

**OECD WORKSHOP ON BUSINESS AND CONSUMER TENDENCY SURVEYS, ROME,
19 SEPTEMBER 2006**

DRAFT WORKSHOP OUTCOMES AND FUTURE WORK

1. The one day 2006 Workshop was held in Rome on 19 September. The Workshop was hosted by the Bank of Italy and held back-to-back with the biennial Centre for International Research on Economic Tendency Surveys (CIRET) Conference. Over 55 delegates attended the OECD meeting from NSIs and well as private institutes and universities from most regions of the world.

2. The main objective of the Workshop was to present work undertaken at national and international levels following the joint European Commission (EC) - OECD Workshop on International Development of Business and Consumer Tendency Surveys held in Brussels in November 2005¹. The agenda for the Rome Workshop was also designed to complement both the discussion on more analytical issues during the 2006 CIRET Conference and work undertaken by the European Commission. Finally, the Workshop was envisaged as an intermediate process leading to more in-depth studies on some of the areas of future work identified in November 2005 leading up to the next joint EC-OECD Workshop tentatively scheduled to held in the second half of 2007.

3. The 2006 OECD Workshop comprised four substantive sessions, namely the presentation of :

- the final version of the enhanced opinion survey international guidelines and recommendations endorsed at the EC – OECD Workshop in Brussels in November 2005;
- recent OECD work on standardised confidence indicators and zone aggregates, and the compilation / dissemination of composite leading indicators for large emerging non-member economies (Brazil, China, India, Indonesia, Russian Federation and South Africa) and new recent OECD Member countries;
- a number of recent national developments covering a range of areas such as data collection, use of internet surveys, response analysis, etc;
- OECD proposals for proposed supplementary consumer opinion survey questions to collect information from the general public on their current knowledge of the economic and social situation of their country and their sources for such information.

The final session entailed a review of meeting conclusions and recommendations for future work to be undertaken over the next 12 months (summarised in paras. 26 and 27 below). The agenda, list of participants, and Workshop papers and presentations are available at http://www.oecd.org/document/13/0,2340,en_2649_33715_36718733_1_1_1_1,00.html.

4. This brief draft report summarises the main meeting conclusions and outlines initial proposals for future work for consideration by participants at both the September 2006 OECD Workshop and the joint 2005 European Commission – OECD Workshop in Brussels. Comments and feedback are sought from all delegates **by Monday, 27 November 2006**. Following the incorporation of any further input a detailed work program covering the next 12 months will be prepared by the OECD in cooperation with the European Commission.

¹ The report from this Workshop is available at <http://www.oecd.org/dataoecd/36/8/35966635.pdf>

a. Enhanced international guidelines for BTS / COS

5. The aims of this session were to present for further discussion:

- international guidelines and recommendations for the conduct of business and consumer opinion surveys that were developed out of the joint November 2005 Brussels workshop. The new guidelines covered the improvement of response rates and minimisation of respondent load, and the harmonisation of survey operations and technical design;
- how these enhanced guidelines will be used by the OECD and other international and national agencies.

6. The development of recommendations by two task forces comprising national institutes, the OECD and EC entailed a thorough review of current national practice and available literature. The draft standards developed by the task forces were discussed at the November 2005 joint workshop and the version presented in Rome were embodied in the meeting report with minor modifications to incorporate comments subsequently received from national institutes. In discussion at the Rome Workshop there was continued strong support for the enhanced recommendations and no further changes were suggested.

7. The enhanced guidelines will be given wide dissemination by the OECD and the European Commission over the coming months, for example, in the OECD's business and consumer opinion survey portal², in future editions of the OECD's BTS Handbook and the Commission's revised (1997) publication outlining the EU Programme of Business and Consumer Surveys. The OECD will use the guidelines to facilitate the benchmarking and comparison of current national practice. This work will be an extension of current activities to improve the quality and consistency (in terms of issues covered) of metadata disseminated with opinion survey data in the OECD's *Monthly Main Economic Indicators* (MEI) database³.

8. Future development work and research associated with the enhanced guidelines will now focus on a number of specific issues / aspects raised by the recommendations. Such work may be undertaken by new task forces or by an individual national statistical institute. Examples of such work include:

(a) Response rates and minimisation of respondent load

- The presentation at the Workshop by the South African Bureau for Economic Research on the response characteristics of different groups of respondents highlighted the importance and potential benefits of such work. In subsequent discussion analyses of non-response was still regarded as a key aspect in assessing the quality of survey output.

Whilst the measurement of total non-response was important it was also believed that analyses by institutes in the context of a number of key characteristics (such as size of business, branch, region) would identify areas of potential bias and provide an input for more efficient sample design.

Institutes were therefore strongly encouraged to undertake such analyses as part of their on-going activities.

² The *Business Tendency and Consumer Surveys: International Development Work and Co-ordination* portal – available at http://www.oecd.org/document/22/0,2340,en_2649_34249_32159254_1_1_1_1,00.html

³ Detailed metadata and opinion survey data are available at the OECD statistics portal at http://www.oecd.org/document/54/0,2340,en_2649_33715_15569334_1_1_1_1,00.html

(b) Harmonisation of survey operations and technical design

- With the rapidly expanding use of internet surveys for the collection of survey data⁴ there was strong support for the convening of a task force comprising national institutes to prepare manual / handbook covering both design and implementation issues for this collection media. Such a manual would embody the experiences of national institutes that have already developed such surveys (such as INSEE) and could help reduce development costs for smaller national agencies.

It was envisaged that such a manual would further flesh out recommended practices for a number of key problem areas in the conduct of internet surveys, for example, ways to ensure data security, questionnaire design and presentation on the internet.

9. The two main areas of work associated with the enhanced guidelines over the next twelve months therefore comprise:

- Further analyses by individual national institutes survey non-response in the context of the key characteristics outlined above. National agencies willing to undertake such work for presentation at the 2007 meeting are invited to contact the OECD.
- The creation of a new task force to prepare a draft manual / handbook for the development and conduct of internet surveys also for presentation and discussion in 2007. The initial content of the handbook would cover a limited number of key issues and additional issues could be included in subsequent versions. It is envisaged that the task force would undertake this work by email and through electronic discussion.

Institutes are now invited to confirm their willingness to participate in the work of the proposed new task force and forward the name and contact details of their nominated representatives to the OECD.

10. Other areas of potential related work that national institutes are asked to consider cover possible topics raised at the 2005 Brussels Workshop, namely:

- Experimentation with the INSEE constant sample methodology by other institutes, using a variant of the method which does not lead to revisions.
- A study involving comparisons of current practices used at national level on efficient sample design and weighting methods against the enhanced recommended practices.
- The use and development of visual analog scale (VAS) for BTS internet surveys.

11. Another area of potential future work over the next twelve months discussed briefly at the Rome Workshop concerned recent work at the national level involving the development of innovative approaches to analysing and presenting survey output to users. This work parallels similar work by NSOs / central banks over recent years in the area of quantitative statistics to give more value-added to the basic data they collect and disseminate in order to reach new audiences and provide an enhanced service to existing users.

⁴ As highlighted in the detailed German IFO paper presented by Anna Stangl on *Internet Business Tendency Surveys*.

12. In discussions at the OECD in quantitative short-term economic statistics, a number of countries talked about tensions arising from greater use of press releases for individual key indicators or daily compendium releases of a range of indicators. On the one hand, almost all agencies confined themselves to the presentation of “information” and restricted analyses to descriptions of broad movements in the numbers. On the other hand, the media and some other users exert pressure for “news” behind the statistics, especially with regard to causality and the impact of government policies. There was considerable discussion and interest from national delegates on these issues and there was strong support for provision in the agenda in future meetings on quantitative statistics for an exchange of information on current practices and recent innovations in the presentation of short-term indicators, their dissemination, and the development of analytical tools, in particular, those aimed at broadening the user community.

13. National institutes are now asked to consider and advise the OECD as to whether there would be any benefits for including a similar item in the agenda for the 2007 meeting covering such work in the area of business and consumer opinion surveys. Institutes are also asked to submit topics for brief papers they would be willing to prepare outlining recent or proposed innovations in the areas outlined above.

b. Recent OECD work on composite leading indicators, zone aggregates and standardised confidence indicators

Composite leading indicators and zone aggregates

14. This session presented recent OECD work for discussion on the compilation and dissemination of new composite leading indicators (CLIs) for large emerging non-member economies (Brazil, China, India, Indonesia, Russian Federation and South Africa) and recent OECD Member countries, and the compilation of standardised confidence indicators. Associated with the new CLIs was the potential provided for the compilation of new zone aggregates to facilitate comparisons between different regions of the globe.

15. The OECD developed a system of CLIs for its Member Countries in the early 1980’s based on the “growth cycle” approach and up to 2006 the Organisation compiled composite leading indicators for 23 of its 30 Member countries. Country coverage has now been expanded to include all Member countries (except Iceland) and the major six OECD non-member economies (Brazil, China, India, Indonesia, Russian Federation and South Africa). These have been developed in co-operation with national experts, while CLIs for recently new OECD Member countries (Korea, Czech Republic, Hungary, Poland and Slovak Republic) have been constructed from potential leading indicators identified among indicators for each country available in the *Main Economic Indicators* (MEI) database. Detailed results on the development of the new CLIs are presented in a paper available on the OECD website at <http://www.oecd.org/dataoecd/35/22/36414874.pdf>.

16. The expansion of the OECD system of CLIs to include the new CLIs for the six recently new OECD member countries has implications for the calculation of the *OECD total area* and *OECD Europe area* aggregates. In addition, the inclusion of the new CLIs for all of the above twelve countries opens the possibility to calculate new area aggregates such as *Major Asian economies* and *Eastern Europe* (including or excluding the Russian Federation), and a *World proxy* to give information on the overall global development. The importance of such new regional or area aggregates is of course very much dependent on the existence of different cyclical patterns between these new aggregates and the established ones. However, the calculation of a *World proxy* aggregate is important in itself in so far that it will represent global development better than the *OECD total area* aggregate.

17. As highlighted in a presentation given at the Rome Workshop, the new CLIs show acceptable cyclical properties for all the twelve new countries even though the results for most new countries are based on data for very short time periods, 12 to 15 years, which include only 2 to 4 cycles in certain

countries. A further major problem has been the availability of appropriate timely monthly or quarterly indicators.

Standardised confidence indicators

18. The second area of recent OECD work presented in Rome related to the development of selected regional standardised confidence indicators for the manufacturing survey and consumers. The development of these indicators built on earlier work presented at the 2005 Brussels meeting, though with further enhancements to the indicator compilation method, the inclusion of additional component data and changes in some of the zone definitions. The new zones presented comprised: Asia Major 5 (China, India, Indonesia, Japan and Korea); G7; Euro area; OECD total; and OECD plus non-member economies (Brazil, China, India, Indonesia, Russian Federation and South Africa). The new confidence indicators will be included in a new subject table in the OECD's MEI in the near future

Following the OECD presentations on CLIs and standardised confidence indicators there was discussion on their use in cross-country comparisons and world cycle anticipation. A specific question raised was what weighting variable to use for calculation of indicators for regional or area totals. Further work by the OECD will entail:

- Development of a cyclical indicators area in the OECD's main data dissemination platform (OECD.stat) where all data related to the analysis of economic cycles will be made available. This area will include CLIs for OECD Member countries and non-member economies, business tendency and consumer survey indicators and the new confidence indicators.
- Investigation of the possibility to calculate regional or zone confidence indicators for other sectors (construction, retail trade and services) including a non-manufacturing sector (aggregates are currently only available for the United States and Korea).
- Exploration of the use of alternative weights to reflect the relative importance of the countries in the aggregation of confidence indicators to regional or zone aggregates such as the share of exports and imports of a country in total world trade.

c. Recent national developments

19. In this session four presentations were given by national institutes on recent work at the country level, namely:

The results of a world-wide survey to collect information from national institutes (total of 32) on current internet business tendency survey practices. The survey covered sector coverage, comparisons of response rates or different collection media (paper, interview, internet), practical issues (such as formats used (email / web questionnaires), and national assessments of the viability of internet surveys from the perspectives of both the respondents and the survey institute. IFO, Germany

An overview of French experience in the use of internet surveys for the collection of survey data covering the wholesale, industry and services sectors (with future intentions to collect data via this medium for construction, investment and retail trade). In particular, the INSEE presentation covered issues / procedures related to ensuring security, provision of information feedback to the respondent, questionnaire design, data validation and procedures to maximise response. INSEE, France

Long-term biases in consumer sentiment using micro data to analyse people's perceptions of the economic situation. ISAE, Italy

The recent introduction by ISAE of two new questions in their manufacturing survey to collect information concerning the cyclical behaviour of trade credit, the aim being to identify possible relationships between such credit and the business cycle. ISAE, Italy

d. Proposed COS supplementary questions on general public's knowledge of current national economic and social situation

20. The aim of this session was to present an OECD proposal to delegates at the Rome Workshop for a new international survey on what people in the general community know about key economic and social phenomena in their countries. The results of such a survey would be presented and discussed at the second World Forum on "Statistics, Knowledge and Policy" to be held in Istanbul in June 2007.

21. It is envisaged that the survey could be undertaken in co-operation with research institutes that already run opinion surveys on businesses and households. The survey could be undertaken through the inclusion of not more than ten supplementary questions to existing questionnaires (in particular, to those used for consumer opinion surveys) on what people know about key economic and social indicators (GDP, inflation, unemployment, etc.). Questions could range from knowledge about the growth rate of GDP, the level and trends in unemployment, inflation, tax rate, public deficit, life expectancy, greenhouse gas emissions, etc.

22. Questions would of course have to be properly defined and set up and this will require considerable thought, benefiting from the experience of research institutes running consumer opinion surveys, who would be free to add questions for national purposes. An illustration of the style of questions that might be asked could be:

- Did the economy grow last year? Can you indicate what was the growth rate of GDP in real terms?
- Life expectancy - how long a baby can expect to live - is one measure of how healthy we are. In (country) what is the life expectancy for total population?
- Have the amount of greenhouse gas released in (country) increased or decreased over the past 5 years?
- The number of people murdered each year is an important indication of crime in this country. Has that number increased or decreased over the past 3 years?

23. The results would be transmitted to the OECD, who would prepare a special publication showing comparative results, while national data could be used by research institutes for their own purposes.

24. The OECD is ready to discuss with interested countries the possible organisation of an international survey on what people know. Sponsors could be approached to support the initiative. In this context the OECD proposes the establishment of a Reflection Group in November 2006 comprising national institutes that would be willing to include such supplementary questions in their existing consumer opinion surveys. The work of the Group would cover question wording, issues of methodology and data dissemination.

25. Institutes wishing to be involved in this project are requested to forward the name and contact details of their nominated representative to directly Enrico Giovannini (enrico.giovannini@oecd.org) as soon as possible.

e. Summary of future work identified at Rome Workshop

26. The priority areas for future work identified at the Rome Workshop for the next joint OECD - EC opinion survey meeting tentatively scheduled to be held in Brussels in November 2007 are summarised below:

- further analyses of the response characteristics of surveys conducted by national agencies – refer para. 9;
- compilation of a manual / handbook on the design and implementation of internet based surveys. It is proposed that a task force be set up to draft text for consideration / discussion at the next joint meeting on a range of technical and methodological issues – refer para. 9;
- the creation of a Reflection Group to formulate proposals for the supplementary questions for consumer opinion surveys referred to above – refer para. 25;
- presentations by national institutes on the development of tools, etc., for the presentation of opinion survey data. This work parallels similar work by NSOs / central banks over recent years in the area of quantitative statistics to give more value-added to the basic data they collect and disseminate in order to reach new audiences and provide an enhanced service to existing users – refer para. 13.

27. Other possible topics for the joint meeting in 2007 comprise applications:

- with investment, construction and retail surveys highlighting the benefits and usefulness of such surveys, e.g. work done by Statistics Sweden or IFO Germany with their respective investment surveys;
- using more advanced statistical and econometric techniques (e.g. the Markov-switching model developed by DG ECFIN to forecast turning points in euro-area industrial production).

f. Proposed 2007 joint European Commission – OECD Workshop

28. It is envisaged that a joint European Commission – OECD BTS / COS Workshop will be held over a two day period in Brussels at the end of October or beginning of November 2007. This meeting will be held back-to-back with the Commission's Workshop of EU countries. The focus of the joint 2007 Workshop will be presentation of the reports and recommendations of task forces together with presentations by national institutes on relevant recent experience on any of the topics outlined above.

g. OECD contacts for further information

29. Please do not hesitate to contact Denis Ward (denis.ward@oecd.org) or Ronny Nilsson (Ronny.Nilsson@oecd.org) if you require further information or clarification about any issue outlined above.

Statistics Directorate
OECD
Paris

31 October 2006