.6	45.4
Program of consultation	71.2	60.5	62.0
Training program	56.7	37.7	40.4
Provision of information	89.1	76.8	78.5
Regular workplace inspections	81.8	71.3	72.8
Guidelines relating to hazards	77.3	58.4	61.1
	TOTAL		
Written management statement	35.8	9.8	10.8
Program of consultation	49.8	23.3	24.3
Training program	23.0	9.9	10.4
Provision of information	66.2	38.0	39.2
Regular workplace inspections	58.6	36.2	37.1
Guidelines relating to hazards	46.7	30.7	31.3

2.6

TRAINING IN BUSINESS—1997–98

	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
	%	%	%
CHANGE IN TRAINING LEVELS PROVIDED			
Increased	29.6	12.1	12.8
Decreased	1.1	1.4	1.4
Stayed the same	46.2	42.8	43.0
Total businesses offering training	76.9	56.3	57.2
TRAINING METHODS(a)			
Structured training courses	57.6	39.8	40.9
On-the-job training	90.1	76.0	76.8
Seminars, workshops, conferences	66.8	45.8	47.0
Job rotation, exchange etc	54.1	19.0	21.0
FIELDS OF TRAINING(a)			
Management training	44.3	23.5	24.7
Professional training	43.3	17.3	18.8
Training for computer specialists	42.9	19.4	20.8
Trade and apprenticeship training	20.8	20.2	20.3
Health and safety training	38.1	22.1	23.0
Other training	51.8	36.6	37.5

(a) Training methods and fields of training data relate only to those businesses which offered training.

SECTION 3

BUSINESS PRACTICES AND PERFORMANCE

The Business Longitudinal Survey collected a range of data relating to various aspects of business behaviour and performance. This section presents details of business planning practices, innovation, trends in business practices and business intentions and sources of business advice for both exporting businesses and non-exporting businesses. Table 3.6 then provides a series of commonly used business performance ratios for exporters and non-exporters.

BUSINESS PRACTICES

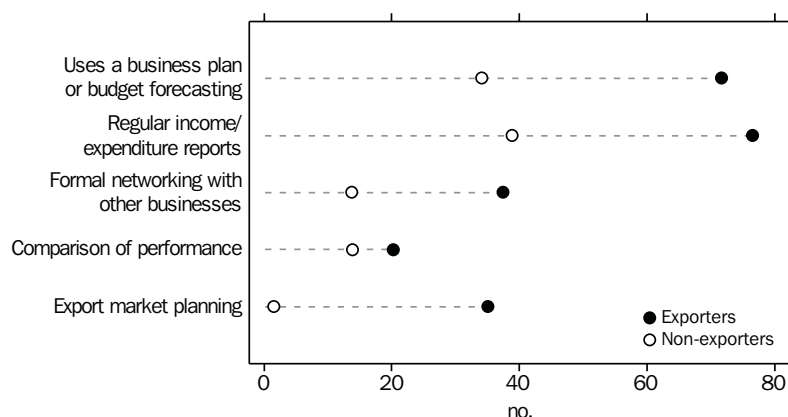
In the survey, details were collected on businesses' use of a number of different business practices. Table 3.1 details the results for exporters and non-exporters for the main practices surveyed.

During 1997–98, exporting businesses were clearly more likely to undertake these practices with significantly higher proportions reported in all cases. Business planning and the use of regular income/expenditure reports were especially common among exporters with over 70% of businesses using these tools; by comparison, under 40% of non-exporters were using them.

Only 35% of exporting businesses were involved in export market planning which perhaps indicates that for most exporters, their markets are well settled and they are not looking further afield.

Looking at the major exporting industries, (in terms of number of businesses), a similar pattern was evident with the exporters more likely to be undertaking the selected business practices. This trend was strongest in the Property and business services industry where over 90% of exporting businesses were using business plans or budget forecasting and regular income/expenditure reports while less than 40% of their non-exporting counterparts had the practices in place.

USE OF BUSINESS PRACTICES—1997–98



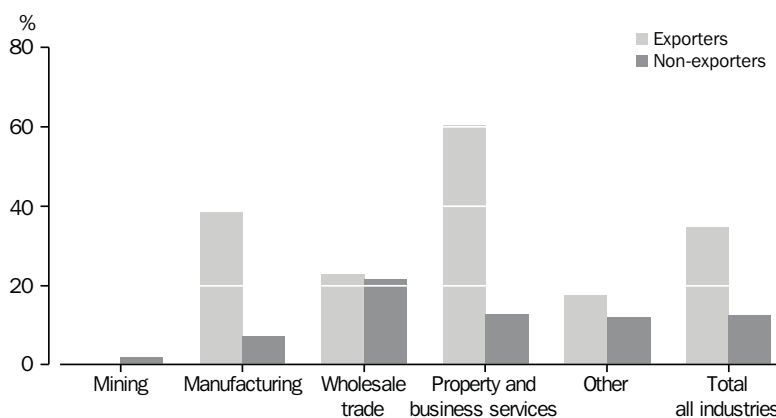
INNOVATION

The survey asked whether businesses had introduced any new goods or services, any new processes or new ways of delivering services in the previous twelve months. Businesses responding positively to any of these changes were deemed to be innovative for this publication.

During 1997–98, 35% of exporting businesses were classified as innovative compared to 13% of non-exporters. Looking at the main exporting industries, the Wholesale trade industry was the most innovative overall with 22% of businesses introducing significant change, with only a marginal difference between exporting businesses and non-exporting businesses. When only exporting businesses are considered, the Property and business services industry was by far the most innovative with 60% of exporting businesses being innovative. By comparison, only 13% of non-exporting Property and business services businesses were classified as innovative.

In Manufacturing, 38% of exporting business were innovative, whereas, only 7% of non-exporting businesses were classified as innovative.

INNOVATIVE BUSINESSES



TRENDS IN SELECTED BUSINESS ACTIVITIES

During 1997–98 a significant proportion of exporting businesses recorded increases in most of the business activities surveyed. This compared to proportions of less than 14% of non-exporters recording increases across the same range of activities.

More than one-third of exporters of exporters reported increases in the following activities:

- number of personal computers used—increased in 39% of businesses;
- export markets targeted—increased in 37% of businesses;
- electronic banking or fund transfer—increased in 35% of businesses; and
- number of staff using computers—increased in 35% of businesses.

BUSINESS INTENTIONS

In the 1997–98 survey, businesses were asked about a number of intentions that were held for the business over the next three years, (1998–99 to 2000–01). Table 3.4 details those business intentions associated with growing the business and compares exporters intentions with those of non-exporters.

For the growth intentions checked, 52% of exporting businesses expressed an intention to significantly increase production levels, compared to 27% of non-exporters; 50% of exporters intended to introduce new goods or services, compared to 15% of non-exporters; and 20% of exporting businesses intended opening new locations in the following three years while only 5% of non-exporters expressed this intention.

SOURCE OF BUSINESS ADVICE

In the 1995–96 survey businesses were asked about their source of business advice. Table 3.5 summarises those results. Generally, exporting businesses were more likely to seek external advice regarding their business operations than their non-exporting counterparts.

External accountants were the most common source of business advice identified with 83% of exporting businesses using this source during 1995–96. Banks, solicitors and others in business were also popular sources for business advice with more than 60% of exporters using each.

BUSINESS PERFORMANCE

The Business Longitudinal Survey collected a range of financial variables which allowed the performance of businesses to be checked against different characteristics. In table 3.6, the relative performance of exporting businesses is compared to non-exporters across the major industries using three common business performance ratios. The ratios used are defined as follows:

- Current ratio—referred to as a solvency ratio; it is defined as current assets/current liabilities and provides a measure of short term liquidity;
- Total asset turnover—this is an efficiency ratio to help indicate how efficiently assets are used; it is defined as total income/total assets; and
- Return on assets—this is a profitability ratio used to measure how profits generated relate to asset levels; it is defined as profit/total assets.

In terms of the current ratio, across all industries, exporters recorded a similar rate to non-exporters (1.2 times). For exporting businesses, the Property and business services industry recorded the strongest short term liquidity result with a ratio of 1.5 times.

In measuring the efficiency of exporting businesses against non-exporting businesses, the total asset turnover ratio indicates that it was exporting businesses that recorded a slightly higher rate than non-exporters, 0.9 times as compared to 0.7 times respectively. However, it was mainly the industry mix which was driving the results.

BUSINESS PERFORMANCE

Looking at the breakdown of industries, it was the non-exporters in the Wholesale trade industry that recorded the highest rate with 2.8 times; by comparison exporters recorded a rate of 2.5 times. In the remaining industries exporters and non-exporters recorded a similar rate.

In terms of profitability, exporters overall recorded a stronger result than their non-exporting counterparts with a return on assets of 7.4% compared to 5.4% for non-exporters.

Across different industries, it was the Wholesale trade industry which recorded the strongest result with exporters recording 8.7%, but on this occasion, non-exporters recorded a better return with 9.2%.

In the Manufacturing industry, exporting businesses recorded a return on assets of 7.3% which was well above the return of non-exporters (3.7%).

3.1 BUSINESS PRACTICES—1997–98

	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
	%	%	%
MINING			
Has a business plan or budget forecasting	**24.2	*28.0	*27.4
Regular income/expenditure reports	**24.2	*50.1	*45.9
Formal networking with other businesses	**10.9	**19.0	**17.7
Comparison of performance	**13.3	*6.1	7.3
Export market planning	**15.2	n.p.	3.1
Participated in government programs(a)	*12.3	*6.3	7.5
MANUFACTURING			
Has a business plan or budget forecasting	74.1	31.7	37.0
Regular income/expenditure reports	76.5	42.1	46.4
Formal networking with other businesses	21.9	8.6	10.3
Comparison of performance	19.3	7.7	9.1
Export market planning	42.4	2.1	7.2
Participated in government programs(a)	46.1	9.5	13.7
WHOLESALE TRADE			
Has a business plan or budget forecasting	71.2	45.9	49.7
Regular income/expenditure reports	76.5	55.7	58.8
Formal networking with other businesses	*30.1	12.7	15.3
Comparison of performance	*24.8	13.4	15.1
Export market planning	*43.3	*1.9	8.1
Participated in government programs(a)	18.1	7.2	8.7
PROPERTY AND BUSINESS SERVICES			
Has a business plan or budget forecasting	91.0	38.9	40.8
Regular income/expenditure reports	93.9	35.4	37.5
Formal networking with other businesses	*82.4	18.6	20.9
Comparison of performance	**11.3	11.8	11.8
Export market planning	*19.6	2.1	2.7
Participated in government programs(a)	*16.9	4.5	4.9
OTHER			
Has a business plan or budget forecasting	*48.1	31.3	31.5
Regular income/expenditure reports	*59.9	37.9	38.2
Formal networking with other businesses	*23.4	12.5	12.6
Comparison of performance	*26.7	15.8	16.0
Export market planning	*29.6	*1.2	*1.5
Participated in government programs(a)	*35.4	8.1	8.2
TOTAL ALL INDUSTRIES			
Has a business plan or budget forecasting	71.7	34.1	35.6
Regular income/expenditure reports	76.6	38.9	40.4
Formal networking with other businesses	37.4	13.7	14.6
Comparison of performance	20.2	13.9	14.2
Export market planning	35.1	1.5	2.9
Participated in government programs(a)	29.4	7.3	8.0

(a) Data related to 1996–97. Information on government programs was not collected in the 1997–98 survey.

3.2 INNOVATION(a)—1997–98

<i>Industry</i>	<i>Proportion of firms that are innovative</i>		
	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
	<i>%</i>	<i>%</i>	<i>%</i>
Mining	n.p.	**1.9	**1.9
Manufacturing	38.4	7.3	11.2
Wholesale trade	*22.7	21.7	21.9
Property and business services	60.3	12.9	14.6
Other	*17.6	12.1	12.2
Total all industries	34.6	12.5	13.3

(a) See glossary for definition of innovation.

3.3 TRENDS IN SELECTED BUSINESS ACTIVITIES—1997–98

<i>Business activity</i>	<i>Firms recording increases in business activity</i>		
	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
	<i>%</i>	<i>%</i>	<i>%</i>
Domestic markets targeted	30.7	7.5	8.4
Export markets targeted	36.7	7.0	8.2
Production technology	22.7	6.7	7.4
Number of personal computers	38.7	13.8	14.8
Number of staff using computers	34.8	11.0	11.9
Electronic stock monitoring	7.7	2.2	2.4
Electronic ordering/purchasing	19.5	2.5	3.2
Electronic banking/fund transfer	35.4	9.5	10.5

3.4 BUSINESS INTENTIONS—1997–98

	<i>Firms reporting intentions</i>		
	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
	<i>%</i>	<i>%</i>	<i>%</i>
Significantly increase production levels	52.3	27.0	28.0
Maintain production levels	35.5	49.4	48.8
Significantly decrease production levels	**7.1	2.9	3.0
Open new locations	20.0	4.6	5.2
Establish a partnership overseas	9.2	0.9	1.2
Introduce new goods or services	49.6	14.6	16.0

3.5

SOURCES OF BUSINESS ADVICE—1995–96

	<i>Firms that have sought advice</i>		
	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
	%	%	%
External accountants	83.1	75.6	75.9
Banks	67.5	52.5	53.0
Solicitors	67.8	39.5	40.4
Business consultants	35.1	14.6	15.2
Family or friends	37.6	37.8	37.8
Others in business	60.7	49.3	49.7
Local business	19.5	21.8	21.7
Industry Association/Chamber of commerce	38.3	19.8	20.4
Australian Taxation Office	46.6	31.3	31.8
Government small business agencies	20.8	11.1	11.4

3.6

BUSINESS PERFORMANCE RATIOS(a)—1997–98

	<i>Exporters</i>			<i>Non-exporters</i>		
	<i>Current ratio</i>	<i>Total asset turnover</i>	<i>Return on assets</i>	<i>Current ratio</i>	<i>Total asset turnover</i>	<i>Return on assets</i>
	<i>times</i>	<i>times</i>	<i>%</i>	<i>times</i>	<i>times</i>	<i>%</i>
Mining	1.0	0.5	5.2	2.1	0.6	n.p.
Manufacturing	1.3	1.2	7.3	1.2	1.2	3.7
Wholesale trade	1.3	2.5	8.7	1.3	2.8	9.2
Property and business services	1.5	0.5	6.9	1.2	0.7	7.5
Other	1.0	0.4	8.1	1.1	0.5	5.5
Total all industries	1.2	0.9	7.4	1.2	0.7	5.4

(a) For definitions of ratios used see Glossary.

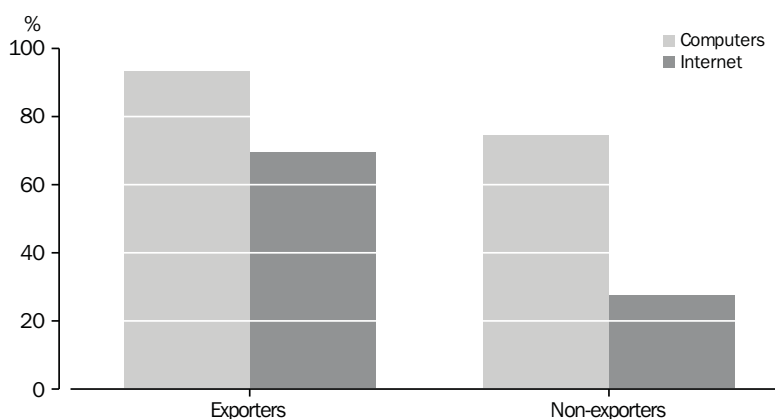
SECTION 4

EXPORTERS AND THE INFORMATION ECONOMY

The uptake of different aspects of the information economy is a rapidly changing phenomenon and is difficult to keep pace with using annual survey data. The results presented in tables 4.1 and 4.2 relate to businesses operating at 30 June 1998 and their use of computers and the Internet during 1997-98.

As at 30 June 1998, 75% of businesses were using computers in their business operations and 29% were using the Internet. Perhaps not surprisingly, exporting businesses were much more likely to use these facilities. In 1997-98, 93% of exporters were using computers and more than two thirds (69%) were using the Internet. The differences in use levels between exporters and non-exporters were most pronounced in small businesses where 67% of small exporters were using the Internet compared to 26% of small non-exporters.

BUSINESSES USING COMPUTERS AND THE INTERNET



USE OF THE INTERNET

Almost all businesses with Internet access used it for email and gathering information. In table 4.2, uses made of the Internet other than email or gathering information have been broken into three broad categories: selling activities, purchasing and other uses.

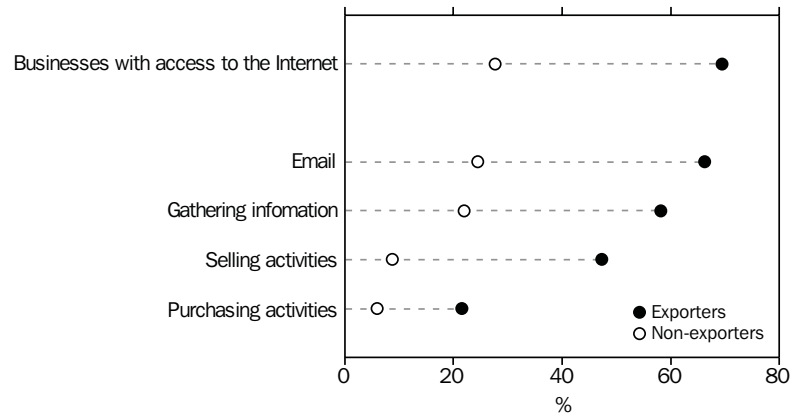
Across all Internet use categories, a greater proportion of exporters were undertaking electronic business activity than their non-exporting counterparts. Under the 'selling' category, the use of a website and other marketing activities were the most common uses of the Internet by exporters with 28% of businesses using each of these facilities during 1997-98.

USE OF THE INTERNET
continued

Overall, 47% of exporting businesses were undertaking one or more selling activity over the Internet compared to only 9% of non-exporters conducting business this way.

Purchasing activities were generally less popular than the selling activities, but exporting businesses were again more likely to be involved than their non-exporting counterparts. During 1997-98 22% of exporting business were using one or more purchasing activity compared to 6% for non-exporters.

USE OF THE INTERNET



4.1 COMPUTERS AND THE INTERNET—1997–98

	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
<i>Employment size group (persons)</i>	%	%	%
1–19			
Businesses using computers	91.2	73.2	73.8
Businesses using Internet	66.7	25.8	27.1
20 or more			
Businesses using computers	98.9	93.0	93.9
Businesses using Internet	78.2	57.8	60.7
Total			
Businesses using computers	93.1	74.4	75.2
Businesses using Internet	69.4	27.7	29.4

4.2 MAJOR USES OF THE INTERNET—1997–98

	<i>Exporters</i>	<i>Non-exporters</i>	<i>All businesses</i>
	%	%	%
E-mail	66.2	24.4	26.1
Gathering information	58.1	22.0	23.5
Selling			
Website	27.6	5.9	6.8
Other marketing	28.3	5.1	6.0
Receiving payments	*7.0	1.0	1.3
Sending invoices	*5.5	1.1	1.3
Receiving sales orders	17.0	2.1	2.7
Co-ordinating delivery	13.3	1.9	2.3
Businesses using 1 or more selling activity	47.3	8.7	10.3
Purchasing			
Making payments	16.7	3.0	3.6
Placing purchase orders	16.1	4.7	5.2
Receiving invoices	*6.0	2.0	2.2
Businesses using 1 or more purchasing activity	21.5	5.9	6.5
Other uses			
Lodging of forms/tenders	9.6	4.0	4.2
Data transfer	31.0	10.4	11.3
Business networking	31.7	8.3	9.3
Intranet	10.3	3.1	3.4
Other	*1.8	*0.7	*0.8

EXPLANATORY NOTES

INTRODUCTION

1 The information in this publication has been derived from the 1994–95, 1995–96, 1996–97 and 1997–98 Business Growth and Performance Surveys. The surveys were designed to provide estimates on the growth and performance of Australian employing businesses and to identify selected economic and structural characteristics of these businesses. The 1997–98 survey was the last in this annual study. Together, the surveys form a longitudinal panel of Australian business data at the firm level and are sometimes collectively referred to as the Business Longitudinal Survey (BLS).

STATISTICAL UNIT

2 The business unit about which data have been collected and published is termed the management unit. The management unit is the highest level accounting unit within a business, having regard for industry homogeneity, for which detailed accounts are maintained; in nearly all cases it coincides with the legal entity owning the business (i.e. a 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. For these larger businesses a management unit may coincide with one legal entity, any combination of legal entities (or parts thereof) under common ownership or control, or part of a legal entity.

SURVEY DESIGN

3 The ABS Business Register was used as the population frame for the survey with approximately 13,000 business units being selected for inclusion in the 1994–95 survey. For the 1995–96 survey, a sub-sample of the original selections for 1994–95 survey was selected and this was supplemented by a sample of new business units added to the ABS Business Register during 1995–96. The sample for the 1996–97 and 1997–98 surveys can similarly be considered in two parts. The first part forms the longitudinal or continuing part of the sample and consists of all those remaining live businesses from the previous surveys, while the second part consists of a sample of new business units added to the ABS Business Register during the reference year. Each year the sample consists of about 5,600 businesses continuing from the previous year and an additional 800 new businesses giving a total sample of about 6,400 business units in each of the annual iterations of the survey since 1995–96.

SCOPE

4 All business units in the Australian economy were included in the scope of the survey except for:

- businesses which have not registered as group employers with the Australian Taxation Office, which generally equates to non-employing businesses;
- all Government enterprises; and
- businesses classified to the following ANZSIC industries:

ANZSIC Divisions:

A—Agriculture, forestry and fishing

D—Electricity, gas and water supply

J—Communication services

M—Government administration and defence

N—Education

O—Health and community services

ANZSIC Subdivisions:

96—Other Services

97—Private households employing staff

ANZSIC Groups:

921—Libraries

922—Museums

923—Parks and gardens

CLASSIFICATION BY
INDUSTRY

5 The statistics in this publication are classified by industry in accordance with the 1993 edition of the *Australian and New Zealand Industrial Classification (ANZSIC)* (Cat. no. 1292.0). Each management unit is classified to a single industry, which is the one providing the major source of income irrespective of whether a range of activities or a single activity is undertaken by the unit.

REFERENCE PERIOD

6 The statistical results presented in this publication are based on data collected from selected businesses in respect of the years ending June 1995, June 1996, June 1997 and June 1998. In a minority of cases, where businesses do not account on a June-year basis, details were reported in respect of their accounting year.

RELIABILITY OF ESTIMATES

7 The estimates provided in this publication are subject to two types of error, sampling error and non-sampling error.

Sampling error

8 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 the figures that would have been produced if all units in the population had been included in the survey.

9 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. The relative standard error 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 also refer to the size of the estimate.

10 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 about 19 chances in 20 that the difference will be less than two standard errors. Thus, for example, the estimate for the number of exporters during 1997–98, across all industries in Australia, is 21,787 businesses and its standard error is 1,547. The reliability of this estimate in terms of sampling error can be interpreted as follows. There are about two chances in three that the true value of the variable lies within the range of 20,240 businesses to 23,334 businesses, and nineteen chances in twenty that the true value lies within the range of 18,693 businesses to 24,887 businesses.

11 Space does not allow for separate indication of the standard errors of all estimates in this publication. As a guide, the tables below provide the relative standard errors for the estimates of numbers of exporting businesses and exports revenue by industry and size of business.

RELATIVE STANDARD ERRORS BY INDUSTRY

<i>Industry</i>	<i>Relative standard errors for exporting businesses</i>	
	<i>No. of exporters</i>	<i>Export revenue</i>
	<i>%</i>	<i>%</i>
Mining	55.7	24.0
Manufacturing	6.6	13.6
Wholesale trade	14.6	24.6
Property and business services	16.4	21.5
Other	23.7	35.0
Total all industries	7.1	10.9

RELATIVE STANDARD ERRORS BY EMPLOYMENT SIZE GROUP

	<i>Relative standard errors for exporting businesses</i>	
	<i>No. of exporters</i>	<i>Export revenue</i>
	%	%
1-4	17.9	52.6
5-19	7.9	27.7
<i>Total small businesses</i>	9.3	27.2
20-199	8.0	19.7
200 or more	9.1	14.9
<i>Total all business</i>	7.1	10.9

12 In the tables in this publication estimates with relative standard errors between 25% and 50% are indicated by an asterisk (e.g. *8.5), while those with relative standard errors of more than 50% are indicated by a double asterisk (e.g. **25.2). These estimates should be used with caution.

Non-sampling error

13 Other errors can occur whether the estimates are derived from a sample or from a complete enumeration and are generally referred to as non-sampling errors. Three major sources of non-sampling errors are:

- inability to obtain comprehensive data from all businesses included in the sample. These errors arise because of differences which exist between the characteristics of respondents and non-respondents;
- errors in reporting which may arise through inappropriate wording of questions, misunderstanding of what data are required, inability or unwillingness to provide accurate information and mistakes to answers in questions; and
- errors arising during the processing of the survey data. These processing errors may arise through mistakes in coding and data recording.

IMPROVEMENTS TO
COVERAGE

14 The population for each survey in this series has been adjusted in two ways. First, adjustments have been made to allow for new businesses which had commenced operations but for which details had not been processed to the ABS Business Register. The majority of businesses affected and to which adjustments have been made are small in size. Second, adjustments have been made for businesses which had been in existence for several years but, for various reasons, were not previously added to the ABS Business Register.

RELATED PUBLICATIONS

15 Users may also wish to refer to the following publications which are available:

Small and Medium Enterprises, Business Growth and Performance Survey, 1997-98 (Cat. no 8141.0);

Portrait of Australian Business; Results of the 1998 Business Longitudinal Survey (AusInfo Shop).

UNPUBLISHED STATISTICS

16 Other statistical products from the survey can be tailored to satisfy the specific requirements of clients. The generation of non-standard output usually requires some additional computer programming and clerical effort which increases its costs and time to deliver when compared to standard products.

17 For further information on unpublished statistics that can be made available, contact John Purcell or Christine Price by phone on Canberra 02 6252 5746 or fax 02 6252 7004.

ROUNDING

18 Where figures have been rounded, discrepancies may occur between the sums of the component items and totals.

GLOSSARY

- ABS** Australian Bureau of Statistics
- Age of business** Number of years operation for public companies and trusts. For other incorporated companies (e.g. Pty Ltd companies), sole proprietorships, partnerships and other businesses, the number of years owned or controlled by the present owners.
- ANZSIC** Australian and New Zealand Standard Industrial Classification
- Born globals** Born globals refers to those businesses that commenced operations during the survey period (1994–95 to 1997–98) and exported in their first year of operation.
- Business performance ratios** Current ratio—This ratio is defined as current assets/current liabilities.
Return on assets—This ratio is defined as profit/total assets.
Total asset turnover—This ratio is defined as total income/total assets.
- Business size group** In this publication data are presented using four business size categories:
- micro business—which is defined as those businesses employing less than 5 people;
 - small business—which is defined as those businesses employing less than 20 people;
 - medium business—which is defined as those businesses employing 20 or more people, but less than 200; and
 - large business—which is defined as those businesses employing 200 or more people.
- Export ratio** This ratio is defined as the value of exports as a percentage of total income.
- Innovation** Businesses were asked whether, during the reference period, they had:
- developed any new products or services;
 - introduced any substantially changed products;
 - developed or introduced any new or substantially changed processes; or
 - introduced any new or improved procedures for the supply of services.
- Those responding positively to any of these changes were classified as innovative.

Training Training methods—In the survey four methods of training were identified:

- Job rotation, exchanges etc—these strategies were considered training methods when planned in advance to develop the knowledge and skills of workers concerned.
- On-the-job training—is informal training usually given on a one to one basis at the workplace.
- Seminars, workshops, conferences etc—these were considered training methods only when the purpose of attending was to extend or update the knowledge of workers.
- Structured training courses—these are planned periods of training conducted either internally or externally by a teacher, tutor or specialist for a time set in advance by those organising the course.

Fields of training—Data were collected on six categories of training. Businesses were asked to include training provided directly by the business as well as any training funded by the business. On the job training is excluded.

- Management training—includes all formal management training; basic supervision training is excluded;
- Professional training—includes further professional training for those persons whose occupation requires at least a three year degree/diploma as well as funding for persons completing a three year (or more) degree/diploma; training related to computing or management is excluded from this category and included under the appropriate specific heading;
- Training for computer specialists—includes all training relating to computing for computer specialist staff; basic computer training for non-computer specialists is included under ‘Other training’;
- Trade and Apprenticeship training and traineeships;
- Health and safety training—includes all training associated with the legal and administrative training associated with occupational health and safety, hazard related training, first aid training and workers compensation training;
- Other training—includes all other training not included in the specialist areas itemised above.

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<i>CPI INFOLINE</i>	For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
<i>DIAL-A-STATISTIC</i>	For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 77c per minute).

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