

# The Progress With Harmonization and Future Plan of Business Survey in China

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## 1.Introduction

The harmonization of business tendency survey is very important if the results are to be used for international comparison of short-term economic development. Recognizing the usefulness of standardizing a number of questions, the program of business survey was thoroughly revised by harmonizing its procedures and formats in past several years, as recommended by OECD and the ifo Institute for Economic Research, Germany.

## 2.Business survey with harmonization

ESO Business Survey in industry covers 12 of 13 EU harmonized core questions except one question, “*access to credit*”. And only one question in our survey used a format different from the harmonized format. The harmonized format of the question, “*business situation in the future*”, refers to “*future change for 6 months ahead*”, but for our case we prefer to “*future change for 3 month*” (see table 1).

**Table1: Revision of questionnaire in industry**

No	Questions	Harmonized EU Format	ESO format	
			Before Revision	After Revision
1	Production	T3	T3	T3
2	Production	F3	F3	F3
3	Order books, total	L	T3	L
4	Order books, experts	L	--	L
5	Stocks of finished goods	L	T3	L
6	Selling prices	F3	F3	F3
7	Employment	F3	F3	F3
8	Limits to production	N	N	N
9	Capacity utilization	R	T3	R
10	Business situation	L	L	L
11	Business situation	F6	FL	<b>F3</b>
12	Financial situation	L	T3	L
13	Access to credit	L	--	--

ESO Business Survey in other sectors covers 8 of 9 EU harmonized core questions except one question, “*access to credit*”, and only one question, “*business situation in the future*”, did not use the same format as the harmonized format (see table 2).

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**Table2: Revision of questionnaires in other sectors**

No	Question	EU Format	ESO format									
			Construction		Transportation		Trade		Real Estate		Social Service	
			BR	AR	BR	AR	BR	AR	BR	AR	BR	AR
1	Demand	T3	--	T3	--	T3	--	T3	--	--	--	T3
2	Demand	F3	--	F3	--	F3	--	F3	--	--	--	F3
3	Employment	T3	T3	T3	T3	T3	T3	T3	T3	T3	T3	T3
4	Employment	F3	F3	F3	F3	F3	F3	F3	F3	F3	F3	F3
5	Limits to production	N	N	N	N	N	N	N	N	N	N	N
6	Business situation	L	L	L	L	L	L	L	L	L	L	L
7	Business situation	F6	FL	<b>F3</b>	FL	<b>F3</b>	FL	<b>F3</b>	FL	<b>F3</b>	FL	<b>F3</b>
8	Financial situation	L	T3	L	T3	L	T3	L	T3	L	T3	L
9	Access to credit	L	--	--	--	--	--	--	--	--	--	--

Note:

T3 = Past/present change compared to 3-4 months ago

F3 = Future change for 3-4 months ahead

F6 = Future change for 6 months ahead

N = Nominal list of alternatives

BR=Before revision

L = Present level

FL = Future level

R = Present rate

-- = Not available

AR=After revision

In addition to harmonized questions, ESO Business Survey also includes questions on general economic situation, profit, payment delayed by client, fixed investment, sale, output, etc. The detail is given in table 3.

**Table 3: Other questions in ESO Business Survey**

No	Variable	Sector	Type of variable/period
1	General economic situation	6*	Present situation, a quarter (3-4 months) ago
2	General economic situation	6	Future tendency, a quarter (3-4 months) ahead
3	Profit	6	Present tendency, a quarter (3-4 months) ago
4	Payment delayed by client	6	Present tendency, a quarter (3-4 months) ago
5	Fixed investment	6	Present tendency, a quarter (3-4 months) ago
6	Fixed investment	6	Future tendency, a quarter (3-4 months) ahead
7	Sale	Industry	Present tendency, a quarter (3-4 months) ago
8	Output/income	Except industry	Present tendency, a quarter (3-4 months) ago

Note:\*Industry, construction, transportation & storage and postal services, retail and wholesale trade, real estate trade, and social service.

### 3. Survey characteristics

3.1. The ESO business tendency survey, including in industry and other sectors, is conducted on a quarterly basis.

3.2. The survey covers 6 main sectors of economic activities and 69 sub-sectors as following:

**Table 4: The economic sector covered by ESO BTS**

Economic Sectors	Number of Sub-sectors
Total	69
Industry (including mining, manufacture, power industry, gas and water)	39
Construction	3
Transportation, storage, postal & telecommunication services	9
Wholesale and retail trade and catering services	6
Real estate trade	3
Social service	9

Note: Social services include public facilities services, resident services, hotel, leasing services, tourism, recreational services, information and consultative services, computer application services, other social services.

3.3. The unit of observation in all business surveys is an enterprise (organization) registered as a legal entity in the State Administration of Industry & Commerce and located in the region under survey.

3.4. Samples are random ones drawn from the whole population of the enterprises. The sampling frame is extracted from the Establishment Survey conducted every five years by the Census Center of NBS. The recent one was conducted in 1997.

3.5. The size of the sample for all sectors is about 19500 units, which covers all type of ownership in all 31 provinces in China. The sample is also grouped into different sectors and size, i.e. large firms, medium firms, and small firms.

**Table 5: The size of sample of ESO BTS**

Economic Sectors	Sample size	
	Before revision	After revision
Total	16,000	19,500
Industry	10,500	12,200
Construction	1,000	1,300
Transportation, storage, postal & telecommunication services	800	1,000
Wholesale and retail trade & catering	1,500	1,800
Real estate trade	900	1,100
Social service	1,300	2,100

3.6. Questionnaires are delivered to enterprises in the first week of the last month of that quarter. Respondents are requested to send them back to local ESO branches before 20<sup>th</sup> of the same month. Local ESOs transmit them to the headquarters of ESO via computer network communication before 25<sup>th</sup> of the same month. The results will be disseminated in the first week of next month.

3.7. The questionnaires are returned to ESO by mail or fax, as well by on-line returns by Internet. Usually, telephone calls remind the enterprises to fill and return the questionnaires. The respondents were visited by local ESO once or twice in a year, so the response rate of the survey is generally high, averaging over 95%.

3.8. From 2000, the survey result was sent to the respondents. In addition, ESO headquarter and local ESO conduct an annual meeting with the most respondents.

#### **4. presentation of survey data**

The most common way of presenting business survey data is the *balance* (also called *net balance*), which is the difference between positive and negative percentages.

For a survey question with 3 reply options, the balance is calculated as followings:

$$\text{Balance (B)} = P - M$$

$$\text{Where } P + E + M = 100\%$$

*P* (“+”) = the percentage of positive replies (“up” or “above normal”)

*E* (“=”) = the percentage of replies with the median reply option (“same” or

“normal”)

$M$  (“-”) = the percentage of negative replies (“down” or “below normal”)

## 5. The publishing and feedback of survey results

5.1. The results of survey lay a solid foundation for the basic judgment about the business tendency about the whole economy and its main sectors. The final results of the business survey are published in a report quarterly. The brief of report is given to the State Council and most of government ministries at first within one week after the aggregation having been completed.

5.2. The details of the survey results are released to the mass media such as Xinhua Agency, CCTV, and People Daily several days later.

5.3. The softcopy reports are also available for downloading from our web-site [www.stats.gov.cn](http://www.stats.gov.cn) (Chinese). The timetable for regular BTS data release in 2003 is April 5, July 5, October 10, and January 5 of 2004.

5.4. The survey results were also fed back to respondents quarterly soon after the aggregation. The report for respondents contains a complete presentation of the survey results. This report also includes sectors and branch forecasts for key sectors of interest to a particular enterprise.

## 6. Future plan

### 6.1. Adjustment of survey sectors

According the new Classification Standard of Economic Activities in China (GB/T 4754-2002), survey sectors in business survey were adjusted. ESO business surveys will be adjusted to cover 8 main sectors of economic activities from next year as following:

**Table 6: The economic sector covered and the sample size of ESO BTS**

Economic Sectors		Sample size
New Standard	Old Standard	
Industry	<i>Industry</i>	12,000
Construction	<i>Construction</i>	1,250
Transportation, storage & postal services	<i>Transportation, storage, postal telecommunication services</i>	950
Wholesale and retail	<i>Wholesale and retail &amp; catering</i>	1,750
Real estate trade	<i>Real estate trade</i>	950
Hotel and catering	<i>Wholesale and retail &amp; catering Social service (hotel)</i>	990
Information transmission, computer service and software	<i>Transportation, storage, postal telecommunication services Social service (computer service and software)</i>	530
Other social service	<i>Social service (leasing and business service, environment resource and public establishment management, resident service and other services)</i>	580

The question, “access to credit”, will be included in all business survey questionnaires from next year.

### 6.2. Pilot monthly survey in industry sector

A monthly survey in industry sector has been launched in Liaoning province in northeast China, from April 2002. The survey includes the largest enterprises in industry sector based on quarterly survey in industry sector with the object of providing the monthly business activity.

From the first quarter of 2003, the survey regions have be extended to two other provinces, i.e. Xinjiang Uygur Autonomous Region in Northwest China and Fujian province in Southeast China.

### 6.3. Business survey in bank sector

Cooperation with Central Bank of China, Business Survey in Bank Sector will be conducted from the fist quarter of next year. The questionnaire has been designed and tested in several provinces. The survey will cover all type of ownership, e.g. state-owner banks, share-holding banks and foreign banks in China. The sample size is about 3000, including all business bank (2500) and part of rural credit cooperatives unions (500).